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NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT

FISCAL YEAR ANNUAL REPORT

JULY 1, 2008 - JUNE 30, 2009



NEBRASKA

possibilities...endlessSM

Department of Economic Development

Message from DED Director Richard J. Baier

Governor Heineman, Members of the Nebraska Legislature, Fellow Nebraskans:



I am pleased to report that the Nebraska Department of Economic Development (DED) continues to offer many aggressive and innovative programs and services even as an uncertain national economy significantly challenges both the private and public sectors.

Nebraska's economic and community development efforts remain as strong as ever, as communities, with DED's help, continue to move forward with critical goals, including attracting new and retaining and expanding existing businesses, supporting local entrepreneurial talents and efforts to spark and grow new microenterprises, and exploring and expanding new tourism development venues.

Our staff remains resolute in helping companies retain or expand their business and workforce here. In fact we are enjoying steady and stable economic growth due largely to the aggressive portfolio of Advantage incentives, low-cost publicly-owned utilities, and abundant fiber optic providers. These certainly were the top reasons given when Yahoo! announced last October it would open a 150,000 sq. ft. data center in LaVista, estimating a \$100-plus million project that would create an initial 50 full-time jobs. At the same time officials also unveiled plans for a second project involving construction of a new Customer Service Center in LaVista with room for 200 employees, plus space to accommodate as many as 100-150 more employees. Simultaneously, Kauffman Trailers in Beaver City expanded their operation with a new product line and new jobs.

The Department is fully committed to programs that not only strengthen individual communities, but build capacity through inter-community, regional, state and federal partnerships. I point to a couple of recent successful initiatives, including the New Neighborhoods, and Downtown Revitalization programs. The state's infrastructure is always front and center as we continue exploring ways and partnerships through which we can continue providing affordable housing for new employers and first-time low- and middle-income homeowners be it in the form of rehabilitated older homes and apartments, new construction, or down payment and educational programs. Similarly, communities' water and wastewater systems, community buildings, and streets are a top focus of the Department as it works with city and village officials to ensure the safety and well-being of its residents.

Small, mid-sized and large business operations qualify for varying degrees of support through the Department's Nebraska Advantage Tax Incentives, Customized Job Training Program, Nebraska Manufacturing Extension Partnership and One-stop Business and Entrepreneur Center. We're also committed to helping our state's businesses and industries compete within the global marketplace, hence we hosted our first-ever Reverse Trade Mission last September drawing an impressive 500 government, industry and economic development leaders from ten countries, four states and throughout Nebraska—all intent on learning more about the advantages that make Nebraska a great place to work, play and live. We are now beginning to see investments made in Nebraska as a result of this innovative program.

Along these lines, we continue to aggressively market the state through a wide variety of means, including attending events that draw the country's top site consultants, including Industrial Asset Management Council, CoreNet, and Area Development Forums, as well as creating new marketing materials, updating websites and venturing into social mediums, including Facebook and Twitter.

The Department's Travel and Tourism Division also continues to explore new avenues for creating greater economic wealth in the state, including helping rural residents and families diversify their agriculture or acreage offerings through new ag-tourism or eco-tourism attractions and business start-ups.

I am continually impressed and extremely honored to work with outstanding local, state and national partners, as well as a dedicated, professional staff whose commitment to improving our communities while achieving the Department's goals and objectives never wavers. Lastly, I extend my deep thanks to members of the Executive and Legislative government branches for their ongoing and full partnership support in strengthening and growing the state's communities and businesses.

A handwritten signature in black ink that reads "Richard J. Baier". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Richard J. Baier
Director

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ECONOMIC PERFORMANCE INDICATORS

Introduction

Tough economic times haven't deterred the Nebraska Department of Economic Development from moving toward its goals and objectives with confidence and certainty, while continuing to achieve an impressive rate of success compared with other states.

The Department continues to craft its programs and services toward providing a solid foundation of growth for communities primarily in the form of attracting new and retaining and or expanding existing businesses, cultivating a welcoming environment for would-be entrepreneurs and existing microenterprise executives, and planting the seed for new agri- and eco-tourism ventures and attractions to flourish alongside the more traditional agricultural commodity counterparts on farms and ranches statewide. All strategies are aimed at boosting the state's growing reputation as a contender within the global marketplace.

