

THE EXECUTIVE

THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry

March/April 2013

State Chamber Annual Meeting Held February 7

On February 7, the Nebraska Chamber of Commerce and Industry held its Annual Meeting and Legislative Caucus at The Cornhusker Marriott in Lincoln. Speaker of the Legislature Greg Adams of York addressed the State Chamber Board of Directors meeting held early in the day. Speaker Adams spoke about the key issues before state lawmakers this year, including the budget and tax reform.

Governor Dave Heineman spoke at the State Chamber luncheon, which honored the contributions of local chambers of commerce from across the state. The governor issued a proclamation declaring February as "Chamber of Commerce Month." Tom Hastings, president of the Hastings Area Chamber, and Tina Biteghe Bi Ndong, executive director of the West Point Chamber, recognized local chamber representatives.

The afternoon policy sessions featured experts on education, as well as a group of young Nebraskans who were among the first enrolled in the Nebraska internship program overseen by the Economic Development Department. Guest speakers included

Cecilia Retelle with the U.S. Chamber's Institute for a Competitive Workforce; Dr. Steve Joel, superintendent of Lincoln Public Schools; and Dr. Jim Heckman, a professor of economics at the University of Chicago and Nobel Memorial Prize winner, who spoke about the importance of early childhood education.

At the traditional Legislative Leaders Panel, state Senators Tom Carlson of Holdrege, Steve Lathrop of Omaha, Heath Mello of Omaha, Annette Dubas of Fullerton, and Mike Gloor of Grand Island addressed some of the more controversial issues facing their respective committees.

During the evening events, more than 40 state senators joined around 550 State Chamber members and the governor and First Lady Sally Ganem for the Annual Banquet. The banquet featured the traditional passing of the gavel from 2012 State Chamber Chairman Steve Ford, CEO for Pepsi-Cola Bottling in Lincoln, to 2013 Chairman



Brian Hamilton, 2013 State Chamber Chairman, accepts the gavel from 2012 Chairman Steve Ford at the Annual Meeting's evening banquet at The Cornhusker Marriott in Lincoln. Chairman Ford led the State Chamber through a successful year for the association, including the implementation of the "Forging Nebraska's Future" initiative.

Brian C. Hamilton, president of Beardmore Subaru in Bellevue.

Later in the evening, the new Nebraska Business Hall of Fame class was inducted. The 2013 Business Hall of Fame inductees are: **Marc LeBaron** of Lincoln, Lincoln Industries, who also served as the 2009 chairman of the State Chamber; **Dr. R. Lee Simmons** of Omaha, Henry Doorly Zoo; **S.N. "Bud" Wolbach** of Grand Island, (deceased); and **Paul Younes** of Kearney, Younes Hospital-ity.

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State Chamber Views...

Editorial by Barry L. Kennedy,
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'Nebraska Needs Job-Creation Incentives To Compete'

"There was a time, back in the 1970s and early 1980s, when Nebraska lagged the rest of the nation in job creation. ... Other states were putting together tax packages that were an attractive lure to companies that were planning to expand."

That's according to a *Lincoln Journal Star* editorial written a decade ago (Sept. 7, 2003).

In the early 2000s, a small coalition of government spending advocates were demanding the repeal of Nebraska's job-creation and investment incentives. The same *Journal Star's* editorial noted that doing away with the incentive programs would be "precisely the wrong thing to do during a slow economy when communities all across the country are vying for new jobs."

Turns out the *Journal Star* was right.

By 2005, the Legislature and Gov. Heineman took steps to improve and modernize the state's incentive programs, adopting the Nebraska Advantage Act. It brought more accountability and transparency, and has proved to be the most successful economic development tool in our state's history.

Since the Nebraska Advantage took effect in 2006, it has:

- led to private-sector commitments of nearly 20,500 new jobs;
- encouraged \$8.5 billion in new capital investments;
- attracted more than 319 business applications.

Nebraska's job-creation incentives have benefited the entire state, with more than 150 Nebraska Advantage

projects in the Omaha metro area, 55 in Lancaster or Seward counties, and another 104 dispersed throughout greater Nebraska.

The proof is in the numbers – the Nebraska Advantage is working well.

Since adoption of the Nebraska Advantage, our state has maintained one of the lowest unemployment rates in the country. Moreover, Nebraska's per-capita income has increased to the national average and worker productivity has surpassed the U.S. average. Defying all predictions, we have seen population increases above the national average in three of the last four years.

These were exactly the goals of the Legislature when it crafted the Nebraska Advantage.

In spite of this success, advocates of bigger government are again calling for the repeal of Nebraska's job-creation incentives, even as the national economy struggles to regain its footing.

