



## Better Choices for Pennsylvania

A coalition for a responsible budget



### Better Choices for Pennsylvania Coalition

Governor Corbett's proposed budget for 2012-13 hurts middle class families and turns its back on Pennsylvania's most vulnerable residents. In sacrifices long-term economic success to short-term budgetary savings. The budget slashes prevention programs that help individuals become productive and self-sufficient, and that save money over the long-run.

Pennsylvania lawmakers can keep their commitment to Pennsylvania's middle class by adopting a budget that supports education, health care and safety net services and invests in the infrastructure that will create jobs, and can do so without raising taxes. A balanced approach to the state budget will invest in the future, support continuous improvement in public services and close loopholes and tax breaks to fund core services.

Budget priorities for 2012-13:

1. Support Governor Corbett's tax enforcement proposals. The Governor has proposed capping the sales tax vendor discount (allowing the discount for small businesses) and increasing tax enforcement. Those initiatives should be enacted. **\$143 million**
2. Delay planned tax cuts and tax breaks. The commonwealth cannot afford additional tax cuts while proposing deep cuts in education and health care. Corporations have already received a 75% reduction in the Capital Stock and Franchise Tax that is worth \$2.3 billion in 2012. State lawmakers should maintain delay the rate cut for 2013. **\$300 million over 2 years**
3. The Commonwealth should permanently decouple from federal bonus depreciation. Accelerated depreciation for 2011 proved very costly and is a major contributor to the current revenue shortfall. If Congress increases Tax Year 2012 depreciation of 50% to 100% it will drain revenue needed to balance the budget. **\$175 million**
4. Planned reduction in the casino table game tax should be delayed. After two years of operation, tax rates on table games decline from 14%-12%. Maintaining the 16% rate for a third year would raise additional revenue. **\$8-10 million**
5. Close corporate tax loopholes and use the revenue to support schools, families and communities. Pennsylvania is one of the few states in the nation that has not taken steps to close corporate tax loopholes. 35 of 45 states with corporate income taxes have enacted combined reporting or addback rules. Corporate transactions whose primary purpose is to reduce taxable income, even when legal, are not to be tolerated. Revenue from these actions, which has been drained from the public treasury for over a decade, should go to the state General Fund to support essential public services. **\$550 million in three years**
6. End special interest tax breaks for cigars and smokeless tobacco products. Recent increases in cigarette taxes have created a significant price difference between tobacco and non-tobacco products, and, with advertising by tobacco companies, is increasing use of smokeless tobacco products among youth. Pennsylvania can establish discourage use of non-smokeless products and raise revenue to support health care services by eliminating the exemption from cigarette taxes for smokeless products and cigars. **\$42 million**
7. Enact cost savings and efficiencies that do not harm seniors, people with disabilities or children.