In a brief capsule, the Nebraska Department of Economic Development's programs and policies:

Construct new and/or rehabilitate existing public infrastructure and housing to help communities build sustaining legacies in the form of new employers and employees, maintaining, employing and turning the reins of leadership over to next-generation youth, and providing an overall safe and qualitative environment in which to raise families.

Provide the bedrock for improving communities', regions' and ultimately, the state's per capita incomes through improving individuals' per capita incomes, thereby boosting the overall quality of life.

Generate or create additional opportunities for wealth and revenue streams for all Nebraskans.

Secure and then exponentially grow human and financial capital from outside Nebraska.

Educate and train quality and skilled workforces that not only build new bases of employees and the overall population, but clearly show Nebraska's youth that they can live, work and prosper here without leaving to stake their claim elsewhere.

These all lead to the overall goals of continually and successfully promoting Nebraska as a great place to live, work, play and grow prosperous small, medium and large businesses.

The Department's Business Development, Community and Rural Development, and Travel and Tourism Divisions—coupled with the Department's Administrative area are able to accomplish this work with employees either in the Lincoln home office, or field offices in western, central and eastern Nebraska, providing constituents with convenient, reliable access to information tailored to their needs.

Unemployment Rate

Nebraska was adversely affected by economic recession in FY 2008-2009, but to a much lesser degree than the overall U.S. The Nebraska Department of Labor reports that the state's unemployment rate increased from 3.4 percent in June 2008 to 5.1 percent in June 2009. Nationally, the unemployment rate rose from 5.6 percent to 9.5 percent. The number of employed persons in Nebraska decreased 2.9 percent, compared to 3.8 percent in the total U.S.

Industry Employment

The total non-farm job count in Nebraska declined 1.7 percent from June 2008 to June 2009. Again, this was much smaller than the loss for the overall U.S., where the fall was 4.1 percent. While employment was lower in the majority of industries in Nebraska, there were a few notable exceptions. Employment in the state rose from June 2008 to June 2009 in educational and health services, leisure and hospitality services, and state and local government.

In agriculture—Nebraska's largest sector for both self-employment and home-based business—incomes fell with significant declines from June 2008 to June 2009 in the prices of corn, wheat, soybeans, and other crops and in the prices of cattle, hogs, and other livestock. However, the declines followed two years of rapidly rising farm prices, which put aggregate net farm income at historically high levels.

Income and Cost of Living

The U.S. Bureau of Economic Analysis reports that Nebraska's per capita personal income was \$37,730 in 2008, or 95 percent of the U.S. average. But Nebraska also had a cost of living below the national average. According to the American Chamber of Commerce Researchers Association Cost of Living Index, the average of general living costs in sample cities of Hastings and metropolitan Omaha was 91 percent of the national average in the first quarter of 2009.

For many years, wages in metropolitan Nebraska have, on average, been higher than in the nonmetropolitan parts of the state. Statewide, average hourly earnings increased in manufacturing from \$15.23 in June 2008 to \$16.27 in June 2009. But they declined in professional and business services from \$17.22 to \$16.91 an hour. Housing prices are, on average, lower in Nebraska than in the nation overall, leading to a higher percentage of owner-occupied housing in the state than the U.S. average. But, as in most of the rest of the nation, the number of new housing starts and sales of existing homes in the state have declined significantly during the recession. According to the National Association of Realtors, the number of existing home sales in Nebraska dropped 15.9 percent in the first quarter of 2009 from a year earlier.

Online Data

More detailed demographic and economic data for Nebraska are in the Research & Databook section of the Department's web site at www.neded.org.

