

THE EXECUTIVE

THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry

November/December 2016

Governor, State Chamber Pay Tribute To Nebraska's Manufacturing Sector

"It is our second largest industry and employs over 96,000 people ... and they're great paying jobs."

That was the message from Governor Pete Ricketts as he visited Nebraska manufacturing facilities on Manufacturing Day, which was celebrated October 7. On his manufacturing fly-around, the governor was joined by Barry Kennedy, president of the Nebraska Chamber, and key leaders of the governor's administration. Stops included:

- **Hastings Middle and High School:** The governor and Kennedy met with students who are part of an area-wide program that matches industry needs with educational courses. Hastings' Career Pathways program is focused on increasing the number of skilled graduates by offering more technical programs, beginning in middle school.

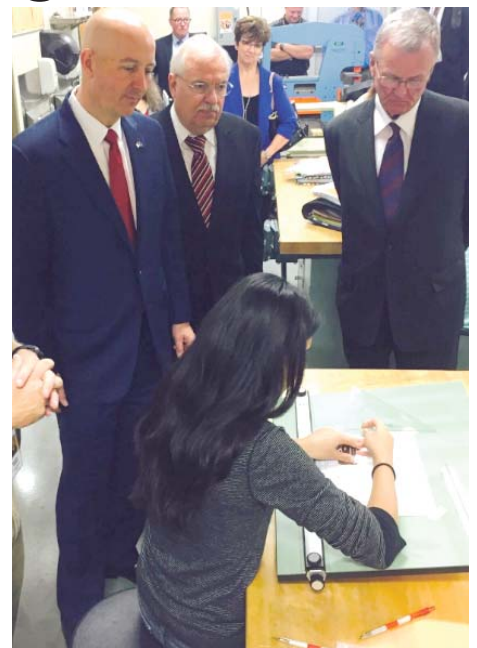
- **Valmont Industries in McCook:** The governor and Kennedy met with officials from Valmont Industries and Mid-Plains Community College to discuss how collaborative efforts between industries and educational institutions can grow the manufacturing workforce in Nebraska. For example, in 2009 a new

Center for Applied Science and Technology (CAST) welding and machine shop opened on Highway 6 thanks to the efforts of a half-dozen partners, including Valmont.

- **CLAAS of America in Sarpy County:** The last stop of the day was to CLAAS's state-of-the-art facility in Sarpy County. Farm equipment manufacturers, alone, support tens of thousands of jobs and contribute \$51 billion to the U.S. economy.

During an October 5 ceremony at the State Capitol, Governor Ricketts proclaimed October as Manufacturing Month in Nebraska. Representing the Nebraska Chamber at the ceremony was State Chamber board member Mike Boyle, vice president and plant manager at Kawasaki Motors in Lincoln. In his remarks, Boyle noted that the Cornhusker State is home to more than 1,600 manufacturers who employ nearly 100,000 workers.

According to the National Association of Manufacturers, manufacturing contributes approximately \$14 billion annually to Nebraska's total economic output. Nebraska's average annual employee compensation in manufacturing is around \$58,400 – compared to an average of \$43,700 for other private, non-farm sectors. ■



Above: Governor Pete Ricketts and the State Chamber's Barry Kennedy get a firsthand look at Hastings Career Pathways program during the governor's Manufacturing Day fly-around on October 7. **Below:** October was proclaimed Manufacturing Month in Nebraska by the governor. Representing the Nebraska Chamber at the ceremony was State Chamber board member Mike Boyle, vice president and plant manager at Kawasaki Motors in Lincoln.

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State Chamber Views...

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Nebraska Chamber of Commerce & Industry

Our Economy & Quality Of Life Depend On Transportation Infrastructure

The holidays are nearly upon us. Many of you and your families will be traveling by automobile, plane or train – or perhaps a combination of all three.

Holiday travel is another reminder that transportation infrastructure matters to our economy and quality of life. Whether it is our daily commute to work, or tourism, or nearly every product we consume or buy, infrastructure greatly impacts the lives of Nebraskans.

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Consider, for example, that trucks, trains, planes and ships move more than 54 tons of freight annually for each one of us. Unfortunately, the capacity of our infrastructure is currently considered inadequate to meet America's present-day needs, while the demand for new and improved infrastructure is expected to soar.

Last spring, the U.S. Department of Transportation released new freight projections predicting a 40% increase over the next three decades in the amount of freight moving on the U.S. transportation network. It's easy to see why investments in infrastructure are critical to our economic health and quality of life.

Transportation has always been a key economic driver for Nebraska since the days of the Great Platte River Road – a superhighway in its

day. Today, the Cornhusker State sits at the heart of the great NAFTA Trade and Transportation Corridor (between Canada and Mexico) and is easily linked to destinations throughout the United States.

Obviously, Nebraska is well served by two Class I rail systems (BNSF and Union Pacific) and 10 freight railroads, which operate more than 3,200 miles of track throughout the state. Freight railroads are unique in that they own, build, maintain, and pay for themselves. In Nebraska, this includes expected investments of \$110 million by BNSF and \$79 million by Union Pacific Railroad in 2016 alone – a key reason why the business community must support policies that encourage freight railroads to continue to invest.

