

# THE EXECUTIVE

**THE STATE CHAMBER**   
Nebraska Chamber of Commerce & Industry  
April 2009

## Last Chance To Sign Up For State Chamber's Capitol Hill Visit

This is your last opportunity to sign up for the State Chamber's 2009 visit to Washington, D.C., slated for May 12-13. This year's Capitol Hill visit will feature lunch with Nebraska's congressional delegation; policy briefings at the headquarters of the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce; the traditional Nebraska Breakfast; and an opportunity to participate in the U.S. Chamber's Small Business Summit.

Lawmakers in Washington are currently considering many legislative changes that would impact Nebraska businesses. The "card check" bill, energy legislation, climate change regulations, health care reform, and a proposed overhaul of U.S. labor law are just some of the issues being discussed in the nation's capital. Now more than ever, it is important for State Chamber members to maintain contact with their senators and congressmen.

For more details about the State Chamber's congressional visit or to register, contact Don Mihovk at (402) 474-4422 or [dmihovk@nechamber.com](mailto:dmihovk@nechamber.com). ■

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## Manufacturers' Council Meeting Set for April 24

The State Chamber Manufacturers' Council will sponsor a special meeting for all Chamber members on Friday, April 24, at Quarry Oaks Golf Course near Ashland.

Registration will begin at 7:30 a.m., and the program will start at 8:15 a.m. with an economic update from Dr. Eric Thompson, Director of the University of Nebraska's Bureau of Business Research.

Attendees will also hear from executives with RSM McGladrey consulting firm on steps that manufacturers can take to keep their businesses healthy in today's economy. Tom Murphy, RSM McGladrey executive vice president of manufacturing and wholesale distribution, will highlight which sectors of the economy could be the first to emerge in a recovery and discuss some of the key indicators of economic turnaround. Legislative updates from the State Chamber will also be provided.

The program will also feature the presentation of the 2009 Nebraska Innovation in Manufacturing Award. Presented by the State Chamber and RSM McGladrey, the Innovation in Manufacturing Award recognizes Nebraska manufacturers that successfully demonstrate new ways of conducting business via products, processes, technologies and strategies. The program will conclude around 11:30 a.m.

There is no charge for this meeting, but reservations are requested. Reservations can be made by e-mailing Charlie Volnek at [cvolnek@nechamber.com](mailto:cvolnek@nechamber.com) or calling the State Chamber at (402) 474-4422.

This event will be especially worthwhile for CEOs, presidents, CFOs and other top executives and managers. The meeting will provide attendees with valuable information and a great opportunity to network with other leaders who have ties to Nebraska's manufacturing sector.

There are more than 2,000 manufacturing businesses in Nebraska, contributing nearly \$9 billion to the state's GDP and employing more than 101,000 Nebraskans. Nebraska manufacturers export more than \$2.5 billion worth of goods, accounting for approximately 85 percent of all state exports. Annual manufacturing wages in Nebraska in 2007 were \$38,349, nearly \$5,000 more than the state's average yearly wage. ■

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## State Chamber Views...

Editorial by Barry L. Kennedy, CAE, IOM  
President

Nebraska Chamber of Commerce & Industry

# LB385 Takes Wrong Approach

One proposal being considered by Nebraska lawmakers this session is LB385, a bill to dramatically overhaul the state's sales tax system by ending all sales tax exemptions. LB385 raises serious concerns among Nebraska's business sector, including the State Chamber, as well as Nebraska's public sector.

Any tax system or structure should be constantly reviewed and evaluated to ensure it is fair with no discriminatory or punitive features. When changes are needed, those changes should be done in a systematic way that generates as little disruption and as few unintended consequences as possible.

Over the years, the sale of certain goods and services have been exempted from Nebraska's sales and use tax by the Legislature. Each of these exemptions was approved for a reason—and only after a thorough discussion and debate.

