

# THE EXECUTIVE

## THE STATE CHAMBER



Nebraska Chamber of Commerce & Industry  
January/February 2017

## State Chamber Announces 2017 Legislative Priorities, Leaders

In early December, the Nebraska Chamber of Commerce and Industry announced its major legislative objectives for the new year. The priorities were approved by the Nebraska Chamber Board of Directors at the board's December meeting.

Some of the Chamber's top legislative priorities for 2017 include:

**An Enhanced Workforce.** The Chamber's recent statewide survey of business leaders found that 80.4% of respondents said their community or business faced a workforce shortage, with skilled labor being highest in demand, followed by workers educated in science, technology, engineering and mathematics (STEM). Because Nebraska's future growth depends on talent supply, the Chamber will support efforts to enhance Nebraska's workforce and expand its skilled labor pool. Examples may include new technological training initiatives; support for new internships in all industry sectors; improved processes for state licensing and certification; innovative education initiatives such as career academies for high school and middle school students; and recruitment of new workers.

**Modern Business Incentives.** The Nebraska Chamber is working with policy-makers to find the best way to modernize the Nebraska Advantage Act – the state's primary job-creation and business investment incentive program. Since its implementation in 2006, the Nebraska Advantage Act has helped bring nearly 12,000 jobs statewide and roughly \$6 billion in capital investments. A recent report revealed that Nebraska's incentivized businesses paid higher-than-average wages in 12 of 15 sectors. Without business incentives, Nebraska would often miss out on economic development opportunities due to its high tax climate and other states' incentives. The Chamber supports continual review and enhancement of Nebraska's incentives to keep the state competitive.

**A More Competitive Tax Climate.** Nebraska's top individual income tax rate is 6.84%. This is the 15th highest state income tax rate in the country – and it takes effect at a relatively low threshold of just above \$29,000 in earnings. Nebraska's top corporate tax rate is 7.81%, which is 16th highest. The state's high tax burden has negatively affected economic growth and job creation, and made the Cornhusker State less competitive nationally and globally. The Chamber will support efforts to lower Nebraska's top individual income tax rate, as well as harmonize the state's top corporate tax rate with the individual income tax. The Chamber will oppose efforts to increase state sales and income taxes; shift tax burden; or further earmark tax revenue for specific spending programs.



Dirk Petersen



Rich Herink

**New Housing Development.** In recent years, a majority of Nebraska communities – large and small – have experienced a shortage of available housing, regardless of price level. The Chamber supports policy and program initiatives to encourage more private sector development of housing to meet current demand. The Chamber also supports policies to encourage Nebraska residents to invest in new housing.

In addition to approving the Nebraska Chamber's major legislative objectives, the Chamber board confirmed the election of the association's leadership for 2017.

**Dirk Petersen**, vice president and general manager of Nucor Steel in Norfolk, will serve as the State Chamber's new chairman. Petersen officially begins his duties February 2 at the State Chamber's Annual Meeting in Lincoln. He succeeds Omaha's Steve Martin, CEO of Blue Cross & Blue Shield of Nebraska, as the Chamber's top elected officer. **Rich Herink** of Lincoln, market president of First National Bank, will serve as the Chamber's chair-elect. ■

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## State Chamber Views...

Editorial by Barry L. Kennedy, CAE, IOM

President

Nebraska Chamber of Commerce & Industry

# More Jobs? More Career Opportunities? Business Incentives Are Key Part Of The Solution

**A**s the curtains fell on 2016, “brain drain” made an unwelcomed encore in Nebraska.

Updated figures from the U.S. Census Bureau show that the Cornhusker State is once again losing more college graduates than it attracts. From 2011 through 2015, roughly 2,300 more highly educated people – those with a bachelor’s degree or better – moved out than moved into the state annually.

If Nebraska continues to lose large numbers of educated young people – and if we fail to attract educated, skilled workers – our state will struggle to grow economically. It’s just that simple.

Economists cite two key reasons for the re-emergence of brain drain: Nebraska’s high taxes and lack of career opportunities for young professionals.

Regarding Nebraska’s heavy tax burden, it is completely within the power of our state and local leaders to address the problem quickly. Elected leaders must have the political willpower to tackle state and local spending – and not confuse the two by shifting taxes or passing the buck.

