

THE EXECUTIVE

THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry
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Smeal Fire Apparatus, NUCOR Are Nebraska Manufacturers Of The Year

Smeal Fire Apparatus Co. of Snyder and NUCOR Steel of Norfolk are the recipients of Nebraska's 2013 Innovation in Manufacturing Award. Smeal Fire Apparatus received the award for mid-sized manufacturers, while NUCOR Steel received the award for large manufacturers.

The companies were honored recently at the annual meeting of the Nebraska Chamber of Commerce & Industry's Manufacturers Council, held this year at the CenturyLink Center in Omaha.

The Innovation in Manufacturing Award is sponsored by the Nebraska Chamber and McGladrey, a leading provider of assurance, tax and consulting services to the manufacturing and wholesale distribution industries, with more than 6,500 professionals and associates in 75 offices nationwide.

The award is presented annually to Nebraska manufacturers who successfully implement new ways of conducting business through the use of products, processes, technologies and strategies.

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(Above) Smeal Fire Apparatus received this year's Innovation in Manufacturing Award for Nebraska's mid-sized companies. Tony Urban (far right) with McGladrey, along with Nebraska Chamber President Barry Kennedy (far left), presented the award to Smeal CFO Jeffrey Scherer, Vice President of Human Relations Lori Scherer, and President Mark Huber.

(Below) NUCOR Steel received this year's Innovation in Manufacturing Award for Nebraska's large companies. Tony Urban (right) with McGladrey, along with Nebraska Chamber President Barry Kennedy (left), presented the award to NUCOR Vice President and General Manager Dirk Petersen.



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State Chamber Views...

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'Nebraska's Business Incentives: Real Bang For Our Buck'

Recently, a few special interests in Nebraska have attracted media attention by criticizing our state's business incentives. Some have used a subtle approach, calling on state policymakers to establish "better benchmarks" for the Nebraska Advantage Act and other pro-business programs.

The Nebraska Advantage, implemented in early 2006, is the state's primary economic development tool. By allowing employers to keep more of the money they earn, the program aims to make Nebraska's business climate more competitive, while growing new job opportunities for our residents.

The Nebraska Chamber of Commerce & Industry has always supported transparency within these programs, and we are open to a continued dialogue about program improvement. But let's remember that Nebraska officials already have more than seven years of results providing abundant proof that current incentives are working as intended. For example:

- Since 2006, the Nebraska Advantage has led to private-sector commitments of nearly 27,000 new jobs and \$10.5 billion in investments across the state.

- Nebraska's job-creation incentives have benefited all parts of the Cornhusker State, with more than 200 Nebraska Advantage projects in the Omaha metro area; 75 in Lancaster or Seward counties; and another 140 throughout greater Nebraska.

- Since implementation of the Nebraska Advantage, the state has maintained one of the nation's lowest unemployment rates, while per-capita income has matched the national average and worker productivity has surpassed the U.S. average.

These benchmarks are impressive by any standard.

Without pro-business incentives, Nebraska simply could not compete with many other states – including our neighbors, most of which have more favorable tax climates.

Despite the success of Nebraska's incentives, some critics say the state shouldn't be "subsidizing" businesses to create jobs. It's not worth the cost, they say. They would rather see even more tax dollars dedicated to growing government.

Nebraska taxpayers deserve the full story without the political rhetoric.

The business "subsidies" we sometimes read about are not subsidies at all; they are simply income tax credits or sales tax refunds. That means qualified businesses can keep more of their own money if they meet or exceed a specified level of job creation or investment in the state.

Under Nebraska's pro-business incentives, no blank checks are issued. No taxpayer dollars are handed out. Our incentives are performance-based; tax credits are provided only after an eligible company meets the job creation or investment standard.

Participating companies must go through extensive annual audits to verify they have done what they said they'll do. If for some reason a qualifying company fails to maintain employment and/or investment levels, it is forced into "recapture," thereby forfeiting its tax credits.

