News for Immediate Release

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Governor Corbett Introduces Jobs-Focused Budget; Positions PA for Continued Economic Success

Harrisburg – Gov. Tom Corbett today introduced a jobs-focused budget proposal that continues to make state government a true partner in job creation.

Through broad-based tax reform, building a trained and skilled workforce, and deploying strategic solutions to foster a strong business climate, the governor's proposal positions Pennsylvania well for continued job growth.

The governor's budget includes a bold tax reform proposal that focuses on improving Pennsylvania's tax climate by reducing tax burdens that inhibit job creation and economic growth. Specific initiatives include the following:

- **Eliminating the capital stock/foreign franchise tax** in January 2014, putting an end to Pennsylvania's role as the only state in the nation to tax both business income and business assets.
- **Beginning to reduce the corporate net income tax** from one of the highest rates in the nation at 9.99 percent down to 6.99 percent through a gradual, multi-year phase-down.
- **Raising the cap on net operating loss deductions** from $3 million, or 20 percent of income, to $5 million, or 30 percent of income, to attract technology, bioscience and research companies.
- **Allowing for like-kind exchanges and start-up business deductions,** aligning state tax code with federal tax treatment and encouraging small business expansion.
- **Repealing the corporate loans tax,** ending an unjust burden placed on small businesses without access to traditional forms of lending that take loans to grow or simply pay regular business expenses. Elimination of this tax will also end a deterrent to establishing corporate headquarters in Pennsylvania.
- **Simplifying the tax code and repealing nuisance taxes,** eliminating a number of anti-job growth restrictions on business and individuals and removing obsolete taxation and administrative provisions.

Combined, these tax reform measures are projected to have a significant positive impact on Pennsylvania's economy.

"Economic modeling shows that these initiatives will create more than 18,000 jobs over the next 10 years, as well as increase the state gross domestic product by

$2.8 billion and grow personal income by $1.9 billion by 2030," Department of Revenue Secretary Dan Meuser said. "These positive economic effects also increase state tax revenue, creating more than $1 billion in new tax revenue through 2030."

The governor's proposed budget for the Department of Community and Economic Development (DCED) places an emphasis on public/private partnerships, international business development, and deploying state resources to support private sector job creation and business growth.

Corbett's budget also expands Pennsylvania's ability to market itself to growing businesses through a $5 million increase to the Marketing to Attract Business program.

Common sense principles are being infused into the administration of state government through the establishment of the Pennsylvania Business Development Authority (PBDA). The PBDA will consolidate business financing programs to form a true public/private partnership to support a number of business growth needs including: site development, infrastructure improvements, machinery and equipment acquisition, and capital for small businesses and entrepreneurs.

Additionally, the governor proposes to launch the Small Business Champion Network, a team of business experts within DCED created to help employers navigate permitting processes, identify public and private resources, and connect with Pennsylvania's vast small business support network through the state.

"Understanding that government does not create jobs, Governor Corbett is creating a business climate in Pennsylvania that encourages our employers to grow and create jobs," DCED Secretary C. Alan Walker said. "The governor has created a solid roadmap that if followed, will lead to economic prosperity and a job for every Pennsylvanian who wants one."

The governor's proposed budget for the Department of Labor & Industry continues to support programs that help out-of-work Pennsylvanians find employment. These programs include a premiere job-matching initiative, JobGateway, which connects job seekers and employers in a more targeted, meaningful way.

JobGateway is already at work providing more than 200,000 real-time job postings for those seeking work in the commonwealth. JobGateway connects job seekers and employers at no cost to either.

In the coming year, Labor & Industry will continue to focus on ensuring Pennsylvanians are ready for the jobs that are available now through effective job placement programs and innovative training opportunities such as the Keystone Works program.

Labor & Industry's Keystone Works Program is a $2.5 million job-training program focused on matching newly unemployed individuals to high priority occupations.

Keystone Works strengthens the state's workforce through job-specific training, gets Pennsylvanians back to work, and lessens the strain on the state's unemployment compensation fund.

Labor & Industry's Children's Specialized Services program helps blind and visually impaired children and their parents navigate human service and education systems to ensure these children have every possible opportunity to succeed now and as they get older.

In 2013, the program, which is currently a pilot for two regions only, is being expanded to meet the needs of these children statewide without requiring more state dollars. This expansion is made possible by maximizing federal vocational rehabilitation funding and redirecting state funds so twice as many children and their families can benefit from this important program.

"Labor & Industry's programs and initiatives are hard at work to get unemployed Pennsylvanians back to work," said Secretary of Labor and Industry Julia Hearthway.

"Since Governor Corbett took office, we have added more than 100,000 private sector jobs and Pennsylvania's labor force reached an all-time high in December.

"Labor force growth is an indicator that not only have more Pennsylvanians found jobs, but also that Pennsylvania's unemployed have renewed faith in the economy and are looking for jobs once again."

For more information about Governor Corbett's plan for economic growth and job creation, visit www.pa.gov.

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