



LEGISLATIVE AGENDA

2017



MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY

2017

LEGISLATIVE AGENDA

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CIVIL JUSTICE

2017 Recommended Legislative Policies

Reform employment law:

Employment law in Missouri is widely divergent from the protections guaranteed by the federal Civil Rights Act and other Missouri case law history. Missouri's law regarding the definitions of "employer," "whistleblower," standard of review, procedures in court and available remedies are decidedly pro-plaintiff. Therefore, any expansion in scope of the Missouri Human Rights Act must be coupled with significant reforms, including requiring a "motivating factor" test in lieu of the existing "contributing factor" test, allowing summary judgment motions, eliminating individual liability and placing meaningful caps on damages.

Reinstate punitive damage caps:

The Missouri Chamber supports limiting the amount of recoverable damages in certain cases. Specifically, we advocate for the legislative action needed to place a cap on punitive damages in common law tort cases. Employers cannot expand operations in Missouri with the uncertainty and potential for outlandish punitive damage awards in the existing Missouri judicial climate.

Clarify venue laws:

When out-of-state plaintiffs sue Missouri businesses in Missouri for alleged torts that occurred outside the state, venue should properly lie in the county where the companies' registered agents are located. To curb the rising instances of venue shopping in Missouri courts, the Missouri Chamber supports clarifying venue should apply only if two or more plaintiffs can establish venue in a county separately, as if each had filed an independent cause of action in that county. The Missouri Chamber supports efforts to clarify Missouri's venue laws to ensure proper forum.

Eliminate joint and several liability:

Current law provides that joint and several liability is applied if a defendant is 51 percent or more at fault. In such circumstances, the defendant is jointly and severally liable for the entire amount of the damages recoverable by the plaintiff. If a defendant is found to be less than 51 percent at fault, the defendant is responsible for only the percent of the damages that corresponds with that defendant's percentage of fault. The Missouri Chamber advocates for the elimination of the current joint and several liability system in favor of a fair-share system of liability in which every defendant is liable only for the amount of harm the defendant caused, based on his or her percentage of fault and considering the fault of all responsible persons, regardless of whether they are parties to the lawsuit.



Adopt federal standards for rule of evidence:

In an effort to promote uniformity and fairness across jurisdictions, the Missouri Chamber supports adopting the same standard used in federal court for the admissibility of expert witness testimony.

Amend collateral source rule:

Juries should have the full scope of information when determining an award for damages. The information they have when calculating an award should include the actual cost, not the value, of any medical treatment rendered to the plaintiff.

Strengthen the Missouri Merchandising Practices Act:

The Missouri Chamber supports strengthening the Missouri Merchandising Practices Act (MMPA) to reduce frivolous lawsuits by classes of individuals who suffered no actual harm. The Missouri Chamber supports reforming the definition of “causation” to require showing that the purportedly deceptive act or practice caused the plaintiff to enter into the transaction and caused loss. We further support reforms to the MMPA that seek to avoid duplicative damage awards, provide fair procedures for class-action lawsuits, add consistency between federal and state consumer protections, and protect the regulatory authority of other state and federal agencies.

Establish statute of repose:

Businesses that put products into the stream of commerce are required to comply with contemporary regulations. Those firms should not be exposed to liability because subsequent regulatory changes implicate previously designed and produced products. The Missouri Chamber supports a reasonable statute of repose that will bar claims against manufacturers for compliant products put into commerce that are the subject of later regulatory changes.

Curtail litigation lending:

Leveraging civil judgments as a means of financing lawsuits is damaging to Missouri’s businesses, consumers and the civil justice system. Litigation lending companies prey on Missouri’s most vulnerable residents by promising immediate money in exchange for an interest in any future recovery. This practice inevitably increases the duration and expense of lawsuits and often leaves plaintiffs in worse financial shape than when they started. Litigation

lending activities are not well-regulated in Missouri. The Missouri Chamber supports legislation that would provide some level of consumer protection against this type of lending practice in Missouri.

Restore standard of proof in workers’ compensation discrimination cases:

In the 2014 Templemire case, the Missouri Supreme Court overturned decades-old precedent and ruled that a plaintiff need only show a tenuous connection between a claim for workers’ compensation and a subsequent termination in order to prevail on a discrimination claim. The Missouri Chamber supports efforts to abrogate the Templemire decision and restore a more justice-centered standard of causation to workers’ compensation discrimination claims.