On the other hand, attracting more well-paying jobs and meaningful careers to Nebraska is a more complex challenge. This requires a long-term, multipronged approach that incorporates the best ideas from both government and the private sector. It also demands a commitment to make Nebraska’s economy more dynamic and diverse, and less vulnerable to the cyclical trends of production agriculture.

To attract well-paying jobs and new investment, Nebraska needs more than minor revisions to its state income tax; we need more than just some additional taxpayer dollars shifted to the state’s property tax credit fund.

To be more competitive in 2017, Nebraska must have modern and timely incentives that work for the way business is conducted today. Without such

incentives, Nebraska will miss out on new jobs and investment due to our high tax climate. Incentives can level the playing field.

Since its implementation in 2006, the Nebraska Advantage Act has played a direct role in creating around 12,000 jobs and \$6 billion in capital investments, according to state reports. During this time, Nebraska has maintained one of the lowest jobless rates in the nation and state GDP has exceeded the U.S. average.

A recent audit of the Nebraska Advantage program found the following:

- The incentive program encouraged 69 existing businesses to add jobs and increase investment.
- Employees at Nebraska’s incentivized businesses saw higher-than-average wages in 12 of 15 economic sectors.
- Nebraska’s incentivized businesses saw higher-than-average growth in full-time workers in most sectors.

In 2015 alone, nearly 60 Nebraska Advantage agreements were signed. While some of those businesses will fall short of qualifying for incentives, the 2015 Nebraska Advantage applications represented private-sector commitments of \$1.8 billion in investments and nearly 34,000 new jobs statewide. More than 30 of those nearly 60 applications were for projects outside the Omaha metro or Lincoln areas.

Going forward, we urge lawmakers and citizens alike to keep the following in mind:

- Incentives boost small and mid-sized business: According to a 2015 analysis by the State Chamber, of the 535 businesses that had applied for Nebraska Advantage incentives

since 2006, approximately 75 percent of those businesses had fewer than 100 employees – and many of those small businesses were in rural counties.

- Incentives provide a big bang for the buck: Critics of incentives, on both the right and left, often mention the “cost” of incentives. But in Nebraska, incentives are not a spending program. Instead, state government allows businesses to keep more of their own money if they meet the required job creation and investment thresholds. (It is worth noting that the Nebraska Advantage reportedly “reduced state tax revenues” by \$59 million in 2014. Compare that to the \$4.3 billion the state collected in FY2015-16.)
- Nebraska’s incentives are performance based: Under the Nebraska Advantage, tax credits and refunds are made available to every eligible business that applies. Nebraska’s incentives are performance-based and delivered only after a business meets the job and/or investment levels established by law. Not every state delivers its incentives in such a manner.

Currently, the Nebraska Chamber is working with policymakers to explore ways to modernize the Nebraska Advantage Act. We recognize that much has changed over the dozen years since the law was passed.

Ideas for enhancing Nebraska’s incentives include doing more to encourage the creation of high-skill, high-paying jobs; simplifying the application process; and ensuring that businesses can use credits in a more timely fashion.

While improvements can and should be made, our incentive programs must remain focused on job creation and business expansion.

No matter what the critics say, competitive incentives are a vital part of the overall strategy to grow Nebraska’s economy and retain more of our young people by attracting the industries and jobs they want and need. ■

## Nebraska Paid Nearly \$80 Million In Jobless Benefits Last Fiscal Year

While Nebraska is considered a high tax state, the Cornhusker State is typically competitive in the area of unemployment insurance (UI) taxes. This is important to the Nebraska Chamber since the UI program is fully funded by employers.

According to a 2016 study by the Small Business & Entrepreneurship Council, Nebraska had the nation's fifth lowest UI tax rates.

Despite the state's competitive ranking, Nebraska employers still paid more than \$107,000,000 in UI taxes in 2015. (That figure does not include federal unemployment taxes paid by Nebraska employers.)

According to a recent update from the Nebraska Department of Labor, during federal fiscal year 2016 (Oct. 2015-Sept. 2016), the State of Nebraska paid \$79,175,982 in UI benefits.

On a positive note, Nebraska employers are expected to save \$17.6 million on their unemployment insurance taxes in 2017. In mid-December, Governor Pete Ricketts made the announcement, crediting a re-employment program used by his administration. Under the program, those receiving jobless benefits must contact at least five potential employers a week and submit at least one formal job application each week.

According to the governor, Nebraska's weekly unemployment claims dropped 23.9 percent during the first nine months of 2016, compared to the national decline of 5.2 percent.

