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The Great "Reset"

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THE GREAT “RESET”

By the Nebraska Business Forecast Council

U.S. Macroeconomic Outlook

Recent consumer spending, home and retail sales, and industrial production reports suggest that the economy may be nearing a turning point, and that the recession will end later this year.

But, even if this happens, the U.S. economy will still face major challenges. The economy has dug itself a deep hole, with very high levels of unemployment. Further, there are reasons to expect an anemic and perhaps even unsteady recovery, rather than rapid expansion that often occurs at the end of a recession. First, consumption is not likely to return to pre-recession levels in the near future. This is because consumers have experienced a rapid decline in their wealth, through falling stock values, and in some parts of the country, a steep decline in home values of between 30% and 50%. With less wealth, consumers will save more and spend less. Second, the U.S. economy still faces major imbalances in several key markets. The already weak financial sector will face rising home foreclosures and bankruptcies in commercial properties. These same forces will prevent a robust recovery in the housing and auto sectors. Home prices will not begin to recover until 2010, and construction and automobile production will remain well below normal levels next year.

As a result, when the recession ends we do not expect a period of rapid growth, typical of most recoveries, where the economy quickly returns to pre-recession levels. The economy is much more likely to “reset” to current levels of output and employment and enter a period of slow expansion.

When the recession ends, the economy will grow again from these new, lower levels, but growth will only reach trend rates of 2% to 3%. Under this “reset” scenario, it will take several years for consumption and gross domestic product to return to late 2007 levels. The recession may end but it will take several years for the national economy to approach more normal rates of capacity utilization and unemployment.

As the preceding suggests, the Nebraska Business Forecast Council is pessimistic about the *national* economic outlook. In fact, we are now slightly more pessimistic than in our previous outlook released in January 2009. We continue to believe that the national economy will return to GDP growth before the end of 2009. But, we are now more pessimistic about the strength of the ensuing economic recovery, particularly in 2010. This is because the housing and auto sectors have been even weaker than we anticipated. We now expect the U.S. GDP will decline by 3% in 2009, before growing just 2.5% in 2010, and 3% in 2011. U.S. non-farm employment is expected to decline by 3.5% in 2009, and fall 0.5% in 2010 before growing by just 1.1% in 2011. U.S. unemployment will reach 10%. Signs of inflation will only appear in late 2011.

Given this national outlook we must be concerned for those Nebraska workers and businesses dislocated by the current recession. But, overall, the economic situation will not be as dire in Nebraska as nationwide. The decline in property wealth and the increase in unemployment have not been as severe here. As a result, the recession will not be as deep in Nebraska.

Nebraska Outlook



Table 1 provides a summary of the outlook for the Nebraska economy. The Table shows a decline in employment and farm income in Nebraska in 2009, and weak growth in nonfarm income.

But the rate of job loss in Nebraska in 2009 will be much less than the 3.5% decline expected nationwide. Further, solid job and income growth are expected to return in 2010, and farm incomes will stabilize.

Table 1— Key Economic Growth Rates

	Nonfarm Employment	Nonfarm Personal Income (nominal)	Net Farm Income (nominal)
2008	0.8%	4.4%	19.0%
2009	-1.3%	2.5%	-24.5%
2010	0.9%	4.8%	1.6%
2011	1.9%	5.1%	9.7%

Note: Nominal income growth includes inflation.

This outlook was prepared in two phases. First, the UNL Bureau of Business Research and UNO economics faculty Christopher Decker produced a preliminary economic outlook. Second, the Nebraska Business Forecast Council met to produce a final outlook based on the preliminary outlook, each member's research on a key sector of the economy, and the group's overall expertise about the Nebraska economy. A detailed description of the resulting Nebraska outlook is provided below.

Employment

The Nebraska economy was in recession in late 2008 and will be in recession during much of 2009. As a consequence, there have been broad-based job losses in Nebraska industries in 2009. Manufacturing is suffering the sharpest losses, but employment is declining even in services industries. The situation will improve in 2010, when job growth returns to services industries. But, as with the national economy, we are now less optimistic about 2010. We anticipate growth of 0.9%.

Table 2— Comparison of Non-Farm Employment Forecasts

	January 2009 Forecast	Current Forecast
2008	0.7%	0.8%
2009	-1.1%	-1.3%
2010	1.5%	0.9%
2011	N/A	1.9%

Construction and Mining

We now anticipate a decline in Nebraska construction employment in 2009. We continue to expect increases in road construction employment given Federal stimulus funding. However, advances in road construction will not be strong enough to offset an increasingly weak housing and commercial building sector. New home construction is limited in Nebraska. While our housing sector is in much better balance than in many areas of the country, we will need a year of limited construction in 2009 to help bring the market more into balance. New home construction is only expected to recover in 2010. The commercial construction sector is also increasingly weak, with previously started projects winding down and few new projects coming on line. This portion of the construction sector could remain anemic into 2011. Overall, the construction sector will decline in 2009 begin to recover in 2010 led by residential construction, and reach full, broad-based recovery only in 2011. As seen in Table 3 on the next page, construction employment will fall by 2.0% in 2009, increase by 3.0% in 2010 and by 5.0% in 2011.