Protect employers from criminal activities of third parties:

Missouri employers continue to be subjected to unfair litigation for actions that occur on their property but are outside of their control. The Missouri Chamber supports legislation that would protect an employer from liability stemming from the actions of others when the employer has taken reasonable measures to protect invitees or when the employer has no control over the actions of the third party.

Strengthen Missouri’s employment arbitration climate:

Missouri’s employers enter into arbitration agreements with employees to avoid costly litigation and resolve controversies rapidly. With skyrocketing court costs and a court system increasingly unfriendly to business, the employer community seeks an alternative and reliable dispute resolution structure. The Missouri Chamber supports proposals aimed at clarifying and strengthening Missouri’s arbitration statute.

Increase transparency in state litigation:

Missouri law permits the attorney general to select and retain private counsel to litigate state cases. The risk of abusive and protracted litigation is high. The use of private attorneys should be as transparent and cost-effective as possible. The Missouri Chamber supports limiting the amount of contingency fees provided to third-party attorneys selected by the attorney general to ensure Missouri taxpayers receive the most value from any litigation. ■

ECONOMIC DEVELOPMENT

2017 Recommended Legislative Policies

Encourage entrepreneurial and small-business development:

The Missouri Chamber of Commerce and Industry supports enhancing the ability of entrepreneurs and small businesses in Missouri to establish and develop their businesses while providing incentives for investors. Whether it be through increasing access and improving technological advancements, providing incentives for investment in small businesses, increasing financial support for the life sciences industry, or linking venture capitalists with researchers and entrepreneurs, providing a framework to develop and cultivate these relationships is imperative to improving the overall business climate in Missouri.

- Encourage initiatives and programs that enhance entrepreneurial growth by increasing access to investors that provide for the crucial need for seed and early-stage venture capital in Missouri companies. Examples include:
 - The creation of an angel tax credit program
 - Increased funding for the Missouri Technology Corp.
 - The creation of a co-investment seed capital fund and a proof-of-concept fund program to improve the conversion rate of R&D and innovation into entrepreneurial firms and commercially viable products
- Provide full funding for the Life Sciences Research Trust Fund.
- Increase or provide full funding for rural regional development grants and the Missouri Small Business & Technology Development Centers to assist small businesses across the state with their development and growth needs.
- Support incentives for capital formation for small businesses by attracting venture and risk capital to invest in low-income, underserved or nonmetropolitan areas of the state.
- Protect small businesses and Missouri jobs from the impact of burdensome and costly regulations.
- Modernize Missouri's laws to allow for equity crowdfunding in Missouri.

Encourage corporate growth and attraction:

The Missouri Chamber supports improving the corporate environment and removing potential barriers facing expanding new businesses in Missouri. The following are ways to encourage and grow future business:

- Evaluate the Missouri Works Program and advocate for the availability of an adequate amount of incentives in order to meet demand and to entice economic growth.
- Provide better incentives for broadband providers to invest in expanding access to high-speed Internet in Missouri's rural communities and lower or eliminate barriers that hinder further broadband deployment.
- Enhance and simplify the optional local personal property tax abatement process beyond the Chapter 100 bond process.
- Support current funding for Missouri Partnership to attract new companies and help advance Missouri's standing as an industrial leader.
- Support legislative and policy incentives for research and development (R&D) activity in Missouri, making Missouri a competitive environment for R&D investments.
- Support the modernization of the Community Improvement District Act to allow the utilization of new financing mechanisms offered for the program.

Protect and encourage job-training funding:

Job-training funding aids in the attraction of new businesses and the expansion and retention of existing businesses. Each year the program is overprescribed and underfunded. The Missouri Chamber will continue to protect and encourage successful job-training programs that enhance workforce skills and attract and retain employers and working families in our state. The Missouri Chamber will also advocate for additional state appropriations for job-training funding opportunities.

Improve dynamic fiscal note scoring:

The Missouri Chamber urges lawmakers to develop a comprehensive fiscal note process that accurately measures the total fiscal impact of proposed legislation, including an accounting of the revenue gains from proposed economic development and financial incentives programs.

