

# THE EXECUTIVE

## THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry

January 2011

### No Increase Expected For Nebraska's 2011 Unemployment Tax Rates

The State Chamber has learned that Nebraska's overall 2011 unemployment insurance (UI) tax rates are expected to be virtually unchanged from 2010, according to the state's labor department. This is compared to the 165% average increase in unemployment taxes experienced by Nebraska employers in 2010 following the significant increase in unemployment benefits paid to Nebraska claimants beginning in 2009.

It should be noted that some employers may see an increase due to their individual experience rating. The UI tax rate notices for 2011 were mailed in early December.

According to an official with the Nebraska Department of Labor, without the efforts of the state's business and labor interests working together on compromise legislation, the state's UI rates – paid fully

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## State Chamber Announces 2011 Legislative Priorities, Elected Leadership

The Nebraska Chamber of Commerce & Industry recently announced its top state legislative priorities for 2011, as Nebraska lawmakers convened on Jan. 5 for the Legislature's 90-day session. The Chamber's priorities for the new year include:

■ **Growing the State Economy.** To encourage investment in the retention and development of job-creating businesses, the State Chamber believes that Nebraska's tax climate must become more attractive. Major tax reform must be accomplished to reduce the overall tax burden on Nebraskans.

■ **Ensuring Efficient Government.** The Chamber supports efforts by the Governor and Legislature to restrain or reduce state and local government spending, as well as proposals to provide for more focused, efficient government programs. The Chamber will join in support of meaningful changes to reform the Commission of Industrial Relations, a state agency designed to resolve public sector labor controversies.

■ **Opposing More Sales Taxation.** The Chamber continues to oppose further broadening of Nebraska's sales and use taxes. The Chamber

will oppose efforts that would tax more business-to-business services and business inputs, or repeal current sales tax exemptions needed by businesses to remain competitive and viable.

■ **Highway Development.** As funding for new road construction and highway maintenance becomes scarcer, the Chamber supports the preservation of Nebraska's Highway Trust Fund and opposes efforts to divert funds for other purposes. Providing funding for necessary infrastructure improvements should be a budget priority, but should not be accompanied by new or increased taxes.

■ **Review of Unemployment & Workers' Compensation.** Because employers pay the full cost of workers' compensation and unemployment insurance, the Chamber recommends continued legislative review and implementation of reforms to avoid significant cost increases for Nebraska's business community.

■ **Ensuring Affordable Health Care Coverage.** Because health care costs continue to be a top concern for employers, the Chamber opposes any effort that would negatively impact

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**State Chamber Views...**  
**Editorial by Barry L. Kennedy, CAE, IOM**  
**President**  
**Nebraska Chamber of Commerce & Industry**

## 'Nebraska Can Become An Even Better Place For Business'

In 1938, as the nation struggled to emerge from the Great Depression, a series of advertisements ran in TIME magazine to promote Nebraska's business climate and attract more commerce to the Cornhusker State. The ads, sponsored by the predecessor of the Nebraska Chamber, proclaimed that Nebraska was "America's white spot" thanks to its unique and positive qualities – low tax rates, a strong manufacturing base and top-notch labor force, and a balanced budget.

Today, more than seven decades later, Nebraska is again becoming an attractive place to do business. We still have quality employees, a steady manufacturing base, and a high quality of life. Our state constitution ensures that Nebraska's government continues to live within its means.

And throughout the current economic downturn, the state has weathered the storm in good fashion. According to the economic stress index compiled by the Associated Press, Nebraska is the third most economically healthy state in America. Fortunately, we are getting noticed by the rest of the country.

- A recent study by Pollina Corporate Real Estate, Inc. – one of the nation's top business consultants – ranks Nebraska the No. 6 pro-business state.

- Forbes magazine ranks the Cornhusker State as the ninth-best state for business.

- The cost of doing business remains low here. Nebraska is No. 6 in this category, according to Forbes. Our unemployment insurance costs and workers' compensation taxes are very competitive.

- When compared to other states and the District of Columbia, Nebraska ranks No. 10 for energy costs, according to an index by the Small Business & Entrepreneurship Council. Only seven states have more affordable electricity rates than Nebraska, according to the index.

- Nebraska continues its longstanding streak as one of the nation's top three business-friendly legal climates, according to the U.S. Chamber's Institute for Legal Reform.

But as we begin 2011, Nebraska has its share of challenges, too.

By all accounts, we are still a high tax state. Seventy-three years ago,

when the "white spot" ads were running in TIME magazine, Nebraska had no corporate income tax, no personal income tax, no luxury tax and no "sin taxes."