Let's remember the ground rules and improvements brought by the Nebraska Advantage:

- Not every business qualifies for incentives. Participation in the program is limited to those that create new economic activity.
- Businesses must meet minimum job creation and capital investment levels – as established by law – before qualifying for incentives.
- Nebraska's performance-based incentives include "recapture" provisions. If a company fails to maintain minimal levels of job creation, they must repay any tax credits received.
- When the Nebraska Advantage was crafted, the State Chamber worked with then-Revenue Committee Chairman Dave Landis of Lincoln to ensure

enhanced transparency. As a result, the Revenue Department annually discloses a vast amount of program detail, including participating companies, project locations, application activity and benefit amounts. This report is made available to the public and the press.

It is perplexing to read media accounts that the Nebraska Advantage "costs" state taxpayers – or that the programs "dole out" state dollars. The truth is, the Nebraska Advantage lowers state revenues by an estimated \$50.5 million per year because qualified businesses are allowed to keep more of their own money via refunds for new taxes paid.

Unlike competing states, Nebraska does not write blank checks or provide grants to qualifying businesses. Rather, participating companies must go through an extensive annual audit to verify their qualification. Once the audit is completed, companies may receive an allotment of tax credits used to offset future tax liabilities.

Unfortunately, permitting businesses to keep more of their own money doesn't sit well with some who seek more taxpayer dollars to fund ever-expanding government.

The Nebraska Advantage is a bargain compared to other state programs, considering the return on investment. For comparison, the state currently spends more than \$3 billion on Health & Human Services programs, including Medicaid; nearly \$1.5 billion on K-12 education – not including the \$3.2 billion in local property tax revenue collected by school districts and other local government; and more than \$200 million for state agencies. Meanwhile, our economic development aid programs, combined, comprised less than 1% of the fiscal 2012-13 budget.

After more than 20,000 jobs created under the Nebraska Advantage, it can be safely said that Nebraska taxpayers have never received more bang for such a small investment.

The Nebraska Chamber is proud of our state's job-creation incentives and their results. Without question, Nebraska has endured the recent economic roller coaster in much better fashion than most other states – and the Nebraska Advantage is one of the key reasons driving our success. ■

Governor Pays Tribute To Nebraska's Chamber Community

In February, at the State Chamber's Annual Meeting in Lincoln, Governor Dave Heineman issued a proclamation declaring February as chamber of commerce month in Nebraska. The proclamation was presented to the leaders of the Nebraska Chamber of Commerce Executives (NCCE). It states: "Chambers of commerce play a vital role in shaping Nebraska's future by promoting the free enterprise system and providing leadership while

fostering an economic climate conducive to growth and development." The proclamation adds that chambers of commerce in Nebraska "enhance the quality of life for our citizens."

Receiving the proclamation from Governor Heineman were Tina Biteghe Bi Ndong, executive director of the West Point Chamber of Commerce, along with Tom Hastings, president of the Hastings Area Chamber of Commerce. ■



Small Business Day At The Capitol, April 9

Small businesses significantly impact Nebraska's economy. They represent 96.6% of all employers and employ 50.9% of the private-sector labor force. Nebraska's small businesses – those with fewer than 500 employees – employ 391,368 workers, according to the latest figures.

Small businesses are significantly impacted by state laws and regulations. If you are a small business owner or have small business interests, consider spending the morning of Tuesday, April 9, at the State Capitol to learn about legislative issues that could affect the business community. The 2013 Small Business Day will feature a visit from Governor Dave Heineman and several leaders of the Legislature.

The event is presented by the NFIB/Nebraska, the Nebraska Chamber, the Lincoln and Omaha Chambers, Nebraskans for Workers' Compensation and Fairness, and the Lincoln Independent Business Association. Cost for the program is \$15, which covers materials and lunch.

For more information or a registration form, call (402) 474-3570 or e-mail bob.hallstrom@nebankers.org. ■



Nebraska Loses Ground On Workers' Comp

Controlling workers' compensation costs is a top priority for employers. For decades, Nebraska's workers' comp rates were considered some of the nation's most affordable, which gave the Cornhusker State a competitive advantage when employers were considering states for expansion or relocation.

But today, Nebraska employers in the workers' comp market pay considerably higher premiums than they did in 2000. Our average workers' comp rates are still below the U.S. average – ranked 18th lowest in the country. However, just a decade ago, Nebraska was a top-ten state in this category, according to the Oregon Workers' Comp Premium Rate Study, one of the nation's most comprehensive analyses of workers' comp rates. ■

State Chamber's D.C. Fly-In, May 21-22

The State Chamber's 2013 visit to Washington, D.C. is set for May 21 and 22. All members of the Nebraska Chamber and/or local chambers are invited to participate. Participants of this year's Chamber D.C. Fly-In will partake in the following:

- Federal issue briefings at the National Association of Manufacturers (NAM) and the U.S. Chamber.
- An evening reception at the D.C. office of Husch Blackwell law firm, overlooking the White House and Old Executive Mansion.
- Dinner at the Oceanaire restaurant.
- The traditional Nebraska Breakfast at U.S. Capitol.
- The State Chamber's Congressional Luncheon on Capitol Hill.

