

THE EXECUTIVE

THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry
September/October 2014

Congressional Delegation, Candidates Highlight Federal Legislative Summit



On August 7, more than 400 business professionals heard from Nebraska's congressional delegation, as well as the candidates for governor and Nebraska's open seat for U.S. Senate at the 2014 Federal Legislative Summit.

This was the sixth consecutive year for the popular event, held again at the Strategic Air and Space Museum near Ashland and co-hosted by the Nebraska and Lincoln chambers.

U.S. Senators Mike Johanns and Deb Fischer, along with U.S. Representatives Lee Terry, Jeff Fortenberry and Adrian Smith, started the morning by updating the audience on federal issues. Newly proposed regulations from the Environmental Protection Agency was a primary point of concern from the delegation. Senator Johanns – who was recognized at the beginning of the summit for his years of public service – predicted many more regulatory actions by the administration in President Obama's final two years in office.

Later in the morning, attendees heard from gubernatorial contenders Pete Ricketts (R) and Chuck Hassebrook (D), as well as all four U.S. Senate candidates – Dave Domina (D), Jim Jenkins (I), Ben Sasse (R) and Todd Watson (I). Each candidate was able to share with the audience his priorities should he be elected in

November. The candidates also answered several business related questions posed by the moderator, State Chamber President Barry Kennedy.

U.S. Defense Secretary Chuck Hagel made remarks by video, commending participants for their engagement. The secretary lauded efforts – such as the Nebraska Chamber's "The Good Life for Veterans" initiative – to hire military veterans.

Following lunch, attendees heard from Rob Engstrom, who oversees political operations at the U.S. Chamber of Commerce. According to Engstrom, Republicans are likely to retain control of the U.S. House in November, and have a good chance of regaining control of the U.S. Senate for the first time since 2006.

In his comments, Engstrom was critical of the growing partisan divide on Capitol Hill, adding that the U.S. Chamber would continue working with pro-business senators, representatives and congressional candidates – in both parties – to re-establish a core group who could govern effectively on the tough issues. ■

Nebraska Chamber of Commerce & Industry
PO Box 95128, Lincoln, NE 68509-5128
Tel: (402) 474-4422 Fax: (402) 474-5681
<http://www.nechamber.com>
nechamber@nechamber.com
Editor: Jamie Karl



State Chamber Views...

Editorial by Barry L. Kennedy, CAE, IOM

President

Nebraska Chamber of Commerce & Industry

'Timeout' Needed on New Regulations, Taxes

In the world of business, there is the known and the unknown.

One certainty is that the numerous government mandates, regulations and additional expenses heaped on the business community over the last few years have taken a toll. Some of these include:

- A minimum wage increase in 2009 at both the federal and state levels.
- A tidal wave of new regulations from the Environmental Protection Agency, National Labor Relations Board and other federal agencies.
- A federal income tax increase, which raised the top income tax rate from 35% to 39.6%. (A majority of small businesses are taxed at this rate.)
- The U.S. corporate tax becoming the highest in the developed world.
- A tax increase on self-employed small businesses due to the Affordable Care Act.
- A mandate, beginning in 2015, on employers with 50 or more full-time employees to provide health insurance or pay a \$2,000-per-employee fine.

Combined, these regulations and taxes have made Nebraska businesses less competitive globally. They have hurt the ability of Nebraska employers to create new jobs and sustain existing ones.

The energy sector and businesses dependent on affordable energy have been particularly targeted by new government regulation. Also hit hard have been community banks, the insurance industry and health care provider organizations – all key drivers of our economy.

Some dismiss the impact of heavy-handed government and its effects on the private sector; some even rejoice in more government regulation. But they should know that eventually all American consumers and workers will be negatively affected by higher prices and fewer employment opportunities.

Case in point: The EPA's newly proposed regulations on carbon dioxide (CO₂). The EPA wants electricity-producing coal plants to cut CO₂ emissions by 30 percent within fifteen years. To achieve that, the agency estimates that U.S. utilities (such as Nebraska Public Power District, Omaha Public Power District, et al) will need to spend \$8 billion per year. This means Nebraska ratepayers – both businesses and residents – will be forced to help pay the EPA's tab.