Nebraska Department of Economic Development FY 2009 Total Budget Sources and Major Uses

Source of Funds	FY 2008-2009 Total Budget
General Funds	9,301,000
Cash Funds	57,160,000
Federal Funds	53,739,000
	\$120,200,000
Use of Funds	
Staff	5,173,000
Operations	9,584,000
Aid/Grants (Listed Below)	105,443,000
	\$120,200,000
Major Aid/Grant Programs and Service Contracts	
Customized Job Training	26,925,000
Community Development Block Grant	20,987,000
Neighborhood Stabilization Program	17,640,000
Affordable Housing Trust Fund	21,436,000
HOME	9,338,000
Value Added Agriculture Grants	1,785,000
Microenterprise Program Contract	2,091,000
Manufacturing Extension Partnership	249,000
Building Entrepreneurial Communities Act	1,597,000
Tourism Marketing Grants	1,260,000
Civic, Cultural & Convention Center Fund	1,750,000
Invest Nebraska	250,000
Other	135,000
	\$105,443,000

BUSINESS DEVELOPMENT DIVISION

Businesses, regional organizations and communities connect with DED's Business Development Division for help with expanding local economic development opportunities in business and industry recruitment, international trade and investment, existing and start-up business assistance, entrepreneurship, workforce development and job training.

Business Recruitment

In FY 2008-2009, Business Recruitment staff closed a number of successful projects, reflecting Nebraska's still very strong, diverse economy. Among the many notable announcements, Nebraska successfully landed Yahoo! with two developments (Data Center and Customer Care Center), Specialty Protein Producers, Novozymes, Intersystems Inc. and Payflex. Recruitment projects ranged from Advanced Manufacturing, Renewable Energy to Food Processing and Data Management—all key in strategically positioning Nebraska in the global economy. Recruitment efforts continued to demonstrate how critical public and private partnerships are to accomplishing and providing strong business development solutions. Business Recruitment staff came up with innovative solutions for specific client's needs that not only showcased their breadth and depth of experience, but also their expertise in uncovering substantial cost savings for businesses.

More than 25% of Nebraska's prospects come directly from companies. An additional 25% come from consultants with whom the recruitment team has forged long-term relationships while attending events, such as Industrial Asset Management Council, CoreNet, and Area Development Forums. During FY 2008-2009, the Department specifically focused on renewable energy trade shows (including wind and solar), as well as data centers, space and defense, and biotechnology. Recruitment trips were made to Texas, New York, Georgia, New Jersey and Illinois. Currently the Department is managing more than 50 active projects in a challenging marketplace, and efforts are focused on embracing emerging technologies to create future jobs, which involves rapidly transitioning from yesterday's manufacturing strength to the economy of the future.

Nebraska Advantage

The Nebraska Advantage Act has significantly enhanced the state's business climate. Department efforts focused on a statewide vision in the global economy. The Department works closely with companies and communities to address labor availability, accessible employee training programs, financial assistance, available properties that meet clients' needs and other issues. During FY 2009, the Act attracted 34 applications translating to a potential \$290 million investment and 2,124 jobs. Under Nebraska Advantage Rural, nine applications have been submitted with a potential \$21.16 million in investment and 24 jobs, while 311 applicants have been submitted under Nebraska Advantage Microenterprise.

Customized Job Training

In FY 2009, the Customized Job Training Program signed 16 contracts, resulting in a \$2,039,072 investment, creating 964 jobs and further educating Nebraska workers. To date (June 30, 2009), there are 81 businesses under contract, representing \$11.69 million and 6,897 jobs. The average dollar amount per job is \$1,790. An additional \$17.09 million is committed to 25 businesses, which propose to create 5,148 jobs. For FY 2009, at the time of application, four of the projects under contract (25 percent) had a base employment of 25 or fewer employees. Of the 16 projects under contract for FY 2009, six (38 percent) are for businesses in Greater Nebraska, outside of the Lincoln and Omaha Metropolitan Statistical Areas.

Nebraska's Growth Targets

Nebraska continues to develop the targeted industries which are based on existing synergies for a knowledge-based, diversified economy focused in a competitive global environment. The state's targeted industries include those that increase the average wage rate, expand value-added jobs, and strengthen the state's competitive economy.

Specifically the following industries have high growth potential, diversify the economy, and require a highly skilled workforce:

- Insurance and Financial Services
- Information Technology and Data Centers
- Bioscience and Technology
- Renewable Energy including Biofuels, Wind, Solar and Geothermal
- Transportation, Warehousing, Distribution, and Logistics
- Advanced Manufacturing and Value-added Agriculture
- Defense

One-Stop Business and Entrepreneur Center

The One-Stop Business and Entrepreneur Center office provided assistance to 3,052 requests for business information via telephone calls, email requests and office visits during the past 12 months. This breaks down to 80 percent telephone calls received from within Nebraska and 20 percent calls from 46 states and Canadian provinces. Of those in-state phone inquiries, 25.6 percent came from Omaha, 19 percent from Lincoln and 35 percent from 166 other Nebraska communities.