Registration is \$75 per person. Fly-In participants must plan and provide for their own travel and lodging. A limited number of hotel rooms has been reserved at the Beacon Hotel, 1615 Rhode Island Avenue, NW in D.C. Special room rate is \$239 per night, if you mention that you are with the Nebraska Chamber Fly-In.

For more information, e-mail jkarl@nechamber.com or call (402) 474-4422. ■

Annual Meeting

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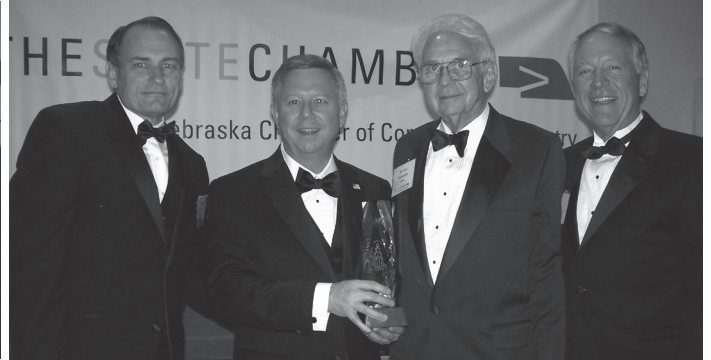
Sponsors of this year's State Chamber Annual Meeting included:

- Top Sponsors: ConAgra Foods; Blue Cross & Blue Shield of Nebraska.
- Platinum Level Sponsors: Black Hills Energy; Lincoln Industries; Nebraska Public Power District.
- Gold Level Sponsors: AFLAC;

Burlington Northern Santa Fe Railway; Cash-Wa Distributing; CenturyLink; Farmers Mutual Insurance; Kawasaki; Koch Industries; Mutual of Omaha; Nebraska Department of Economic Development; NUCOR Steel; Pinnacle Bank; SourceGas; Streck; TransCanada; U.S. Bank; Union Pacific; Vetter Health Services.

- Silver Level Sponsors: Beardmore

Chevrolet; Behlen Mfg. Co.; Cargill; Chief Industries, Inc.; Children's Hospital & Medical Center; Duncan Aviation; Dutton Lainson Co.; Great Plains Communications; Husch Blackwell, LLP; Knudsen Law Firm; Midway Chevrolet Buick Cadillac; Nebraska Diplomats; Greater Omaha Chamber of Commerce; Reinke Mfg. Co.; Valmont Industries; Wells Fargo. ■



The 2013 Nebraska Business Hall of Fame Honorees included (clockwise from top left): Marc LeBaron, Lincoln Industries, Lincoln; Dr. R. Lee Simmons, Henry Doorly Zoo, Omaha; Paul Younes, Younes Hospitality, Kearney; and the late S.N. "Bud" Wolbach, Grand Island.

State Chamber Welcomes New Investors

Membership in the Nebraska Chamber of Commerce & Industry is an investment in Nebraska's economic well-being. This month, the State Chamber welcomes the following new members. We encourage you to consider doing business with fellow Chamber members.

GRAND ISLAND

Viaero Wireless
Steve Nielsen

GREENWOOD

KZCO Inc.
Zak Ziegenbein

LINCOLN

Daitron Inc.
Randy L. Sukovaty
Recommended by: Mike Boyle, Kawasaki Motors Manufacturing Corp. USA

Dell
Steven Laune

Kinney Manufacturing
dba IntoMetal
Randy Kinney

NRECA-Lincoln
Pam Zimbelman

Silverhawk Aviation
Sheila Moore

OMAHA
Arctic Glacier Premium Ice
Dan Potter

FrankelZacharia
Paul W. Reinsch, Jr.

Greater Omaha Convention & Visitors Bureau
Dana Markel

McGregor Interests, Inc.
LeGrande McGregor

Omaha Paper Company
Robyn Koch

Skylark Meats
Buzz Elliott

O'NEILL
Garden Fresh Vegetables
Marv Fritz

SCOTTSBLUFF

Western Nebraska Community College
Jason Stratman

SPRINGFIELD, IL

Waste Management
Lisa Disbrow

WEST DES MOINES, IA

Hy-Vee (Columbus, Fremont, Grand Island, Lincoln, Norfolk, Omaha, Papillion, South Sioux City)