

2018 POLICIES

Economic Development

Enhancement of the state's economy through a competitive business climate must be the primary consideration for all state policies. Without private-sector businesses and jobs, our celebrated quality of life will be jeopardized. Economic growth ultimately comes from a business climate that fosters risk-taking, innovation, investment and production.

Two core features of a strong business climate are quality infrastructure and a competitive cost structure. Minnesota ranks relatively high nationally on infrastructure with our incredible natural resources, an extensive transportation system, a sophisticated health care delivery network, and a skilled and reliable workforce. Our diverse economy is a key strength allowing us to weather economic downturns and benefit from economic "good times" better than most states. However, the cost side of the equation is a serious concern. Minnesota is less competitive because public policies (especially taxes and regulations) make our cost of doing business higher than many other states.

OUR KEY PRIORITIES FOR THE 2018 SESSION INCLUDE:

- Using revenue gains realized from federal tax reform for state tax reforms focused on improving Minnesota's tax competitiveness and reducing business tax rates so Minnesota is no longer in the top 10 highest tax rate states.
- Full dedication of transportation-related general fund revenues to transportation.
- Improving efficiencies and timeliness of permitting.
- Explicitly preempting local governments from enacting employment-related mandates, thereby avoiding an expensive and inefficient patchwork of workplace requirements.

Minnesota is noted for high quality services but these services do not justify the current cost structure.

OUR GOALS

We support state policies focused on growing our state's economy. Economic growth can be achieved best by advancing three key principles:

1. Improving the overall business environment for all Minnesota businesses by making strategic investments that facilitate economic growth and change.
2. Providing high quality government services and infrastructure at competitive price through efficient and effective government spending focused on specific outcomes.
3. Removing and/or lowering uncompetitive taxes and regulatory burdens that create roadblocks to risk-taking, innovation and investment.

IMPROVE COST COMPETITIVENESS

We support removing barriers to investment and lowering uncompetitive taxes that discourage risk-taking, innovation and investment in Minnesota businesses. Minnesota's cost burdens on business are among the highest in the country. Policymakers should focus on reducing high business property taxes, reducing high individual and business income tax rates (for both corporations and pass-through entities) and conforming estate taxes to the federal level. (See Tax Competitiveness Policy.)

FACILITATE INVESTMENT AND ACCESS TO CAPITAL

An important ingredient for business success is the access to capital. State policy should support risk-taking and investment by lowering uncompetitive taxes, supporting programs that increase access to capital such as the angel tax credit, and enhancing the research-and-development tax credit. (See Tax Competitiveness Policy.)

MAINTAIN AND ENHANCE CRITICAL INFRASTRUCTURE

Our transportation, energy, telecommunications, railroad and airport systems are more critical than ever for a vibrant local and globally competitive economy. Significant investments have been made over time to build these valuable transportation and information networks. (See Transportation Policy.) Not only must they be maintained, but investments in strategic enhancements must also occur and a regulatory structure that promotes private-sector investment at the speed of commerce is crucial. Maintenance and enhancements to systems must be provided at a competitive price with spending focused on specific outcomes. Access to a strong broadband network will be a critical factor to allow all regions of the state to change and grow.

STRENGTHEN OUR SKILLED WORKFORCE AND TALENT PIPELINE

Minnesota's workforce has been one of our greatest strengths and a key to the state's economic success. Workforce growth is slowing to near zero with businesses statewide reporting availability of skilled workers as one of the most serious barriers to growth. To keep our workforce challenges from hampering economic growth, our education and workforce development systems must do four things: 1) Close the achievement gap so a larger percent of Minnesotans are ready to work and innovate; 2) Make our workforce programs – including higher education – more responsive to a changing economy; 3) Reform our federal immigration system as immigration is a critical source of workers and entrepreneurs for Minnesota's economy; and 4) Help employers identify, understand and tap populations of underutilized/underemployed working-age Minnesotans statewide.

Compounding the problem of the worker shortage is the lack of workforce housing and affordable child care, particularly in Greater Minnesota. This is becoming a growing problem and has the potential to impede economic success in many communities. To spur additional investment in workforce housing, the Minnesota Chamber supports reducing regulatory and building costs and providing additional resources to facilitate private-sector investment. To increase the number of childcare facilities and providers, we support providing targeted resources invested in early childhood

care aligned to the Parent Aware ratings; and fostering private-sector investment. (See Education Policy.)

PRESERVE PRIVATE SECTOR FLEXIBILITY AND ENSURE CONSISTENT STATEWIDE LAWS

An influx of younger workers, new technology and an increasingly global economy bring changes and challenges to the workplace. New norms regarding work rules and conditions are evolving. Local mandates with a “one size fits all” solution create cost and regulatory burdens for employers that negatively impact employees. A better approach is to publicize and promote the best private-sector practices. Employers will adopt these practices in order to attract and retain quality employees. Minnesota has 852 cities and 87 counties. A patchwork of local laws is an administrative nightmare for employers and can lead to unintentional errors that could subject businesses to legal action. Enacting employee wage and benefit mandates on private employers is outside the authority of local governments and conflicts with state law. Accordingly, we support explicit statewide preemption of local governments labor mandates. (See Labor Mandates Policy.)

REFORM OUR LITIGATION SYSTEM

The fairness and reasonableness of state's judicial and litigation environment is an important consideration for businesses as litigation exposure can add greatly to costs and create uncertainty. We support reforms to prevent nuisance and frivolous lawsuits. We oppose proposals that will increase legal exposure and result in costly and unnecessary litigation.

LIMIT COMPANY-SPECIFIC INCENTIVES

We generally oppose company-specific incentives. We believe policymakers should focus on improving the business climate for all versus providing some companies with a cost advantage. We recognize that company-specific incentives are part of today's economic development world, but urge policymakers to limit these programs and focus on programs with documented and measurable results while requiring regular review of all incentives. ■