

THE EXECUTIVE

THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry
September/October 2013

More Than 350 Attend Legislative Summit

More than 350 business professionals heard from Nebraska's federal congressional delegation and a panel of influential state lawmakers at the 2013 Legislative Summit held August 8 at the Strategic Air and Space Museum near Ashland. The fifth-annual policy summit was hosted by the State Chamber and the Lincoln Chamber of Commerce.

Governor Dave Heineman delivered welcome remarks to the audience. He used the opportunity to remind business leaders of his desire to accomplish significant tax reform in his final year as governor. "Nebraska is on the move," the governor said, "but the one thing that will hinder our progress is our high tax burden."

During the congressional update, U.S. Senators Mike Johanns and Deb Fischer, along with U.S. Congressmen Lee Terry, Jeff Fortenberry and Adrian Smith, updated the audience on federal issues, including the budget, energy development, workforce skills, and possible tax reform.

Later in the morning, attendees heard tax reform ideas from five key state senators – Speaker of the Legislature Greg Adams, Revenue

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Above: Dr. Martin Regalia, chief economist for the U.S. Chamber of Commerce, was the keynote speaker at the summit.

Below: Nebraska's federal congressional delegation listens to questions from the audience.



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State Chamber Views...

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'Share Your Ideas On Tax Reform'

Nebraska lawmakers are set to begin a statewide listening tour to gather ideas on tax reform.

During its 2013 session, the Legislature authorized a comprehensive study of Nebraska's tax structure with the expectation that lawmakers would search for ways to modernize the system next year. As a result, a newly created Tax Modernization Committee of 14 state senators is charged with conducting the study. The committee is chaired by Kearney Senator Galen Hadley, who also serves as chairman of the Legislature's Revenue Committee. The committee is divided into three subcommittees to focus on property, income and sales taxes.

Key legislators have said they hope to create tax policy that is more fair, simple and stable, while helping Nebraska compete. The committee is to submit its findings and any recommendations to both the Legislature and Governor Heineman no later than December 15.

As part of this process, the Tax Modernization Committee has announced it will hold public hearings on the following dates in the following communities:

- September 23 – Harms Advanced Technology Center, Western Nebraska Community College, Scottsbluff, 4 p.m. – 7 p.m. (MT)
- September 24 – North Platte Community College, North Platte, 1:30 p.m. – 4:30 p.m.
- September 26 – Northeast Nebraska Community College, Lifelong Learning Center, Norfolk, 1:30 p.m. – 4:30 p.m.
- October 17 – Metro Community College, South Omaha Campus, Omaha, 1:30 p.m. – 4:30 p.m.
- October 18 – State Capitol Building, Room 1113, Lincoln, 10 a.m. – 1 p.m.

The State Chamber encourages its members to let their thoughts be known on tax reform. If you are unable to attend one of the hearings mentioned above, be sure to communicate your ideas to your state senator. (For a list of senators and their e-mail and phone information, go to the Legislature's website at www.nebraskalegislature.gov/senators/senator_list.php.)

Over the past several months, the Nebraska Chamber has been in regular contact with leaders of the Tax Modernization Committee. The Chamber has suggested that lawmakers lower Nebraska's top rates for individual and corporate income taxes to become more competitive – regionally and globally.

Currently, Nebraska's top rate for individual income taxes is 6.84%, which is 16th highest in the nation and higher than all neighboring states except Iowa. We have also suggested reducing the top state corporate income tax rate from 7.81% to 5.5% and set the top bracket at \$250,000 of gross income or higher instead of the current \$100,000. Nebraska currently claims the 19th highest corporate tax.

Among the State Chamber's other tax reform suggestions are:

- Reducing the number of personal income tax brackets from four to two.
- Lower the bottom corporate bracket from 5.58% to 2.75%.
- Index income taxes for both individuals and businesses to automatically adjust for inflation/cost of living.
- Exempt military retirement pay from state income taxes to boost Nebraska's skilled workforce.
- Simplify sales tax exemptions for manufacturers and processing operations, while exempting farm equipment and repairs for reasons of competitiveness.
- Reduce taxes on mobile devices

and motor vehicles.

- Modernize the Nebraska Advantage program to encourage higher paying jobs.

