



The Minnesota Chamber Federation:

A statewide business network supporting economic growth 2023 legislative priorities

Local chambers represent economic vitality in their communities. The Minnesota Chamber Federation unites and amplifies the voice of local chambers by advocating for policies to advance business in every corner of the state. The Federation is comprised of 52 chambers representing more than 75 communities and more than 21,000 businesses. They have worked to promote pro-growth policies to the Legislature for more than a decade, helping ensure that state lawmakers understand the needs and interests of Minnesota's diverse and successful local business community.

Minnesotans pride themselves on an exceptional state in which to live. Business leaders often share that optimism however, the data on the performance of Minnesota's economy tells a different story. Minnesota ranks in the bottom 20 states across many economic growth indicators from pre-pandemic peak to current period. Minnesota's GDP growth is below the national average. Minnesota has the worst labor force decline of all Midwestern states and we are near the bottom of states for domestic migration, further exacerbating the workforce challenge. Our tax burdens – both for individuals and businesses, are among the highest in the country. This is not the formula for economic growth. States across the country, regardless of partisan makeup, are acting aggressively to cut taxes, streamline regulations and attract workers.

Legislative leadership will advocate for raising revenue and greater spending, despite a historically high state budget surplus. There will be costly new energy proposals, state mandated paid leave and the legalization of recreational marijuana. The Chamber Federation must defend Minnesota employers from onerous proposals that make our state even more uncompetitive in the national and global market.

It is imperative that the Minnesota Chamber Federation make growing our economy the call to action for the 2023 legislative session. We must defend against policies that will further weaken the private sector economy and advance pro-growth policies so that all Minnesotans have the opportunity to have a good job or start a business. It is essential to

mitigate proposals that harm the economy, impede the free market and stifle economic growth while advancing those that will help grow Minnesota's economy.

Advance tax reform

Minnesota's high tax burdens continue to rank as one of the top barriers to economic growth. Minnesota businesses are required to pay taxes that are among the highest in the nation in many categories. In 2021 and 2022, twenty seven other states enacted significant tax reductions in order to make their states more attractive for investment and talent. In today's world of global competition and increased ability to work remotely, tax burdens and related costs matter more than ever before. High taxes negatively impact innovation, entrepreneurial activities, talent recruiting and investment decisions – the very catalysts needed to foster economic change and growth. Our priorities for 2023 include reducing Minnesota's individual and corporate income tax rate to get out of the top ten highest in the country. We also support business property tax relief, enhancements to the research and development tax credit, angel investment tax credit and conforming to the federal estate tax threshold.

Create a 21st century workforce

Simply put, Minnesota needs to leverage Minnesotans to grow the workforce and help individuals develop the skills they need to succeed in a twenty-first-century economy. But there is no simple solution to this problem – workforce availability is driven by a number of other barriers that encompass demographics, education and training preparedness and misalignment, child care availability, high tax burdens on individuals and employers, and other affordability challenges. By mitigating these barriers, the state and its partners can ensure no one is left on the economic sidelines.

Minnesota's workforce challenge is both immediate and long-term, requiring strong alignment between education systems, workforce programs, the needs of employers and

the state's economy. The system as a whole must closely track and adapt to changes in the labor market and workforce needs. A more nimble and responsive workforce system should have the ability to provide shorter-term pathways to certificates or degrees in areas of greatest demand and promote the longer-term development of core skills and competencies. The first step is to assess the state's current workforce initiatives. In the near term, we recommend an audit of all state workforce spending, programs, councils and boards to assess their performance and return on investment. The state should accelerate certification and training in high demand industries and streamline licensing and certification to reduce barriers and speed entry to jobs in short supply. And we must turn the tide on declining student proficiency rates and ensure students achieve key academic milestones.