These exemptions are relied upon by businesses and agricultural interests to make them more competitive both nationally and globally. Decisions to locate and to conduct business in Nebraska are based on the state's tax climate. In addition, exemptions are relied upon by farmers and ranchers to sustain profit margins and by non-profit organizations that provide valuable services for the common good, health and welfare of all Nebraskans.

Eliminating all sales tax exemptions in a short span of time would be economically harmful, especially in a difficult economic environment. If LB385 were to pass, sales tax would be applied to food; prescription drugs; manufacturing machinery; water; seeds; chemicals; purchases by the state, counties, cities and other governmental units; churches; hospitals; public and private schools;

newspapers; garage sales; and many other items and industries.

Reviewing and evaluating the need for certain exemptions from time to time may be prudent, but to arbitrarily repeal all exemptions could cause serious economic disruption to Nebraska's economy.

The State Chamber has always opposed taxing inputs—business-to-business type activities—that add additional cost to the end product or service. LB385 would not only drive up the cost for consumers, it could easily lead to an exodus of jobs from our state.

*“LB385 would take a broad swipe at all exemptions without any consideration to the advantages that would be gained by surrounding states.”*

In the past, Nebraska's sales tax has been extended to include more services than were being previously taxed. These were tax increases that hurt Nebraska's economic environment and dealt a blow to the competitiveness of the businesses in those affected industries. Computer software development, for example, is an activity that can easily be done in another state if the added cost of the sales tax creates a competitive disadvantage.

LB385 would take a broad swipe at all exemptions without any consideration to the advantages that would be gained by surrounding states.

According to a recent report by the Nebraska Department of Revenue, five-sixths of all the state's sales tax exemptions are business inputs of

some kind. Included in this category are sales for resale, ingredient and component parts, agricultural products, energy used for irrigation and manufacturing and containers for shipping.

There have been many changes to the sales tax system since it was initiated in 1967. Many services have been added to the list of taxable items and some exemptions have been allowed from time to time. All were done after deliberation, debate and a thorough study of the impact of each action. In today's economy, it is more important than ever that we do not take any action that could weaken the ability of Nebraska employers to compete in a world market.

This is why the State Chamber strongly opposes LB385. ■

## Help Us Grow Your State Chamber of Commerce

The Nebraska Chamber of Commerce & Industry has successfully represented the state's business community for more than 97 years. Today, the State Chamber is at its strongest level ever – with record membership, major legislative accomplishments and a strong record of service to Nebraska's employers and their businesses. Your State Chamber has earned the reputation of being the most effective advocate of the state's business sector. But to expand our influence and compete with opposing interests, we must grow our membership base to make the Chamber's voice even more influential.

Please take a moment and let us know of businesses and individuals you know who would benefit from the services provided by the State Chamber. Enclosed with this issue of *The Executive* is a form to help us identify new member prospects.

By providing us with the names of potential new members, you will help grow your State Chamber and ensure our organization's continued success for the next 97 years. ■

## **New Scholarship Available For Leadership Nebraska Participants**

**T**he State Chamber's Leadership Nebraska has established the Ken Wortman Scholarship Fund for future class members of the leadership program. Throughout his career, Ken Wortman worked hard to attract business to Aurora. He was a leader in efforts to expand the community's hospital and attract doctors; he helped build retirement housing and led a community effort to build new housing for young employees in the Aurora area; and he led efforts to raise funds for the new library, the Plainsman Museum, and the Edgerton Science Education Center.

Wortman was a strong believer in building leaders and encouraging others to work for their communities and the state. His vision of mentoring and encouraging a new generation of Nebraskans can be realized by this new scholarship fund. Please consider making a donation today to the Ken Wortman Leadership Nebraska Scholarship Fund. Contributions are fully tax deductible. For more information on the scholarship or Leadership Nebraska, contact Don Mihovk at [dmihovk@nechamber.com](mailto:dmihovk@nechamber.com) or call (402) 474-4422. ■

## **Nebraska Business Leaders Visit Capitol Hill To Oppose 'Card Check' Bill**

Last month, the Nebraska Chamber of Commerce & Industry joined the U.S. Chamber in Washington, D.C. to oppose federal "card check" legislation (S. 560). The "card check" bill would lead to more unionization nationwide by effectively ending private ballot elections in the workplace, while placing new burdens and tougher penalties on employers. The Nebraska delegation included State Chamber President Barry Kennedy and State Chamber Board member Chris Roth of Reinke Manufacturing Co., Deshler, in addition to several other prominent Nebraskans representing the state's business community. Nebraskans who participated in the two-day fly-in were briefed at the U.S. Chamber before visiting the offices of U.S. Senators Ben Nelson and Mike Johanns.

