

THE EXECUTIVE

THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry

July/August 2018

Register Now For Aug. 9 Federal Legislative Summit

Whether it's trade policy, immigration, taxes or regulatory reform, what happens in Washington, D.C. can dramatically impact Nebraska's business community. That is why the State Chamber encourages its members to attend the tenth annual Federal Legislative Summit on Thursday, August 9, 2018.

Co-hosted by the Nebraska Chamber, the Lincoln Chamber and Greater Omaha Chamber, this one-of-a-kind event will be held at the Strategic Air Command (SAC) & Aerospace Museum, located just north of Exit 426 on I-80, near Ashland.

Doors will open at 7:30 a.m., with opportunities for networking. The summit program will begin promptly at 9 a.m.

Attendees will be treated to:

- An update on federal issues as presented by Nebraska's U.S. senators and congressmen;
- A special presentation by keynote speaker Neil Bradley, the chief policy officer of the U.S. Chamber; and
- An update on Blueprint Nebraska, the recently announced, business-

led economic development initiative aimed at stimulating the state's economy and growth.

A continental breakfast and buffet lunch will be served.

Cost for Nebraska Chamber members — or any local chamber in

the state — is \$99 per person. Cost for non-chamber members is \$125. Space is limited. To register, visit <https://bit.ly/2ttoAhs> or call 402-474-4422. You may also contact Charlie Volnek at cvolnek@nechamber.com.



State Chamber Announces 2018 Legislative Forums

Autumn is approaching and the Nebraska Chamber is preparing for its fall legislative forums.

For more than three decades, the Nebraska Chamber — in coordination with local chambers of commerce across the state — has held these statewide forums to inform community leaders about state legislative activities and other important topics impacting the business community. These forums are also used to gather input from Nebraska's business community on issues of concern.

This year's 30 legislative forums will devote significant focus on Blueprint Nebraska, a business-led initiative that seeks to grow Nebraska's economy and communities.

State Chamber members, as well as members of local chambers and the news media, are invited to participate. State lawmakers are also invited.

Enclosed in this issue of The Executive is the 2018 schedule of the Nebraska Chamber's legislative forum tour. (Note: More dates and locations may be added in the future.) ■

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State Chamber Views...

Guest Editorial by Rich Herink

Market Executive, First National Bank

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Helping Usher In A New Era At The State Chamber

It is hard to believe that my term as State Chamber chair is more than half complete. The first half of 2018 brought an onslaught of activity, not the least of which was the hire of a new State Chamber president.

When I agreed to serve as the 2018 chairman of the Nebraska Chamber, I had no idea that I would soon oversee the search to replace Barry Kennedy – a 30-year-plus veteran of our organization. It is never easy replacing a longtime leader like Barry, but we were fortunate to find an extremely qualified successor in Bryan Slone, an accomplished tax attorney and accountant who knows Nebraska well.

Bryan has been on the job since April 16. The timing of this transition was perfect, allowing Bryan an opportunity to work directly with Barry until Barry's retirement on June 30. Bryan has hit the ground running, meeting with key business leaders across the state and gathering input on how the State Chamber can improve its services and refine its mission.

Legislative Session Success

The second session of the 105th Nebraska Legislature concluded in late April. Nearly 470 bills were introduced this year, with nearly 400 measures remaining from the 2017 session. In total, your Nebraska Chamber either took positions on or monitored roughly 250 measures due to their potential impact on the state's businesses and our economy.

The State Chamber was disappointed by the lack of a compromise plan to address Nebraska's high income tax burden, as well as the growing expense of locally imposed property taxes. It

was also disappointing that senators could not find a resolution to address the collection of sales taxes for online purchases. Still, the 60-day session brought some notable achievements for the business community, including Chamber-supported bills such as:

- LB1090: Makes key changes to Nebraska's tax code to prevent a \$226 million tax increase that would have unintentionally occurred due to the federal tax law enacted in late 2017.
- LB496: Helps Nebraska communities address their housing shortages by allowing qualified housing projects to be eligible for tax increment financing (TIF).
- LB738: Indexes for inflation the state's thresholds that determine income taxes paid by Social Security recipients, thereby making Nebraska's tax climate more competitive for retirees.
- LB953, LB957: Makes common-sense changes to our Workers' Compensation law by streamlining the lump-sum settlement process and modernizing payment methods.
- LB994: Aims to expand high-speed internet access across rural Nebraska.