Manufacturing

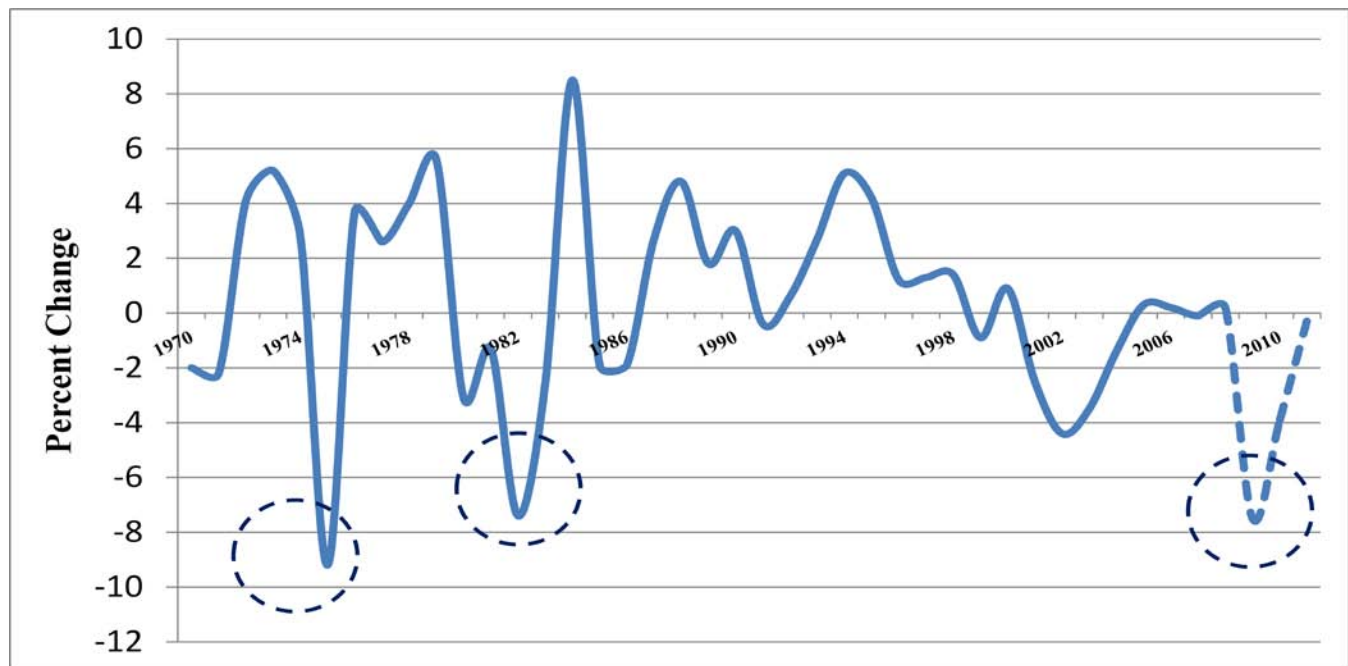
During periods of severe recession, the manufacturing sector typically experiences much larger declines in employment than does the general economy. This is particularly the case for manufacturers of durable goods because consumers tend to postpone purchasing items such as automobiles and appliances during periods of economic downturn. For example, from 1974 to 1975, overall U.S. employment declined by 0.6% while manufacturing employment declined by 6.4% and employment in durable goods manufacturing declined by 8.0%. From 1981 to 1982, overall U.S. employment declined by 1.8% while employment in the manufacturing sector declined by 7.0% and employment in durable goods manufacturing declined by 9.7%. The employment declines that took place from 1974 to 1975 and from 1981 to 1982 occurred during what, until recently, had been the two most severe recessions of the post WWII era. As shown in Figure 1 on the next page, a similar pattern held in Nebraska during those severe recessions, and we anticipate a similar result during the current recession.

