



# Direction for Business

October 2010



## Nebraska's Economic Competitiveness

*A Message from your Chamber President*

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Each year, the State Chamber of Commerce presents legislative briefings to business leaders across the state. Consistent with local Chambers, the State Chamber has three key areas of interest, tax climate, labor/employment, and economic development. These key areas impact jobs and growth, Nebraska's economic competitiveness and quality of life – all critical elements to recruiting and retaining business in Nebraska.

Barry Kennedy, President, and Jamie Karl, were in Grand Island this week to share insight into what business should expect in the 2011 Legislative session, which begins January 5. Additionally, Barry shared information from a variety of indexes which rank states' business climates. The following was included in Barry's presentation.

### Federal Tax Increases Pending

- Three waves of tax increases take effect January 1, 2011, unless Congress acts...
  - Personal income tax rates.
  - Revenue raisers for health care law.
  - Alternative Minimum Tax and employer tax hikes.
- Marginal tax rates will increase for every taxpayer.
- Capital gains rate will climb 33%, dividend rates up as much as 164%.
- Small businesses face marginal tax rates as high as 39.6% (as high as 41.6% with loss of certain deductions and personal exemptions).

### Federal Health Care Law

In 2014, employers with more than 50 full-time employees must offer coverage that pays at least 60% of benefits.

- Imposes fines (up to \$3,000 per full-time worker) on employers and individuals without coverage (no penalty for first 30 employees).

devices, tanning, etc.).

- Includes 1099 mandate for businesses buying more than \$600 in goods/services from a single vendor.
- Does little to lower the cost of medical care or health insurance.

### **Cap and Trade Climate Bill**

- House bill (HR 2454) already passed. Senate is the focus. Possible lame-duck session item?
- Aims to cut greenhouse gasses by requiring carbon "emission credits". Costly for utilities and manufacturers, who will pass on costs.
- OPPD: "Would undo much of public power's advantages".
  - Average residential bill would increase 25% by 2012, 97% by 2030.
- NPPD: Average wholesale customer bill up 15% to 45% by 2012, due mostly to cost of credits.

### **NEBRASKA VS NEIGHBORING STATES**

How does Nebraska compare with other states from a business-friendly perspective? Consider these reports.

#### **Business Tax Climate (Source: Tax Foundation, 2010)**

- ✓ Compares corporate tax, individual income tax, sales tax, unemployment tax, property tax (residential and commercial).
- ✓ Demonstrates need for Nebraska's business incentives to be competitive.
- ✓ Nebraska improved from 45th in 2007 to 33rd in late 2009.

1. South Dakota (lowest taxes)
2. Wyoming
13. Colorado
16. Missouri
32. Kansas
- 33. Nebraska**
46. Iowa
50. New Jersey (highest taxes)

#### **Cost of Doing Business (Source: Forbes Best States for Business Study, 2009)**

- ✓ Based on taxes, wages and energy costs.
- ✓ Nebraska scores well on utility costs; poor on taxes.
- ✓ Nebraska dropped from No. 9 in 2006.

1. South Dakota (lowest cost)
2. Wyoming
9. Iowa
- 11. Nebraska**
15. Missouri
25. Kansas

- 33. Colorado
- 50. California (highest cost)

**Maximum Corporate Tax Rates (Source: Tax Foundation, 2010)**

√ Nebraska’s corporate tax consists of two brackets: 5.58% and 7.81%.  
 √ In 2008, threshold for high bracket increased (\$50,000 to \$100,000).  
 √ Including federal tax, NE businesses can pay up to 46.81% for 2010.

- 1.Nevada, South Dakota, Texas, Washington, Wyoming 0%
- 7.Colorado 4.63%
- 16.Missouri 6.25%
- 25.Kansas 7.05%

**31.Nebraska  
7.81%**

- 50.Iowa 12%

**Individual Income Taxes (Source: Tax Foundation, 2010)**

√ NE’s personal income tax has four rates: 2.56%, 3.57%, 5.12%, 6.84%  
 √ Nebraska’s top rate applied to incomes over \$27,000.  
 √ Nebraska’s ranking improved four positions from last year.

- 1. Alaska, Florida, Nevada, South Dakota, Texas, Washington, Wyoming 0%
- 13.Colorado 4.63%
- 25.Missouri 6%
- 31.Kansas 6.45%

**33.Nebraska  
6.84%**

- 44.Iowa 8.98%\*
- 49.Hawaii,Oregon 11%

\* Iowa permits deduction for federal income taxes paid.

**Unemployment Insurance Costs (Source: U.S. Department of Labor, 2009)**

√ UI provides temporary financial assistance to unemployed workers.  
 √ States administer their UI programs. Funded 100% by employers.  
 √ Nebraska improved from #14 in 2008.

- 1.Mississippi (lowest) \$88/employee
- 3.South Dakota \$93
- 9.Kansas \$110
- 12.Nebraska \$121**
- 16.Colorado \$159
- 29.Missouri \$251
- 32.Wyoming \$265
- 39.Iowa \$358
- 50.Rhode Island (highest) \$607

**2009 U.S. Average: \$280/employee**

### **Workers' Compensation Costs (Source: Oregon Workers' Compensation Premium Rate Ranking, 2009)**

✓ Employers pay 100% of workers' compensation – a key cost consideration for businesses.

✓ Nebraska has fallen from #14 to #20 since 2004.

✓ Costs have fallen in other states, while costs in Nebraska have remained stagnant.

✓ Nebraska employers pay higher rates than neighboring states, except Missouri.