The State Chamber worked just as hard to defeat or amend proposals that would have harmed business interests. Fortunately, all such bills either died at session's end or were amended significantly.

The Chamber was also pleased by the decision to end a statewide petition drive aimed at imposing a \$1.1 billion tax shift on Nebraska's taxpayers,

while offering no methods to fund this tax shift or address local spending growth. The end of the petition drive gives lawmakers and the executive branch more time to find a realistic compromise that can be passed by the Legislature in 2019.

Thanks to all of you who were involved this year and took time to contact your state senators during the session.

Blueprint Nebraska

In mid-May, the State Chamber helped lead a coalition of Nebraska business, agriculture, government and higher education leaders in the launch of "Blueprint Nebraska," a citizen-led, statewide economic development initiative. The State Chamber is proud to play a key role in establishing this pro-active plan to stimulate Nebraska's economy and communities.

In the early stages of Blueprint Nebraska, a steering committee comprised of a broad coalition of private-sector leaders is overseeing 16 industry councils. These councils will provide analysis of the state's key sector and issues, including manufacturing, agriculture, health care, education, workforce, taxation and incentives, housing, community vitality, and technology.

The State Chamber's annual legislative forums – which begin in late August and continue through late October – will serve as a platform to gather community input from across the state.

Sometime next year, an initial report will be released, summarizing the research and community feedback. By early 2020, a detailed action plan is expected. This plan will be continually revised based on new analysis, citizen input and emerging opportunities for Nebraska.

More information on Blueprint Nebraska is available at www.blueprint-nebraska.org.

Wrapping Up

I want to use this opportunity to once more congratulate Barry Kennedy on a well-deserved retirement and thank him again for more than three

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decades of service and leadership at the State Chamber, including 19 years as the organization's president.

I also want to again thank Bryan Slone for his willingness to lead our organization. His vision and experience are exactly what is needed at this time.

As chairman of your State Chamber, I know there are real challenges facing our state – from workforce and housing shortages, to high taxes, to a stagnant agriculture economy. However, I'm convinced that the Nebraska Chamber provides the business community one of the most effective ways to unify our efforts, make our voice heard and successfully overcome the challenges before us – all while capitalizing on our many strengths.

Please continue to stay engaged with the State Chamber, as well as your local chamber. Together, we are making Nebraska an even better place to do business. ■

Governor Hosts Chamber's Cornerstone Dinner

This year's State Chamber Cornerstone Dinner was held in May 7. Representatives of cornerstone businesses heard the governor provide his perspective on the 2018 legislative session and key issues facing the state's business community.

For more than a decade, Nebraska's governor has hosted cornerstone members at the governor's residence, which is located south of the State Capitol. The financial contributions from cornerstone members play a key role in helping the Nebraska Chamber to enhance and expand its services.

For more information on the Nebraska Chamber's cornerstone project, call James Berringer at (402) 474-4422 or e-mail him at jberringer@nechamber.com. ■



Governor Pete Ricketts greets Kyle Nixon, general manager of Novozymes Blair, at the State Chamber's Cornerstone Dinner held at the Governor's Residence in May.

Leadership Nebraska Class XI Completes Orientation

The eleventh class of the State Chamber's Leadership Nebraska held its first session June 13-15 at Lied Lodge in Nebraska City. The 30 members of the new class participated in activities to learn about each other and how to work better in teams. They also received briefings on Nebraska's agriculture, health care, education, workforce and economic development.

Guest speakers included Dr. Cory Epler with the Nebraska Department

of Education; Greg Adams of the Nebraska Community College Association; Kim Russel with Bryan Health; Steve Wellman with the Nebraska Department of Agriculture; Jordan Dux of the Nebraska Farm Bureau; David Drozd of UNO's Center for Public Affairs Research; and Dan Curran of the Nebraska Department of Economic Development.

Jeff Kutash of the Peter Kiewit Foundation kicked off the "Leadership

in Action" speaker series providing insight about leading a non-profit organization.

