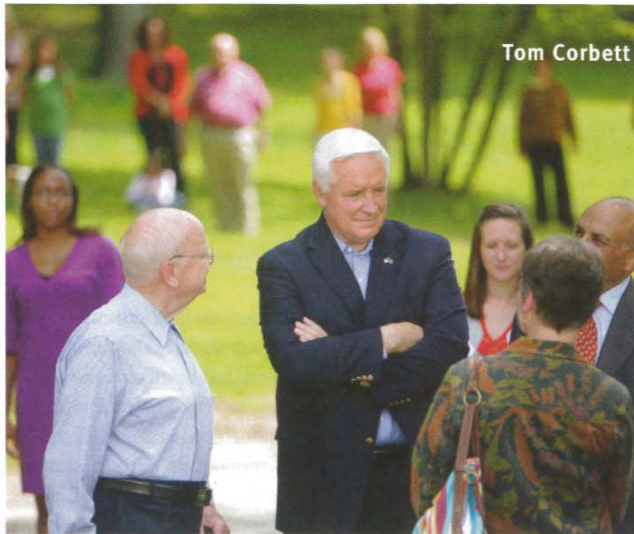


GUBERNATORIAL HOPEFULS DETAIL THEIR POSITIONS FOR CPAs

By John M. Dagnon, CPA, ABV, CVA, and Steven J. Geisenberger, CPA, CVA



Tom Corbett



Dan Onorato

On Nov. 2, 2010, Pennsylvanians will go to the polls to elect the Commonwealth's next governor. Current Attorney General Tom Corbett (R) and Allegheny County Executive Dan Onorato (D) are vying for the state's chief executive office.

Pennsylvania's next governor will have enormous challenges ahead of him. From closing a \$4 billion to \$5 billion structural budget deficit, to fixing a growing pension problem, to finding a dedicated funding source for Pennsylvania's roads, bridges, and mass transit systems, the next governor's legislative plate is already full.

In July, PICPA CPA-PAC Committee members John M. Dagnon, CPA, ABV, CVA, and Steven J. Geisenberger, CPA, CVA, reached out to Corbett and Onorato to discuss their reasons for running for governor, their top legislative priorities, and why PICPA members should vote for them. The following is a summary of those conversations.

The "No-Tax" Pledge

During the Republican primary, Corbett signed the "no-tax" pledge of Washington-based Americans for Tax Reform. Many pundits, including members of his own political party, question Corbett's rationale and the strategy behind the pledge.

In his interview, Onorato said he refused to sign it, calling the pledge a "political gimmick." Onorato believes that downsizing and consolidating government, as he has done in Allegheny County, and the rolling-back of the excessive pension benefits given in 2001 will help reduce the deficit and trim the size of any potential tax increase.

Corbett counters the naysayers of the no-tax pledge by pointing to New Jersey and the reforms Gov. Chris Christie is putting into place. Corbett's plan is to borrow from the Christie playbook and bring those ideas to Pennsylvania.

Jobs and the Economy

Both candidates believe creating jobs and reviving the Commonwealth's economy will be the next governor's top priority.

Onorato calls himself a pro-business Democrat with a track record of working with the private sector, and he says he will use that experience to bring jobs to Pennsylvania. Lowering business taxes, particularly the corporate net income tax, will be a top priority in an Onorato administration. On the regulatory side, Onorato wants to ensure that state agencies with business regulatory functions have adequate staffing to efficiently respond to permitting applications and other required approvals. He also would set clear, public benchmarks for the amount of time the permitting process should take.

Corbett says his first priority will be to get state government spending under control. According to Corbett, government does not create jobs, but it should build an environment in which jobs can be fostered and grown. To achieve sustainable job and economic growth in Pennsylvania, Corbett wants to reduce the tax burden on businesses and cut regulatory barriers. He also says that he wants to ensure that all decisions made in Harrisburg are based on what is in the best interest of Pennsylvania taxpayers.

Taxes

Both candidates support reducing the corporate net income tax, maintaining the scheduled phase-out of the capital stock and franchise tax, eliminating the cap on net operating loss carry-forwards, and moving to single sales factors. Both also oppose an expansion of the sales tax to professional services, though Onorato would not

The Candidates



In 2004, Tom Corbett was elected as Pennsylvania attorney general. In November 2008, he decisively won re-election.

