

## 2019 POLICIES

# Growing Minnesota's Economy

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

### **OUR KEY PRIORITIES FOR THE 2019 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. Explicitly preempt local governments from enacting employment-related mandates, thereby avoiding an expensive and inefficient patchwork of workplace requirements.
- Strengthening Minnesota's workforce and talent pipeline through private and public sector efforts.
- Maintaining, enhancing and protecting our high quality infrastructure (transportation, energy, public utilities and telecommunications systems).
- Reducing regulatory burdens that impact affordability and availability of housing and child care for workers.

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. 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.

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 encourage investment such as Section 179 conformity, the angel tax credit, and enhancing the research-and-development tax credit. (See Tax Competitiveness 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.)

### **STRENGTHEN OUR WORKFORCE AND TALENT PIPELINE**

Minnesota's workforce has been one of our greatest strengths and a key to the state's economic success. According to RealTime Talent data, between now and 2022, Minnesota needs an additional 239,000 workers to maintain the same rate of economic growth experienced over the past 5 years. This workforce shortage looms as a potentially serious barrier to growth. The Minnesota Chamber supports the following efforts to address this challenge: 1. Encourage and accelerate private sector efforts to connect students and employers so students are aware of career opportunities in their communities and the coursework required for those jobs; 2. Make our workforce programs – including higher education – more responsive

to a changing economy; 3. Close the achievement gap so a larger percent of Minnesotans are able to graduate from high school and be prepared for the next steps in their academic or career path; 4. Help employers identify, understand and tap populations of underutilized/underemployed working-age Minnesotans statewide; and 5. Reform our federal immigration system as immigration is a critical source of workers and entrepreneurs for Minnesota's economy. (See Immigration Policy.)

Compounding the problem of the worker shortage is the lack of workforce housing and affordable child care, particularly in Greater Minnesota. These shortages impede the ability of workers to find or change jobs, and the ability of employers to attract and retain employees. 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 child care facilities and providers, we support providing targeted resources invested in early childhood care aligned to the Parent Aware ratings; fostering private-sector investment; and reducing regulatory burdens. (See Education Policy.)

### **MAINTAIN, ENHANCE AND PROTECT 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 and protected, but investments in strategic enhancements must also occur. A regulatory structure that promotes private-sector investment at the speed of commerce is crucial (see Environmental Permitting Policy). Maintenance of and enhancements to systems must be provided at a competitive price with spending focused on specific outcomes. In our rapidly changing 21st century, internet access has become essential for commerce. Greater access to a strong broadband network will be a critical factor to allow all regions of the state to change and grow. (See Telecommunications 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. ■