Advance a permitting system that welcomes investment while safeguarding the environment

We support sensible environmental regulations that will allow Minnesota to maintain a clean environment and a healthy business climate, while fostering statewide economic benefit and job growth. The state must remove barriers that make Minnesota less competitive than neighboring or regional states for attracting industrial and manufacturing businesses. To this end, regulatory systems should be structured and operated so there is a defined process and timeline for completion of environmental review and permits. This is critical to make timely business decisions about proposed projects and expansions. In most circumstances, reviews and permits should be completed and issued within months, not years. Minnesota's regulatory program should strive to be among the premier permitting systems in the nation – quickly and efficiently completing the rigorous

process to ensure environmental protection, while facilitating economic development. Similarly, any state-based legislative or regulatory action should drive economic competitiveness and environmental sustainability through processes that are not duplicative or redundant with other programs. Market-based mechanisms, where appropriate, should be considered when they are both protective of the environment and cost effective for businesses in a globally competitive market. We can achieve these goals by increasing efficiency and streamlining the environmental review and permitting process. The state must also engage communication and coordination among state agencies. In addition, abiding by federal statutes and rules would avoid state by state patchwork of requirements.

Advance affordability

We need to ensure that affordability is an asset of Minnesota's economy. Housing costs are far more affordable than the coastal markets, which is a competitive position we need to strengthen. Child care spots are nearly impossible to find in many greater Minnesota communities, and rising costs paired with a market that seemingly cannot function without subsidies is a significant challenge and workforce barrier. An unprecedented amount of revenue has been invested in border to border connectivity. We must work to ensure the investment is cost effective, and achieves the goal of access to nearly all Minnesotans. Our energy costs and rates are no longer as competitive as they once were, particularly impacting manufacturing. As we transition to cleaner energy sources, we must balance affordability and reliability. We will work with the 2023 Legislature to advance affordability, and find compromise and promising solutions to the affordability factors of our economy, including housing, child care, broadband and energy.

2023 Minnesota Chamber Federation

Albert Lea Freeborn County Chamber of Commerce
Alexandria Lakes Area Chamber of Commerce
Anoka Area Chamber of Commerce
Apple Valley Chamber of Commerce
Austin Area Chamber of Commerce
Bemidji Chamber of Commerce
Brainerd Lakes Chamber
Burnsville Chamber of Commerce
Cloquet Chamber of Commerce
Cuyuna Lakes Chamber of Commerce
Dakota County Regional Chamber of Commerce
Duluth Area Chamber of Commerce
East Grand Forks/Grand Forks Chamber of Commerce
Eden Prairie Chamber of Commerce
Elk River Area Chamber of Commerce
Fargo Moorhead West Fargo Chamber of Commerce
Faribault Area Chamber of Commerce & Tourism

Fergus Falls Area Chamber of Commerce
Glenwood Lakes Area Chamber of Commerce
Grand Rapids Area Chamber
Greater Mankato Growth Inc.
Greater Stillwater Chamber of Commerce
Hastings Area Chamber of Commerce & Tourism Bureau
Hermantown Area Chamber of Commerce
Hibbing Area Chamber of Commerce
Hutchinson Area Chamber of Commerce
International Falls Chamber of Commerce
Lake County Chamber of Commerce
Lakeville Area Chamber of Commerce & CVB
Laurentian Chamber of Commerce
Litchfield Chamber of Commerce
Marshall Area Chamber of Commerce
MetroNorth Chamber of Commerce
New Ulm Area Chamber of Commerce
Northfield Area Chamber of Commerce

Owatonna Area Chamber of Commerce and Tourism
Pipestone Area Chamber of Commerce
Redwood Falls Area Chamber of Commerce
River Heights Chamber of Commerce
Rochester Area Chamber of Commerce
St. Cloud Area Chamber of Commerce
St. Paul Area Chamber of Commerce
Shakopee Area Chamber
Southwest Metro Chamber of Commerce
Twin Cities North Chamber of Commerce
Waconia Chamber of Commerce
Waseca Chamber of Commerce
White Bear Area Chamber of Commerce
Willmar Lakes Area Chamber of Commerce
Winona Area Chamber of Commerce
Woodbury Area Chamber of Commerce
Worthington Area Chamber of Commerce



380 St Peter St Suite 1050, St Paul, MN 55102
800.821.2230 | 651.292.4650 | www.mnchamber.com