Promote international trade:

The Missouri Chamber supports capitalizing on Missouri's existing resources and infrastructure to develop programs and institutions to promote Missouri in international markets.

Analyze and reform economic development incentives:

The Missouri Chamber strongly supports economic development incentives as critical tools in attracting new businesses, encouraging expansion of existing businesses, creating jobs and stimulating private investment. The Missouri Chamber supports a thorough cost-benefit analysis of economic development incentives but opposes any effort to postpone or deny redemptions of tax credits already authorized or issued, subject economic development incentives to the annual appropriation process, or block noncontroversial economic development legislation from passing because of disagreements on tax credit reform.

Promote tourism programs and protect tourism funding:

Promotion of Missouri as a tourism destination should continue to be a priority for this state, as it is an important economic development driver. The Missouri Chamber will promote, protect and advocate for preservation of funding to enhance Missouri's travel and tourism industry. ■

EDUCATION AND WORKFORCE DEVELOPMENT

2017 Recommended
Legislative Policies



Adequately support all levels of education:

The Missouri Chamber supports efforts to provide every Missouri child with access to a top-notch education and workforce training. We support efforts to adequately fund all levels of education from pre-K through 12 to post-secondary. We support the full funding of and allocation of resources for innovative programs and those with a proven track record of success, including adequate broadband internet access for all Missouri students. We believe that well-educated, competent and capable students are the key to Missouri's long-term economic health and competitiveness.

Expand business-education partnership initiatives:

The Missouri Chamber supports engaging businesses in the process of educating and training Missouri's students. We support initiatives to incentivize programs that partner schools and businesses together to produce learning experiences that educate the workforce of tomorrow, especially in high-skill, high-demand jobs. We support policies that help streamline the process for experienced professionals and business leaders to obtain certification for teaching.

Adequately fund infrastructure:

The Missouri Chamber recognizes that an aging and failing infrastructure is detrimental to the process of successfully educating Missouri's students. The Missouri Chamber supports efforts to provide adequate funding for education infrastructure maintenance and improvements. We oppose gubernatorial withholding of appropriated funds. We support initiatives aimed at updating and modernizing Missouri's educational institutions both structurally and within the classroom.

Improve workforce readiness:

A well-educated and capable workforce is imperative to Missouri's economic success. The Missouri Chamber supports a broad-spectrum approach to educating and training Missouri's students and workers. STEM programming, virtual classrooms, rigorous academic standards, curbing the need for remediation in post-secondary education and the workforce, striving to include business leaders in the classroom, worker training, and certification programs are important tools for Missouri.

Institute broad-based public education reform:

The Missouri Chamber believes that market forces and individual merit will produce better educational results. We support broad-based education reform efforts including eliminating the state-imposed teacher tenure system, instituting merit-based pay for teachers and improving school choice options for all Missouri students. ■

ENERGY AND ENVIRONMENT

2017 Recommended
Legislative Policies



Opposition to federal greenhouse gas rule:

The Missouri Chamber opposes the Environmental Protection Agency's Clean Power Plan (CPP). The CPP is an overly intrusive, unduly burdensome and prohibitively expensive regulation that will have virtually no impact on its stated goal of reducing global carbon emissions. Moreover, the EPA's interpretation of its authority to implement this rule represents a transformative expansion of its authority without clear congressional authorization to do so, and it is a blatant intrusion on states' rights under the Clean Air Act. If the CPP is implemented, Missouri's businesses, industries and consumers will be shouldered with billions of dollars in additional and unnecessary costs coupled with expected decreased reliability of available power. The Missouri Chamber supports efforts to stop, delay or reform the rule.

Promote a responsible approach to regulation:

The Missouri Chamber supports a balanced and reasonable approach to environmental and energy regulation or plans that do not stifle innovation and economic growth or add unnecessary and burdensome costs to Missouri's businesses. The Missouri Chamber opposes environmental regulations and policies for air, water and waste that unduly raise costs for businesses or jeopardize creation, retention or growth of Missouri jobs.

Implement responsible water quality standards and oppose the new definition of the Waters of the United States:

The Missouri Chamber supports responsible implementation of the Clean Water Act without creating financial hardships for Missouri businesses. We believe that Missourians, not the EPA, know what is best for Missouri. We encourage and support efforts that enable the Missouri Department of Natural Resources to exercise the full power of its delegated authority under the Clean Water Act to create workable state plans and that oppose unilateral actions by the EPA.