One of the Nebraska Chamber's national affiliates – the U.S. Chamber of Commerce – estimates that the EPA's carbon plan will cost the United States more than \$50 billion in GDP per year and more than 224,000 jobs annually.

Meanwhile, another looming EPA rule is aimed at updating the federal ozone standard. It would impact areas like the Omaha metro and could be the single most expensive federal regulation in U.S. history, according to the National Association of Manufacturers (NAM), another affiliate of the Nebraska Chamber. The proposal is expected to lead to millions of lost jobs, \$2.2 trillion in compliance costs, and a \$3.4 trillion blow to GDP between 2017 and 2040.

Despite a still-struggling economy, the administration last year issued a record 3,659 final rules and 2,594 pro-

posed rules. This partly explains why U.S. business startups – historically a key source of new jobs – are at their lowest level in 30 years.

Heavy-handed government hinders our system of free enterprise.

While business owners can handle a certain amount of adversity and risk, they will eventually walk away if the burden becomes too heavy or the rules keep changing. The fact is, government can impose all the mandates it wants, but elected officials and bureaucrats cannot require businesses to expand or create new jobs.

Here in Nebraska, the latest attempt to micromanage the private sector comes in the form of a ballot initiative to raise the state's minimum wage to \$9 an hour. The voters will decide this issue in November.

The Nebraska Chamber has long-standing policy in opposition to raising the state's minimum wage beyond that of federal law. This is to ensure that Nebraska does not lose its competitive advantage, which is especially important in a time of economic uncertainty.

If we want to help the working poor, there are better, more targeted ways to do so. This includes expanding the earned income tax credit and enhancing job training efforts, as the State Chamber has advocated.

If we want to grow the economy, our elected officials should consider a "timeout" on new regulations and taxes to allow the dust to settle from the whirlwind of mostly unhelpful change over the last few years. The economy should be allowed to gather momentum instead of facing additional roadblocks conceived by politicians.

In a world of many uncertainties, this much we know: Only free enterprise, not big government, can produce a sustainable, strong economy that offers better jobs and higher wages. ■

Election Day Will Bring At Least 17 New State Lawmakers

The 2014 elections are approaching. This year's election will mark the fifth-consecutive cycle in which Nebraska's term limits play a significant role in state politics.

Seventeen of Nebraska's state senators – about 35% of the Unicameral – will be ineligible to seek another term in the Legislature, while another seven are up for re-election.

Here are the Nebraska lawmakers who are term-limited: Senators 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).

This turnover means there will be new leaders in the Legislature come January, including:

- ◆ A new speaker;
- ◆ At least seven new committee chairs (out of 14 standing committees); and
- ◆ New chairs for several special committees (Executive Board, Legislative Performance Audit, and the Planning Committee).

This also means this has been another busy year for the Nebraska Chamber's Political Action Committee (PAC). The 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's Business Summit In La Vista is December 3

On December 3, the Nebraska Chamber will host a business summit at the La Vista Embassy Suites Conference Center. The half-day summit will focus on the trends and challenges facing Nebraska and its business community. The event is slated to begin at 11:45 a.m. and conclude no later than 4 p.m.

On the agenda will be panels of experts to analyze Nebraska's current economic conditions, workforce issues, and energy and natural resources topics.

The event's keynote speaker will be Jack Vonder Heide, one of the nation's top authorities on emerging technologies. He will spotlight several of the groundbreaking technologies that businesses can expect to see during the next two or three years, and how that technology will alter customer habits and expectations.

Also, following the general election in November, Nebraska's governor-elect will be invited to provide an update regarding his 2015 agenda.

To register or for more details, contact the State Chamber at (402) 474-4422 or e-mail cvolnek@nechamber.com. ■

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 29 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 and candidates for the Nebraska Legislature are also invited.

This year's forums will focus on the Nebraska Legislature's 2014 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 a look at Nebraska's current workforce challenges.

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

Manufacturing Day is October 14

The Nebraska Chamber of Commerce & Industry is working with the governor's office to recognize October 14, 2014, as Manufacturing Day in Nebraska. Manufacturers across the state are encouraged to open their doors to the public on this day, to share their story and spotlight the innovative and advanced operations that make modern manufacturing among the most rewarding career options available today.