Table 3—Number of Nonfarm Jobs and Percent Changes by Industry Annual Averages (in thousands of jobs)

	Nonfarm Total	Construction, Mining & Natural Resources	Durables	Non-durables	Wholesale Trade	Retail Trade	Transportation and Utilities	Info	Financial	All Services	Federal Gov't	Local Gov't
1999	893.9	44.1	57.5	55.4	42.3	110.1	44.3	27	60.7	301.1	15.9	135.6
2000	910.7	45	58.7	55.2	41.7	111.2	44.9	26.8	60.3	312.5	16.6	137.9
2001	916.8	45.3	54.7	56.3	42.5	110.5	45.2	25.8	60.2	319.5	16	140.8
2002	908.1	46.1	50.6	55.5	41.5	108.9	44.9	23.2	61.4	317.1	16.3	142.6
2003	910.5	47.4	47.3	55.1	41	107.2	46.4	21.5	62.4	322.6	16.7	142.9
2004	917.7	48.4	47	54	40.8	106.9	48.9	21.1	63.2	327.4	16.5	143.4
2005	930.2	47.8	48.4	52.9	40.6	107.2	52.3	20.2	64.5	335.2	16.3	144.7
2006	941.5	48.4	49.7	51.8	40.8	106.4	53.4	19.5	66.7	342.9	16.2	145.9
2007	957.4	50.5	50	51.4	41.1	107.5	56.2	19.4	68.7	350.3	15.9	146.5
2008	964.7	50	49.5	52.1	41.9	107.5	55.3	18.8	69.1	356.5	16.1	147.8
Forecast Number												
2009	952.1	49.0	43.9	50.0	41.9	105.9	55.0	18.1	69.3	353.6	16.5	148.8
2010	960.7	50.5	40.9	49.3	42.0	105.9	56.1	18.3	70.6	360.3	16.9	149.9
2011	979.1	53.0	41.1	48.9	42.2	107.5	58.0	18.3	72.4	370.4	16.1	151.4
Forecast Number												
2009	-1.3%	-2.0%	-11.3%	-4.0%	0.0%	-1.5%	-0.5%	-3.5%	0.2%	-0.8%	2.5%	0.7%
2010	0.9%	3.0%	-6.9%	-1.3%	0.2%	0.0%	2.0%	1.0%	1.9%	1.9%	2.5%	0.7%
2011	1.9%	5.0%	0.5%	-0.9%	0.4%	1.5%	3.3%	0.0%	2.5%	2.8%	-5.0%	1.0%

Source: <http://data.bls.gov/cgi-bin/dsrv>, 2009

Figure 1—Nebraska Manufacturing Employment Year-Over-Year Percent Change Actual and Projected, 1970-2011



 Major Recession
 Actual
 Projected

Source: Compiled by Ken Lemke, Economist, Nebraska Public Power District from <http://www.bea.gov/regional/spi> and <http://www.bls.gov/cew/>

In Nebraska, manufacturing employment declined by 9.2 percent in 1975, a loss of about 8,800 jobs, and then grew 3.7 percent in 1976. From 1981 to 1984, Nebraska manufacturing employment declined by about 9,500 jobs with declines of 1.3 percent in 1981, 7.4 percent in 1982 and 2.6 percent in 1983 before increasing 8.5 percent in 1984. During the period 2000 to 2004, Nebraska manufacturing employment declined by over 12,000, with losses of 2.5 percent in 2001, 4.4 percent in 2002, 3.5 percent in 2003, and 1.4 percent in 2004 before slight increases in 2005 and 2006.

Preliminary, first quarter 2009, data for Nebraska suggest job losses during the recession that began in December 2007 will be similar in severity to those experienced during the recessions of 1973-74 and 1981-82. Declines in the durable goods manufacturing sector are projected to be 11.3 percent in 2009 and 6.9 percent in 2010 followed by a slight employment increase of 0.5 percent in 2011. Demand for farm machinery and equipment, fabricated metal products, and especially automotive related manufacturing will not begin to recover until sometime in late 2009 when the national and global economies start to emerge from the current economic down turn.

In the case of nondurable goods manufacturing, continued decline in employment is forecast through 2011, with projected employment losses of 4.0 percent in 2009, 1.3 percent in 2010, and 0.9 percent in 2011. Any significant rebound in nondurable goods employment depends upon conditions in the food processing sector, which is dependent upon recovery of the US and global economies.

Transportation and Utilities

The national recession has slowed Nebraska's rapidly growing transportation sector. Trucking, rail, and warehousing experienced modest job losses in 2008. In 2009, modest contractions in trucking and rail jobs are anticipated as these sectors bottom out during the first half of this year and begin to recover towards the fourth quarter. Improvements in warehousing activity will be sufficient to limit job losses in 2009 to just 0.5%. Trucking will recover in late 2009 and 2010 as stimulus dollars flow to support public works construction activity. Further, rail employment will decline but not dramatically given that the need for hauling coal is retained even during recession.

Growth will return in 2010 and accelerate in 2011. Long term factors remain favorable. Demographic trends, the state's central location, low entry costs and state economic development efforts in trucking and warehousing will all contribute to long-term job growth. Sector employment growth will improve to 2.0% in 2010 and accelerate towards a trend growth rate of 3.3% beginning in 2011.

