

## 2014 study: Montana ranks 7th for business tax climate

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Montana has the seventh best tax climate for businesses in the 50 states in the 2014 ratings released Wednesday by the Tax Foundation.

Gov. Steve Bullock and a Montana Chamber of Commerce executive praised the state's ratings as showing Montana is an attractive place to do business.

The director of the Montana Budget and Policy Center said the ratings fail to measure the state's quality of life or the business climate that helps sustain it.

Montana ranked eighth in the foundation's 2013 business tax climate index released last year.

However, a foundation spokesman said the group revised its methodology this year and applied it to last year's rankings. Montana moved up to seventh under these revised calculations.

In any event, Montana was in the top 10 both years, in part because it doesn't have a statewide general sales tax.

"The absence of a major tax is a dominant factor in vaulting many of these 10 states to the top of the rankings," the foundation said.

In its current ratings, the foundation ranked Wyoming as having the best business tax climate among the states, while South Dakota was second. Idaho ranked 18th and North Dakota 28th.

Broken down by category, Montana ranked 16th best in corporate tax, 19th in individual income tax, 3rd in sales tax, 21st in unemployment insurance tax and 8th in property taxes.

"The goal of the State Business Tax Climate Index is to start a conversation with policymakers about how their states fare against the rest of the country," Tax Foundation economist Scott Drenkard said.

The Tax Foundation is a nonpartisan tax research group based in Washington, D.C. It collects information on more than 100 tax provisions for each state, synthesizes them into a single score and compares states.

Bullock, who took office as governor in January, was pleased with the state's rating.

"This report shows, once again, that Montana is a great place to do business," he said. "In addition to our great tax climate, we have a highly trained workforce and an unmatched quality of life, which also entices companies to Montana. This is just another sign of what businessmen and woman are recognizing: Montana is one of the very best places in the country to do business."

Bullock noted that he has reduced taxes on every business in Montana and eliminated the property tax on business equipment for two-thirds of the companies operating here.

Glenn Oppel, government relations director of the Montana Chamber of Commerce, said, "We always keep our eyes on these national rankings, and it's always good to see Montana ranked high."

Oppel said he hopes the governor and legislators can meet with groups to find "the sweet spot" in tax policy needed to help create business and attract jobs in the post-recession market.

"When it comes to tax policy, there will always be areas where we can improve," he said, citing the need to lower the state's top marginal income tax rate and further reduce its business equipment tax.

Sarah Cobler Leow, executive director of the Montana Budget and Policy Center, said every Montanan wants to live in a state where its businesses, families and economy can thrive.

"Studies such as the Tax Foundation's recent report tend to give the highest rankings to states with the lowest taxes and least regulation," she said. "However, as Montanans, we all know that our business climate cannot solely be defined by the rates of taxation and regulation."

Successful businesses depend on shared investments in education, infrastructure and access to health care, collectively funded through taxes, but overlooked by the study, Cobler said.