

## 2004 Annual Meeting Highlights

**T**he State Chamber's Annual Meeting and Legislative Caucus was held on February 5 at the Cornhusker Hotel and Conference Center in Lincoln. Governor Mike Johanns addressed the luncheon, which honors the local chambers of commerce across Nebraska and kicks off "Nebraska Chamber of Commerce Month." He also signed a proclamation praising manufacturing in Nebraska. Governor Johanns outlined his priorities for holding the line on spending and his priorities for this legislative session.

The afternoon sessions featured the traditional Legislative Panel to bring members up to date on key business issues before the 2004 Unicameral. Four Legislative Chairmen gave members their perspective on the session. Members also attended two excellent afternoon programs dealing with "Economic Development for All Nebraska" presented by Congressman Tom Osborne, Matt Williams of the Rural Development Commission and Economic Development Director Richard Baier. Larry Bare, Governor Johanns' Chief of Staff and Legislative Fiscal Analyst Director Mike Calvert gave an update on Nebraska's budget.

Nearly 40 Senators joined about 300 members for the Annual Banquet and Business Hall of Fame induction ceremony. This year's inductees into the Business Hall of Fame were:

**Walt, Mike, and Gib Behlen** (posthumously), Behlen Manufacturing, Columbus; **Donald O. Clifton, Ph.D.** (posthumously), the Gallup Organization, Omaha; **Richard K. Davidson**, Union Pacific Railroad, Omaha; and **Henry H. "Hod" Kosman**, Platte Valley Bank, Scottsbluff.

The Banquet also saw the traditional passing of the gavel from 2003 Chairman of the Board **Gayle E. McClure** to 2004 Chairman **G. Richard Russell**.

Four \$2,000 scholarships were presented this year. The Virgil Eihusen Scholarship was awarded to David Black of Creighton University. The Jack Swartz Scholarship went to Ryan Mendlik of the University of Nebraska-Lincoln. The Affiliated Foods Midwest Scholarship was awarded to John Falk of the University of Nebraska-Lincoln. The Nebraska Chamber of Commerce & Industry Scholarship was awarded to Kristen Otterson of the University of Nebraska-Lincoln. ■



**Hall of Fame Banquet Highlights.** Clockwise, upper left, Dick Davidson extends his thanks; Kent and Ruby Behlen accept awards on behalf of the Behlen family; Gayle McClure extends best wishes to Chairman Rick Russell; Hod Kosman accepts his award from Gov. Johanns; Jim Clifton shares a story about his father, Don Clifton.





## State Chamber Views...

Editorial by Barry L. Kennedy,  
President, Nebraska Chamber of Commerce & Industry

# “RISK MANAGEMENT”

**R**isk management is a time honored tool regarding a business' ability to judiciously accomplish the task of lowering exposure to possible loss or danger. Nebraska, as well as the rest of the nation, has just experienced a time of high economic danger and some loss.

Fortunately, Nebraska policy-makers practiced better risk management than some other states. The risk management that I write of was the foresight of the Nebraska Legislature to create economic incentives that promoted new investments, retooling and greater diversification of our economy. Yes, businesses did have to make some tough cuts and suffer some job losses over the past four years. But, when compared to the recession of the early 1980's, it does appear that we have weathered this storm somewhat better.

Are we in the clear with no future worry about economic downturns?

### ABSOLUTELY NOT !!!!

Discussions with my counterparts in other states have indeed been interesting.

Neighboring states, like Colorado, kept taxes off the table, but increased dozens of fees on licenses, permits and penalties. Kansas is diverting \$160 million from its highway fund to help pay for the rest of government services.

Nebraska did have to broaden its tax base and increase rates slightly to weather that storm, but according to *CFO Magazine*, states like New Jersey, California, Massachusetts and New York lead the nation in both raising taxes and creating a tax structure that is less fair and predict-

able. These same states were also cited as among the most likely to eliminate or reduce existing business tax incentives this year.

A leading site selection magazine, *Area Development, Site and Facility Planning*, just released its factors on why businesses pick locations for expansion. “**State and local incentives**” were number one on the list. In addition, “tax exemptions” was number six and “corporate tax rates” was number seven. Items like “labor cost,” “availability of skilled labor” and “construction cost” also ranked in the top five.

Incentives have now become the most critical factor in attracting both job and investment growth. It is a very competitive world now, and states need every effective tool available. Although a positive tax climate and work ethic is good, it is often not good enough.

Now is not the time to expose our future potential economic growth with added risk. Increased risk would entail the repeal or weakening of the very economic incentives that grew and diversified our economy during the 1990's. Now is the time to strengthen them. It is time to look at the next generation of incentives to assure future generations of Nebraskans with job opportunities.

Nebraska was one of only two states to record the creation of more higher-paying jobs in recent years, a study from the Economic Policy Institute says. Besides Nebraska, only Nevada recorded the creation of more higher-paying jobs, said the nonprofit, nonpartisan think tank. Nationwide, industries that are gaining jobs relative to industries that are losing jobs pay 21% less annually. In Nebraska, that

number is 4% more. This would indicate that we are not only growing jobs, we are growing good jobs.

As we have done in recent years, we can look for ways to assure competitive wage levels and reasonable and meaningful disclosure of economic growth and job creation laws that do not expose proprietary information or disclose company-specific tax returns and contract information. That would only hinder the competitiveness of expanding Nebraska companies.

We also need to look at attracting technology-based industries — new generations of high tech and bio-med firms — that current incentives do not address adequately.