Nebraska Business Visitation Program

State and local economic developers maintain regular contact with business owners and managers in Nebraska through a formal Nebraska Business Visitation Program. During the past three years more than 1,000 interviews with Nebraska businesses were conducted. From last year's 260 interviews, businesses were identified that planned to hire 455 new employees, and two out of three businesses interviewed planned to expand their physical space. The estimated amount of new investment in land, equipment, and other physical expansions was more than \$48 million during the next three years.

To improve the Program the Department invested in a new tool called the *Synchronist Business Information System*[®] which allows access to local, regional, statewide, and national business data trends. It provides a mechanism for tracking business expansions, businesses at risk and those targeted for state economic development strategies.

With this new ability the Department can collaborate more efficiently with local economic development partners and utility partners to meet existing businesses' needs. Information can be used by economic development leaders and those making legislative, policy and resource allocation decisions. Data will be available to analyze trends across industries, states and regions nationwide.

Nebraska Manufacturing Extension Partnership (MEP)

Fifty-eight Nebraska MEP clients surveyed during FY 2009 reported that Nebraska MEP's services led to 195 created or retained jobs, increased and retained sales of more than \$8.43 million, reduced costs by more than \$5.48 million, and generated \$10.1 million in new investments. Clients rated the quality services at 4.65 on a scale of 1 to 5 with 5 being highest.

International Trade and Investment

The state hosted its first-ever Reverse Trade Mission (RTM), with over 130 guests from ten countries participating in a range of events held in Omaha and Lincoln. As a result, the governor signed Memorandums of Understanding with five Chinese companies. Representatives from Behlen Manufacturing Co. in Columbus and HRC Energy, based in Beijing also announced a new partnership devoted to developing and using renewable energy.

Of those foreign dignitaries attending the RTM, 23 business leaders traveled here from Brazil. Apart from the Mission, the Department helped 20 Nebraska companies enter the Brazilian market, and hosted three private sector representatives under the Partners of the America's-Business Fellows Program, resulting in a potential \$34 million in sales of Nebraska products to Brazil.



Business Development Regional Staff

Business Development field staff members are located across the state to work closely with businesses and community economic development efforts. Services include technical assistance and financial packaging for start-ups, business transition, marketing, expansion and retention of existing business and economic development organizational assistance.

During the economic downturn in late 2008, field staff worked closely with economic development partners and local economic development staff, conducting more than 500 calls on businesses to gather information regarding the impact of the recession on local businesses. Most businesses had been operating conservatively and made adjustments, however some were planning to, or had laid off workers. Other technical assistance needs were identified from those calls as well.

Field staff assisted with numerous business expansions, and fielded requests for technical and financial packaging assistance for more than 30 projects. They continue to work about 100 active projects from start ups to expansions.

Many economic development tools and programs are available to communities. DED's field staff has updated several program manuals during the year, including the Site Evaluation Manual, Community Development Checklist, LB840 Guide, and Mock Prospect Visit Manual.

Among this year's successes:

Covenant Doors & Millwork, Inc.

Covenant Doors & Millwork, a manufacturer specializing in architectural custom wood doors, moldings and trim, needed to expand its operations, choosing to renovate a 15,000 sq. ft. building for its wood cabinet production and finishing line. The new cabinetry line is the result of a strategic partnership and represented a significant return of U.S. production work previously manufactured in China. The project added 25 full-time jobs in Central City.

Royal Plastic Mfg., Inc. (ROYAL)

ROYAL produces composite parts for the commercial and military aerospace industry, and wanted to purchase manufacturing equipment that would allow it to make stronger, lighter parts thereby improving the overall fuel efficiency in different types of aircrafts. The project resulted in 25 additional full-time jobs in Minden. ROYAL also developed plans for a new building in 2009. The company that began with sales around \$500,000 now has 91 employees and annual sales exceeding \$10 million.

