

# THE EXECUTIVE

## THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry

March/April 2017

## Highlights From State Chamber's 2017 Annual Meeting

**O**n February 2, the Nebraska Chamber held its 2017 Annual Meeting and Legislative Caucus at The Cornhusker Marriott Hotel in Lincoln.

At the morning board meeting, Speaker of the Legislature Jim Scheer discussed some of the challenges facing the Nebraska Unicameral in the 90-day budget writing session. During the annual meeting luncheon, Governor Pete Ricketts spoke about his priorities for 2017 while also honoring Nebraska's local chambers of commerce by proclaiming February as "Chamber of Commerce Month."

An afternoon discussion panel on Nebraska's "brain drain" challenge featured David Drozd, a census researcher from UNO, and Dr. Cory Epler, senior administrator of teaching and learning at the Nebraska Department of Education. To counter the loss of educated and skilled young people, Drozd said Nebraska must focus on its competitive qualities, including its low cost of living, and its family-friendly and low-crime environment, while also reducing its high tax climate. Dr. Epler said a recent study suggested that half of students surveyed wanted to start their own business, and that it's

in everyone's interest to help students realize there are many good career opportunities in Nebraska.

A second panel examined federal issues impacting Nebraska. The panel was comprised of John Kirchner from the U.S. Chamber's Midwest regional office, as well as Dusty Vaughan, state director for U.S. Senator Deb Fischer. Topics ranged from tax reform, to regulatory repeal, to ObamaCare.

The traditional Legislative Leaders panel featured Senators Jim Smith, Curt Friesen, Brett Lindstrom, John Stinner and Joni Albrecht, all of whom addressed some of the top issues facing their respective committees at the Unicameral.

In the evening, more than 600 State Chamber members and guests attended the Nebraska Business Hall of Fame induction ceremonies and evening banquet, which featured the passing of the gavel from 2016 State Chamber Chair Steve Martin, CEO of Blue Cross & Blue Shield of Nebraska, to 2017 Chair Dirk Petersen, vice president and general manager of Nucor Steel in Norfolk.

The evening concluded with the induction of the 2017 Nebraska Business



**Steve Martin, 2016 Nebraska Chamber chair, passes the gavel to 2017 Chairman Dirk Petersen during the Chamber's Business Hall of Fame Banquet. Chairman Martin led the State Chamber through a successful 2016 for the association.**

Hall of Fame members. The newest Business Hall of Fame members are:

- ★ Phillip C. Nelson, Hamilton Telecommunications, Aurora;
- ★ Tonn Ostergard, Crete Carrier Corporation, Lincoln;
- ★ William "Willy" Theisen, entrepreneur and restaurateur, Omaha; and
- ★ Frank Zybach (deceased), inventor, Columbus. ■

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## State Chamber Views...

Guest Editorial by Jeffrey M. Scherer  
2011 Nebraska Chamber Chairman  
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# Now Is The Time For Sensible Income Tax Relief

In early February, I testified on behalf of the Nebraska Chamber in support of Governor Ricketts' and State Senator Jim Smith's plan (LB337) to gradually lower the state's maximum individual income tax rate.

Lowering Nebraska's income tax burden is a cause to which I'm deeply committed. And I wanted to share with Chamber members why I believe Nebraska lawmakers need to pass this legislation this year.

Before January of this year, I spent nearly 25 years at Smeal Fire Apparatus in Snyder, where I served as CFO. Effective January 1, 2017, Smeal was acquired by Spartan Motors USA, allowing me to conclude my day-to-day involvement with one of Nebraska's oldest manufacturers.

I started my career as a CPA, practicing public accounting in northeast Nebraska during the mid-1980s. As an active member of the State Chamber and a former chair of this organization, I have

The time for Nebraska to address its high income tax burden is now, when the state's economy needs a kick start.