Enforce existing renewable energy standards:

The Missouri Chamber supports clarifying Proposition C to effectuate voter intent of setting minimum levels of renewable energy to be used by investor-owned utilities while ensuring electric rates will not increase more than 1 percent as a result of this mandate.

Implement the Keystone XL and other interstate pipelines:

The Missouri Chamber supports approval and implementation of interstate pipeline projects that will create and support thousands of construction and manufacturing jobs in the U.S. and Missouri. These projects would also provide numerous economic benefits to Missouri employers participating in the construction of the pipelines or the materials supply chain. We believe implementation of these projects will also aid in U.S. energy security and independence by shifting U.S. sourcing of oil to conflict-free and stable economic zones.

Oppose proposed Continuing Authority Rule:

The Missouri Clean Water Commission recently rejected a water permit issued by MDNR because it failed to require the applicant to provide financial information that demonstrated it could operate and maintain the facility. Now MDNR is developing a proposed rule that could include a new financial disclosure requirement for all Clean Water Commission-permitted facilities. Unlike in other sectors, this information is not needed and could potentially discourage new businesses. The Missouri Chamber opposes the proposed Continuing Authority Rule and supports letting Missouri businesses continue to seek and obtain permits without unneeded regulatory requirements. ■

HEALTH CARE

2017 Recommended Legislative Policies

Create a prescription drug monitoring program:

To reduce the cost associated with prescription drugs, the Missouri Chamber supports the creation of a prescription drug monitoring program. Missouri is the only state in the nation that has not passed this type of legislation. Prescription drug abuse and diversion increases the cost associated with prescription medication. A monitoring program would reduce prescription drug abuse and provide a means of oversight to ensure that Missouri employers are not paying for abuse of prescription drugs.

Retain Federal tax paid by Missouri employers and employees:

The Missouri Chamber does not support federal mandates in the health system. We recognize we are at a time of change and need to be mindful of opportunities provided by the potential modification or replacement of the Affordable Care Act. The Missouri Chamber recognizes the need for the state to leverage state and federal investment to maximize quality of health care, improve the health of populations, and reduce the per capita costs of health care for the benefit of citizens, employers, and sponsored populations.

Oppose federal restrictions on states' utilization of provider assessments:

Missouri should have the opportunity to choose how to fund its health care system. In Missouri, and 48 other states and the District of Columbia, provider assessments have become a positive investment in health care coverage. Billions of dollars are at stake, and tens of thousands of employees depend on this funding mechanism to ensure quality care and to support the workforce that provides it. While true entitlement reform may be one measure toward future fiscal success, it is not wise to drastically cut the utilization cap for provider assessments, which would shift this cost to the states and private employers while disproportionately impacting Missourians. Such proposals will cause severe job loss and affect the quality and delivery of health care in Missouri.



Prevent pseudoephedrine (PSE) from becoming prescription-only and continue using the real-time electronic tracking system (NPLEx):

Some criminals use PSE to make methamphetamine. However, law-abiding residents of Missouri should not be punished by being forced to pay for a physician visit to purchase PSE. PSE was approved by the FDA as a safe and effective nonprescription drug. The real-time electronic tracking system provides law enforcement with an effective tool to track criminals and still allow legitimate patients to get PSE without a prescription. Making PSE prescription-only will also add to the health care costs of employers. Therefore, we support the current system of electronic tracking.

Limit government-mandated health care benefits:

Each year numerous legislative proposals that would mandate coverage for certain health care benefits are filed. While some may be well-intended, these mandates can drive up the cost of health care, potentially forcing some employers out of the health insurance market. The Missouri Chamber opposes health care benefit mandates and provider mandates. Where mandates are unavoidable or otherwise imposed, the Missouri Chamber supports efforts to couple those mandates with genuine, meaningful reforms that decrease costs and eliminate waste. We further encourage the review of existing mandates.

Implement health information technology:

The Missouri Chamber encourages the development and usage of health information technology to allow the delivery of health care services to be less costly and more efficient. Such a system will make information concerning a patient's health history readily available and will assist in reducing the number of incidents of health service waste, errors, fraud and abuse. Accessibility will also lead to increased responsibility of individual health decisions. Individual patients should also have access to and personal ownership of their health-related data in electronic format, and at no time should this information be used for marketing purposes.