Sand Creek Post and Beam, Inc.

Sand Creek had outgrown its manufacturing space where it produced authentic post and beam traditional barn and outbuilding kits. This project allowed company owners to purchase its current facility, add separate millwork and storage areas, build an additional facility on the property, and acquire and renovate a downtown office building. The project increased the Sand Creek staff by nine full-time positions.

Len Dickinson and Julie Goeller started the company in 2004 to provide historically correct outbuildings designed to reflect a country lifestyle. Once assembled, buildings are used as garages, workshops, horse barns, and storage sheds.

Nebraska Economic Development Certified Communities

The program marked its fourth anniversary in May 2009 with 23 certified communities. The Nebraska Diplomats and other development partners sponsor the program, and the Department administers it. The program is one of only a few in the nation to recognize communities for economic development preparedness.

LB 840

The Local Option Municipal Economic Development Act (LB 840) authorizes incorporated cities and villages to collect and appropriate local tax dollars (sales and/or property tax), if approved by the local voters, for economic development purposes. To date, 50 communities have voted to create LB 840 programs.

Invest Nebraska Corporation

During the 2007 legislative session LB 425, the Nebraska Operational Assistance Act, was introduced and signed into law, to assist *potential* high-growth businesses in establishing foundations sufficient for the attraction of private venture capital financing. DED was tasked with the responsibility to contract with a non-profit organization to carry out the purposes of the Act.

2008 proved to be an organizational and development period for Invest Nebraska. During the year, Invest Nebraska modified its vision statement and mission to better reflect its core purpose as a venture development organization.

Three new venture competitions were held in Scottsbluff, Norfolk, and McCook. In June, Invest Nebraska partnered with the Hormel Family Foundation to conduct the Hormel Family Foundation Business Plan Competition in McCook, Nebraska. Six applications were submitted and the winner of the 2008 competition was Peacocks and Paisley, an on-line retailer of vintage clothing.

Invest Nebraska also is developing the Operational Assistance Program and an Angel Network, and working with Silicon Prairie News to hold fast pitch competitions.

Patent Development and Technology Program

The Department works with the University of Nebraska to identify and commercialize technologies in the state that can result in new businesses and higher-paying jobs. The Department's activities focus primarily on the knowledge-based industries, including information sciences, bio-medical equipment, bioinformatics, health technologies and biotechnology.

Nebraska Microenterprise Program

The Department contracts with the Nebraska Enterprise Fund to administer the Microenterprise Development Act Funds. Individuals from all 93 Nebraska counties have received services throughout the years, and more than 422 active loans and trainees through 11 programs received funding under this program.

Nebraska Film Office

The Nebraska Film Office supports efforts to film on location throughout the state. Staff respond to requests for film and video production information including: securing locations, permits (if necessary), crew resources and production services. The Film Office maintains a searchable database of crew and service providers. Many providers are independent contractors who work to help build infrastructure that is vital in attracting and growing this industry across the state. The Film Office also participated in the annual Location Expo Trade Show in California in April. This event provides the opportunity to promote Nebraska and all its media assets.

Film and video production this past year included the Paramount production of "Up In The Air" starring George Clooney. The day of filming that took place in the Old Market and at Eppley Airfield in Omaha resulted in a nearly \$250,000 economic impact. Other activities included local and regional commercials and independent feature and short film projects.



COMMUNITY AND RURAL DEVELOPMENT DIVISION

The Department's Community and Rural Development Division administers grant programs for housing, community infrastructure, planning and business development. The division's technical and financial services target communities and region-wide delivery.

Community Development Block Grants (CDBG)

In FY 2009, the Department distributed CDBG funds in six categories: Comprehensive Revitalization, Downtown Revitalization, Economic Development, Planning, Public Works, Tourism, and Water/Wastewater.

Comprehensive Revitalization

During FY 2009, the cities of Bellevue, Columbus, Fremont, Grand Island, Kearney, Norfolk and North Platte shared \$1,191,931 in grants for projects targeting various housing and public works needs as part of the Comprehensive Revitalization category administered by the Department. The projects identified in the cities' initial strategies are being implemented through 2009.

