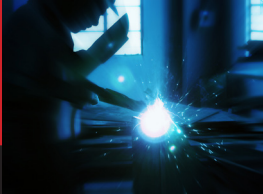


For

THE STATE CHAMBER 

Nebraska Chamber of Commerce & Industry

MANUFACTURERS Only



Winter 2016

NEBRASKA NO. 27 IN BUSINESS TAX CLIMATE INDEX

The Tax Foundation has released its 2016 State Business Tax Climate Index, which measures the competitiveness and structure of each state's tax code. The study considers more than 100 tax variables within five categories of taxes that businesses pay: corporate, individual income, sales, property, and unemployment insurance taxes.

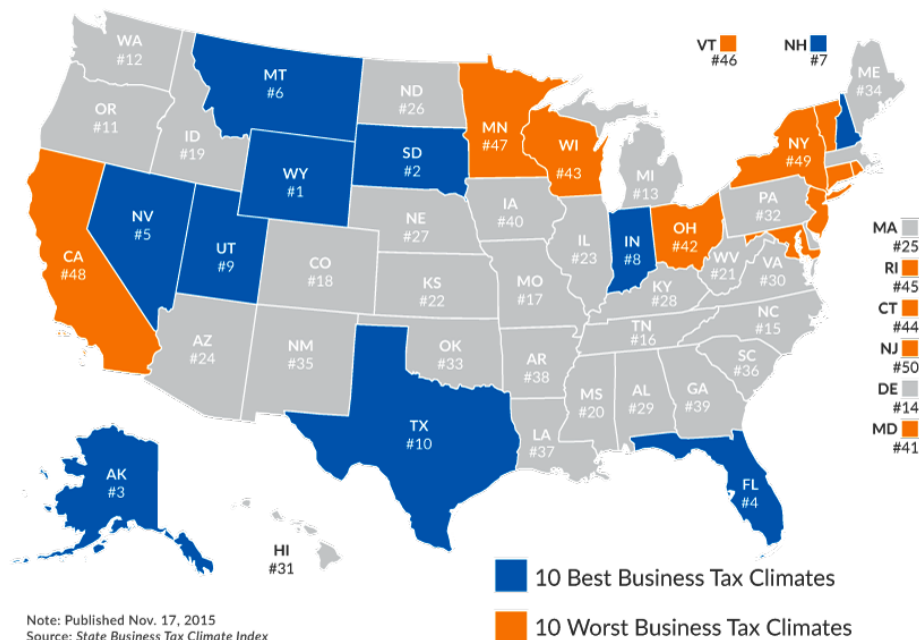
Wyoming once again has the best tax code in the country, according to the Tax Foundation, while No. 50 New Jersey continues its hold on last place.

Meanwhile, Nebraska is No. 27 – a one spot drop compared to the 2015 index. In the area of taxes, Nebraska underperforms its neighboring states except Iowa.

Of the five tax categories analyzed, Nebraska scored well in only one: unemployment insurance tax, in which Nebraska is second best in the nation. The Cornhusker State is No. 24 in individual income tax (which 90% of Nebraska businesses pay); No. 26 in sales tax; No. 31 in corporate tax; and No. 39 in property tax.

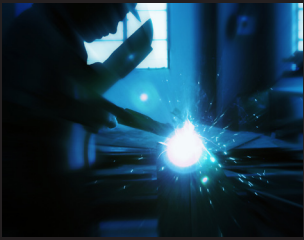
See the Foundation's study at <http://taxfoundation.org/article/2016-state-business-tax-climate-index>.

2016 State Business Tax Climate Index



Manufacturing is a vital component of the Nebraska economy. It also represents an essential segment of the membership within the Nebraska Chamber. The State Chamber Manufacturers Council evaluates and recommends policy positions to the State Chamber Board of Directors and serves as a forum for the exchange of views and information that the State Chamber manufacturing members wish to share.

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New Legislative Session Begins January 6

The 2016 session of the Nebraska Legislature begins January 6. Among some of the key issues expected to be considered in the new session are workforce development, education funding, tax relief, Medicaid expansion, and transportation funding.

Under the latest projections from the state's economic forecasting board, the State of Nebraska is facing a \$110 million budget shortfall. However, the current budget gap could shrink when the forecasting board meets again at the end of February.

The state's cash reserve is expected to reach a record \$728.6 million by June 30, 2016.

State lawmakers will introduce new legislation through January 20, as hundreds of new bills are expected. For summaries and analy-

sis of legislation that could impact the business community, Nebraska Chamber members receive the State Chamber's weekly Legislative Report. This publication is e-mailed to State Chamber members during the session. The Chamber's Legislative Service includes notices of committee hearings and a status report on legislation. If your business or employer is a member of the State Chamber, do not miss a single issue of the Legislative Report.