*(Photos courtesy of the U.S. Chamber)*

## **Economy Fares Better In Right-To-Work States**

**T**he U.S. Bureau of Labor Statistics recently examined economic growth in the ten states with the greatest percentage of private-sector labor union membership and compared it to the growth in the ten states with the lowest percentage of union members. The bureau found that from 1990 through 2006, the least unionized states had substantially better economies: a 40% increase in private sector jobs and a 70% increase in GDP compared to 29% and 45% gains, respectively, in the heavily unionized states.

The study also found that Right-to-Work states (states that allow employees to choose whether to join a union) had more than double the population growth of union shop states (requiring union membership at unionized workplaces). Additionally, the wages of workers in Right-to-Work states increased an average of 23%, while in union shop state wages only rose 15%. ■



## Plan To Attend Identity Theft Workshop

State Chamber members are encouraged to attend an upcoming workshop addressing identity theft and steps that Nebraska businesses can take to safeguard company and customer information. The State Chamber's "Identity Theft & Business" workshop will be held May 28, from 9 a.m. to noon, at The Cornhusker Marriott in Lincoln. This event will assist businesses in protecting the sensitive personal information of employees and customers. The keynote speaker will be Laurie VanderWal, a certified I.D. theft risk management specialist who will inform attendees about the liabilities associated with data breach, while offering proven methods on how to manage data and develop an I.D. theft plan.

This workshop is perfect for any business concerned with data management or protecting non-public information. Attendees will earn three continuing education credits. For more information, please call the State Chamber at (402) 474-4422. ■

## At A Glance: Nebraska Tourism Facts

According to the Nebraska Department of Economic Development (DED), tourism is Nebraska's third-largest earner of revenue from outside the state after agriculture and manufacturing. In 2007, travelers spent almost \$3.6 billion in Nebraska on trips away from home with overnight stays in paid accommodations and on day trips to places 100 miles or further. More than 41,000 jobs are attributable to travel spending in Nebraska. Each dollar spent by tourists in Nebraska is re-spent in the state to produce another \$1.70 in business and income, creating an overall economic impact of \$2.70, according to DED. In 2007, the best-attended Nebraska attractions were:

- 1.) Omaha's Henry Doorly Zoo (1,335,170 visitors)
- 2.) Eugene T. Mahoney State Park (1,150,600)
- 3.) Lake McConaughy State Recreation Area (811,600)
- 4.) Ponca State Park (749,250)
- 5.) Platte River State Park (625,003)
- 6.) Harlan County Lake (514,925)
- 7.) Fort Robinson State Park (460,154)
- 8.) Joslyn Art Museum (201,021)
- 9.) Boys Town (168,341)
- 10.) Indian Cave State Park (154,600) ■

## Small Business Day At The Capitol

Small Business Day at the Capitol was held on March 31. Attended by more than 50 Nebraskans, the event was presented by the Nebraska Chamber of Commerce & Industry, NFIB/Nebraska and other business organizations. Governor Dave Heineman delivered the keynote address. Attendees also heard from state Senators Chris Langemeier of Schuyler (Natural Resources Committee chairman); Lavon Heidemann of Elk Creek (Appropriations Committee chairman); and Abbie Cornett (Revenue Committee chairman). State Chamber President Barry Kennedy and NFIB/Nebraska Director Bob Hallstrom provided legislative updates and briefed attendees on the key issues impacting the business community.

