



Policy Position Statement on 2014-2015 State Budget Proposal

BACKGROUND:

On February 4th, 2014, Governor Tom Corbett presented his budget proposal to a joint session of the General Assembly. The budget would spend \$29.4 billion – an increase of nearly \$1 billion, or 3.3 percent, from 2013-2014. The proposed budget includes no tax increases and provides for underwriting a new grant program for public schools, shortening the waiting list for social services and making additional payments for public school pensions and healthcare.

POLICY POSITION:

The Lancaster Chamber supports the Governor's commitment to continue to prioritize state government spending while tackling significant public policy issues facing the Commonwealth and its taxpayers; such as public pension reform, as well as the call for improvements to the business tax climate to foster business growth.

The Chamber believes that the budget must be built in a fiscally responsible and accountable manner. We encourage the legislature to ensure that as they develop and approve the budget they do so without reliance on one-time revenues and with appropriate revenue collection predictions in place. Recent tax revenue reports followed an ongoing negative trend for this fiscal year pushing the state's funding gap further and putting more emphasis on the budget negotiations moving forward. This position will not cite specific line-item funding issues, but rather advocate for measures that ensure Pennsylvania has a stable business community and a prosperous future.

With this as background, The Lancaster Chamber will advocate for the following in the state budget:

- Tax reform. The proposed budget does not include tax increases and seeks to provide tax relief through key business tax considerations which The Chamber has long supported. We will advocate for the final phase-out of the Capital Stock and Franchise Tax and a Corporate Net Income tax rate reduction.
- Pension reform for state and municipal systems. Long-term solutions are necessary in addressing the state's unfunded liability in the two public pension systems. In addition, lawmakers must address the pension crisis at the municipal level to reduce the financial burden on local governments. It is imperative that the legislature address the debt and create sustainable retirement plans through meaningful reforms.
- Mandate relief for public education. Challenges facing public education require attention in order for the system to achieve its full potential of preparing students for the 21st Century. The Chamber supports policies that will provide consistency and predictability to funding our education system to expend resources more effectively and efficiently. Our full position is outlined in our policy statement on education.

The Chamber is committed to advocating for the Lancaster business community in an effort to create a fair budget; one that is fiscally responsible and accountable; one that incorporates innovative ideas and sound practices; and that ultimately supports the most efficient and effective state government.

Approved by the Board of Directors on 5.20.2014.

Mission: To build Lancaster County into a model of prosperity for 21st Century America.