Corbett, 60, received his undergraduate degree from Lebanon Valley College and earned a law degree at St. Mary's University Law School in San Antonio, Texas. Corbett also served as a member of the Pennsylvania Army National Guard 28th Infantry Division, rising in rank from private to captain.

Corbett began his career as an assistant district attorney for Allegheny County. President Ronald Reagan appointed Corbett to be assistant U.S. attorney for the western district of Pennsylvania.

Following several years of private law practice, President George H. W. Bush appointed Corbett the U.S. attorney for the western district of Pennsylvania. In 1995, Gov. Tom Ridge selected Corbett to fill the vacancy in the attorney general's office for the duration of his term.

Corbett and his wife, Susan, have two children, Tom and Katherine.



Dan Onorato, 48, was raised in Pittsburgh, holds a degree in accounting from Penn State, and is a certified public accountant (inactive). He also has a law degree from the University of Pittsburgh School of Law.

After working several years in the private sector, including some time with Grant Thornton, Onorato stepped into the political arena in 1991 by running for Pittsburgh City Council. Despite going up against an incumbent, he won.

In 1999, Onorato successfully ran for Allegheny County controller. Then, in 2003, Onorato again challenged the status quo by running for executive of Allegheny County against an incumbent Republican. Once again, he beat the odds.

Onorato and his wife, Shelly, reside in the Brighton Heights neighborhood of Pittsburgh with their children Kate, Emily, and Danny.

be opposed to eliminating some of the exemptions recently proposed by the Rendell administration.

Neither candidate provided specifics on how they would pay for these tax cuts other than the oft-cited fix-it of reducing the cost of state government.

Two areas where the candidates disagree are taxing Marcellus Shale natural gas and combined reporting. Steadfast in his no-tax pledge, Corbett says he opposes taxing Marcellus Shale drilling or adopting combined reporting. Corbett is also for repealing the Pennsylvania inheritance tax.

Onorato supports a tax on Marcellus Shale natural gas, and says he would use the new revenue to ensure that the Department of Environmental Protection is fully funded and to create an impact fund to help local governments address the wear and tear drilling has on infrastructure. On the issue of combined reporting, Onorato indicated that he "would consider it, but to just do it for the sake of doing it to raise revenue, that's not the point."

Neither candidate supports moving from the current flat personal income tax to a graduated income tax, nor would they support an increase in the personal income tax to fund reductions in corporate net income tax rates.

Education – Onorato supports the Department of Education's 2007 Costing-Out Study, which outlines necessary funding for Pennsylvania public education, while Corbett says education funding should be aligned more directly to support students and learning by linking funding directly to students and the schools they attend. Onorato wants to ensure that school districts have flexibility, but wants to hold them accountable for investing annual basic education subsidy increases that exceed inflation in the programs that are proven to increase student achievement. Corbett says he favors charter schools.

Legal Reform – The candidates split significantly in the area of legal reforms that have been supported by PICPA. Corbett says he will work with the General Assembly to pass a fair-share law that limits joint and several liability. He points to the state of Texas as his model for legal reform. Onorato, on the other hand, does not support changing Pennsylvania's joint and several liability law or placing caps on noneconomic damages. Instead of changing the law, Onorato would opt to work with the Supreme Court on rules changes as a way of improving the legal environment.

More Issues – Both candidates indicated a willingness to try and roll back government pensions as a way to reduce costs, including looking at current employee pension levels. While both are concerned about property taxes (school and municipal), their ideas for reducing structural barriers fell mainly along standard party lines: Onorato seemed unwilling to tackle union-sensitive issues (prevailing wage and project labor agreements) and Corbett indicated that property taxes, and the related burdens caused by the pension crises and other municipal and school employee wage and benefit issues, are primarily local tax issues that he cannot control.

With respect to infrastructure, Corbett invoked his no-tax pledge, while Onorato acknowledged that increasing revenue options must be considered in light of the current situation. Both appeared open to private-public partnerships when it comes to funding new projects.

Onorato favors federal action in taking the lead on immigration, while Corbett wants the federal government to take the lead, but believes states can and should act if the federal government does not. ■



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To read more of the interviews with Corbett and Onorato, visit PICPA's Web site at www.picpa.org/candidates.