E-mail your business or organization name – along with e-mail address(es) that should receive the Legislative Report – to Kay Koch at kkoch@nechamber.com. Or call (402) 474-4422 to be certain you are on the mailing list. ☐



Nebraska's 2016 Election Calendar

The 2016 elections are quickly approaching. Nebraska's statewide Primary Election Day is May 10.

In this election cycle, 25 of Nebraska's 49 state legislative seats are up for election (odd-numbered districts). This means 14 seated senators will face re-election if they choose to run again (including Senator Nicole Fox of Omaha, who was appointed by Governor Ricketts following the recent resignation of former Senator Jeremy Nordquist). Meanwhile, 11 senators are term-limited, including five committee chairs and Speaker of the Legislature Galen Hadley.

Due to Nebraska's term limits, state lawmakers are prohibited from seeking a third consecutive term. Over the past decade, 86 new lawmakers have been elected to the Legislature, due largely to Nebraska's term limits.

Key dates for the 2016 elections include:

- February 16 – Filing deadline for incumbents (current office holders, including local offices).
- March 1 – Filing deadline for non-incumbents (new filers).
- May 2 – Last day to register in person to vote.
- May 10 – Nebraska's primary election (polls open at 8 a.m. CT).
- November 8 – General election. ☐

REGISTER NOW FOR STATE CHAMBER'S ANNUAL MEETING

The State Chamber's 2016 Annual Meeting and Legislative Caucus will be Thursday, February 4, at The Cornhusker Marriott Hotel in Lincoln.

This is one of Nebraska's most recognized and well-attended 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.


Events will take place throughout the day. 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.

Later in the afternoon, there will be three discussion panels featuring experts who will

speak on important topics of interest to the business community:

- Federal issues (2-3 p.m.);
- Workforce development in Nebraska (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 email Charlie Volnek at cvolnek@nechamber.com. 



More Nebraska Rankings In Competitiveness Studies

Over the decades, Nebraska's business leaders, chambers of commerce, lawmakers and governors have worked hard to improve our state's economic competitiveness. That is why the State Chamber regularly publishes recent competitiveness rankings. Many, such as Forbes "Best States for Business" study, show that Nebraska has become recognized nationally and globally for its pro-business climate. But there is still much work to be done to make Nebraska even more competitive. Below is a summary of some additional recent comparisons:

- 7th Best -- Overall Economic Freedom Among the 50 States (2015, Fraser Institute)
- 10th Best -- Ave. Retail Electricity Price for Residential Users (2015, US Dept. of Energy)
- 11th Best -- Educational Attainment of Population (2013, American Community Survey)
- 12th Best -- Ave. Retail Electricity Price for Commercial Users (2015, US Dept. of Energy)
- 19th Best -- Economic, Fiscal & Regulatory Freedom (2013, Mercatus Center)
- 19th Best -- Personal Income By Dollar Amount (2014, US Dept. of Commerce)
- 20th Best -- Exports Per Capita (2014, Census Bureau)
- 24th Best -- Non-Ag Job Growth Over 10 Years (2005-2015, US Bureau of Labor Stats)
- 27th Best -- Home Ownership Rates (2015, Census Bureau)
- 34th Best -- Import/Export Ratio of College-Bound Youth (2012, US Dept. of Education)
- 36th Best -- Venture Capital Investment (2015, National Venture Capital Association)
- 38th Best -- R&D Spending (2011, National Science Foundation)
- 40th Best -- State-Local Tax Climate (2015, Fraser Institute) 

EMPLOYERS TO SEE RELIEF ON UNEMPLOYMENT INSURANCE

According to the Nebraska Department of Labor, the average unemployment insurance tax rate for employers will be 1 percent in 2016. That is a reduction of 0.17 percentage points from the 2015 tax rate and a decrease of 2.33 percentage points from the 2011 rate.

In total, Nebraska employers in 2016 will pay nearly \$20 million less in unemployment insurance taxes than in 2015, the Labor Department said.

It is the fifth year in a row those taxes have declined in Nebraska.

Jobless benefits are paid from the state's Unemployment Insurance Trust Fund, which is funded completely by Nebraska employers.

Nebraska Labor Commissioner John Albin said: "Nebraska employers continue to benefit from a stable Trust Fund and the decline in benefit payouts resulting from a strong economy and a decrease in unemployment claims." □



Register For State Chamber's D.C. Fly-In

The Nebraska Chamber's D.C. Fly-In will be May 18-19, 2016. All members of the Nebraska Chamber are invited to participate.