Expand health care consumer education and meaningful transparency:

The Missouri Chamber will work to ensure that health care consumers can readily access health education and consumer information so they can evaluate and compare the pricing and quality of health care services and health insurance products in order to make informed decisions.

Educate, train and retain quality health care providers and provide improved access for all Missourians:

Like many states, Missouri is facing a chronic shortage of quality health care providers, particularly in rural communities. The Missouri Chamber supports efforts to recruit, educate, train and retain quality health care providers in Missouri. ■

LABOR AND INDUSTRIAL RELATIONS

2017 Recommended Legislative Policies



Implement right-to-work legislation:

Employees should have the right to work in any job in the state without being compelled to join a labor union or pay labor union dues as a condition of employment. The majority of Missouri's neighboring states have implemented right-to-work legislation. The Missouri Chamber supports legislation to ensure Missouri is a right-to-work state.

Protect and strengthen workers' compensation reforms:

The workers' compensation system serves as a mechanism to ensure employees are fairly and quickly compensated for workplace injuries. The Missouri Chamber supports reforms to the system to help reduce workers' compensation insurance rates. These reforms should include proper validation of all claims and fairness in the system.

Restore standard of proof in workers' compensation discrimination cases:

In the recently decided *Templemire* case, the Missouri Supreme Court overturned a decades-old precedent and ruled that a plaintiff need only show a tenuous connection with his or her injury in order to prevail on a discrimination claim. The Missouri Chamber supports efforts to abrogate the *Templemire* decision and restore a more justice-centered standard of causation to workers' compensation discrimination claims.

Unemployment insurance reform:

Missouri's fiscally unstable unemployment compensation system operates as a hindrance to economic growth. During the recession, Missouri took on huge amounts of debt from the federal government to fund the system. Employers paid expensive penalties to repay the federal government, which resulted in additional costs to employers. Also, the legal framework by which employees become eligible for unemployment compensation is fraught with pitfalls and case law holdings, which contribute to added costs for employers. The legal framework to qualify for unemployment should be modified, and the state of Missouri should seek methods of repayment that are less costly than the present penalty model utilized against today's employers. The Missouri Chamber was the lead advocate for legislation passed in 2014 and 2015 to fix the state's unemployment insurance system, only to have the measure struck down by the governor's veto. In 2015, the legislature overrode the governor's veto of this reform, only to have the Supreme Court strike down the law based on procedural grounds. The Missouri Chamber supports enacting these changes in 2017.

Implement paycheck protection legislation:

Employees should not be forced to forfeit a portion of their paychecks for political causes that they may not support. The Missouri Chamber supports paycheck protection legislation that would require labor unions to give employees an opportunity each year to opt out of contributing a portion of their wages to union political activities.

Reform project labor agreement requirements:

There is no legitimate business reason for Missouri companies to be forced to utilize unionized labor as a term of a construction contract. Project labor agreements raise costs of construction projects and stifle free trade and competition. The Missouri Chamber supports reforming and/or banning the use of project labor agreements.

Reform Missouri's prevailing wage law:

Prevailing wage laws add unnecessary costs to taxpayer-funded construction projects. Employers who do not comply with prevailing wage laws can be prosecuted and heavily fined. The system by which the prevailing wage is reviewed, calculated and enforced must be reformed. Also, the definition of work covered by prevailing wage laws does not include maintenance. The Missouri Chamber should work to amend the law to ensure that prevailing wages are not required for maintenance work.

Protect employers from unfair and harmful workplace rules and mandates:

The Missouri Chamber will work to educate Missouri employers and protect them from unfair workplace rules and mandates that may burden or cause harm to an employer's ability to attract and retain jobs. The Missouri Chamber will protect against federal and state workplace rules and mandates such as exposing employers to new liabilities based on how they classify their employees, expanding or adding new classes to FMLA that do not exist in federal law, raising the minimum wage, and placing additional regulations upon an employer during the hiring process.