Downtown Revitalization

During FY 2009, CDBG planning and economic development category funds were also distributed for Phases I and II for Downtown Revitalization. The pilot communities of Cozad, Gothenburg, Nebraska City, Sidney and Wayne each received \$250,000 for Phase II Downtown Revitalization, upon completing their Phase I Planning. Geneva and South Sioux City received funding to wrap up the Phase I Planning portion of their downtown revitalization projects.

Economic Development

To further promote business growth and expansion, a number of economic development loans were awarded in FY 2009. Eleven awards totaling \$3,616,481 were made for business expansions taking place in 10 Nebraska cities and counties. One example is Novozymes in Blair, which received an \$810,000 ED loan to make infrastructure improvements leading to and from the plant, and to purchase equipment used in manufacturing enzymes for grain-based ethanol production and for advancing the production of cellulosic ethanol. The project resulted in the creation of 100 full-time jobs.

Planning

Twenty-two planning grants totaling \$485,805 were distributed. These grants are used for everything from comprehensive zoning plans and housing market studies to recreation plans and water and wastewater system studies. For example, the City of Gering used its \$26,000 grant to undertake planning related to startup of a regional business incubator program in Nebraska's Panhandle.

Public Works

A total \$3,351,270 public works grants were distributed to 15 communities and counties in FY 2009.

Tourism

A total \$200,000 Tourism Development Grant was awarded to Falls City for a conference/convention center.

Water/Wastewater

A total \$1,250,000 water/wastewater grants were distributed in FY 2009. The governor awarded CDBG funding to five Nebraska communities to help local governments repair or update existing water and wastewater systems. Among the awardees was the village of Elmwood, which used its \$250,000 grant to construct a new treatment facility.



Housing

The Department works closely with private and nonprofit organizations to identify housing needs, fill gaps in services and provide technical assistance. Available affordable housing is a high priority for the Department, particularly for people and families earning anywhere from 80 to 100 percent or less of the Area Median Income.

During FY 2009, \$4.615 million in Nebraska Affordable Housing Program funds were invested in rehabilitating 356 homes. An additional \$3,330,500 of Housing Program funds went toward rehabilitating homes and helping first-time homebuyers purchase homes. \$2,931,648 of the Housing Program's HOME funds and \$3,380,004 of its Nebraska Affordable Housing Trust Funds went toward affordable rental projects, including those with Nebraska Investment Finance Authority (NIFA) Low-Income Housing Tax Credit equity as a funding source.

Community Development Assistance Act

The Community Development Assistance Act provides tax credits to local governments and nonprofit organizations that use the credits as incentives to attract private investment in support of specific community economic development projects. In FY 2009, 13 projects were awarded tax credit authorization, leveraging \$6,604,430 in investment.

Nebraska Community Improvement Program (NCIP)

In 2008, NCIP celebrated its 45th anniversary, with 46 communities participating in the program. Regional workshops were held in six communities, with 20 communities represented, to help prepare community volunteers for participation in NCIP. More than 125 projects were completed by NCIP participants in 2008 with 118,000 volunteer hours, resulting in a \$1.3 million total investment in rural Nebraska.

TRAVEL AND TOURISM DIVISION

The Department's Travel and Tourism Division offers programs and services to help communities and regions develop tourism potential and further strengthen and build on the state's third-largest earner of revenue from outside the state, after agriculture and manufacturing.

In 2009, travelers spent more than \$3.7 billion in the state on trips with overnight stays in paid accommodations and on day trips to places 100 miles or more from home. Annual spending on these trips has increased by more than \$3.1 billion since 1990. Almost 40,000 Nebraska jobs were directly attributed to travel spending in 2008. In addition, each dollar spent by tourists in Nebraska is re-spent in the state to produce an additional \$1.70 in business and income, creating an overall economic impact of \$2.70.

Nebraskans and visitors to the state made 18.5 million trips in the state in 2008 to destinations 100 miles or more from home. Leading states for visitor origin were Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri and South Dakota. The average nonresident traveling party visiting Nebraska by highway during the summer consisted of 2.4 persons who stayed 2.2 nights in the state and spend \$464. More than one-third of the nonresident traveling parties go to attractions and events, and for each attraction or event visited, they average a half-day longer in Nebraska, spending an additional \$107.