For 2017, Nebraska's average UI tax rate will be 0.75 percent, a decline of 2.58 percent compared to 2011. ■

## Register Now For State Chamber's Annual Meeting

The State Chamber's 2017 Annual Meeting and Legislative Caucus will be Thursday, February 2, at The Cornhusker Marriott Hotel in Lincoln.

This is one of Nebraska's most recognized business events. Participants will have an opportunity to hear from key state lawmakers and business leaders, as well as attend briefings on vital issues of concern to the state's private sector.

Beginning at noon will be the Nebraska Chamber of Commerce Month luncheon, which recognizes the efforts of local chambers throughout the state. The State Chamber's Annual Business Meeting will start at 1:15 p.m.

The afternoon will also feature three discussion panels comprised of experts who will speak on important topics of interest to the business community:

- Nebraska's ongoing challenge of "brain drain" (2-3 p.m.);
- The competitiveness of Nebraska's business climate (3:10-4:10 p.m.); and
- Issues facing this year's Nebraska Legislature (4:20 p.m.-5:20 p.m.).

The evening banquet, which begins at 7 p.m., will feature the traditional passing of the gavel to the new State Chamber chairman and a special tribute to the newest inductees of the Nebraska Business Hall of Fame.

For more information or to register, please call (402) 474-4422 or e-mail Charlie Volnek at [cvolnek@nechamber.com](mailto:cvolnek@nechamber.com). If your business is interested in sponsoring the Chamber's annual meeting, e-mail James Berringer at [jberringer@nechamber.com](mailto:jberringer@nechamber.com). ■

## News Briefs: Nebraska Named A Top State For Business

• **Forbes: Nebraska Third Best for Business.** For the second consecutive year, Nebraska has landed in the No. 3 position on Forbes' Best States For Business comparison. Nebraska was again bolstered by its low business costs and business-friendly regulatory climate, as well as its low unemployment rate. In the separate categories considered, Forbes ranked Nebraska in its top ten for regulatory climate (No. 1), business costs (No. 9), and quality of life (No. 7). Nebraska made the magazine's top twenty in the areas of economic climate (No. 14) and labor supply (No. 20). Overall, Utah was ranked best, followed by North Carolina, Nebraska, Texas and Colorado.

• **Study: Nebraska Third Best Run State.** Financial website 24/7 Wall St. recently reviewed the economic conditions, finances and socioeconomic factors of every state in the country. Nebraska was named the third best run state in the nation, according to the study, as the Cornhusker State boasted the nation's second lowest debt-per-capita and jobless rate. North Dakota was named the best run state in the country, while New Mexico was ranked worst.

• **Nebraska Improves in Workers Comp Comparison.** In 2015, employers in Nebraska paid nearly \$390 million to the Workers' Comp Fund, which is fully funded by employers. Fortunately, Nebraska's workers' comp rates have become more competitive since 2014, according to a biennial study by the Oregon Department of Consumer and Business Services. The Oregon study ranks the states based on premium rates that were in effect as of January 1, 2016. Nebraska had the 19th least expensive workers' comp rates – a two-spot improvement from the 2014 ranking. Nebraska's rates were nine percent lower than those of the U.S. median. Nebraska's improvement is partly attributed to the 2015 enactment of State Chamber-supported legislation (LB480), which made the first comprehensive workers' comp changes since 1995. ■

## Send Us Your E-Mail Address

If you have recently changed your e-mail address or have not yet provided it to the Nebraska Chamber, please take a second and send it to us. By doing so, you will get the most from your State Chamber membership, especially during the Unicameral's legislative session.

Chamber members receive the following valuable services by e-mail:

- The Chamber's News Update, a summary of state and national news on issues that affect Nebraska's economy and business climate.
- The Chamber's weekly Legislative Report, summarizing legislation and recent actions that could impact Nebraska's business community.
- Updates on committee hearings at the Legislature, along with a status report of all legislative bills introduced by state lawmakers.

Send your current e-mail address to Kay Koch at [kkoch@nechamber.com](mailto:kkoch@nechamber.com) or call (402) 474-4422. ■



# Survey: Workforce Again Tops Concerns Of Business Leaders

**W**orkforce availability is again a top concern for Nebraska employers. That is according to the Nebraska Chamber of Commerce & Industry's most recent statewide survey of business and civic leaders.

