



2006 Annual Meeting & Legislative Caucus February 2

Mark your calendars for the State Chamber's Annual Meeting and Legislative Caucus, set for Thursday, February 2, 2006, at The Cornhusker Marriott 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 Marriott 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 2006 Unicameral. In addition, we are looking at afternoon programs dealing with economic development incentives. The evening banquet will begin at 7:00 p.m., following the social hour in The Cornhusker Marriott Atrium. The banquet will feature the traditional passing of the gavel from 2005 Chairman **Gary Warren** to 2006 Chairman **Rich Bailey**. The Business Hall of Fame induction ceremony will begin at 8:00 p.m., and the banquet will conclude with closing comments by Chairman Bailey.

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

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New State Chamber Board Members Elected

Effective January 1, 2006, **Rich Bailey**, Chairman, Bailey Lauerman, Lincoln, will begin his duties as Chairman of the Board of the Nebraska Chamber of Commerce & Industry. He succeeds **Gary Warren**, President, Services Corp., Hamilton Telecommunications, Aurora, as the State Chamber's chief elected officer and will receive the gavel February 2, 2006, at the State Chamber's Annual Meeting & Legislative Caucus in Lincoln.

The 2006 Chairman-Elect will be **Tom L. Whalen**, Principal, SilverStone Group, Inc., Omaha. **John E. Cederberg, CPA**, Lincoln, was re-elected Treasurer, and **Barry L. Kennedy, CAE**, Lincoln, will continue to be President and Corporate Secretary. **Warren** remains on the Executive Council as Immediate Past Chairman.

Rich Bailey co-founded Bailey Lauerman & Associates in 1970. He is currently Chairman for the firm, which has been recognized by the



Rich Bailey

American Association of Advertising Agencies as one of the top six creative agencies in the United States. He is a 1967 graduate of the University of Nebraska-Lincoln, where his major studies included journalism, graphic arts and architecture. He did some teaching at the University and has served on the School of Journalism Professional Advisory Council. Bailey is well known in the advertising world and was recognized as Ad Man of the Year in 1985 by the Ninth District of the American Advertising Federation. In addition to his professional duties, Bailey has served on the Boards of the Nebraska Art Association, Nebraskans for Public Television, the Food Bank of Lincoln, the Lincoln Symphony Orchestra, the Lied Center Advisory Board and the Alzheimer's Association, Great Plains Chapter.

Elected to the 2006 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; **Brian C. Hamilton**, President, Beardmore Chevrolet, Inc., Bellevue, District IV;

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State Chamber Views...

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

"Tax Climate"

We have been reading and hearing news reports about the fact that state tax revenues are outpacing both projections and spending needs. When you stop and think about it, it is rather easy to understand why revenue collections are exceeding projections. Many employers tell me that now they are meeting or exceeding pre-recessionary levels of business activity. If our economy is back, it is back with higher tax rates or with an expanded tax base since the recession was in full swing.

During the last several years, Nebraskans experienced an income tax increase, a sales tax increase and a broadening of the sales tax base to include more services. In addition, the Legislature made some tough decisions and reduced expenditures in some areas. If the state is taxing a growing economy at a higher rate, or a broader base, it is obviously going to end up with more revenue.

The obvious question then becomes, "How should the state address the issue of excess revenues?"

There never seems to be a shortage of ideas on how to deal with money that is not already committed to a specific line item or purpose. Some will support the idea of restoring tax rates to previous levels and return some of that hard earned money to the taxpayers. This approach would honor the intent of some legislators who voted for tax increases only as a "temporary" solution in addressing the previous state budget shortfalls.

Others will promote adding excess revenue to reserves so that the next down cycle will not be so difficult to deal with. Still others will suggest that this might be a good time to do some

one-time projects, cover building maintenance needs in both state government or the university system, or promote new programs. Good arguments can be made for each of these ideas.

But the focus of this article is Nebraska's "tax climate."

During the 2005 legislative session, the Legislature addressed many of the incentive economic development concerns uncovered and highlighted by the comparative analysis completed by KPMG in 2004. This study was commissioned by a number of chamber and economic development interests in Nebraska. The job and investment incentive bills enacted in 2005 (the "Nebraska Advantage" programs) will address many of the concerns of Nebraska businesses.

The remaining issue is to give Nebraska the best opportunity to grow its population - to recruit skilled employees to our state - and to fill good jobs being created by employers. To do that, we must be competitive from a tax climate perspective, knowing full well that individuals make decisions on where they live based in part on the personal tax burden.

The KPMG study shows that the impact of personal taxes has an impact on business location decisions. A state's tax burden is taken into consideration when employees are considering transfers and relocations. High personal taxes also hamper employee recruitment efforts.

The study showed that for entry level positions, Nebraska falls in the middle of tax impact when compared to our neighboring states, BUT, our income tax is so "progressive" that as one moves up the income scale, Nebraska ranks high compared to those same states. At the managerial

level, which is about \$40,000 in income and above, only Iowa and Minnesota have a greater tax burden than Nebraska.