When I testified before the Legislature's Revenue, I cited ten good reasons why LB337 should be approved this year. Here they are:

- 1. Simply put, Nebraska is uncompetitive in income taxes.** The state's current 6.84% individual rate is 15th highest in the country. All of Nebraska's neighboring states offer lower top rates, except Iowa – and even Iowa has a lower top rate when factoring the deduction for federal taxes paid.
- 2. Nebraska's small & mid-sized businesses need tax relief.** Over 90% of businesses in Nebraska pay income taxes at individual rates. These are small businesses – “pass-through” entities. Nebraska has over 167,000 small businesses and they are the main engine of our economy.
- 3. Much of the tax relief in LB337 would benefit job creators in our state.** There are more than 390,000 people employed by Nebraska's small businesses, most of which pay individual income tax rates.
- 4. Don't forget the heavy impact of the federal income tax.** Nebraska's “pass-through” businesses face a federal-state maximum income tax rate of 47.9% – the 10th highest rate in the U.S., according to the Tax Foundation.
- 5. High taxes are a factor for population loss.** The Pew Charitable Trusts report that research shows high taxes do factor into people's decisions to move from certain states. Meanwhile, Nebraska has suffered net-population loss to both Wyoming and South Dakota (states with no income tax) the past 14 of 15 years.

- 6. Income tax relief is also a workforce issue.** Nebraska needs more skilled workers and college-educated professionals, both of whom earn well over \$29,000 on average. These workers do weigh state income tax burden in their decisions on where to work and raise a family.
- 7. Nebraska's reliance on income taxes has grown too large.** Nebraska's individual income tax accounts for 53% of state revenue today, as opposed to 46% in 1996. When corporate taxes are included, 60% of state revenue comes from income taxes.
- 8. Nebraska has not lowered its top income tax rate in 20 years.** This as 16 states have reduced their personal income tax rates over the past eight years, leaving Nebraska less competitive.
- 9. LB337 is as responsible as tax relief gets.** Under LB337, Nebraska's top tax rate would fall incrementally from 6.84% to 5.99% by 2027. The relief would be implemented only if state revenue growth exceeded 3.5%. This ensures responsible, sustainable tax relief – the opposite of what Kansas did. To oppose LB337 and its approach is to oppose any and all income tax relief.
- 10. To grow the economy, you must provide income tax relief.** High tax rates discourage work, investment and growth. Perhaps no one understood that better than President Ronald Reagan who in 1986 reduced the top federal income tax rate from 70% to 28% — one of the biggest rate reductions in U.S. history. This increased federal revenues from \$500 billion to \$1 trillion by the end of the 1980s, as economic growth soared. Nothing encourages private sector activity more than the certainty of tax relief.

If you agree that now is the time for income tax relief, you are encouraged to call your state senator and ask him/her to support LB337 or a similar concept. Now is the time. ■

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watched Nebraska over the past decade improve its position in numerous national rankings related to business, except in the area of tax climate.

As a CFO at Smeal, I had first-hand experience with many employees who would greatly benefit from a reduction in Nebraska's maximum income tax rate. And while I personally would like to see something a bit more aggressive than proposed by LB337, this bill is a good start. I also see income tax relief as a way to boost growth in our population and business development.

# Images from State Chamber's 2017 Annual Meeting



This year's inductees into the Nebraska Business Hall of Fame are: (Counter clock-wise from left) Phil Nelson of Hamilton Telecommunications, Aurora; Tonn Ostergard of Crete Carrier Corporation, Lincoln; Willy Theisen, an accomplished entrepreneur and restaurateur, Omaha; and Frank Zybach (deceased), inventor of the center pivot irrigation system, Columbus. Accepting the award for Mr. Zybach was his great granddaughter, Julie Silvera.



(Left) The Nebraska Chamber of Commerce Executives met the day after the annual meeting and took time to celebrate the governor's proclamation designating February as Chamber of Commerce Month.

(Below) Appearing at the "Legislative Leaders" panel were (from left) Senators Curt Friesen, Jim Smith, John Stinner, Brett Lindstrom and Joni Albrecht. The panel was moderated by State Chamber Chairman Dirk Petersen.