The survey was conducted from late August through October as part of 31 Nebraska Chamber legislative forum presentations held in 29 communities. The forums were attended by more than 1,500 Nebraskans, including 55 state lawmakers and candidates for Legislature.

The Chamber's survey found that 80.4% of respondents said their community or business faced a workforce shortage.

When asked to identify what type of worker was most needed, 90.3% said skilled labor was in highest demand. Also needed were workers educated in science, technology, engineering and mathematics (STEM).

Since 2011, workforce has been cited as the leading concern by a majority of the Nebraska Chamber's survey participants. At last check, the Nebraska Department of Labor jobs listings website – NE Works ([networks.nebraska.gov](http://networks.nebraska.gov))

– had more than 36,000 job openings statewide posted by private and public employers.

Available housing is also a key challenge for Nebraska communities and businesses, the Chamber's survey found. Nearly 70% of respondents indicated that their community faced a housing shortage. Among those who said there was a housing shortage, 86.4% said moderately priced or middle-income housing was most needed in their community.

Other findings from this year's State Chamber survey include:

**Nebraska's Direction:** When asked if Nebraska is generally headed in the right direction, more than three-quarters of respondents (75.9%) said yes. Among those who said that the state was not headed in the right direction, high taxes were most commonly mentioned. Currently, the State of Nebraska taxes individual income exceeding \$29,590 at a top marginal rate of 6.84%, which is the nation's 15th highest tax rate. Nebraska's top corporate tax rate of 7.81% on income over \$100,000 is the 16th highest corporate rate.

**Business Hiring:** Nearly one-third (32.9%) of respondents said their business or organization planned to hire more employees or expand their payroll in 2017, while 58.1% planned to maintain the same number of employees. Fewer than 4% of respondents said they planned to cut positions or reduce salaries.

**Top Challenges for Employers:** In addition to workforce and housing, the most commonly cited challenges facing survey respondents were federal regulations (particularly the new overtime rule and Affordable Care Act); federal and state taxes; loss of younger residents due to outmigration; and health insurance costs for employees. The economic downturn in the agricultural sector was also frequently mentioned.

For more than three decades, the Nebraska Chamber's legislative forums have been a joint effort with local chambers of commerce across the state. ■

## 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.

### AINSWORTH

**North Central Development Center**  
Kristin Olson

### AURORA

**Pacific Ethanol**  
Lyndon T. Jones

### COLUMBUS

**Torin Products, Inc.**  
Nathan Bernstein

### EDEN PRAIRIE, MN

**C.H. Robinson**  
Jason N. Craig

### GRAND ISLAND

**Chesterman Co. Coca-Cola**  
Scott Brokaw

### HOLDREGE

**Platte Pipe Line Company**  
Travis Harris  
*Recommended by Carol Raps-tine, Holdrege Area Chamber of Commerce*

### South Platte United Chambers of Commerce

Tim Anderson

### KEARNEY

**Chesterman Co. Coca-Cola**  
Dave Rouzee

### LINCOLN

**Bright Talent Management**  
Anna Bright

**Chesterman Co. Coca-Cola**  
Brian Gilliland

### Fiserv

Jamie Deterding

### Sitescapes, Inc.

Ernie Johnson

### LONG PINE

**Chesterman Co. Coca-Cola**  
Scott Brokaw

### NORFOLK

**Chesterman Co. Coca-Cola**  
Matt Gray

### NORTH PLATTE

**Chesterman Co. Coca-Cola**  
Dorie Nolde

### OMAHA

**Chesterman Co. Coca-Cola**  
Darin Cook

**Dyna-Tech Aviation Services**  
Mark A. Spadaro

**Nebraska Early Childhood Business Roundtable**  
Drew Theophilus

### Nebraska Total Care

Ryan R. Sadler, Esq., MBA  
*Recommended by Kim Russel, Bryan Health & Chris Peterson, CP Strategies*

### Silverstone, Inc.

Craig Hegemann

### REDWOOD CITY, CA

**Monolith Materials Inc.**  
Steven Baillargeon  
*Recommended by Patrick Pope, Nebraska Public Power District*

### WEST POINT

**Cuming County Economic Development**  
Kelly Gentrup

### YORK

**Holthus Convention Center**  
Terri Carlson

### Mogul's Transmission & Towing

Ron Mogul, Jr.  
*Recommended by Larry Kopsa, Otte + Associates*