When it comes to our highways, Nebraska holds nearly 24,000 miles of hard-surfaced roads. Interstate 80 spans 482 miles from one end of the state to the other. Goods shipped by truck from Nebraska can reach approximately 26% of the U.S. population within one day; in two days, goods can reach roughly 90% of the American population.

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This is one of many reasons why the Nebraska Chamber this year supported the passage of LB960 – legislation offered by Papillion Senator Jim Smith on behalf of the governor. The new law created a state infrastruc-

ture bank to accelerate completion of approximately 150 unfinished miles of four-lane expressways, which will greatly enhance the movement of goods for both businesses and consumers.

By dedicating \$450 million over 17 years, LB960 will help keep Nebraska on the cutting edge of transportation infrastructure funding. Just as importantly, it will allow the Nebraska Roads Department to use a different bidding process (design-build) to complete projects more quickly.

Of course, LB960's passage comes just five years after Nebraska policymakers enacted LB84, which dedicated a quarter-cent of the state's 5.5% sales tax to roads funding. This law has provided Nebraska with a more reliable method of highway funding in an era of declining fuel tax revenues. LB84 generates an additional \$60 million to \$70 million a year for roads.

Meanwhile at the federal level, Congress last year passed the first long-term, surface transportation bill in a decade. But more needs to be done considering the funding shortfall, due in large part to the federal gasoline tax being stuck at 18.4 cents per gallon – the same level it has been since 1993.

In October, one of the State Chamber's federal affiliates – the National Association of Manufacturers (NAM) – announced an ambitious, new initiative to revitalize our nation's failing transportation infrastructure. As plans move forward, NAM, along with the U.S. Chamber, will work collaboratively to encourage federal policymakers to address our most pressing infrastructure priorities. For more information, visit www.nam.org/buildingtowin/.

Without question, transportation infrastructure is vital to Nebraska's and America's future. Thankfully, Nebraska's state lawmakers have been bold and creative in recent years as they work to address our infrastructure needs.

The Nebraska Chamber encourages the same level of creativity at the federal level so America can truly invest in a world-class, 21st-century infrastructure. ■

Economic Summit Set For Nov. 30 In La Vista

On November 30, the Nebraska Chamber will host an economic summit at the La Vista Embassy Suites Conference Center (12520 Westport Parkway, La Vista) to spotlight opportunities and challenges facing Nebraska communities in the area of workforce and other key economic development issues.

Planned highlights include an economic update from Creighton University economist Dr. Ernie Goss, as well as a keynote presentation from Jay Moon, president and CEO of the Mississippi Manufacturers Association, on successful workforce development. The event will also examine key economic development efforts and job-creation incentives, while spotlighting the role technology can play in creating high-paying jobs.

The summit will begin at 11:45 a.m. and conclude by 3 p.m. Cost to attend is \$95 for State Chamber members or \$125 for non-Chamber members. Lunch will be provided.

Register by calling (402) 474-4422 or e-mailing Charlie Volnek at cvolnek@nechamber.com. ■

Lawsuits Pile Up In Effort To Stop Federal Overtime Mandate

In September, the U.S. Chamber, the National Association of Manufacturers, and more than 50 other business groups took legal action against the Obama administration and its efforts to drastically expand federal overtime regulations.

The new rules, set to take effect December 1, would shrink the so-called “white collar exemption” by doubling the overtime eligibility threshold to \$47,476 a year, from the current \$23,660, for virtually all workers if they work more than 40 hours in any given week. The rule also indexes the threshold to inflation.

Randy Johnson with the U.S. Chamber said, “DOL went too far in the new overtime regulation,” noting that the mandate would not only force significant new labor costs and workplace disruptions, but that the rule’s “automatic escalator provision” would mean employers would have to go

through reclassification analysis every three years.

The lawsuit charges that by setting an excessively high salary threshold for determining who qualifies as executive, administrative and professional employees, the rule departs from the intent established by Congress in the Fair Labor Standards Act and consistently administered by DOL for more than 75 years.

The suit from business groups is not the only one filed, as 21 states – including Nebraska – have also taken legal action against the Department of Labor. The lawsuit was filed in the U.S. District Court for the Eastern District of Texas.

In October, attorneys general from the same 21 states requested that the Texas court issue an emergency preliminary injunction against the overtime rule. ■

Annual Meeting, Business Hall Of Fame Ceremony Is Feb. 2

The State Chamber’s Annual Meeting and Legislative Caucus will be held Thursday, February 2, 2017, 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 policy experts, as well as attend briefings on issues of concern to the business community. Afternoon discussion panels will include the traditional Legislative Leaders panel.

The evening banquet will feature the traditional passing of the gavel to the new State Chamber chairman and an extra special tribute to the newest members of the Nebraska Business Hall of Fame.