# Leadership Nebraska Honors 30 New Graduates

**T**hirty Nebraska leaders were honored with certificates and commemorative awards at the State Chamber's Leadership Nebraska commencement ceremony held Thursday, Feb. 16, 2017, in Lincoln. Graduates are current and emerging leaders from communities throughout Nebraska.

The Leadership Nebraska program enhances participants' leadership skills and deepens their knowledge of the challenges and opportunities facing the state. Established in 2005, Leadership Nebraska is dedicated to the development of informed leaders who understand issues, define problems, develop solutions, and achieve positions of higher responsibility in Nebraska.

Barry Kennedy, president of the Nebraska Chamber of Commerce and Industry, congratulated this year's graduates, saying: "The key to Leadership Nebraska begins with the premise that all citizens across the state have a stake in our future, and that cooperative efforts will make for a successful future."

The program includes six two-day sessions, held over the course of a year in various locations across Nebraska. Topic areas covered by Leadership Nebraska include: economic development, health care, agriculture, education, and government & policy.

The Leadership Nebraska Class IX members who graduated on Feb. 16 are:



**Susan Albers**, Chief Industries, Inc., Grand Island;  
**Clifford Barley**, Ariens Company, Auburn;  
**Kurt Bogner**, Nucor Steel, Norfolk;  
**Troy Bredenkamp**, Nebraska Rural Electric Association, Lincoln;  
**Devin Brundage**, Central Nebraska Public Power & Irrigation District, Gothenburg;  
**Ryan Carson**, Jacobsen, Orr, Lindstrom & Holbrook, P.C., L.L.O., Kearney;  
**Tammy Day**, Daycos, Norfolk;  
**Scott Fletcher**, Ameritas Investment Corp., Lincoln;  
**Aaron Gilson**, Wells Fargo, Omaha;  
**Jen Goettemoeller**, First Five Nebraska, Lincoln;  
**Kellie Harry**, Mutual of Omaha, Omaha;  
**Spencer Head**, Nebraska Legislature – Speaker of the Legislature Jim Scheer (Dist. 19), Lincoln;  
**Jeff Hinrichs**, Wilkins Architecture Design Planning L.L.C., Kearney;  
**Nicholas Holle**, Great Plains Communications, Inc., Blair;

**Nathan Johnson**, City of Scottsbluff, Scottsbluff;  
**Eric Kamler**, Kamler Enterprises L.L.C., Geneva;  
**Cara Kirsch**, SilverStone Group, Omaha;  
**Rick Kubat**, Metropolitan Utilities District, Omaha;  
**Grant Leach**, Husch Blackwell LLP, Omaha;  
**Susan Madsen**, The Lincoln Marriott Cornhusker Hotel, Lincoln;  
**AnnMarie Marlier**, Midland University, Fremont;  
**Jarrod McCartney**, Willa Cather Foundation, Red Cloud;  
**Ryan Miller**, Renaissance Financial, Omaha;  
**Yesenia Peck**, Nebraska Public Power District, Columbus;  
**Brian Thompson**, Consolidated Companies, Lincoln;  
**Lucas Virgil**, City of Laurel, Laurel;  
**Seth Voyles**, Omaha Public Power District, Omaha;  
**James Warren**, NebraskaLink, Lincoln;  
**David Wirka**, Blue Cross & Blue Shield of Nebraska, Omaha;  
and  
**Scott Zaruba**, Black Hills Energy, Norfolk.

Applications for the next Leadership Nebraska class may be submitted until April 14, 2017. For more information on Leadership Nebraska, please contact Roberta Pinkerton at (402) 474-4422 or visit [www.leadershipnebraska.com](http://www.leadershipnebraska.com). ■

## Nebraska Sales Tax Burden Would Grow Considerably Under Tax Hike Plan

In late February, the Nebraska Legislature's Revenue Committee took up three bills to expand revenue collection from the state's sales tax. All three pieces of legislation would negatively impact the state's business community and tax competitiveness.

