



Chamber of Commerce

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Montana Prosperity Plan

Pursuing Pro-Business Public Policy at the 2015 Legislative Session

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The Montana Chamber is the state’s leading business advocate and the driving force in promoting a favorable business climate. Montana needs changes that will bring more well-paying careers to the state, strengthen small businesses, and promote long-term, sustainable prosperity for years to come. The Montana Chamber will focus its legislative efforts on the following initiatives as part of its Prosperity Plan.

Reduce Taxes

Reducing broad taxes leaves dollars in the private sector that can then be invested in expanding operations, creating jobs, technological innovation, and paying workers more. Increased economic activity spurred by reduced taxes creates more opportunity for workers to become self-sufficient, placing less strain on limited social services. The same economic activity generates more tax revenue to improve essential government services such as safety services, local infrastructure, and education. States that have reduced broad taxes witness faster economic growth, business migration, job creation, reliable tax revenue, well-funded education, and fiscally responsible government. Low taxes are the key to a competitive business climate and to future prosperity.

The Montana Chamber will support:

- **Business equipment tax reduction** by increasing the exemption to \$500,000. This will exempt more small businesses and manufacturers from paying the tax and stimulate capital to expand operations, output, and worker pay.
- **The Tax Fairness Act** to reduce from 5 years to 3 years the amount of time the Montana Department of Revenue (DOR) can audit income tax returns of individuals and sole proprietors.
- **Simplification of the state income tax code** by starting with federal taxable income, reducing the number of marginal tax brackets, and eliminating unused tax credits.
- **Phase out the pollution control equipment tax** to encourage investment and innovation. The federal government mandates pollution control to protect public health, so Montana businesses should not have to bear the burden of that mandate by paying taxes on such equipment.
- **The reduction of income tax rates for individuals and corporations.**

Promote Natural Resource Development

Montana’s moniker is “The Treasure State” and the state seal is emblazoned with “oro y plata,” or gold and silver, the precious metals that lit the spark of prosperity here. Tapping the riches below and above ground has served as the driving force behind the state’s economy since the beginning. Despite effective environmental regulations, environmentalists at the state and national level are obstructing legitimate development projects. Whether it’s lawsuits in our district courts or federal regulatory activism, natural resource development is under fire and states

such as Montana need to seize more control of the regulatory process to ensure that natural resource development continues to serve as a source of job creation, wealth creation, and prosperity.

The Montana Chamber will support:

- **A package of legislation to implement the greater sage-grouse habitat conservation plan** in order to prevent a listing of the bird in the Endangered Species Act. The package includes adoption of the conservation plan, full-time employees to implement and manage the plan, and funding for the Montana Sage-Grouse Stewardship Act to acquire conservation easements from private landowners to augment habitat protection on state and federal land. Montana must join 10 other states to adopt a conservation plan so that the U.S Fish and Wildlife Service does not list the bird by its September 2015 deadline.

Invest in Infrastructure

No state can expand its economy without an adequate foundation of infrastructure upon which to do it. The American Society of Civil Engineers gave Montana a grade of C– in its 2014 Report Card for America’s Infrastructure. With budget surpluses, policymakers should maximize investment in critical infrastructure in order to enhance the foundation upon which our state economy can grow and prosper.

The Montana Chamber will support:

- **Infrastructure funding** for roads, water, sewer, broadband, schools, and buildings to allow the state economy to expand while leaving a legacy of prosperity for our children and grandchildren. Any investment should include a grant program to help oil and gas areas address the impact of development in their communities.
- Legislation directing the Montana Department of Transportation to **identify oversize load corridors** on state and federal highways in Montana, fund necessary infrastructure upgrades to facilitate transport, and restrict local governments from obstructing transport on identified corridors.

Improve the Legal Climate

The U.S. Chamber of Commerce Institute for Legal Reform ranked Montana’s legal climate the 45th worst in the nation. Montana’s legal climate is holding back business growth and attraction in our state. Policymakers must adopt legal reforms that indicate to businesses that the state is open for business and that a business owner’s productivity and property are protected by the rule of law. Predictability and certainty in the legal process is critical to sustainable prosperity.

The Montana Chamber will support:

- **Legislation to make a bad faith assertion of a patent right a civil offense** and include remedies and damages available for the offense. Patent “trolls” often buy up patents cheaply from companies down on their luck that are looking to monetize what resources they have left, such as patents. Armed with these overbroad and vague patents, the troll will then send out threatening letters to those they argue infringe their patent(s). Many who receive infringement letters will choose to pay the licensing fee because patent litigation is extremely expensive. Montana businesses, some member of the Montana Chamber, have been victims of patent trolls. The Montana Department of Justice is introducing legislation.
- **The Montana Health Care Cost Containment Act** to adopt legal reforms that discourage the practice of defensive medicine. In response to a national survey, 91% of responding physicians reported practicing defensive medicine at a cost of \$210 billion. To contain costs, the law should encourage health care providers to avoid practicing defensive medicine and to provide patients with the medical care needed based on the health care provider’s medical judgment made at the point of care and following discussion with the patient if that medical judgment meets the standard of care.

Control Workers' Compensation Costs

Recently, Montana has held the dubious distinction of consistently maintaining some of the highest work comp insurance rates in the nation. Montana businesses often list the cost of work comp premiums as one of the biggest challenges to their bottom line. That's why the Montana Chamber spearheaded reforms in 2011 that have reduced rates by nearly 30% over the past four years. During that period our national ranking for work comp rates went from 1st to 8th to 11th. But there is still room for progress. Montana's prosperity depends on keeping the cost of doing business as low as possible.

The Montana Chamber will support:

- **Legislation that allows subrogation.** Subrogation allows an insurer to recover payments that it made to an insured who received a judgment against someone that was liable for injuring the insured. Recent court decisions around the U.S., including in Montana, don't allow subrogation. In effect, this enriches the insured by allowing double recovery (from the person who causes the injury as well as the insurer). Lack of subrogation puts upward pressure on work comp insurance premiums. Introduced legislation would allow work comp insurers to recover up to \$100,000 of medical payments from the at-fault party.

Protect Small Business from Overregulation

According to a Small Business Administration study on the "Impact of Regulatory Costs on Small Firms" the cost of complying with regulations for businesses in the U.S. is \$1.75 trillion. However, the cost for small business is 36% more per employee than it is for larger businesses. Small business owners constitute 95% of Montana's firms. They create a vast majority of the opportunity, wealth, and tax revenue for communities across the state. We must do everything we can to protect these small businesses from overregulation so that they grow and prosper.

The Montana Chamber will support:

- **Making the Small Business Impact Act a permanent requirement for state agency rulemaking.** It requires agencies to analyze the impacts of proposed rules and regulations on small businesses with 50 or fewer employees and, if there is a significant economic impact to business, consider alternative means of regulating. To make the Small Business Impact Act permanent requires removing the July 1, 2015, sunset provision from statute.
- **Legislation to require business impact statements to be included with a bill's fiscal note.** Fiscal notes measure the potential impact on the state's budget. The bill would authorize legislative leaders to request a maximum number of business impact statements during a session.