But what about the "cost" of these incentives? To put things in perspective, consider the following:

- From 2006 through 2012, a seven-year span, the Nebraska Advantage generated around \$400 million in earned credits – an average of \$59

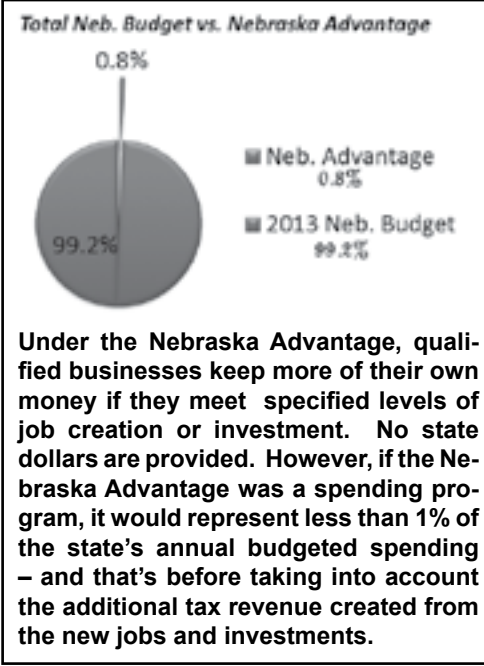
million a year. That's money that likely would have never come to Nebraska if not for our incentives. (As of this writing, only \$130 million of those credits have been utilized by businesses. Some will never be redeemed.)

- The annual average unrealized revenue due to the Nebraska Advantage program was equal to 0.8% of the state's total budgeted spending for the last fiscal year. In fact, Nebraska's economic development aid programs combined comprised less than 1% of the state's budgeted spending.

- In fiscal 2012-13, the unrealized revenue triggered by the Nebraska Advantage was equal to only 1.9% of what was spent by one state agency alone – the Nebraska Department of Health and Human Services.

Remember that these comparisons do not take into account the additional tax revenue that comes to the state once new jobs are created and additional investments are made.

Most can agree that allowing businesses to keep more of their own money is a logical, practical and prudent way to ensure that Nebraska continues to attract new businesses and jobs, while encouraging the growth of our existing companies. The numbers alone make a convincing case that Nebraska's job-creation incentives are working well – and that our taxpayers have never received more bang for such a modest level of investment. ■



State Chamber's Annual Meeting Is January 30

Save the date! The State Chamber's 2014 Annual Meeting and Legislative Caucus will be Thursday, Jan. 30, 2014 at The Cornhusker Marriott Hotel in Lincoln. This is one of Nebraska's most recognized and widely attended State Chamber events of the year.

Those attending will have an opportunity to hear from key state lawmakers and business leaders, as well as attend briefings on vital issues of concern to the business community. The evening banquet will feature the traditional passing of the gavel to the new State Chamber chairman and a special tribute to the newest inductees of the Nebraska Business Hall of Fame.

For more information about the State Chamber Annual Meeting, call (402) 474-4422 or e-mail Charlie Volnek at cvolnek@nechamber.com.

This special event also presents sponsorship opportunities to get your business recognized before a large target audience. Businesses or organizations interested in sponsoring should contact James Berringer at (402) 474-4422 or e-mail jberringer@nechamber.com. ■

State Chamber Hosts Small Business Planning Workshop

As part of the Forging Nebraska's Future initiative, the Nebraska Chamber recently hosted small business planning and transition/succession programs at Mahoney State Park and in Kearney. Around 60 small business owners and local development officials spent the day talking about strategies to keep a competitive edge in the marketplace while also planning for a successful, and profitable, transition to the next generation.

Experts discussed how businesses must understand their business model and their relevance in today's rapidly changing world. Plans are in the works to hold similar training sessions in North Platte and Scottsbluff next spring. ■

Nebraska Manufacturers Of The Year (Continued from page 1)

Founded by Don Smeal of Snyder, Smeal Fire Apparatus Co. built its first fire truck in 1963. Today the family-owned company has 26 dealers throughout the United States and Canada and offers a full line of fire fighting apparatus, including aerial ladders, aerial platforms, and pumps.

Norfolk's NUCOR Steel, a division of NUCOR Corp., has been in operation for more than 40 years. Thanks in part to its Norfolk facility, NUCOR Corp. is the largest producer of steel in the United States. The company is also North America's largest recycler.

"It's an honor to recognize Smeal and NUCOR with this award," said Barry Kennedy, president of the Nebraska Chamber. "Both companies are vital players in Nebraska's manufacturing sector, which has been a leader in paving the path to our state's economic and jobs recovery."

Nebraska's 2,765 manufacturers play a key role in Nebraska's economy by employing more than 123,500 Nebraskans. For every 100 manufacturing jobs, nearly 300 additional workers are needed to support them, according to experts. Nebraska's manufacturers produce more than \$10 billion in annual output. ■

State Chamber Forums Winding Down

The State Chamber is nearing the conclusion of its 2013 legislative forum tour. As of this printing, nearly 1200 attendees had participated in the Chamber's forums held in 31 communities across the state since September. In addition, more than 30 state senators had attended this year's forums.