The conclusions that can be drawn from the study are quite evident. Nebraska's individual tax burden is high, especially above the entry level position. Tax burden does impact the ability to recruit managerial and technical employees. Decision makers will consider personal financial impact when making business location decisions.

Softening the impact of future downturns in the economy was mentioned earlier. One way to soften the impact is to attract more people to our state who have good jobs and are contributing to the tax base. Nebraska has progressed in its creation of a more diversified economy over the last 20 years. As we move into a higher tech society, we need to continue that economic diversification while creating a tax climate that is attractive to people in all tax brackets, especially those individuals with skill levels that command higher wages.

State tax policy is never created in a vacuum, for every tax adjustment in some way changes a state's competitive position relative to its immediate neighbors and its region. It makes great sense now to be proactive in creating a better tax climate so that Nebraska will have the best opportunity to keep people here and attract others to our state. ■



Senator Bob Kremer (left), Barry Kennedy and State Chamber Chairman Gary Warren (right) after the Aurora Forum.

New State Chamber Board Members

(Continued from page 1)

Dennis Swanson, President, Sandhill Equipment, Inc., Bassett, District V; and **G. Lee Glenn**, Vice President/CFO, Kelley Bean Co., Scottsbluff, District VI. Messrs. Reiser, Mullin, Baldino, and Swanson were re-elected to their posts.

At the State Chamber's final 2005 Board Meeting, 8 new directors were introduced. Those elected by mail ballots by the membership include: **Julie L. Krebs**, Vice President, AIRLANCO, Falls City; **Tonn M. Ostergard**, President & Chief Executive Officer, Crete Carrier Corporation, Lincoln; **Anthony F. Raimondo, Jr.**, President, Behlen Country and Director, Behlen Mfg. Co., Columbus; and **Michael D. Walter**, Senior Vice President of Economic and Commercial Affairs, ConAgra Foods, Inc., Omaha.

New Directors joining the State Chamber Board by Chairman's appointment include: **Anne Anderson**, Executive Director, Gothenburg Area Chamber of Commerce, Gothenburg; **Brett A. Drake**, President, Nebraska Junior Chamber of

Commerce, Omaha; **Mark D. Theisen**, Executive Vice President Finance & Treasurer, Woodmen of the World Life Insurance Society, Omaha; and **Matthew H. Williams**, President, Gothenburg State Bank & Trust Company, Gothenburg.

Re-elected to the Board were: **Dennis L. Boesiger**, Vice President and General Manager, Midwest Livestock Systems, Inc., Beatrice; **Timothy D. Hart**, Senior Vice President, First National Bank, Omaha; **Mark A. Haskins**, President & CEO, MBA Poultry, Tecumseh; **Don Heimes**, CFO, Supertel Hospitality, Inc., Norfolk; **Eric D. Johnson**, Assistant Vice President Facility Manager, Cargill SNA, Cargill Incorporated, Blair; **Richard McGinnis**, President & CEO, Home Federal Savings and Loan Association of Nebraska, Lexington; **Lisa Olson**, Senior Vice President-Corporate Relations, First Data Corporation, Omaha; and **Joanne F. Shephard**, President & CEO, First National Bank of Valentine, Valentine.

Reappointed to the Board by incoming Chairman Rich Bailey are: **S. Michael Jensen**, CEO, Great

Plains Communications, Inc., Blair; **Mike Lee**, General Manager & Vice President, NUCOR Steel, Division of NUCOR Corporation, Norfolk; **James B. Milliken**, President, University of Nebraska, Lincoln; and **Ronald K. Parks**, President & CEO, Millard Manufacturing Corporation, Sarpy County.

The State Chamber expressed its appreciation to the following Directors, who will be retiring from the Board on December 31, 2005: **Steven Bohnet**, Plant Manager, BD Medical Surgical Systems, Columbus; **Michael Francis**, President, Nebraska Junior Chamber of Commerce, Imperial; **Megan A. Lucas**, President/CEO, Bellevue Chamber of Commerce, Bellevue; **Michael R. McFarlin**, President, Quick & McFarlin, P.C., Omaha; **Thomas D. Potter**, President & CEO, Lincoln Insurance Group, Lincoln; **Dan Tangeman**, Plant Manager, Parker Hannifin Corporation, McCook; and **Rodney P. Vandenberg**, Chairman & CEO, First National Bank & Trust Company, Falls City. ■

2005 Forums Successful

Over 1,300 persons attended the 32 Legislative Fall Forums held in October and November, with 36 State Senators participating in the annual State Chamber event. Nebraska's new business tax incentive package was the main focus of the presentations. The Nebraska Advantage Act, which takes effect on January 1, 2006, was the biggest accomplishment during the 2005 legislative session and will begin helping Nebraska's businesses, large and small, grow and expand. Last year's Forums presented a program relating to the KPMG Study and asked members what needs to be done to give Nebraska a more competitive business taxation climate. Among the responses gathered last year, the following were enacted into law: exempt business equipment and machinery from the sales tax for

manufacturers; provide more funding for employee training; provide more funding for worker training; and adding more rural-based economic development incentives.