1. North Dakota (least costly)	\$1.08 (per \$100 of payroll)
9. Colorado	\$1.76
10. Kansas	\$1.77
11. Iowa	\$1.86
15. Wyoming	\$2.06
16. South Dakota	\$2.08
<b>20. Nebraska</b> (tied with Michigan and New Mexico)	<b>\$2.15</b>
23. Missouri	\$2.20
50. Alaska (most costly)	\$3.97

**U.S. Average: \$2.26 per \$100 of payroll**

### **Top 10 Pro-Business States (Source: Pollina Corporate Top Ten Pro-Business States Study, 2010)**

✓ Study considered 31 factors.

✓ Nebraska noted for right-to-work status, low unemployment, unemployment insurance and workers' compensation costs.

✓ Nebraska also received strong scores for its litigation environment, transportation infrastructure, cost of electricity and broadband access.

1. Virginia
2. Utah
3. Wyoming
4. South Carolina
5. North Carolina
- 6. Nebraska**
7. Kansas
8. South Dakota
9. Alabama
10. Missouri

Overall, Nebraska is holding its own, and doing better than many of our neighboring states. But there are certainly areas that can be improved upon in order for our state to be a top contender for business expansions and growth.

When the Unicameral convenes in January, the session will likely be dominated by the budget with ancillary topics such as roads funding, revenue sources, sales tax expansion and insurance mandates to be debated as well. The business community relies on the Chambers (both local and state) to represent their interests at the Legislature. If you'd like to be a part of this local voice, contact me. Our Governmental Affairs group will be gearing up soon.



El Tapatio invited the Connectors to a ribbon cutting on September 10, 2010 to celebrate their exterior renovation.



Credit Management Services celebrated their recent building expansion with a ribbon cutting on September 10, 2010.



Goodwill Industries invited the Connectors to a ribbon cutting on September 16, 2010 to celebrate the grand opening of their new store on South Locust Street.



Jay Wren and Heidi Isley visit at the Bickford Assisted Living Business After Hours.

Bickford Assisted Living Business After Hours, September 16, 2010.



Good Samaritan Society – Grand Island Village celebrated their grand opening with a ribbon cutting on September 17, 2010.



Sassy's Hair Studio celebrated their new Chamber partnership with a ribbon cutting on September 24, 2010.



New Vision Landscape & Design invited to Connectors to a ribbon cutting on September 24, 2010 to celebrate their new Chamber partnership.



## Thank you to Harvest of Harmony Volunteers

We would like to thank all of the many individuals and businesses who helped make the 69th Annual Harvest of Harmony a huge success! There are hundreds of people that make this event happen, and we appreciate each and every one.

A special thanks to Tom Dinsdale Automotive for sponsoring this year's Harvest of Harmony Parade. Also, thank you to Ron's Music and US Bank for their support in sponsoring the trophies for the bands in the parade and field competition.



## Leadership Tomorrow has a New Director

Tammy Morris was born in Omaha and has 17 years experience in leadership and management, both in the private and non-profit sectors. Her primary areas of experience are program development, project management, marketing, fundraising, strategic planning and community leadership.

Currently, Tammy is the Executive Director of Hall County Leadership Unlimited which identifies and educates proven and potential leaders who are committed to developing and utilizing positive leadership skills to improve the Grand Island community. Prior to coming to Grand Island, Tammy worked in Omaha and Fremont, Nebraska. She began her career in child welfare and juvenile justice organizations and more recently worked with the homeless population to include mental health and substance abuse. Tammy served as the Executive Director of Care Corps, Inc. in Fremont for five years and was a Governor appointed Commissioner on the Nebraska Commission for Housing and Homeless.

Tammy is a past chair of the Northeast Nebraska Regional Continuum of Care that encompassed 13 counties in northeast Nebraska which received federal funding for the first time under her leadership. Tammy chaired the Dodge County Behavioral Health Task Force for over three years and helped this group receive state funding for the first time. Tammy has extensive experience in fundraising to include grant writing, major event planning, and multi-million dollar fundraising campaigns. She has also been a community grant reviewer for the State of Nebraska Department of Health and Human Services.

With a strong commitment to community, Tammy has been a member of Rotary for several years and served on the Board of Directors for the Fremont Area Chamber of Commerce. While serving on the Chamber Board, Tammy sat on the Administration and Finance Council as well as the Leadership Fremont Council. She was the government relations liaison which included 2 years of strategic planning facilitation between the Chamber of Commerce, the City of Fremont, the Dodge County Supervisors, and the Greater Fremont Development Council. Tammy has additional strategic planning experience with non-profit organizations, churches and philanthropy groups.

Academically, Tammy has a Master of Science degree in Criminal Justice with an emphasis in Public Administration. She is also a graduate of Class 4 of the Non-Profit Executive Institute Leadership Program. Tammy and her husband, Jim, live in Aurora and have three daughters.

## Dream It! Do It!

SANDS Alternative school will tour Chief Fabrication on Tuesday, October 26, 2010. GISH Advanced Metals class will begin their manufacturing tours on Tuesday, November 9, 2010 at Standard Iron, Dramco, and Central Community College. GINW Industrial Technology TBA

## YP Gala

Save the date! YP Holiday Gala featuring Midwest Dueling Pianos on Thursday, December 16, 2010 at Midtown Holiday Inn.

## New Chamber Partners

*October 2010*

Big O Tires  
Scott Gordon  
1919 S. Locust Street  
Grand Island, NE 68801  
308.381.1200

Island Plumbing Company  
Herman T. Meyer  
PO Box 5254  
Grand Island, NE 68802-5254  
308.381.6720

Maximus Car Audio & Rims  
Junior Ramos  
416 W. 3rd Street  
Grand Island, NE 68801  
308.381.1417

Premier Snow Removal  
Ryan Zmek & Artie Moeller  
4020 W. Old Hwy 30  
PO Box 5435  
Grand Island, NE 68802  
308.379.4292