Tourism Advertising

Funded mostly with revenues from the state's one percent lodging tax, the Travel and Tourism Division devotes a large portion of its resources to advertising, printing and distributing state travel literature, and answering requests for travel information. In FY 2009, paid ads generated 233,301 inquiries for travel information. Of this number, 119,945 were received in the first six months of 2009 when most of the tourism ads also ran. The Division also has recorded consistent increases in requests for travel guides from states, including California, Texas, New York, Illinois, and Florida, indicating that its advertising 'footprint' is growing in non-traditional states.

Tourism Marketing Grants

Tourism groups throughout Nebraska received 25 Tourism Marketing Grants totaling \$125,000. Grants were awarded for promotion of events, promotion of regions, Internet marketing and general marketing. For area and regional travel marketing activities, a second program awarded a total of \$500,000 in Tourism Advantage matching grants to 33 organizations.

Nebraska Byways Program

The Nebraska Byways Program, which began in 1999, showcases outstanding archaeological, cultural, historic, natural, recreational and scenic qualities along Nebraska's two-lane highways. The state has nine designated scenic and historic byways. A division staff member serves as a byways coordinator helping byway organizations receive grants and other assistance for promoting these roadways.

Tourism Assessment Resource Growth Evaluation Team (TARGET)

The TARGET Program helps Nebraska's communities build on strengths, correct weaknesses and reach tourism potentials. Communities organize local TARGET teams that evaluate local past and present tourism efforts and issues. After the state TARGET coordinator reviews an evaluation, a community site visit is scheduled where local TARGET members and the TARGET team from the Travel and Tourism Division meet to tour and discuss the community's existing tourism assets and potential for future tourism development. In FY 2009, TARGET visits were made to Plainview, Ogallala/Keith County, Holt County, Broken Bow, Garden County, Deshler and Syracuse.

Tourism Development and Marketing Resources Guide

The Tourism Development and Marketing Resources Guide provides useful information on local, state and federal funding resources, community and statewide foundations, tourist-oriented organizations and associations, and other information pertinent to developing one's tourism industry. It is continually refreshed with new programs, organizations and funding sources.

Agritourism and Ecotourism

With increasing interest in agritourism and ecotourism in Nebraska, the Travel and Tourism Division has specialists on its staff to assist in these areas of development. In February 2009, Governor Heineman hosted an agri/ecotourism workshop in North Platte attended by more than 150 people.

Overall, agri/ecotourism continued to show strong interest statewide this year, with an increase in businesses specializing in wine (wineries and vineyards), birding opportunities, river activities (particularly tanking), country retreats and local food production.

The U.S. Fish and Wildlife Service reports that 650,000 Nebraskans and nonresidents 16 years of age and older participated in wildlife-associated recreation in the state in 2006. Of these, 480,000 participated in wildlife watching.

Many people also found more locations to frequent where they could “Buy Fresh/Buy Local” foods, such as cheese, bison jerky, jellies, homemade pies, and organic beef and poultry.

Local Civic, Cultural, and Convention Center Financing Fund

The Local Civic, Cultural, and Convention Center Financing Fund was created by an act of the same name in 1999 to support the development of civic, cultural, and convention centers in Nebraska municipalities, particularly centers that attract new civic, cultural, and convention activity to Nebraska from outside of the state.