We have heard from many Nebraskans who overwhelmingly support tax modernization and reform. But we must remember that it took half a century to get to our current tax structure. Regardless of the findings by the Tax Modernization Committee, comprehensive tax reform, done wisely, cannot occur in a single session.

That said, Nebraska's tax code needs updating. In order to generate and attract more jobs and economic activity, we must be more competitive with other states and nations around the globe.

This means state leaders must annually reassess how best to make Nebraska an even better place to do business; an even better place to earn a living; and an even better place to raise a family and call home.

The State Chamber will continue to urge policymakers to make common-sense improvements to Nebraska's tax code to stoke new economic growth and job creation.

In the meantime, be sure to make your voice heard. ■

Cleo Hoback Named Chamber Office Manager

A veteran member of the Nebraska Chamber's professional staff has been promoted to office manager for the organization.

Cleo Hoback, who has been at the State Chamber since 1990, will oversee the daily office operations of the State Chamber's headquarters in Lincoln. She was promoted to the position in August following the June retirement of Carol Sibley.

Hoback had previously served as the finance and mailroom manager. ■



Above: Nearly 400 attendees packed the Strategic Air & Space Museum for the 2013 Legislative Summit, hosted by the Nebraska and Lincoln chambers of commerce.

Right: Five key state senators – including Speaker of the Legislature Greg Adams – discussed the Legislature’s study of Nebraska’s tax structure.



Legislative Summit

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Committee Chairman Galen Hadley, Appropriations Committee Chairman Heath Mello, Revenue Committee Vice Chair Paul Schumacher, and Omaha Senator Beau McCoy. Much of the panel’s discussion centered on the Legislature’s current study of Nebraska’s tax structure.

Dr. Martin Regalia, chief economist for the U.S. Chamber of Commerce, was the keynote speaker following lunch. Dr. Regalia told the audience that even though 49 months had passed since the 2008-09 recession, the United States had still not regained the number of jobs it had prior to the economic slide. He pinned the slow recovery on current federal policies, noting there are currently more than 8.2 million part-time workers who want to work full-time – double the amount in this category prior to the recession. Interest on federal debt could balloon into a significant problem with rising interest rates, he said, considering the U.S. owed \$225 billion in interest in 2012, when rates were at record lows. Meanwhile, the debt among U.S. households has risen from \$4 trillion in 1991 to \$15 trillion in 2013. ■

Manufacturing Day is Oct. 4

The Nebraska Chamber, in coordination with the National Association of Manufacturers (NAM), is supporting the second annual Manufacturing Day set for Friday, Oct. 4, 2013. If you are a manufacturer, please save the date and consider opening your plant to visitors on Oct. 4. This is the perfect opportunity to expand the public’s knowledge about manufacturing careers and the sector’s contribution to our economy.

Many employers can use this opportunity to connect with today’s youth regarding opportunities in manufacturing, while connecting with your community. Technical colleges and other educational institutions can organize their own Manufacturing Day events or collaborate with other hosts to get students to local events.

Visit www.mfgday.com to schedule your company’s tour or to answer some frequently asked questions regarding this special event. ■

Chamber Executives Converge In Lexington

On August 14-16, two dozen chamber of commerce professionals converged in Lexington for the summer meeting of the Nebraska Chamber of Commerce Executives (NCCE). The gathering featured presentations from several experts on how to improve chamber operations, management, communications, record keeping and board involvement. Local chamber professionals were afforded an opportunity to exchange ideas with their peers on how to enhance the business environment in

their communities. Chamber executives also were able to visit Lexington-area attractions, including Mac’s Creek Winery and Johnson Lake.

NCCE is comprised of more than 35 local chambers in Nebraska, as well as other organizations with an interest in the state’s business community. NCCE aims to improve the professional standards, efficiency and stature of local organization executives and staff. The chair of NCCE sits on the State Chamber’s Board of Directors. ■

Nebraska’s Individual Income Tax is 16th Highest

When comparing state income taxes and the top rates paid by individuals, a large percentage of Nebraskans pay the 16th highest rate in the country, placing the Cornhusker State at a significant competitive disadvantage. That is based on analysis by the Nebraska Chamber and the latest tax rate information published by the Tax Foundation.

Under current law, Nebraska has four individual rates for income taxes: 2.56%, 3.57%, 5.12%, 6.84%. The 6.84% rate – paid by Nebraskans earning \$27,000 or more – comes in at No. 35 rate in our ranking.