One of the bills, LB313 by Albion Senator Tom Briese, would increase Nebraska's state sales tax by more than 18% by raising the current 5.5% rate to 6.5%. This would be done in an attempt to subsidize local property tax burdens.

If LB313 were enacted, Nebraska would drop from No. 25 to No. 37 in the Tax Foundation's comparison, falling to 14th worst in the nation.

In 2015, the most recent year available, Nebraska's state sales tax collected over \$1.8 billion. That figure does not include collections from local sales taxes. ■

## State Chamber's D.C. Fly-In Set For April 26-27

The Nebraska Chamber's 2017 D.C. Fly-In will be April 26-27. All Nebraska Chamber members are invited to participate in this annual event.

Planned activities include policy briefings at the U.S. Chamber and National Association of Manufacturers; the traditional Nebraska Breakfast at the U.S. Capitol; and the Chamber's Congressional Luncheon on Capitol Hill. Hotel rooms have been reserved at the Beacon Hotel, with special room rates and accommodations for those who reserve rooms by March 27.

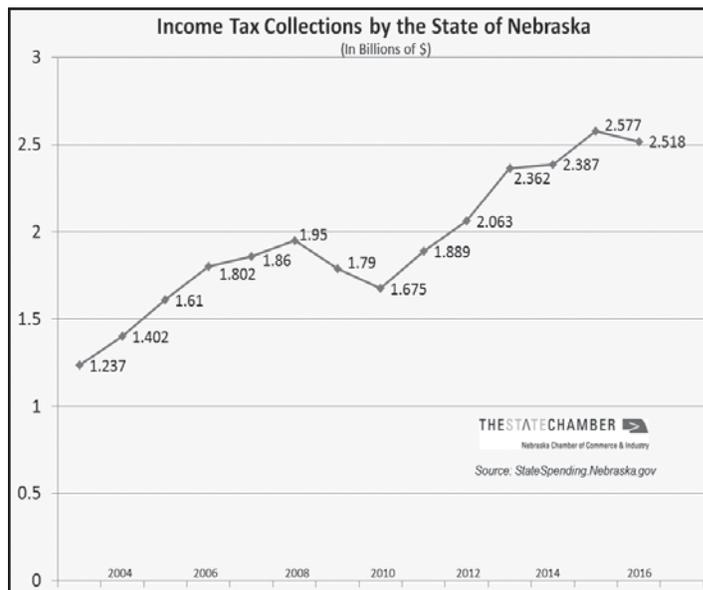
To register for the Chamber's D.C. Fly-In, contact Jamie Karl at [jkarl@nechamber.com](mailto:jkarl@nechamber.com) or (402) 474-4422. There is a registration fee of \$85 per person to cover costs for the Capitol Hill luncheon. ■

## State Income Tax Collections Have Increased 103% Since 2003

Among the Nebraska Chamber's major legislative objectives this year is the enactment of legislation to lower Nebraska's top individual income tax rate. The state's current 6.84% individual rate is 15th highest in the country, and Nebraska has not lowered its top income tax rate in 20 years.

To illustrate Nebraska's growing dependence on income tax revenue, it's worth noting the state government currently receives 60 percent of its funding from income taxes, according to the Legislative Fiscal Office.

From 2003 to 2016, revenue from Nebraska's income taxes grew 103 percent, from \$1.24 billion to \$2.52 billion. That is roughly 3.5 times the national inflation rate for the same period. Meanwhile, the state's total spending increased by roughly 70 percent during this time. ■



## Governor Ricketts Proclaims Chamber Of Commerce Month

At the State Chamber's 2017 Annual Meeting in Lincoln in early February, Nebraska Governor Pete Ricketts honored chambers of commerce throughout the state by proclaiming February as "Chamber of Commerce Month."

The governor's proclamation was presented to the leaders of the Nebraska Chamber of Commerce Executives (NCCE).

