

2005 Annual Meeting & Legislative Caucus February 3

Mark your calendars for the State Chamber's Annual Meeting and Legislative Caucus, set for Thursday, February 3, 2005, at the Cornhusker Hotel and Conference Center in Lincoln. A full program will provide Nebraska business people an opportunity to meet with members of the Nebraska Legislature and state policymakers, to salute the achievements of four of Nebraska's business leaders, and to get a first-hand briefing on important legislative issues of concern to the business community.

Late registration will begin in the Atrium of the Cornhusker Hotel at 9:00 a.m., followed by the Board of Directors meeting, scheduled from 10:00-11:45 a.m. The traditional Chamber of Commerce Month kickoff luncheon follows at noon.

The afternoon sessions will feature the traditional Legislative Panel to bring members up to date on key business issues before the 2005 Unicameral. In addition, we are looking at programs dealing with economic development incentives. The evening banquet will begin at 7:00 p.m., following the social hour in the Cornhusker Atrium. The banquet will feature the traditional passing of the gavel from 2004 Chairman **Rick Russell** to 2005 Chairman **Gary Warren**. The Business Hall of Fame induction ceremony will begin at 8:00 p.m., and the banquet will conclude with closing comments by Chairman Warren.

The registration form is enclosed with this issue of the *Executive*. ■

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New State Chamber Board Members Elected

Effective January 1, 2005, **Gary Warren**, President, Services Corp., Hamilton Telecommunications, Aurora, will begin his duties as Chairman of the Board of the Nebraska Chamber of Commerce & Industry. He succeeds **G. Richard Russell**, President, Millard Lumber Inc., Omaha, as the State Chamber's chief elected officer and will receive the gavel February 3, 2005, at the State Chamber's Annual Meeting & Legislative Caucus in Lincoln.

The 2005 Chairman-Elect will be **Rich Bailey**, Chairman & CEO, Bailey Lauerman, Lincoln. **John E. Cederberg, CPA**, Partner, Cederberg & Associates, Lincoln, was re-elected Treasurer, and **Barry L. Kennedy, CAE**, Lincoln, will continue as President and Corporate Secretary. **Russell** remains on the Executive Council as Immediate Past Chairman.

Gary Warren was born in Aurora and graduated from the University of Nebraska in 1971. After receiving his law degree, he began a law practice in 1975. He began his career at Hamilton Telecommunications in 1988. Active in the Nebraska Telecommunications Association, Gary is very much involved in his hometown as well. He spent countless hours with the Aurora Development Corporation helping to bring the Iams Company to Aurora. He sits on the Advisory Board for the Peter Kiewit Institute for Information,

Science, Technology and Engineering at UNO. He and his wife, Jo, have three sons.



GARY WARREN

Elected to the 2005 State Chamber Executive Council as District Vice Chairmen were: **Richard S. Reiser**, Executive Vice President & General Counsel, Werner Enterprises, Inc., Omaha, District I; **Philip Mullin**, CEO/Owner, Garner Industries, Lincoln, District II; **Michael Baldino, P.E.**, President & CEO, Kelly Industries, Inc., Fremont, District III;

Dennis L. Boesiger, Vice President and General Manager, Midwest Livestock Systems, Inc., Beatrice, District IV; **Dennis Swanson**, President, Sandhill Equipment, Inc., Bassett, District V; and **Joanne F. Shephard**, President & CEO, First National Bank of Valentine, Valentine, District VI. Boesiger and Mrs. Shephard were re-elected to their posts.

At the State Chamber's final 2004 Board Meeting, 10 new directors were introduced. Those elected by mail ballots by the membership include: **Eric D. Johnson**, Assistant Vice President Facility Manager, Cargill SNA, Cargill Incorporated, Blair; **Robert Lanik**, President & CEO, St. Elizabeth Regional Medical Center, Lincoln; **Robert A. Nordquist**, President, NEBCO, Inc., Lincoln; **Lisa Olson**, Senior Vice President-Corporate Relations, First Data Corporation, Omaha; and

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State Chamber Views...

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

"Next Generation!!! - Part 1"

The "Next Generation" is a catch phrase being used to describe a very broad spectrum of concepts and innovative ideas to grow Nebraska's economy over the coming years. These concepts and ideas are being formulated through a process, beginning with an evaluation of Nebraska's current economic, geographic and demographic situations, followed by an assimilation of input and data from a broad coalition of business owners and operators, entrepreneurs and investors, as well as other employers and parties committed to the economic growth of this state.

Traditionally, the State Chamber has always played more defense than offense in representing business interests before state government. Over the past few years, with continually declining state revenues placing extreme pressure on the state budget process, this has been especially true. As we go forward, it is my hope that we will be much more pro-active in bringing ideas forward that will result in more investment in our state and create more career opportunities for our citizens.

Let's review specific topics that, each in their own right, have a direct impact on our ability to "grow" Nebraska.

