



# EXECUTIVE

Vol. 21-3

A Publication of the Nebraska Chamber of Commerce & Industry

April 2004

## Council Meetings

**T**he **Manufacturers Council** will sponsor a special meeting for all Chamber members on "Nebraska's Future" on May 25 at the Cornhusker Hotel in Lincoln. The program will begin with a presentation on the KPMG Tax Comparison Study, which will be the basis for future work on economic development legislation for Nebraska. State Chamber members helped underwrite the study.

Following will be a special presentation by Richard E. "Dick" Dauch, the current chairman of The National Association of Manufacturers (NAM). As manufacturing in America begins a rebound from the last recession, a focus on manufacturing in both the state and nation is critical. NAM is at the lead of proposing policies that promote a healthy manufacturing sector and strong, long-term economic growth. Dauch is co-founder, chairman and chief executive officer of American Axle & Manufacturing in Detroit, MI.

Registration will be at 9:00 a.m., with the program beginning at 9:30 a.m. There is no charge for the meeting, but reservations are encouraged. Please use the enclosed flyer to make your reservations. For further details, please contact Don Mihovk at the State Chamber office at (402) 474-4422.

The **Small Business Council**, in cooperation with the Nebraska Federation of Independent Businesses (NFIB), co-hosted a Small Business Day at the  
*(Continued on page 3)*

Nebraska Chamber of Commerce & Industry  
PO Box 95128, Lincoln, NE 68509-5128  
Tel: (402) 474-4422 Fax: (402) 474-5681  
<http://www.nechamber.com>  
[nechamber@nechamber.com](mailto:nechamber@nechamber.com)  
Editor: Donald Mihovk

## VoteForBusiness.com

**T**he past few elections have taught us an important lesson: elections can be won or lost by just a few votes. It is election time again and there is a lot at stake for American businesses and their employees. The State Chamber has embarked on a groundbreaking bi-partisan political program with the U.S. Chamber of Commerce called [www.VoteForBusiness.com](http://www.VoteForBusiness.com). We have placed this site on the State Chamber's website ([www.nechamber.com](http://www.nechamber.com)) to make it as easy as possible for members to participate. This program will enable us to respond strongly to the political efforts of our adversaries and could prove to be the difference in many key House and Senate races. The program has the most comprehensive Get Out The Vote (GOTV) information of any grassroots website for business organizations. Absentee ballots, voter registration, and candidate profiles are some of the basic offerings.

We encourage you to do all you can to participate in this year's elections. Voting is a sacred right that many of us take for granted. Billions of people throughout the world cannot cast a meaningful ballot...but we can and should. And as an employer, you can help your employees get the information they need to register to vote, to vote via absentee ballot, and present critical information about pro-business candidates.

To learn more about where the candidates stand on key issues, please visit [www.VoteForBusiness.com](http://www.VoteForBusiness.com). Your vote will make the difference in helping to elect a Congress that is responsive to your needs. VOTE! It's Your Business. ■

## Plan To Attend Washington Visit

**T**he annual State Chamber Congressional visit to Washington will be on 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 Views...

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

# “The Reality of Economic Development Incentives”

**T**hroughout the discussion on the importance of job and investment laws that will allow Nebraska to compete and grow its economy, many myths have been circulated.

**Myth:** *Nebraska government writes checks to companies under Nebraska’s economic development incentive laws.*

**Reality:** Businesses who qualify for tax credits first must create the number of new jobs and make the investments that they are committed and bound to by contract. They also must pay all the taxes that they are liable for throughout the attainment period of creating jobs and making investments. Only during the utilization period may these qualified businesses apply for tax credits **against tax liability**. If they do not have any tax liability, due to no profits, they cannot utilize any tax credits earned.

**Myth:** *Incentives have cost Nebraska \$1.5 billion in revenue losses.*

**Reality:** Along with creating over 72,000 jobs, businesses utilizing economic development incentives have invested over \$17 billion in Nebraska operations. I will invest \$1.50 to get back \$17 any day. But for the incentives, many of the jobs created, investments made and expanded tax base would not have occurred. When companies make investments in Nebraska operations, the chances of cutting in those operations are much less. Many businesses have plants and operations all over the country and throughout the world. If they make a sizable investment in their Nebraska operations, abandoning those new investments is much less likely.

**Myth:** *70% of the jobs created under the economic incentives would have been created anyway.*

**Reality:** 70% is an assumption employed in some “economic development models” that evaluate tax incentives, but 70% is just that — “an assumption.” In the real world, you would have to ask each company the “but for” question. Would they have created the jobs “but for” the incentives? Even using the 30% new jobs factor, Nebraska will have a net gain in tax revenue from qualified companies of \$1.5 million in 2005/2006. At 40%, that net gain jumps to \$47.9 million, and at 70% it could be \$187.1 million. Ask any employee of a qualified company if they truly feel their job would be there without economic development incentives.