Another component of the Forum presentation included discussion of LB739, the unemployment compensation reform bill passed in 2005. Already the bill is helping to provide savings to the Trust Fund by freezing maximum weekly benefits to the 2005 level (\$288 per week) during 2006 and 2007. While the 2006 Unicameral session is a short session, a great many issues will be on the Senators' desks including taxation policy and potential efforts to lower tax rates, workers' compensation reform measures, technical amendments to the Nebraska Advantage Act, as well as a number of social and controversial issues left

over from the 2005 session.

As part of the Forums, attendees were provided Nebraska Advantage brochures published by the Department of Economic Development. A number of positive comments about the potential of the new economic development tools and overwhelming support by the Legislature gave the Forums a very energizing atmosphere for the future.

Finally, the effects of term limits appeared to be cause for concern for many attendees, as it was noted that 20 new Senators will be elected in 2006 and the experienced leadership will be missed during the next long session. During the Forums, there was opportunity to meet some of the candidates planning to run next year. ■

Straight Talk

Pats On Back

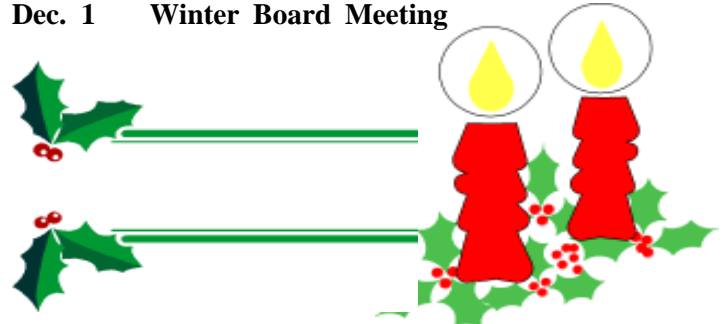
◆ **Behlen Mfg. Co.** was a recipient of one of the 2005 Edgerton Awards for efforts in quality in the workplace and with marketplace customers. The Edgerton Awards program is patterned after the Malcolm Baldrige National Quality Awards program. They are named for the late Harold "Doc" Edgerton, a native of Aurora, who became a famous scientist at the Massachusetts Institute for Technology.

Behlen Mfg. Co. manufactures and ships products globally through its three business units, Behlen Country, Behlen Building Systems, and Behlen International and Diversified Products (IDP). The company employs 710 workers at the Columbus plant. Behlen Country makes farm gates, corral panels, livestock-handling equipment, horse stalls, dog kennels, livestock feeders, waterers and water tanks. Behlen Building Systems products include custom designed metal building systems for commercial, industrial, institutional and warehousing buildings. Behlen IDP has combined the resources of International Agricultural Systems, Strip Joining Presses, and Custom Fabrication.

In 2006, the company will celebrate 70 years in business. The company's vision for the future is "Teamwork and Change," reflected in a participative model of leadership. The company culture is best described by a number of "building blocks," with "Value Added Customer Satisfaction" at the top. ■

2006 STATE CHAMBER SCHEDULE:

- Jan. 4** Legislature Convenes 60-Day Session
- Jan. 10** Public Affairs Council Meetings Begin (each Tues. through session)
- Feb. 2** State Chamber Annual Meeting & Business Hall of Fame Banquet
- Feb. 3** Nebraska Chamber of Commerce Executives Annual Meeting
- March 17** Hall of Fame Committee, Executive Council
- May 9-10** Congressional Visit – Washington, D.C.
- May 18** Spring Board Outing, Dinner
- May 19** Spring Board Meeting
- May 23** Staff Retreat
- July 9-16** U.S. Chamber Institute for Organizational Management
- Sept. 8** Nominating Council Meeting (tentative)
- Sept. 8** Fall Board Meeting (tentative)
- Sept.** Legislative Forums
- Oct.** Legislative Forums
- Oct. 20** Executive Council Meeting
- Nov. 28** Public Affairs Council Meeting
- Dec. 1** Winter Board Meeting



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.

GILTNER

Harv's Farm Supply, Inc.
Brad Bish

HASTINGS

Eaton Corporation
Jason Smith

*Sponsor: Gayle E. McClure,
Dutton-Lainson Company*

JACKSON

Albenesius Contracting, Inc.
Larry Albenesius

KEARNEY

Liberty Services, Inc.
Evonne Montgomery

LINCOLN

Civil Design Group, Inc.
Mike Eckert, AICP

NORTH PLATTE

Pro Printing & Graphics
Edy Patterson

*Sponsor: Alan J. Erickson,
Weathercraft Co. of North
Platte*

OMAHA

J.P. Cooke Company
John L. Cooke

Durham Resources, L.L.C.
Charles Durham

Nolan, Olson, Hansen &
Lautenbaugh
Scott Lautenbaugh

TransFirst epayment Ser-
vices, Inc.
Bruce Froendt

QCI
Mark O'Donnell

YORK

Chances "R" Restaurant &
Lounge
Thomas Vanous