The No. 1 position is shared by the seven states (including next-door neighbors Wyoming and South Dakota) that impose no income tax. As for Nebraska’s other neighbors, Colorado (No. 15) imposes a flat rate of 4.63%, while Kansas (No. 16) has a 4.9% rate on earnings of \$15,000 or more. Missouri (No. 28) has a 6% rate on earnings above \$9,000, while Iowa (No. 47) imposes an 8.98% tax on those making over \$67,230 (Iowa permits a deduction for federal income taxes paid.). Coming in dead last at No. 50 is California with its top rate of 13.3%. ■

State Chamber Conducting Legislative Forums

The Nebraska Chamber of Commerce & Industry, in cooperation with local chambers of commerce across the state, is currently conducting its annual legislative forums. In total, State Chamber staff will visit 30 communities this fall.

The Chamber's hour-long forums are held every autumn to gather input from the business community on

policy issues of concern. All chamber of commerce members, as well as members of the news media, are encouraged to attend. Elected leaders are also invited.

This year's forums will focus on the Nebraska Legislature's 2013 session, including developments in the areas of taxation, labor law, and economic development programs.

The forums will also provide an update on how Nebraska fares in several economic competitiveness rankings, while giving participants an overview of state spending and how businesses are impacted by Nebraska taxes.

For a full schedule, please contact the State Chamber at (402) 474-4422. ■

One-Third of State Lawmakers Term-Limited in 2014

Next year's elections are approaching quickly; Nebraska's primary will be held May 13, 2014.

This will mark the fifth consecutive cycle in which Nebraska's term limits will play a significant role. Seventeen state senators – about 35% of the Unicameral – will be ineligible to seek another term in the Legislature, while another seven will be up for re-election if they choose to run again.

Here are the Nebraska lawmakers who are term-limited in 2014: Sena-

tors Greg Adams (York); Brad Ashford (Omaha); Bill Avery (Lincoln); Tom Carlson (Holdrege); Mark Christensen (Imperial); Danielle Conrad (Lincoln); Annette Dubas (Fullerton); Tom Hansen (North Platte); John Harms (Scottsbluff); Russ Karpisek (Wilber); Steve Lathrop (Omaha); Scott Lautenbaugh (Omaha); Amanda McGill (Lincoln); John Nelson (Omaha); Pete Pirsch (Omaha); Norm Wallman (Cortland); and John Wightman (Lexington).

In total, there will be 24 state

legislative races in 2014, which will be another busy year for the Nebraska Chamber's Political Action Committee (PAC).

The State Chamber PAC serves as a separate and political arm of the Nebraska Chamber; its mission is to elect business-minded representatives to the Legislature.

For more information on how you or your business can contribute to the State Chamber-PAC, call (402) 474-4422. ■

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.

BLOOMINGTON, MN

Express Scripts, Inc.
Michelle Mack

CORTLAND

IC Energy Solutions
Robb Lierman

FREMONT

Butler Ag Equipment
Dan Hohwieler

Fremont Area Medical
Center

Bill Vobejda

GRAND ISLAND

Bosselman Energy, Inc.
Krisha Bosselman

Recommended by: Stephen Mossman, Mattson-Ricketts Law Firm and DJ Eihusen, Chief Industries

T & E Cattle Company

Tom Baxter

GRANT

NKC Railway
Randy Matson

LINCOLN

Nebraska Center for Entrepreneurship
Dr. Theresa Welbourne

OpenSky Policy Institute
Renee Fry

LITTLETON, CO

Invenergy LLC
James Williams

NELIGH

Neligh Chamber of Commerce
Melissa Smith

OMAHA

Big Fred's Pizza Garden & Lounge
John Murante

Farm Credit Services of America

James Nygren

Heartland Strategy Group, LLC

Tim Becker

Kutak Rock LLP
Brian Buescher

Opera Omaha, Inc.
Jenny Daggett

SAN JOSE, CA

eBay
Devin Whitney

SPRINGFIELD

Classic Marble and Fiberglass, Inc.

Jeff Swenson

Recommended by: Mike Baldino, Baldino Enterprises, LLC

WAVERLY, VA

Prime Therapeutics
David Root