**Myth:** *Companies get tax credits and then lay off employees.*

**Reality:** Nebraska’s job and investment incentives are one of the few economic development programs in the nation that actually has a “recapture clause” in its contracts. If a company does not maintain the level of employment and investment throughout the terms of the contract, Nebraska will recapture tax credits. This clause has helped Nebraska maintain jobs, especially within companies that have plants in other states or countries. In the latest recession, many companies made tough decisions on staffing and costs of doing business. With the recapture clause looming, some companies maintained employment levels in Nebraska while doing the necessary cuts outside of Nebraska.

**Myth:** *No state revenue benefits are gained from jobs created under the economic development incentive package.*

**Reality:** Of great benefit to Nebraska is the tax revenue obtained from the thousands of taxpaying employees of

those qualified companies. They buy homes and pay property taxes. They pay income tax on their earnings. They buy products and services and pay sales taxes. One example is the number of motor vehicles that 72,000 new employees will purchase annually in Nebraska with the resulting sales and property taxes to the state and local governments.

**Myth:** *Social and education programs have endured cuts due to economic development incentives.*

**Reality:** How could any social or education programs be funded without people having jobs and paying taxes? If Nebraska is not competitive with other states in creating opportunities for new jobs and investment, then government programs will suffer.

**Myth:** *Companies that have qualified for jobs and investment incentives do not pay property taxes.*

**Reality:** There is **NO** state-offered incentive that relieves a business from paying taxes on its real property. While some may qualify for credits on some personal property or business equipment, the real property tax on new buildings, improvements or other real estate is fully paid for by the company. One example is a qualifying business that pays over 10% of a local school budget in its property taxes on improved real estate and buildings that were not even in existence 10 years ago.

Don’t be fooled by people who do not want Nebraska to progress in today’s competitive environment. More people with jobs means more taxpayers will ease the tax burden on all of us. What we must do now is develop the next generation of economic incentives that will allow us to become even more competitive in attracting additional jobs and investment to Nebraska. ■

## May Primary Election Update

March 1 was the deadline for filing for the 2004 Primary election. Seven Senators are retiring, meaning there will be at least seven new members next session. One of the open seats, District 19, will be uncontested in the Primary. Of the 18 remaining seats, 12 have incumbents who are unopposed, 3 seats will send both the incumbent and challenger to the General Election, and 3 seats have incumbents challenged by multiple challengers. Senators Floyd Vrtiska (Dist. 1), Chip Maxwell (Dist. 9), Gene Tyson (Dist. 19), Mark Quandahl (Dist. 31), Jim Jones (Dist. 43), and Paul Hartnett (Dist. 45) are leaving the Legislature. Speaker Curt Bromm is running for the open First District Congressional seat and did not file for the Legislature. There are six candidates vying for the District 1 seat, seven competing for the District 43 seat, and five for the District 45 seat. Enclosed is a complete listing of candidates for the Primary election for the Unicameral and the Congressional seats.

On the federal side, the open First District Congressional seat will see seven Republicans and four Democrats vie for the nomination. Along with Speaker Bromm, Senators Matt Connealy and Nancy Thompson have begun campaigns for Congress in 2004. Connealy is running in the First District, and Thompson is running against incumbent Lee Terry in the Second Congressional District. Third District Congressman Tom Osborne has token opposition. For the 2004 Election Calendar, the Primary will be May 11, and the General Election November 2.

## FBLA Shadow

Three officers of the of the Nebraska Future Business Leaders of America (FBLA) spent the morning of February 17 "shadowing" State Chamber executives. They met staff members at the regularly scheduled Public Affairs Council Meeting on Tuesday morning and accompanied State Chamber President Barry Kennedy through a typical morning.

The "shadowing" project is part of the State Chamber and the FBLA's Partnership Program. Part of that program is to encourage local businesses and chambers of commerce to work with their local FBLA chapters. The work done through the FBLA program is a great help to the future of Nebraska's business climate, and we are proud to participate.

For more information on the FBLA program, contact Vice President-Public Affairs Don Mihovk at the State Chamber. ■



**Sarah Meyer, Cassie Rudolph and Kelly Norrie pose with Senators Bob Kremer and Floyd Vrtiska, and Barry Kennedy at the State Capitol.**

**Governor Johanns addressed the State Chamber Public Affairs Council regarding the legislative session in late March.**



## 2004

## Membership Directory

By now you may have had an opportunity to look through your new 2004 State Chamber Membership and Business Directory. Again this year, we remind you to notice the businesses listed and support them with your continued patronage. Our Membership Department has been busier than ever with recruiting, but we can always use your help. The success of the State Chamber and the prospering business climate in Nebraska comes from a strong membership base. Your efforts to encourage business peers to join in membership are the most effective form of recruitment. Please take a few more minutes to review your Directory and look for those businesses you are familiar with that are not listed. Let them know that ALL businesses in Nebraska are benefited by the work of the State Chamber. This is solely attributed to those members who faithfully pay their dues. Please let us know of solid prospects you would recommend for membership by returning the referral sheet you received with the Directory so that we may follow up on your leads. ■