For more information about the State Chamber Annual Meeting, call (402) 474-4422 or e-mail Kay Koch at kkoch@nechamber.com. Please see the insert in this issue of The Executive to register.

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

Study: Nebraska Is One Of America’s Happiest States

They don’t call it the Good Life State for nothing – Nebraska is officially one of America’s happiest states.

According to a new study by WalletHub.com, Nebraska is the eighth happiest state overall. Analysts at the financial website considered several factors such as financial security, physical and emotional health, personal purpose and social connectivity. In all, nearly 30 key metrics were included.

Utah was named the happiest state followed by Minnesota, North Dakota and Hawaii. Nebraska came in at No. 8, due largely to finishing sixth best in the category of “work environment,” which includes commute time; personal earnings adjusted by cost of living; jobless rate; and job security.

Nebraska was No. 12 in the category of “physical & emotional well-being” and No. 18 in “community and environment,” which included volunteerism (in which Nebraska was No. 3), attractions, leisure time, weather and divorce rate.

Neighboring states also making the top 10 list were Colorado (No. 5), Iowa (No. 7) and South Dakota (No. 9). ■

At A Glance: Nebraska's State & Local Taxes

Despite the oft-repeated analogy of a “three-legged stool,” Nebraska’s tax structure is actually a two-tiered system comprised of:

1. State taxes (mostly sales and income taxes); and
2. Local taxes (mostly real and personal property taxes).

Last year, Nebraskans paid more than \$2.3 billion in state income taxes, after credits and deductions. Nebraska’s top personal income tax rate (6.84%) is 15th highest in the nation, while the state’s top corporate income tax rate (7.81%) is 16th highest. Nebraska’s sales tax (5.5%) is 29th highest and collected over \$1.8 billion.

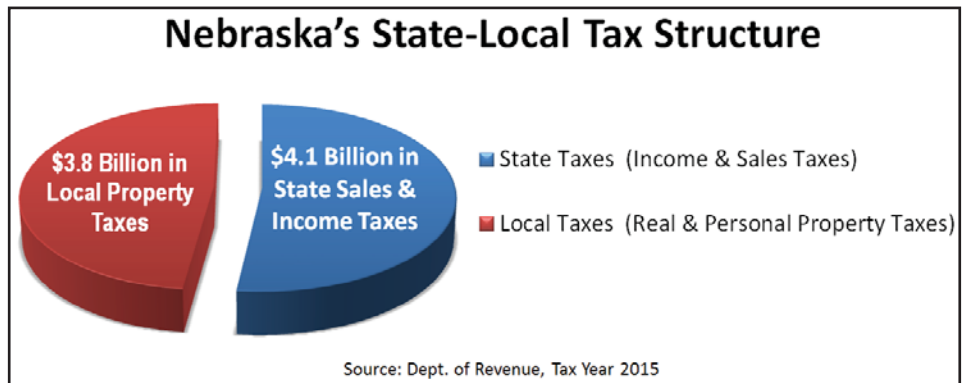
Combined, state sales and state income taxes collected \$4.1 billion in 2015.

Meanwhile, at the local level, property taxes – on both personal and real

properties – collected just under \$3.8 billion in 2015. Of that total property tax bill, residential and business owners paid more than \$2.5 billion.

While Nebraska’s tax burden is too heavy at both the state and local levels, the State Chamber has long opposed efforts claiming to deliver “property tax relief” by simply shifting the burden to state taxes – which are a larger burden for the average Ne-

braskan. Shifting the tax burden fails to address Nebraska’s overall high tax climate. Moreover, history has demonstrated that tax shifts do not produce lower property taxes over the long term. Instead, tax shifts lessen local accountability and threaten local control by making local entities more dependent on state aid – which is unpredictable and often accompanied by additional state mandates. ■



More Than 1,500 Attend Chamber's Fall Forums

The Nebraska Chamber staff has concluded the 2016 legislative forums. Among some of this year’s legislative forum highlights are the following:

- More than 1,500 attendees participated in the Chamber’s 31 forums held in 29 communities across the state from late August through October.
- More than 60 state senators and/or legislative candidates attended.
- The forums received news coverage from more than 40 media outlets.

This year’s State Chamber forums highlighted pro-business accomplishments from the Unicameral’s 2016 session, including new legislation in the areas of infrastructure funding, workforce development, business incentives, and workforce housing.

The forums also included an overview of several national comparisons that analyzed Nebraska’s economic competitiveness in areas such as taxes, government spending and overall business climate. The Chamber’s presentation also examined the amount of revenue collected by state income taxes, state sales taxes, and local property taxes.

For more than three decades, the annual legislative forums have been a joint effort between the Nebraska Chamber and the local chambers of commerce. ■



Above: State Chamber President Barry Kennedy reviews 2016 pro-business legislation at the Nebraska City legislative forum. Below: Kennedy speaks with Bellevue Senators Tommy Garrett and Sue Crawford, as well as Papillion Senator Jim Smith at the Sarpy County legislative forum.