Protect the secret-ballot election process and oppose "quickie" union elections:

The Missouri Chamber supports upholding the right of Missourians to vote by a secret ballot and ultimately wants to protect Missouri workers so they may continue to have a voice to exercise in private during the employee representation process. The Missouri Chamber will work to protect employers and employees against the impact of the passage of the Employee Free

Choice Act (aka "card check") at the federal level. The passage of this federal act would effectively eliminate the proven practice of holding free and fair secret-ballot elections by allowing unions to collect employee signatures in public through a "card check" process.

Reform the state's immigration policy:

The Missouri Chamber supports legislation that would provide an incentive for Missouri businesses to use E-Verify by providing the employer with an absolute bar from any state liability regarding the hiring of such employee if the employee provided false or misleading information regarding eligibility to work in the U.S. and only if the employer knowingly hired an undocumented alien.

Establish and define the point of maximum medical improvement in workers' compensation cases:

Currently, Missouri statute is not explicit in its definition of "maximum medical improvement" in the determination of temporary disability awards. The Missouri Chamber supports defining the point of maximum medical improvement so employers have a clearer understanding of when temporary disability benefits should end and permanent disability benefits should begin.

Reform the workers' compensation administrative law judge selection process:

Too often, Missouri employers feel the scales of justice are tipped against them in a work comp administrative hearing. The Missouri Chamber supports legislative efforts to inject fairness and accountability into the selection and retention of workers' compensation law judges.

Provide state-level safeguards for joint employers:

A recent NLRB decision unraveled decades of precedent relating to joint employer liability at the federal level. The Missouri Chamber supports legislation to protect franchisors from unwarranted lawsuits and clarify the employment relationship between a franchisor and franchisee in state-level disputes.

Strengthen employers' property rights:

Cybersecurity is of utmost importance in the information age, creating new challenges for employers throughout the world. In an effort to stay ahead of the curve, the Missouri Chamber supports efforts to strengthen civil penalties against employees who illegally obtain and disclose an employer's proprietary information. ■

TAXATION & FISCAL POLICY

2017 Recommended Legislative Policies

Reform tax policy:

The Missouri Chamber supports efforts in the General Assembly to enact meaningful, comprehensive reform in Missouri's tax system. The Missouri Chamber strongly believes that any tax reform, whether in the realm of corporate/individual income taxes, real/personal property taxes or sales/use taxes, should achieve the following objectives:

- Provide revenue neutrality: Tax reform should not be used, directly or indirectly, to increase state tax revenues, whether in short-term or long-range projections.
- Eliminate/avoid double taxation: Double taxation occurs when the same economic activity is used as a measure for more than one taxable event. Any revision to the tax code should avoid even the risk of double taxation.
- Minimize shifting the ultimate tax burden: Tax reform can shift the economic burden from one group of taxpayers to another. Any proposed tax reform should avoid economic burden shifts among groups of taxpayers to the greatest extent possible. When economic burden shifts cannot be avoided to achieve other goals (such as equity or neutrality), they should be made gradually over an extended period of time.
- Provide horizontal equity: Horizontal equalization is the practice of treating taxpayers of similar incomes but differing circumstances in a similar way by making modest alterations to the tax code to account for such disparities. Horizontal equity assists economic growth by minimizing the impact of the tax code on business decisions, thereby promoting a free marketplace. Horizontal equity should be considered with regard to any tax reform proposal.
- Provide administrative simplicity: Administrative complexity causes economic losses because businesses are required to spend additional resources just to comply with the tax code. Administrative complexity also reduces the efficiency of a tax system by making the state spend additional resources to process the more complicated tax returns and reduces the state's revenue collections because taxpayers are unable to fully comply with the increased administrative burdens. Reform



should always have the objective of moving toward a tax code that caters to administrative simplicity in order to avoid economic loss and increase the tax system's efficiency.