### Council Meetings

*(Continued from page 1)*

Unicameral on March 10. Participants met at the State Capitol and heard from Senators on the latest developments in the budget shortfall debate and how the budget crisis developed. Members were also provided information on lobbying their Senators, a guide on how the legislative process works, and complete updates on bills of interest to the business community. Many took the opportunity to visit their Senators and present their views. Our thanks to all who took time to come to Lincoln and participate. Constituent voices are well received by the Senators, and your input goes a long way to promoting the State Chamber's pro-business agenda. ■

## State Chamber Workshops

Two workshops dealing with contemporary issues facing Nebraska employers will be offered in May. What employers need to know about election and lobbying laws in Nebraska will be the focus of an "Election Law Update Workshop" on May 26, 2004, at the Cornhusker Hotel in Lincoln. The morning workshop will provide practical information on lobbying laws and address campaigning and campaign contributions. Accountability and Disclosure Commission Executive Director Frank Daley will be the speaker at this workshop. With the advent of term limits and a number of state legislative races this year, this workshop is timely.

Employers who have employees in the National Guard or Reserve should plan on attending a special State Chamber workshop "Everything You Wanted To Know About Working With Military Employees...But Were Afraid to Ask." Set for May 12, 2004, at the Cornhusker Hotel in Lincoln, the workshop will deal with the rights and responsibilities of employers to their employees in the Reserves or National Guard. Enclosed are flyers with more details of the workshops, registration forms and costs. As always, State Chamber members receive discounted rates for these quality workshops. For more information, please contact Charlie Volnek at the State Chamber. ■

## Business & Industry Recognition Day May 11

The Nebraska Diplomats and the Department of Economic Development (DED) are hosting Nebraska Business & Industry Recognition Day on Tuesday, May 11, 2004, in Omaha, with registration at the Field Club of Omaha. The event will feature tours of the Quest Center and the downtown Omaha renewal projects, including the new Union Pacific Headquarters. Buses will leave the Field Club after the 11:30 luncheon.

The luncheon will be at the Field Club and will feature an address by Governor Mike Johanns, with the presentation of the President's Award for Business Excellence. The day concludes with golf and a reception.

This annual salute to contributions made by the Nebraska business community will focus on how management, employees, education, and government are teaming up to make our state a leader in today's global economy. Advance registration for the day (or any of the events) is requested. Please RSVP by April 28, 2004. Those wishing more information or a registration form should contact Laurie Shaal at DED (402-471-4592). ■

## 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.

### AURORA

**Aurora News-Register**  
**Kurt Johnson**

*Sponsor: Gary Warren,  
Hamilton Telecommunications*

### COLUMBUS

**Sleep Inn & Suites Motel**  
**Eldon E. Engel**

*Sponsor: Don Heimes,  
Corporate Finance Associates*

### ELKCREEK

**Gottula Propane Service, Inc.**  
**Kathryn A. Gottula**

### FAIRFAX, VA

**NRA-Institute for Legislative Action**  
**Keith Wood**

### GRANDISLAND

**The Diamond Engineering Company**  
**James Harder**

### KEARNEY

**Investment Property Exchange, Inc.**  
**Stephen R. England**

### LINCOLN

**AIA Nebraska**  
**Sara A. Kay**

**Heavy Company**  
**Todd Philips**

**Nebraska Committee for Employer Support of the Guard and Reserve**  
**Arlo Bower**

**Praxair**  
**Kim Kubat**

**Window Technologies, LLC**

**Craig Anderson**  
*Sponsor: William Harding,  
Harding, Shultz & Downs*

### MORRILL

**Grasmick Feeding & Farming**  
**Harvey Grasmick**

### OMAHA

**Clarion West Omaha**  
**Paul Curly**

**Daisley Ruff Financial Corporation**  
**Steve Ruff**

**Firstar Fiber, Inc.**  
**Dale Gubbels**

**McGregor Interests, Inc.**  
**LeGrande McGregor**

**The Scoular Company**  
**John M. Heck**

*Sponsors: Richard Hahn,  
Farmers National Company &  
Michael McFarlin, Quick &  
McFarlin, P.C.*

**Securities America, Inc.**

**Steven F. McWhorter**  
*Sponsor: G. Richard Russell,  
Millard Lumber Inc.*

**Universal Information Services, Inc.**  
**Todd Murphy**

### SACRAMENTO, CA

**Miller Brewing Company**  
**Lance W. Hastings**  
*Sponsor: Dennis Rasmussen,  
Iowa-Nebraska Equipment  
Dealers Association, Inc.*