GRANTS FROM THE LOCAL CIVIC, CULTURAL, AND CONVENTION CENTER FINANCING FUND

Project and Municipality	Grant Amount	Year Awarded	Cumulative Amount
Heartland Event Center, Grand Island	\$500,000	2004	\$500,000
Event Center, Kimball	\$97,500	2005	\$597,500
Museum of Natural and Cultural History, Hastings	\$120,000	2005	\$717,500
Community Center, Arnold	\$100,000	2005	\$817,500
Community Hall, Miller	\$25,400	2005	\$842,900
White Horse Museum, Stuart	\$20,000	2005	\$862,900
Municipal Auditorium, David City	\$47,000	2005	\$909,900
Community Hall, Maywood	\$40,765	2005	\$950,665
Civic Center, Gering	\$200,000	2008	\$1,150,665
Community Building, Humphrey	\$100,000	2008	\$1,250,665
Sumtur Amphitheater at Walnut Park, Papillion	\$300,000	2008	\$1,550,665
Scenic Park East Memorial/ Interpretive Center, South Sioux City	\$300,000	2008	\$1,850,665
Community Center, Atkinson	\$48,676	2008	\$1,899,341
Community Center, Creston	\$40,000	2008	\$1,939,341
Community Building, Bancroft	\$35,750	2008	\$1,975,091
Community Center, Firth	\$28,000	2008	\$2,003,091
Municipal Auditorium, Kennard	\$50,000	2008	\$2,053,091
Carnegie Cultural Center, Randolph	\$50,000	2008	\$2,103,091
Library/Museum, Tobias	\$40,000	2008	\$2,143,091
Library, Tekamah	\$100,000	2008	\$2,243,091

COMMISSIONS AND ORGANIZATIONS

Economic Development Commission

The Department is served by a nine-member Economic Development Commission consisting of nine voting members and the Department director, who serves as a non-voting member. The members are Tim White, Grand Island, Janet Palmtag, Nebraska City, Craig Madson, Lincoln, Phyllis Garner, Max, Marilyn Sims, North Omaha, Dick Jeffries, Omaha, Tim Burke, Omaha, Mike Herre, Fremont, and Bob Unzicker, Scottsbluff.

Nebraska Diplomats

The nonprofit Nebraska Diplomats Inc. has a membership of more than 300 business executives and community leaders and is the largest economic development organization in Nebraska.

The Nebraska Diplomats support the Department's efforts to assist the growth and expansion of existing businesses, attract new business to the state and improve Nebraska's business climate and competitiveness. Among their many activities in FY 2009, the Diplomats supported the Department's first Reverse Trade Mission.

Nebraska Rural Development Commission

The Nebraska Rural Development Commission (RDC) administers the Building Entrepreneurial Communities Act (BECA) grant and the Agricultural Innovation and Value-Added Agriculture (VAA) grant programs.

To date, 69 grants have been awarded in the BECA program totaling \$1,363,950. Uses of these funds included business workshops, scholarships to business trainings, youth entrepreneur camps, business coaching and mentoring, resident recruitment programs, community website development and improvement, leadership courses, and entrepreneurship courses, alumni outreach, marketing, and workforce scholarship programs.

Since its inception, the VAA program has awarded 96 grants totaling \$3,158,064. Uses of these funds helped form coalitions and cooperatives, renovate or construct buildings, purchase equipment, conduct feasibility and marketing studies, market specialty crops, product research, business plans, agri-tourism, product testing, websites, and education and training.

In addition to the grant administration, this year the RDC partnered with the Federal Reserve Bank – Kansas City, Omaha branch to coordinate and co-host the “More Than Just Money” seminars which featured funding and technical assistance information from a variety of state agencies. The Commission also coordinated and participated in the “Listen and Learn” sessions sponsored by the Partnership for Rural Nebraska. The regional sessions allowed residents direct access to many resource providers across the state.

Nebraska Innovation Zone Commission

The Nebraska Innovation Zone Commission (NIZC) worked with consultants to complete Phase I in early 2008. The Web site www.i-80ideas.com provides communities with a venue for sharing suggestions regarding the I-80 corridor's regional development.

NIZC contracted with Olsson Associates and Clarion Associates to lead in developing design standards for the region. The creation of design standards that could be used across jurisdictional lines was a primary recommendation from the Phase I Study—the NIZC Regional Comprehensive Plan. The purpose and intent of these model design standards is to promote quality design, preserve natural and agricultural features and landscape, and promote economic development along the Interstate 80 (I-80) corridor and in the study area. Generally, the study area includes the I-80 corridor region with a southern boundary no more than 2 miles south of I-80, a northern boundary up to 1 mile north of Highway 6, and from I-80 exit number 405 to exit 440.

The Design Standards report provides options for adopting and administering the regulations, providing a framework for ongoing regional cooperation. Adoption and implementation of design standards is a significant step toward voluntary regional cooperation and a vehicle for building consensus among jurisdictions.



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