Taxes: In the most recent *Tax Foundation* study, Nebraska ranks 35th in the "Overall Business Climate Index" with 1st being the best business climate. We rank in the mid to upper 30's in just about every category, including business tax and personal tax rankings. Knowing that we cannot simply adjust rates dramatically without adverse effect on the delivery of needed services, it may be a more logical goal to work toward a phase-down, over time, that would at least move Nebraska into the top 20 lowest tax burden states.

A high-ranking issue that we should work on immediately is to exempt the sales tax on manufacturing equipment. Nebraska is now one of only 11 states where manufacturing equipment is fully taxable. This creates a real competitive disadvantage for Nebraska manufacturers.

Economic Development Incentives: Economic development is truly a contact sport. It has become extremely competitive, not only among sister states but other countries as well. To believe that all state and national economies are not competing for investment and career opportunity growth is very naive. The reality is, that to attract growth from outside Nebraska and to generate growth within the state, Nebraska must be competitive. We cannot afford to "unilaterally disarm" or otherwise surrender in this effort.

Nebraskans must be aware of our strengths, but we also must address our weaknesses too.

The initiatives that the Nebraska Legislature took in 1987 by passing an economic development package was the right thing to do and has paid great benefits to our society. Prior to that action, Nebraska employment had been trending down for several years. Since 1988, we have seen continual growth in Nebraska's employment index; in fact, we outpaced the national average! Almost immediately, the Legislature's package of economic development tools reversed an out-migration pattern that had also been occurring for several years.

During the early to mid 1980's, Nebraska experienced a declining number of both manufacturing jobs and manufacturing establishments; both have become growth numbers since 1987.

Business construction contracts and new business entities are other mea-

asures that were declining in the 1980's. Again, both have shown steady increases since Nebraska's entry into the competition of incentives for investments and jobs.

Nebraska's state tax revenue has grown from \$1.1 billion in 1987 to \$3.0 billion in 2003. Accounting only for inflation, that growth would have resulted in \$1.7 billion by 2003. Nebraska's property tax revenue grew from \$1.01 billion in 1987 to \$2.04 billion in 2003. Inflation alone would have only grown property tax revenue to \$1.6 billion by 2003.

Nebraskans did the right thing in 1987! It has become crystal clear that we cannot continue to rest on our laurels. The 1987 package put us ahead of the curve at that time. In 2004, we find that other states have not only caught up, but have surpassed us in the competitive hunt for careers and investments.

Both businesses and "sight selection" consultants are now seeking incentive programs with much shorter performance time lines. In an "on time" business climate, incentives that cannot be utilized until years in the future are not nearly as attractive as near-term or up-front incentives. As effective as LB775 has been, it has not changed significantly in 17 years. We now require more focused performance incentives that offer both lower and higher job and investment thresholds in order to compete regionally as well as nationally. Higher levels attract larger projects in areas where we have availability of workforce to meet their needs. Lower levels retain jobs that could be out sourced or moved from our state and motivate job creation in smaller companies.

With the growth in high-tech and bio-tech industries, these are targeted areas where Nebraska will generate more growth with the appropriate incentives. Many states and countries are providing tax credits as well as directed grants for qualified research and development expenditures by businesses to their respective research universities.

Still another tool that many states are utilizing is the issuance of bonds to

pay certain costs in developing tourism destinations. Anticipated sales tax revenue from new entities are pledged to pay off the bonds. This represents revenue that would never have been realized without the development of the property. Anticipated sales tax revenue bonds make for an excellent investment with both short- and long-term benefits. Nebraska does not have this tool and should seriously consider obtaining it.

Training: Custom job training must be a top state economic development initiative. The intellectual capital of our workforce is an extremely valuable asset that deserves protection and enhancement. The work ethic of our citizens, coupled with an excellent education system at all levels, promises to produce a well-qualified workforce. With new technology and innovation, comes the demand for additional job training and retraining. The delivery mechanism is in place with high quality community college, state college and university systems and other private institutes of higher learning. We simply need to adequately fund a competitive custom job training program.

There is a lot more to come particularly in the areas of fixed employer costs and the overall regulatory environment. I will continue to share with you "The Next Generation" concepts and ideas in the next issue. ■



New Senators Dinner

The State Chamber hosted a New Senator Welcome Dinner on November 16. Chairman-Elect Gary Warren and State Chamber staff welcomed Lavon Heidemann (**Dist. 1**); Gail Kopplin (**Dist. 3**); Gwen Howard (**Dist. 9**); Mike Flood (**Dist. 19**); Chris Langemeier (**Dist. 23**); Rich Pahls (**Dist. 31**); Deb Fischer (**Dist. 43**); and Abbie Cornett (**Dist. 45**). The newly-elected Senators were in Lincoln for an orientation session with Unicameral Clerk Pat O'Donnell and his staff.