Among this year's planned activities are federal issue policy briefings at the U.S. Chamber and National Association of Manufacturers; the traditional Nebraska Breakfast at the U.S. Capitol; and the annual Nebraska Chamber Congressional Luncheon on Capitol Hill. A block of hotel rooms has been reserved at the Beacon Hotel in D.C, and special room rates and accommodations are available for those who reserve rooms no later than April 15.

For more information, e-mail Jamie Karl at jkarl@nechamber.com or call (402) 474-4422.

STUDY: NEBRASKA WILL SUFFER UNDER EPA CARBON MANDATE

The U.S. Chamber's Institute for 21st Century Energy recently reported that a new study detailing the consequences of the EPA's Clean Power Plan (CPP) shows the administration's anti-carbon regulations will force states to restructure their entire electricity systems. This means increased electricity rates for families and businesses, according to the study conducted by NERA Economic Consulting.

The NERA study found all 47 states subject to the EPA's anti-carbon rules would see higher electricity prices, and 41 states would see double-digit increases in electricity prices during peak power usage.

According to the data, Nebraska could expect peak-year electricity price hikes of 44% – sixth highest in the nation. Nebraska would

also see a 31% annual average electricity price spike under the EPA plan – seventh highest in that category.

Overall, U.S. household spending power would be reduced by as much as \$79 billion due to higher electricity bills.

A coalition of 15 business groups and 26 states – including Nebraska – have filed lawsuits challenging the legality of the EPA's CPP. The issue is not expected to be resolved until the second half of 2016, although the courts could issue a stay of the rule earlier.

Learn more about the administration's proposed CPP and its effects on manufacturers at: <https://www.youtube.com/watch?v=rJuJVipKXMA> □

THE TRUE COST OF EMPLOYMENT

Social activists, politicians and the news media have devoted much time and effort to raising the minimum wage, despite that over 98% of America's hourly-paid workers earn more than the federal minimum wage, according to federal statistics. These groups rarely, if ever, devote time to educating themselves or the American public about the true costs of employment for businesses.

A couple years ago, CNN/Money examined the cost of employing workers at various compensation levels. "How much does an employee really cost?" the publication asked. "While that depends on benefits -- and several layers of taxes -- it typically ends up being 18% to 26% more than a worker's base salary. It can be even higher for larger companies," the story noted. In addition to a worker's salary or wages, other costs that employers pay include:

- Social Security tax;
- Medicare tax;
- Federal/state unemployment insurance;
- Federal/state worker's compensation taxes;
- Health care insurance expenses;
- ObamaCare penalties; and
- Retirement plans.

The article reported that a salaried worker earning \$30,000 a year actually costs his employer closer to \$44,000; a worker making \$50,000 costs around \$66,000; and a worker earning \$70,000 costs around \$88,000. Experts contacted by the Nebraska Chamber say these cost estimates may be too conservative for most employers at the present time. □

NEWS BITS: DIRK PETERSEN NAMED PERSON OF THE YEAR

• **Petersen named Norfolk's Person of the Year:** The Norfolk Daily News reports that Dirk Petersen, vice president and general manager of Nucor Steel in Norfolk, was selected as the 2015 Norfolk Area Person of the Year for his efforts to complete the Northeast Industrial Highway and push for completion of four-lane expressways in Nebraska, including highways 275 and 81. Mark Zimmerer, president of the Norfolk Area Chamber, is quoted as saying, "Dirk's leadership during his tenure at Nucor has been very visible as noted by his recent appointment as chair-elect to the Nebraska Chamber. Dirk not only gives of his time but has also helped make Nucor one of the area's most philanthropic companies by giving to numerous projects."

• **Nebraska fuel tax increase now in effect:** Those fueling their vehicles in Nebraska are now paying more tax at the pump. The Cornhusker State's fuel tax now is 25.6 cents per gallon. The new rate went into effect on January 1 as a result of state legislation passed last year to increase Nebraska's fuel tax rate by 6 cents per gallon over four years. The tax increase is estimated to raise \$63.5 million per year by 2019 when the tax rate reaches 31.6 cents per gallon.

• **Nebraska has highest minimum wage in region:** On Jan. 1, Nebraska's minimum wage jumped to \$9 an hour – the highest minimum wage in the region and a result of the 2014 voter-approved ballot initiative. Iowa, Kansas and Wyoming keep the federal minimum, while Missouri's minimum wage is \$7.65, Colorado's is \$8.31 and South Dakota's is \$8.55. While few if any of its members pay minimum wage, the Nebraska Chamber opposes increases in mandatory minimum wages at the state level since mandatory wage hikes make Nebraska less competitive, negatively affect the business community and result in fewer jobs for inexperienced job seekers. □