- **Provide a broad base:** A broad tax base encourages economic growth by minimizing the tax burden on any one specific group of taxpayers and lowering the tax burdens of all taxpayers by spreading the tax burden among more taxpayers. Each tax reform measure should have the goal of moving toward the broadest possible tax base.
- **Promote business activity in Missouri:** The current Missouri tax code encourages business activity in Missouri by providing multistate taxpayers with a choice among apportioning their income using the business transaction single-sales-factor apportionment method, the pure single-sales-factor apportionment method or the three-factor apportionment method. All apportionment methods should be preserved, or, if modified, any changes should serve only to further encourage business activity in Missouri.
- **Eliminate multiple fees and surcharges:** Missouri's businesses are faced with a myriad of state and local fees and surcharges, including access fees, license fees, business license taxes, unemployment insurance fees and surcharges, and workers' compensation fees. Missouri has a duty to reduce the number and dollar amount of these fees and surcharges in addition to its duty to minimize the overall tax burden imposed on its residents. A burdensomely high effective state tax rate can negatively impact the state's economy. Fees and surcharges add to the total effective state tax rate (in the case of telecommunications taxes, the effective rate is a statewide average of 27.79 percent based on 2004 data). This is just not acceptable.

Reform tax administration:

Taxpayers need stable and predictable rules that promote taxpayer fairness. The Missouri Chamber supports state tax administration reform that will improve transparency and enhance early taxpayer input on policies.

Phase in full deduction for the federal income tax:

In 1993, Missouri taxpayers suffered the largest tax increase in Missouri history. This legislative change forced Missouri corporations and many small-business owners to pay state income taxes on part of the federal income tax dollars that they had already paid. This tax policy is particularly burdensome because businesses are required to pay an income tax on an income tax. The double tax occurs because businesses are prohibited from making use of the portion of money that they pay to the federal government in taxes, yet they must pay tax on the same money again at the state level. Current law only permits C corporations to deduct one-half of the tax paid to the Internal Revenue Service (IRS). Those businesses choosing to be taxed as a pass-through entity are even more limited on their deduction for taxes paid to the IRS. The Missouri Chamber supports legislation to phase in the full deductibility of the federal income tax.

Prohibit lobbying by state agencies:

Currently, state agencies have actively lobbied for increased taxation and against tax reform and/or relief measures that would enhance Missouri's business climate. Accordingly, the Missouri Chamber supports the initiation of legislation that would prohibit state agencies from lobbying for or against state tax legislation.

Expand state sales tax exemptions:

Missouri's sales tax exemptions provide Missouri's taxpayers with economic incentives to attract business to Missouri and promote economic development. In addition, many of Missouri's sales tax exemptions enhance Missouri's social and environmental objectives. The Missouri Chamber is in favor of all sales tax exemptions that promote economic development activity and create jobs in Missouri. The Missouri Chamber opposes removing or imposing limitation on any sales tax exemptions if doing so could hinder Missouri's economic development initiatives.

TAXATION AND FISCAL (continued)

Prohibit corporate tax information disclosures:

Taxpayers have an expectation of confidentiality and a right to privacy. Missouri's tax system is based on voluntary compliance. Corporations furnish and are required by law to provide extensive information under penalties of fine or imprisonment. Studies have shown that the degree of compliance with tax laws is impacted directly by the degree of confidentiality of information that taxpayers are required to provide to the Department of Revenue (DOR) and the IRS. If the DOR were permitted to make public such returns and/or return information, it would invite a variety of intrusions into the taxpayers' privacy. Business competitors of a taxpayer could use this information to gain economic advantages over the unfortunate taxpayer. A lack of confidentiality could also facilitate the use of one taxpayer's return information for the political or other gain of its competitors. Because of the serious nature of the problems caused by such "transparency," the Missouri Chamber opposes public disclosure of all otherwise proprietary and tax information for any and all taxpayers.

Maintain appropriate state tax add-back list:

The DOR has historically proposed promulgating rules that relate to the requirement of state tax add-backs that are in violation of existing Missouri law. The proposed rules have exceeded the current statutory provisions by limiting the current legal definition of "income tax" and by expanding the list of state taxes that must be added back to Missouri taxable income. The Missouri Chamber strongly opposes any proposed or amended rule change or any administrative action by the DOR that would expand the legally permissible types of other states' taxes that must be added back to Missouri taxable income.

Adjust property taxes:

Current law allows for a reduction or elimination of property taxes for damaged or destroyed residential property due to a natural disaster. However, this benefit does not apply to commercial, agricultural or business personal property, leaving business owners with an unfair tax burden. The Missouri Chamber supports expanding the natural disaster property tax adjustment to apply to commercial, agricultural and business personal property damaged or destroyed by a natural disaster.