Today, a new study by the Tax Foundation shows Nebraska is in the bottom half of states, at No. 29, for its business tax climate. This includes corporate taxes, individual income taxes, sales taxes, unemployment taxes, and property taxes (residential and commercial). While it is difficult to get excited about this ranking, Nebraska has improved 16 spots, up from No. 45, in a span of just four years.

Meanwhile, our corporate tax rate is the twentieth highest in the nation, according to the Tax Foundation. Our individual income tax is eighteenth highest.

Nebraska can do better.

The current economy presents plenty of challenges. But it also offers our state a unique opportunity to distinguish itself and again become a top destination for business activity.

For that to happen, Nebraska leaders must continue to put the brakes on the growth of government spending, taxes and regulations, which are stalling America's economic recovery and stifling the creation of new private sector jobs.

Our economy is tied directly to the ability of businesses to prosper in the Cornhusker State. By improving conditions for the business community – by allowing the free market to create jobs and encourage new investments – Nebraska will be an even better place to do business in the coming years. ■

## Nebraska No. 10 For Lowest Energy Costs

When compared to other states and the District of Columbia, Nebraska is ranked No. 10 for energy costs, according to the Energy Cost Index compiled by the Small Business & Entrepreneurship Council. The index considers the two major energy costs affecting smaller businesses: the retail price of regular gasoline and the cost of electricity. Nebraska dropped three spots from the SBEC's 2009 rankings. Only seven states have more affordable electricity rates than Nebraska, according to the index.

In the overall energy cost rankings, Wyoming is ranked No. 1, followed by Kentucky and Missouri. Hawaii is ranked No. 51 with the nation's highest energy costs. Of the 15 worst-ranked states, 11 are located in the northeast, where environmental restrictions and energy development regulations are most stringent. The index report concludes that government mandates and regulations – such as renewable portfolio mandates and carbon-dioxide emission limits – often explain substantial cost differences from state to state. ■

## Business Hall of Fame Nominations Due April 1

April 1 is the deadline for nominating the next class of inductees to the Nebraska Business Hall of Fame. Nominees can be living or deceased individuals who have added to the prestige and growth of Nebraska's business community. A nominee may be from a large or small business. The key qualification is that the individual has made significant contributions to Nebraska's private enterprise system.

This year, four new inductees to the Nebraska Business Hall of Fame will be announced the evening of February 3. They are: Clayton Andrews of Norfolk, Andrews Van Lines; Leo Daly, Jr. of Omaha, Leo A. Daly; D. William (Bill) Smith of Lincoln, Speedway Motors; and Harold and George Wimmer (deceased) of West Point, Wimmer's Meat Products.

For more information on nominating individuals for the Nebraska Business Hall of Fame, call the State Chamber at (402) 474-4422 or e-mail [dmihovk@nechamber.com](mailto:dmihovk@nechamber.com). ■

## Attend Small Business Day At The Capitol, March 31

If you are a small business owner, consider spending the morning of March 31 at the state capitol to learn about the key legislative issues impacting small businesses. The 2011 Small Business Day will feature State Chamber President Barry Kennedy and NFIB State Director Bob Hallstrom, who will provide insider information and summaries of legislation the associations are following.

From taxes to health care to economic development, this is your opportunity to ask your state senators about the important issues. Highlights will include a visit from Gov. Dave Heineman and key state senators. The event is presented by the NFIB/Nebraska, the State Chamber, the Lincoln and Omaha Chambers of Commerce, 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](mailto:bob.hallstrom@nebankers.org). ■

## Chamber Requests Your E-Mail Address

If you have recently changed your e-mail address or have not yet provided it to us, the State Chamber asks that you take a second and send it to us. Simply e-mail [kkoch@nechamber.com](mailto:kkoch@nechamber.com) or call (402) 474-4422. By providing your e-mail address, you will get the most from your State Chamber membership.

During the Unicameral's legislative session, members receive the State Chamber's weekly Legislative Report, a report written by our staff regarding new legislation and recent actions impacting Nebraska's business community. Members also receive updates on committee hearings and the status of all legislative bills. In addition, every day that the state senators are in session, members will be e-mailed the State Chamber's News Update, a summary of state and national news on events and trends that may affect Nebraska's economy. ■

## Businesses Pay Their Fair Share Of Taxes

Businesses pay more than their fair share of taxes, including property taxes, sales and excise taxes, corporate income taxes, unemployment insurance taxes, pass-through business taxes and other state and local taxes.