The proclamation states: "Chambers of commerce play a vital role in shaping Nebraska's future by promoting the free enterprise system that is essential to the success of our society" – while also "providing leadership that helps create and foster an economic climate conducive to growth and development of our great state." The proclamation adds that chambers of commerce enhance the quality of life for our citizens.

Receiving the proclamation from Gov-

ernor Ricketts were NCCE Advisory Council Chairman Mark Zimmerer, president and CEO of the Norfolk Area Chamber, as well as NCCE President Diane Poots, director of member services for the Greater Omaha Chamber. ■



# State Chamber Awards Scholarships To Future Business Leaders

To help ensure a bright future for our state's business community, the Nebraska Business Hall of Fame Scholarship Foundation was formed several years ago. The purpose of this fund is to provide yearly scholarship assistance to deserving young adults -- the business leaders of tomorrow.

In early February, during the 2017 Nebraska Business Hall of Fame induction ceremony and banquet, the State Chamber awarded \$2,500 scholarships to six talented students attending Nebraska colleges or universities.

The Nebraska Chamber's 2017 scholarship winners are:

- Trevor Koger, UNO (Moe Beardmore Scholarship);

- Dakota Schriener, UNO (Jack Swartz Scholarship);
- Kylee Yakel, UNL (Bob Harris Scholarship);
- Amber Cook, Peru State College (Roy Smith Scholarship);
- Alexa Hernandez, Hastings College (Virgil Eihusen Scholarship); and
- Alan Davis, UNL (Robert & Cynthia Milligan Scholarship);

For more information on the Chamber's scholarships and how to apply, contact Charlie Volnek at [cvolnek@nechamber.com](mailto:cvolnek@nechamber.com) or 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.

**BERRYTON, KS**  
**Merck & Co., Inc.**  
 Berend Koops

**BLAIR**  
**Blair Seed Services, LLC**  
 Dave Purdy

**Con-E-Co**  
 Neil Smith

**CHADRON**  
**Gardner, Loutzenhiser & Ryan, P.C.**  
 Jim Gardner

**LINCOLN**  
**American Cancer Society Cancer Action Network, Inc.**  
 Nick Faustman

**Digital Sky, LLC**  
 Grant Schlichtman  
*Recommended by: Ryan Parker, Endicott Clay Products Co., Fairbury*

**Guardian Angels Homecare, Inc.**  
 Kris Beckenbach

**Hexagon Lincoln, Inc.**  
 Jack Schimenti

**Pioneer Printing**  
 Cyndy Harkins

**NORFOLK**  
**DACO Construction Co., Inc.**  
 Connie Geary  
*Recommended by: Dirk Peterson, NUCOR Steel, Div. of NUCOR Corp., Norfolk*

**Heritage Financial Services**  
 Casey Knake  
*Recommended by: Dirk Peterson, NUCOR Steel, Div. of NUCOR Corp., Norfolk*

**Midlands OB/GYN, P.C.**  
 Mark W. Davis, M.D.

**Nebraska Central Railroad**  
 Eldon Vohs  
*Recommended by: Dirk Peterson, NUCOR Steel, Div. of NUCOR Corp., Norfolk*

**Norfolk Country Inn & Suites**  
 Satish Muktneni & Ajay Kumar  
*Recommended by: Dirk Peterson, NUCOR Steel, Div. of NUCOR Corp., Norfolk*

**Norfolk Lodge & Suites/Divots Conference Center**  
 Donna Herrick  
*Recommended by: Dirk Peterson, NUCOR Steel, Div. of NUCOR Corp., Norfolk*

**One Office Solution**  
 Steve McNally  
*Recommended by: Dirk Peterson, NUCOR Steel, Div. of NUCOR Corp., Norfolk*

**OMAHA**  
**Boys Town National Research Hospital**  
 John Arch  
*Recommended by: Cameron Arch, Blue Cross & Blue Shield of Nebraska, Omaha*

**Midwest Maintenance Co.**  
 Jamie Gutierrez

**Nebraska Business Development Center**  
 Catherine Lang

**Quality Brands of Omaha**  
 Tony Gillick