This year's Chamber forums highlighted key accomplishments from the Nebraska Legislature's 2013 session, including new legislation in the areas of economic development, taxation, and business incentives.

The forums also included the lat-

est state rankings on economic competitiveness and tax climate, as well as an overview of Nebraska's taxing and spending trends.

For more than three decades, the annual legislative forums have been a joint effort between the Nebraska Chamber and the local chambers of commerce. The forums present an opportunity for State Chamber staff to gather input from local community leaders on issues of concern, while updating the business community on developments that could affect Nebraska's business climate and job growth. ■

Tell Us If You've Changed Your E-Mail

If you have recently changed your e-mail address or have not yet provided it to the Nebraska Chamber, please take a second and send it to us. Simply e-mail Kay Koch at kkoch@nechamber.com or call (402) 474-4422.

By providing us your current e-mail address, you will receive important communications from the State Chamber, including:

- The State Chamber's weekly Legislative Report, a report written by our staff regarding new legislation and recent actions in the Unicameral that could impact Nebraska's business community.
- Updates on key committee hearings and the status of all legislative bills.
- The State Chamber's News Update, a summary of state and national news on events and trends that may affect Nebraska's economy.
- Nebraska Chamber action alerts when significant legislation is about to be voted on by the full Legislature or a committee.

Get the most from your Chamber membership. Be sure your e-mail address is up to date! ■

Nebraska's Business Climate Drops To Number 34

According to a new study released in mid-October by the Tax Foundation, Nebraska's business tax climate remains in the bottom half of all states, despite that the best business climates tend to be in the western half of the country.

Nebraska is ranked No. 34 of 50 in the Tax Foundation's 2014 State Business Tax Climate Index. The Cornhusker State fell three spots from last year.

With the exception of No. 40 Iowa,

all of Nebraska's neighboring states are ranked higher, including No. 1 Wyoming and No. 2 South Dakota. The index measures more than 100 different variables in the five important areas of taxation (major business taxes, individual income taxes, sales taxes, unemployment insurance taxes, and property taxes).

Wyoming claims the best business climate, according to the index, followed by South Dakota and Nevada. The worst business climate goes to

New York, followed by New Jersey and California.

Earlier this year, the Nebraska Legislature passed and Governor Dave Heineman signed legislation to repeal the state's alternative minimum tax (AMT), while extending the state's business loss carry-forward period from five to 20 years. However, these changes will not take effect until 2014 and therefore could not be weighed in the Tax Foundation's latest comparison. ■

Kennedy Honored As Past Chairman Of COSC

In September, during the annual meeting of the Council of State Chambers (COSC), Nebraska Chamber President Barry Kennedy was recognized for his service as 2012-13 chairman of COSC. The council is comprised of state chamber CEOs and presidents from across the United States. COSC was founded nearly 70 years ago to promote cooperation among state chambers of commerce by exchanging ideas regarding the policies and practices.

Caption: State Chamber President Barry Kennedy (left) is recognized for his service as 2012-13 COSC chairman. Presenting Kennedy his award is Dave Adkisson, current COSC chairman and president of the Kentucky Chamber of Commerce. ■



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.

EAU CLAIRE, WI

Menards, Inc. (Bellevue, Columbus, Elkhorn, Fremont, Grand Island, Hastings, Kearney, Lincoln, Norfolk, North Platte, Omaha, Ralston, Valley)

GRAND ISLAND

Agricultural Services, Inc.
Jerry Bremer

GRETNA

F&M Bank
Kevin Burns

HOLDREGE

Securities America
Terry Buskirk

LINCOLN

All Makes Office Equipment Co.
Gretchen Golter

Americans for Prosperity - Nebraska
Matt Litt

NUtech Ventures
David Conrad

Smith Hayes Financial Services Corp.
John Decker

Westfield Gateway
Chad Becwar

OMAHA

American Machine Works, Inc.
Vic Brown

Creative Creations Omaha
Patricia Urbanovsky

E & A Consulting Group, Inc.
John Meng-Frecker

Lien Termite & Pest Control, Inc.
Greg Earl

The Lund Company
Jason Fisher

U.S. Cellular
Melissa Secore-Yoakam

NORFOLK

Crafts, Inc.
Tyler Wingate

SUTHERLAND

Midwest Renewable Energy, LLC
Troy Gavin

WAYNE

F&M Bank
Tim Keller

WEST BEND, WI

Sanofi-aventis
Russ Sobotta