According to a recent study by the Council on State Taxation (COST), a non-profit trade association, Nebraska businesses paid \$3.7 billion in state and local taxes in fiscal 2009. That accounts for 50% of all taxes collected in the Cornhusker State, according to the report.

Only 16 other states collected a higher percentage of their total tax revenue from businesses. Alaska's business taxes accounted for more than 83% of taxes paid, while at the other end of the spectrum was Maryland, where business taxes were about 32% of all taxes.

Across the United States, businesses paid \$590 billion in state and local taxes in fiscal 2009. Below is COST's ranking showing how Nebraska compared to neighboring states in the category of business taxes as a share of state and local taxes. (This is one of more than 50 areas of measurement contained in the State Chamber's 2011 Competitiveness Redbook.) ■

### Business Taxes as a Share of All Taxes (FY09)

1. Alaska – 83.1% (HIGHEST)
2. Wyoming – 76.9%
4. South Dakota – 61.5%
17. Nebraska – 50.0%
22. Kansas – 48.3%
23. Iowa – 47.9%
26. Colorado – 45.5%
35. Missouri – 42.2%
50. Maryland – 32.1% (LOWEST)

(Source: Council on State Taxation)

## 2011 Legislative Priorities

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the affordability and availability of health insurance, including state mandates requiring coverage beyond standards set by federal law.

The State Chamber board also approved the election of the association's leadership for 2011. Jeffrey M. Scherer, CFO of Smeal Fire Apparatus Co. in Snyder, will serve as chairman beginning February 3 at the State Chamber's Annual Meeting in Lincoln. Scherer succeeds Richard S. Reiser, Vice President of Government Affairs of Werner Enterprises in Omaha, as the Chamber's top elected officer. ■

## Nebraska's 2011 Unemployment Tax

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by Nebraska employers – would have “increased between 9% and 10%.” During the 2010 legislative session, LB1020, authored by Business and Labor Committee Chairman Steve Lathrop of Omaha, was passed by state lawmakers and signed into law by Governor Heineman, allowing Nebraska to be eligible for \$43.6 million in federal UI funds without adding long-term costs to employers. Chairman Lathrop played an integral role in crafting the solution and achieving necessary reforms while meeting federal requirements.

The State Chamber supported LB1020 and helped negotiate a cost-neutral plan. The law increases some jobless benefits, including additional job training, while offsetting other costs by tightening certain eligibility rules. The infusion of federal money, combined with the offsets in LB1020, helped stabilize the unemployment trust fund and helped prevent UI tax increases for the new year. For more information on Nebraska's unemployment tax, go to [www.dol.nebraska.gov](http://www.dol.nebraska.gov) or call the Nebraska Department of Labor at (402) 471-9898. ■

## Nebraska Advantage Update

The Nebraska Advantage Act is the state's primary economic development tool. From its implementation in January 2006 through November 2010, the Nebraska Advantage has encouraged private-sector commitments of:

- 18,150 new jobs.
- \$5.575 billion in investments.

It should be noted that projects receiving Nebraska Advantage incentives have been evenly dispersed.

- Omaha area (Douglas, Sarpy, Saunders, Washington counties) ..... 112 projects
- Greater Nebraska ..... 83 projects
- Lincoln area (Lancaster, Seward counties) ..... 39 projects

## Last Chance to Register For State Chamber Annual Meeting

On Thursday, Feb. 3, the State Chamber will hold its Annual Meeting and Legislative Caucus at The Cornhusker Marriott in Lincoln. This is the State Chamber's largest event of the year. Those attending will learn about key legislative issues impacting the business community. Attendees will also get the chance to hear from Nebraska policymakers, officials and economic development experts, as well as pay tribute to some of the state's top business leaders during the Nebraska Business Hall of Fame induction ceremony. To register, call the State Chamber at (402) 474-4422 or e-mail [csibley@nechamber.com](mailto:csibley@nechamber.com). ■

## 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.

### BRIDGEPORT

**Bridgeport Chamber of Commerce**  
Bill Boyer

### FREMONT

**Don Peterson & Associates**  
Larry Shepherd

**Structural Components Systems, Inc.**  
David Christoffersen

### LEXINGTON

**Dawson Feeders, Inc.**  
John Fortin

### LINCOLN

**Alan E. Peterson, Attorney**  
*Recommended by Walt Radcliffe,  
Radcliffe & Associates*

**Two Men and A Truck**  
R.M. Marrison

### Quest Diagnostics

Steve Clare

### NEBRASKA CITY

eVentures

Shawna L. Silvius

### ORD

**KEN Land & Cattle Inc.**  
Keith L. Novak

### SCOTTSBLUFF

JBC Inc.

Brian Cosey