



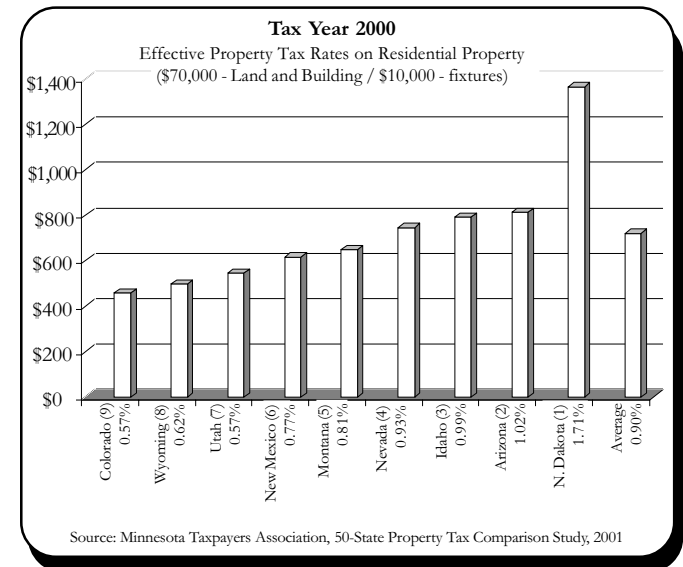
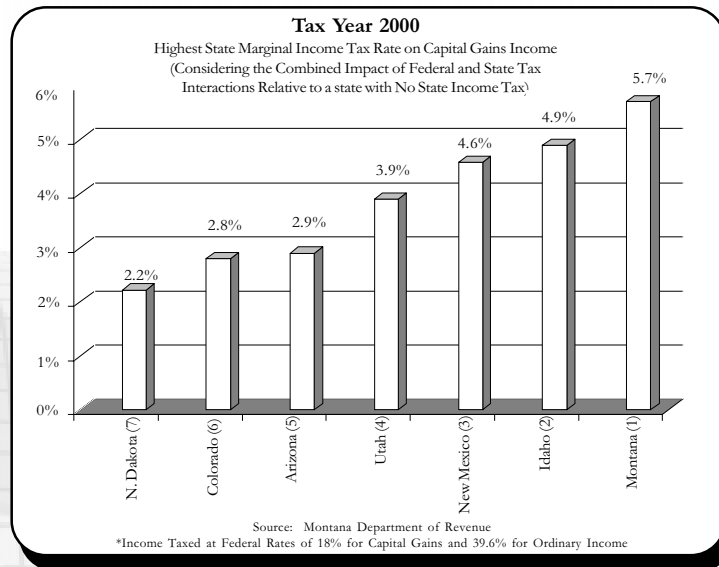
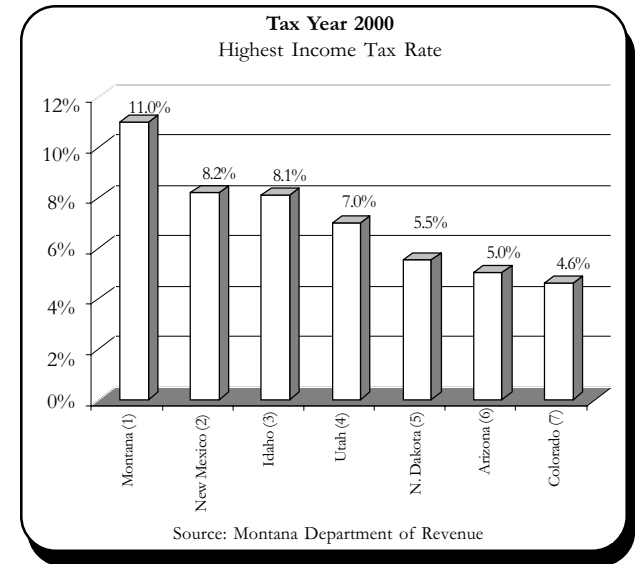
Regulatory and Tax Environment

Principle 3: Enable economic development by increasing government responsiveness and efficiency, and by providing a competitive tax structure.

Businesses recognize that equitable and efficient regulations and competitive and stable taxes are necessary and important to Montana citizens and our quality of life.

We are examining our regulatory structures with an eye toward modernization - instilling a presumption that regulated businesses desire compliance over violation. In addition, we must ensure that our tax structure is competitive and stable.

Regulatory processes and taxes that drive up the cost of doing business encourage businesses and individuals to locate in other states. As a result, good paying jobs leave or never locate in the state, the state's tax base is eroded, and investment capital and consumer spending is reduced.





Regulations



Government serves a vital role in establishing and enforcing regulations and statutes designed to protect the safety and health of our citizens, businesses and our environment. However, opportunities exist to streamline and focus regulations without decreasing their effectiveness. Businesses operate in a global economy. Any regulation or process imposed by state or local government adds to the cost of doing business and goes into the final price of products and services. This raises prices paid by Montanans and directly affects businesses' ability to compete in the global economy.

In the new economy, government must rethink what it does and how it operates. State government will become more responsive, cost conscious, and partnership oriented. We will develop effective systems to inform businesses about regulations and help them to achieve compliance. We will work continuously to improve the effectiveness and efficiency of business regulations designed to ensure public safety and protect the environment.

Goals

-  State government regulation and permitting will be more effective, efficient and responsive.
-  Maximize the amount of state information available online and the number of regulatory and permitting transactions that can be accomplished electronically.

Strategies

- 1** Create a public/private action team(s) to streamline the public sector and recommend functions that can be provided more effectively and efficiently by the private sector.
- 2** Develop standards and measures to continually gauge the efficiency of permitting and licensing.
- 3** Improve permitting and regulation processes so that they are predictable and cost efficient.
- 4** Continue to support the state's efforts to provide government services electronically.




Taxation is a basic cost of doing business and a frequent basis of comparison among states for business and individual location decisions. To improve economic opportunities for Montanans, our tax structure cannot impact businesses in a way that makes us less competitive with comparable states. Businesses and individuals also need to have confidence that the tax structure is stable and will not change dramatically.

Taxation supports education, infrastructure development and other government services that are essential to the economy and a high quality of life. As the economy grows, the tax base grows, enabling greater support of these essential services. The tax burden must be fairly distributed.

We will develop strategic opportunities for tax reform that will benefit working people and businesses in Montana – to stimulate our state's economy – and to put more money in the pockets of Montanans.

Goal

-  Ensure that the Montana tax structure is competitive and stable to promote business expansion and recruitment and encourage Montanans to stay in the state.

Strategies

- 1** Evaluate Montana's tax structure to determine whether it is competitive with competing states. Identify non-competitive taxes. Recommend steady, incremental change in non-competitive taxes to make them competitive.
- 2** Promote and facilitate access to existing tax incentives to ensure that they are accessible to businesses growing and locating in Montana. Monitor the effectiveness of existing tax incentives to maximize the return on the state's investment in these incentives.