Founded in 2006, the State Chamber's Leadership Nebraska helps identify current and emerging leaders, enhances their leadership skills, and deepens their knowledge of the challenges and opportunities facing our state. More information on Leadership Nebraska is available at www.leadershipnebraska.com. ■



More Than 100 Interim Studies Proposed

During the Nebraska Legislature's 2018 session, lawmakers introduced more than 100 interim study resolutions. Interim studies are offered as a way to help educate senators and citizens on various state issues. After the Legislature has concluded its regular session, the studies are conducted by legislative committees with jurisdiction over the subject matter.

The following are some of this year's interim studies addressing issues of interest to Nebraska's business community:

- LR357 (Senator Kolowski) – To examine the current status of early childhood education.
- LR383 (Senator Albrecht) – To examine the feasibility of adopting a Workers' Compensation drug formulary.
- LR388 (Senator Bolz) – To examine issues related to updating the Nebraska Advantage Act.
- LR389 (Senator Bolz) – To examine criteria for economic development tools funded by the Legislature.
- LR401 (Senator Ebke) – To identify the lawful occupations and the occupational regulations subject to the Occupational Board Reform Act.
- LR413 (Senator Lindstrom) – To examine strategies to strengthen Nebraska's workforce and build financial mobility and independence, particularly among young parents.
- LR434 (Senator Linehan) – To examine school structure and finance.
- LR462 (Senator Briese) – To examine the possible elimination of various exemptions of goods and exclusions of services under Nebraska's sales and use tax laws.
- LR465 (Senator Wayne) – To review issues pertaining to funding Nebraska's infrastructure system.

See the full list of interim studies at <https://nebraskalegislature.gov/session/interim.php>. ■

Study: Nebraska Has 17th Highest Income Tax Collections Per Capita

According to the Tax Foundation, the individual income tax is one of the top sources of revenue for state governments, accounting for 23.5% of state and local tax collections in fiscal year 2015. (Keep in mind that almost half of the federal government's revenue comes from the individual income tax, as well.)

A new map produced by the Foundation shows the combined state and local individual income tax collections per capita for each state in FY 2015. (Nebraska's local entities do not levy income taxes.) Nationally, state and local governments collected an average \$1,144 per person from individual income taxes, but collections varied widely from state to state.

Nebraska's state income tax collections were 17th highest at \$1,181 per resident. Meanwhile, seven states collect no individual income tax, and Tennessee and New Hampshire tax only dividend and interest income – not wage income.

The study can be seen at <https://taxfoundation.org/state-local-income-tax-collections-per-capita-2018/>. ■

Report: Nebraska's Per Capita Income Moves Above U.S. Average In Recent Years

According to the Nebraska Department of Economic Development, Nebraska's per capita income (PCI) has historically been below the U.S. average. But this trend has reversed in recent years.

In 2016, the U.S. Bureau of Economic Analysis estimates show the state's PCI at \$49,636, which was 0.1% more than the U.S. average. That value was actually down from the previous five years, when the Nebraska PCI averaged 102.5% of the national average.

As the State Data Center wrote, "Nebraska's per capita income declined in relation to the U.S. between 1970 and 1989 and fluctuated between 95% and 100% of the national average from 1994 to 2010. Beginning in 2011, Nebraska's per capita income moved above the national average for the first time since 1975 and only the fifth time since the series began in 1929." ■

Nebraska's Manufacturing Output: \$13.2 Billion

Manufacturers in Nebraska account for nearly 12% of the state's total economic output. That's according to the most recent summary of state facts published by the National Association of Manufacturers (NAM), which is affiliated with the Nebraska Chamber. In 2016 — the latest year available — Nebraska's total output from manufacturing was \$13.2 billion. (That's compared to about \$6.4 billion from production agriculture; \$9.0 billion from transportation and warehousing; \$11.4 billion from finance and insurance; \$8.6 billion from health care and social assistance; \$10.8 billion from professional and business services; and \$11.3 billion from real estate and rental and leasing.)

The 97,300 manufacturing employees in Nebraska received an average annual compensation of \$59,867, which is roughly \$17,200 more than the state's average non-farm wages.

To see NAM's full summary, go to: <http://www.nam.org/Data-and-Reports/State-Manufacturing-Data/>. ■