Equalize local tax treatment:

Currently, the Missouri state tax code mirrors the federal tax code in the treatment of statutes of limitation and penalties assessed. However, local jurisdictions impose their own rules, creating complicated and confusing tax policies that treat taxpayers in similar situations differently across local jurisdictions. The Missouri Chamber supports equalizing the treatment of statutes of limitation and penalties among local, state and federal tax policies, utilizing common guidelines for all taxes and fees.

Allow single remittance of local taxes and fees:

Every year, businesses – both large and small – make thousands of payments to state and local jurisdictions in order to comply with regulations. These payments drive up the cost of doing business in Missouri. Compliance costs reduce the resources of private businesses and can be considered a waste of economic resources. The Missouri Chamber supports the implementation of a voluntary program to allow businesses to submit a single remittance each month to one entity in order to eliminate the compliance costs.

Provide tax incentive for S corporation formation of employee stock ownership plans:

Employee stock ownership plans (ESOPs) give employees partial ownership in a business over time. Many smaller businesses that are heavily invested in their companies utilize this option, motivating their employees to stay with the company and keep it going years after the startup phase or after the owner's retirement. Currently, S corporations do not qualify to receive the tax benefits allowed for C corporations. The Missouri Chamber supports the formation of ESOPs and allowing individual shareholders to exclude dividends and capital gains from their taxable incomes.

Abrogate two recent Supreme Court cases impacting how sales and use taxes are applied to certain business transactions:

Two Missouri Supreme Court decisions handed down in 2016 impact how certain business transactions are taxed. The decision in *IBM Corporation v. Director of Revenue* overturned 20 years of judicial precedent by ruling that the manufacturing sales tax exemptions do not apply to production of intangible products like computer data. The court's decision in the case *Alberici Constructors Inc. v. Director of Revenue* ruled that businesses, in most situations, are expected to collect sales and use tax on delivery charges regardless of whether it is listed separately on a company invoice. The Missouri Chamber supports legislation that overturns these decisions, applying sales and use taxes as originally intended by the legislature. ■

TRANSPORTATION

2017 Recommended
Legislative Policies



Adequately fund transportation infrastructure:

The Missouri Chamber recognizes that adequate funds must be available for the maintenance and improvement of the state's transportation system. The Missouri Chamber supports finding stakeholder-driven options that provide long-term, sustainable, statewide transportation funding that will help maximize Missouri's potential as a centrally located transportation hub for the country, continent and world. Investment in transportation improvements is a major economic engine that drives job creation and personal income and provides added value to Missouri's economy.

Increase multimodal funding:

The Missouri Chamber supports legislation to identify sources of increased funding that would allow the Missouri Highways and Transportation Commission to enhance multimodal programs throughout Missouri. Such programs would include public transportation, passenger and freight rail, ports, air travel, bicycling and walking. The Missouri Chamber does not support legislation that continues to divert transportation dollars out of the transportation fund to supplement nontransportation needs.

Use a holistic approach to find solutions for Missouri's transportation infrastructure needs:

The Missouri Chamber recognizes the seriousness of the budgetary shortfalls facing municipal and state transportation officials. The Missouri Chamber

further recognizes that addressing the current funding crisis may not take the form of a one-size-fits-all solution. To that end, the Missouri Chamber supports innovative financing options, such as cost-sharing and investment-matching programs, that empower and encourage local communities to find local solutions to infrastructure needs. We further support taking a broad-spectrum approach to resolving the state's infrastructure needs in a way that maximizes the effectiveness of our existing infrastructure, provides adequate funding for development and maintenance of new and existing infrastructure, and does not unduly impact any disparate industry or class of business.

Enact primary seat belt law:

The Missouri Chamber supports legislation that would change Missouri's secondary seat belt law to a primary seat belt law allowing law enforcement officers to stop drivers for failing to wear their seat belts. Currently, a driver may be ticketed for failing to wear a seat belt only if stopped for another traffic violation.

Support reasonable statewide regulation of transportation network companies:

The Missouri Chamber supports innovative, private efforts to meet consumer demand for transportation needs. Companies that develop and utilize an online platform to connect drivers and riders should not face governmental barriers to entry into the transportation market. However, the Missouri Chamber recognizes reasonable regulation of those companies is necessary for their safe operation within Missouri's borders. ■



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