There are those who believe that job creation, investment and economic growth are not important for Nebraska's future. Whether you like tax incentives or not is not relevant. The attraction of jobs is extremely competitive, not only in our country, but throughout the world. Tax incentives are the most direct method to encourage business investment and job growth. The consequences for any state that does not respond to this challenge are economic stagnation, lower tax and fee revenues and reduced opportunity for its citizens. ■

## Council Meeting Set

**T**he Small Business Council, in cooperation with the Nebraska Federation of Independent Businesses (NFIB), will co-host a Small Business Day at the Unicameral on March 10. Participants should meet at the State Capitol at 9:00 a.m. The program will include updates from members of the Legislature and other state leaders. Mailings to members of the Council will go out later this month with details on location and program. ■

# Heartland To China Business Seminar Set

The 8<sup>th</sup> Heartland to China Business Seminar will be held Tuesday, March 2, 2004, at the Downtown Holiday Inn in Lincoln. This year's program will focus on the needs and requirements of China in the agriculture and agri-business sectors. The purpose of the program is to match the needs and requirements of China in the agricultural area to the technology, capabilities, and services of companies located in the Heartland area of the United States. The program will also contain information on support services from state and federal agencies. Seminar participants will be providing information on business development missions planned during 2004 for the express purpose of meeting with prospective customers. Food processing, grain storage, meat processing, livestock production, feed processing, food handling, and cold storage needs are suggested topics to be presented. For more information, contact Susan Rouch at the Nebraska Department of Economic Development, 402-471-4668. ■

## 2005 Hall of Fame Nominations Requested

March 10, 2004, will be the deadline for nominations for next year's Nebraska Business Hall of Fame. Nominations of outstanding Nebraskans should be sent to the State Chamber office as soon as possible.

Nominees can be either living or deceased individuals who have added to the prestige and growth of business in Nebraska. In addition, a recipient can be someone from large or small businesses and corporations, or anyone who has made a significant contribution to the private enterprise system.

This year's inductees were: Walt, Mike, and Gib Behlen (posthumously), Behlen Manufacturing, Columbus; Donald O. Clifton, Ph.D. (posthumously), the Gallup Organization, Omaha; Richard K. Davidson, Union Pacific Railroad, Omaha; and Henry H. "Hod" Kosman, Platte Valley Bank, Scottsbluff.

A Nomination Form is enclosed with this month's *Executive*. ■



Top: Legislative Leaders Panel, Senators Landis, Bromm, Rick Russell, Senators Quandahl and Brashear. Budget Panel, Don Heimes, Mike Calvert and Larry Bare. Economic Development Panel, Matt Williams, Cong. Osborne; below, Richard Baier, Bruce Rieker, Tony Raimondo, Matt Williams. Chamber of Commerce Luncheon: Gov. Johanns (r), Chairman Russell (l); Megan Lucas, Marie Owen, Gov. Johanns. Marc Drabenstott (l) addresses State Chamber Board. Gov. Johanns, with Phil Mullin and Tony Raimondo, also declared February Manufacturers Month. Below, scholarship winners Kristen Otterson, Ryan Mendlik and John Falk.

# Plan To Attend Washington Briefings

The annual State Chamber Congressional visit to Washington will be May 3-5, 2004. As in past years, we will hold a luncheon at the Hart Senate Office Building on Tuesday, May 4, where members of the Nebraska Congressional delegation and their chief staff members will join us. On May 3, we will attend an Issues Briefing at the U.S. Chamber of Commerce Headquarters in the morning, and later we will attend a Federal Issues Briefing at the White House. On Tuesday morning, we will have an Issues Briefing at the National Association of Manufacturers (NAM). Attendees may attend the "Nebraska Breakfast" at 8:00 a.m. on Wednesday, May 5, in the Dirksen Office Building cafeteria.

This year, we are cooperating with the Lincoln Chamber of Commerce and their Washington Fly-In. They have planned a number of other events, including a cruise on the Potomac, and some receptions and dinners. State Chamber attendees may attend these events as well.

This year, we have made arrangements with the JW Marriott Hotel for lodging. The JW Marriott is two blocks from the White House, is convenient to downtown, and

rates are \$199 per person per night. You may call 888-228-9290 for reservations; be sure to mention that you are with the Lincoln Chamber of Commerce/State Chamber Group to get the special rate.

Please take advantage of this opportunity for face-to-face meetings with your federal delegation. Register on the enclosed flyer. For more information, please contact Don Mihovk at the State Chamber office at (402) 474-4422. ■



## 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 and encourages members to consider doing business with fellow Chamber members.

### ALLIANCE

Nelson Wells, Inc.  
Rick Nelson

### AURORA

International Sensor Systems, Inc.  
Wayne Roblee

*Sponsor: Gary Warren, Hamilton Telecommunications*

### COLUMBUS

Scow, Rief, Kruse & Schumacher, P.C.

James F. Scow

*Sponsor: Don Heimes, Corporate Finance Associates, Inc.*

### DAKOTA DUNES, SD

Beef Products, Inc.  
Regina Roth

### HASTINGS

Gessford Machine Shop  
George Anderson

### PW Pipe

Bruce McIntyre

### LINCOLN

Boomer's Printing Company  
Harold Klein

### Val Limited

Duane L. Thomas

### Woods Bros. Realty

Gene Brake

*Sponsor: Richard B. Campbell, Campbell's Nurseries & Garden Centers*

### OMAHA

American Feed & Farm Supply, Inc.

Joseph Hahn

### Dimatic Die and Tool Co.

Scott Drvol

Ehrhart Griffin & Associates  
Mark Ehrhart

Omaha Wilbert Vaults, Inc.  
Kelli Nobiling

C.J. Schneider Engineering Co., P.C.  
Chuck Schneider

### OXFORD

Merrick's of Nebraska, LLC  
Rich Carpenter

### ST. PAUL, MN

Public Issue Management  
Steve Knuth