2005 STATE CHAMBER SCHEDULE:

Jan. 5	Legislature Begins 60-Day Session
Jan. 11	Public Affairs Council meetings begin (each Tues. through Session)
Feb. 3	State Chamber Annual Meeting & Business Hall of Fame Banquet
Feb. 4	Nebraska Chamber of Commerce Executives Meeting
April 20	Hall of Fame Committee, Executive Council
May 10-12	Congressional Visit – Washington, D.C. (tentative)
June 8-9	Spring Board Outing, Meeting (Aurora)
July 10-14	U.S. Chamber Institute for Organizational Management
Sept. 16	Nominating Council Meeting
Sept. 16	Fall Board Meeting (tentative)
Oct. 17	Executive Council Meeting
Oct.	Legislative Forums
Nov.	Legislative Forums
Nov. 29	Public Affairs Council Meeting
Dec. 2	Winter Board Meeting

Dues Deductibility

Your 2004 dues to the State Chamber are deductible as an ordinary and necessary business deduction. However, a portion of dues is not deductible to the extent that the State Chamber engages in state and federal lobbying. Because of those stipulations, 50 percent of your dues is deductible. The Budget Act of 1993 mandated that chambers of commerce and other organizations that lobby on the state and federal level, and whose lobbying expenses exceed \$2,000, must calculate the amount of dues income spent for lobbying purposes. ■

New State Chamber Board Members Elected

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Tim White, President, Rinder Printing Company, Grand Island.

New Directors joining the State Chamber Board by Chairman's appointment include: **Michael Francis**, President, Nebraska Junior Chamber of Commerce, Imperial; **Michael G. Hybl**, Director of Government Affairs, Telec Consulting Resources, Inc., Lincoln; **James B. Milliken**, President, University of Nebraska, Lincoln; **Dan Tangeman**, Plant Manager, Parker Hannifin Corporation, McCook; and **John Toney**, Vice President-Technical Affairs, Henningsen Foods, Inc., Omaha.

Re-elected to the Board were: **Joseph R. Bateman, Jr.**, Senior Assistant Vice President, Government Affairs, Union Pacific Railroad Co., Omaha; **Steven Bohnet**, Plant Manager, BD Medical Surgical Systems, Columbus; **Alan J. Erickson**, President, Weathercraft Co. of North Platte, North Platte; **Patrick J. Gorup**, President & CEO, Lyman-Richey Corp., Omaha; **Don Heimes**, CFO, Humphrey Hospitality Trust, Norfolk; **W. Michael Kearney**, Administrator, Mary Lanning Memorial Hospital, Hastings; **Marc LeBaron**, Chairman & CEO, Lincoln Plating Co., Lincoln; **Robert S. Milligan**, President, M I Industries, Lincoln; and **Raymond C. Ward, Ph.D.**, President and Co-Owner, Ward Laboratories, Inc., Kearney.

Reappointed to the Board by incoming Chairman Gary Warren are: **S. Michael Jensen**, CEO, Great Plains Communications, Inc., Blair; **Mike Lee**, General Manager – Vice President, NUCOR Steel, Division of NUCOR Corporation, Norfolk; **Megan A. Lucas**, Executive Director, Bellevue Chamber of Commerce, Bellevue; **Ronald K. Parks**, President & CEO, Millard Manufacturing Corporation, Sarpy County; and **Tom L. Whalen**, Principal, SilverStone Group, Inc., Omaha.

The State Chamber expressed its appreciation to the following Directors, who will be retiring from the Board on December 31, 2004: **Donald G. Anderson**, President & CEO, Global Industries, Inc., Grand Island; **James L. Girardin, Sr.**, President, Arrow Seed Company, Inc., Broken Bow; **Richard C. Hahn**, President, CEO & Chairman of the Board, Farmers National Co., Omaha; **Dan Morgan**, President, Morgan Ranch, Burwell; **Marie Owen**, Executive Director, McCook Area Chamber of Commerce, McCook; **Dr. L. Dennis Smith**, Professor of Biological Sciences and President Emeritus, University of Nebraska, Lincoln; **Gene Stoddard**, President, Nebraska Junior Chamber of Commerce, Lincoln; **Suzanne Mahel Tyrrell**, President, MSP Resources, Inc., Lincoln; and **David W. Williams**, President, Drake-Williams Steel, Inc., Omaha. ■

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.

AINSWORTH

The Commercial National Bank

John Halbersleben

Sponsor: Dennis

Swanson, Sandhill Equipment, Inc.

BEATRICE

O'Neill Insurance, Inc.

Robert J. O'Neill, Jr.

FREMONT

Don Peterson & Associates

Larry Shepard

HOLDREGE

First National Bank

Scott Latter

LINCOLN

Biggerstaff Plumbing & Heating Inc.

Doug Biggerstaff

Brennan & Nielsen Law Offices, P.C.

Coleen Nielsen

Rustad Dermatology

Elliott L. Rustad, M.D.

US Property

Management

Monte Froehlich

NORFOLK

Royal Host Management, Inc.

Candace Dyer

Sponsor: Don Heimes,

Humphrey Hospitality Trust

OMAHA

Manarin Investment Counsel, Ltd.

Brett Lammers

Omaha Steel Castings Co.

Ronald Howlett

Terrecom, L.L.C.

Ron Kennedy

PENDER

Logan Valley Sales Co.

Lon Chaney

SCOTTSBLUFF

Sprint

Karen Ellis

WAVERLY

Waverly Community

Chamber of Commerce

Neil Johnson

YORK

Metz Mortuary Inc.

Charles W. Harris