If you need guidance in hosting your "open house," we suggest you visit <http://www.mfgday.com> – which features a "Manufacturing Day Host Toolkit." (Note: Nebraska will not celebrate Manufacturing Day on October 3, as noted on the website.)

The State Chamber is proud to be the primary trade association for manufacturing in Nebraska – home of 2,765 manufacturers employing 123,505 workers. According to the National Association of Manufacturers (NAM), an affiliate of the State Chamber, Nebraska's average annual compensation in manufacturing is \$54,984, compared to the average compensation in private, non-farm sectors of \$37,572. That's a \$17,412 pay premium for employees in the manufacturing sector. Moreover, manufacturing accounts for \$12.5 billion of Nebraska's total output, so skilled manufacturing employees are always needed. ■

Nebraska's Personal Income Tax is 16th Highest

When comparing state income taxes 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%. Nebraska's top rate – 6.84% – is paid by those earning \$29,000 or more. That puts Nebraska at No. 35 in the national rankings, or 16th worst overall.

Fortunately, under LB987 enacted this year, Nebraska's income tax brackets will be indexed for inflation beginning in 2015. This will end what is known as "bracket creep,"

saving Nebraska taxpayers around \$100 million over a decade.

The bad news is, despite indexing, Nebraska still claims one of the higher tax rates in the nation. And most Nebraskans will still face a higher income tax burden than residents of any neighboring state (since Iowa allows deductibility for federal taxes paid). This is a key reason why the State Chamber would like to see the maximum rate lowered to around 5.5%.

The seven states (including next-door neighbors Wyoming and South Dakota) that impose no income tax are ranked No. 1 in this category, according to the Tax Foundation. Coming in last at No. 50 is California with a top rate of 13.3% on earners of \$1 million or more. ■

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.

BATTLE CREEK

Elkhorn Rural Public Power District

Thomas Rudloff

Recommended by: Keith Harvey, North Central Public Power Dist.

BAYARD

Chimney Rock Public Power District

Diana Reich

Recommended by: Keith Harvey, North Central Public Power Dist.

BEATRICE

Beatrice Animal Hospital

Dr. Robert G. Baxa, DVM

Norris Public Power District

Bruce Vitosh

Recommended by: Keith Harvey, North Central Public Power Dist., and Judy Altmaier, Exmark Manufacturing

BRILLION, WI

Ariens Company

Daniel Ariens

BROKEN BOW

Custer Public Power District

Rick Nelson

DAKOTA CITY

Broyhill Inc.

Craig G. Broyhill

DAVID CITY

Butler County Chamber of Commerce

Mandie Polivka

HOLDREGE

Continuum Energy

Michelle Kluver

Recommended by: Stan Maly, NEBCO, Inc.

IMPERIAL

Frenchman Valley Farmers

Cooperative

Annie Longan

LEXINGTON

Dawson Public Power District

Gwen Kautz

Recommended by: Keith Harvey, North Central Public Power Dist.

LINCOLN

Carpet Land

Jeff Lehms

DS Resources Inc.

Dennis Steltzer

MADISON

Madison Area Chamber of Commerce

Rebecca Higby

NELSON

South Central Public Power District

Max A. VanSkiver

Recommended by: Keith Harvey, North Central Public Power Dist.

OMAHA

The Conklin Company, Inc.

Carlos Castillo

D.A. Davidson & Co.

Randy Peck

HEMK LLC dba Maui Wowi Hawaiian

Beth Howie

Horsemen's Park/Omaha Exposition

Gregory C. Hosch

OnTrac

Rob Grinnell

Quality Refrigerated Services

Tom Jackes

Select Specialty Hospital – Omaha, Inc.

Tom Theroult

Recommended by: Kim Russel, Bryan Health

Signature Performance, Inc.

Allen Fredrickson

Traveler Insurance Services

Michael J. Ambrose

O'NEILL

Elkhorn River Farms, LLC

Rich Rehfeld

Niobrara Valley Electric Membership Corp.

John Hoke

Recommended by: Keith Harvey, North Central Public Power Dist.

SOUTH SIOUX CITY

Crop Production Services, Inc.

Marty Vohs

WEST DES MOINES, IA

Air Methods Corporation

Dan Keough

Recommended by: Kim Russel, Bryan Health