Wholesale Trade

Wholesale trade employment has changed little over the last decade. Employment has drifted both up and down during the period but never by more than a few hundred jobs from year to year. Trends also have not always followed the overall Nebraska economy. For example, industry employment was up by nearly 2% in 2008 even as the Nebraska economy began to decelerate.

Trends in the industry may be hard to identify because many wholesale businesses are tied to wider regional markets as well as the local markets within the state. In particular, many wholesale operations serve multi-state markets and compete with businesses based in other states. This means growth in industry activity from year to year will depend on the ability of Nebraska businesses to maintain and gain customers from their competitors. At the same time, rising productivity keeps a cap on total industry employment, so there is no long-term trend of job growth.

In this environment we expect stable employment in the industry. Industry employment is expected to be unchanged in 2009. Modest growth of 0.2% is expected in 2010 and 0.4% in 2011 as the economy begins to recover.

Retail Trade

The year 2009 will be difficult for the retail trade industry. With weak consumer demand, retail employment is expected to fall by nearly 1.5% in 2009 compared to 2008. Retail trade employment also will be impacted by long-term trends towards rising labor productivity that limits job growth. First, larger retailers, which utilize fewer workers relative to sales, are capturing a growing share of the retail market. Second, there have been increased sales by on-line and other nontraditional retailers. These factors will limit future growth in retail employment.

No growth is expected in retail employment in 2010. Retail sales growth will return in 2010, but as in many sectors of the economy, job growth will return more slowly. Job growth will only begin to re-emerge in 2011, when employment will expand by 1.5%.

Note that retail employment will be flat overall for the three year period from 2009 through 2011. This is consistent with our outlook for the overall economy. The current recession has led to a steep decline in retail activity. Having reset at a new, lower level the retail industry will need several years to return to pre-recession levels given our expectation of a moderate economic recovery

Information

The information industry contains a diverse group of industries including newspapers, movie theatres and sound studios, and technology-oriented industries such as telecommunications, data processing, web site development, and web publishing. Most of these industries are cyclically sensitive, and portions of the industry such as publishing have been under great pressure. We expect a steep 3.5% decline in employment during 2009 before the industry stabilizes. There should be a modest recovery in 2010 as advertising revenue and telecommunications begin to grow again. We expect job growth of 1.0% in 2010. Employment will be flat in 2011.

Financial Services

The financial services industry comprises a diverse group of related industries including finance, insurance, and real estate. The trend in these industries is for strong, stable growth as the need for financial and insurance services grows in our increasingly complex, service-oriented economy. Nebraska is also a national leader in the insurance industry, and has a number of strong, growing regional banks.

The industry, however, naturally is impacted by current weakness in the housing sector. Housing related industry segments such as real estate, loan activity, and mortgage brokers will be weak in 2009 and may only begin to recover with the housing market in 2010. Specifically, industry employment will be essentially flat in 2009, growing by just 0.2%. The rate of growth will then accelerate towards trend rates of 1.9% in 2010 and 2.5% in 2011.

Services

The service sector accounts for 37% of employment in the Nebraska economy and contains a diverse group of industries. Services includes some of the fastest growing parts of the economy such as professional scientific and technical services and other types of business services, as well as the largest industries in the economy such as health care. Services also includes the hospitality industry, including lodging, food services, drinking places, and arts, entertainment, and recreation businesses.

During an economic expansion, service sector employment expands at a healthy pace. Demand for services from both people and business grows quickly; quickly enough so that employment can expand despite increases in productivity. In a typical year, service sector employment will grow by 2% to 2.5%.

But, portions of the sector also closely follow the business cycle, expanding rapidly when the economy expands and declining when the economy is in recession. These cyclical portions of the industry such as business services and hospitality are shedding employment during 2009. As a result, we expect a decline in service sector employment in 2009 for the first time since the 2001 to 2002 period, which was the last U.S. recession. Service sector employment is expected to decline by 0.8% in 2009.

The decline in employment would have been even greater if it were not for the health care sector. This portion of the industry is much less cyclical, and instead tends to grow steadily from year to year. Health care employment is expected to increase in 2009, 2010, and 2011.

Job growth will return to other segments of the services sector in 2010 and especially in 2011 as the economic growth begins to accelerate in Nebraska. Very rapid job growth is expected for 2011 in business services industries such as professional, scientific, and technical services, administrative and support services, and management of companies. Growth also will rebound in the hospitality industry. Overall service sector job growth will reach a 1.9% rate in 2010, with the rate of job growth improving steadily throughout the year. Service sector job growth is expected to reach 2.8% by the year 2011.

Government

Federal government employment is expected to grow in both 2009 and 2010 due to the decennial Census. Workers will be hired in 2009 in preparation for the Census and in 2010 to carry-out the Census. In the past the cumulative impact of the Census was to increase Federal employment by approximately 5%. We anticipate a 2.5% increase in employment in both 2009 and 2010, and for those jobs to be shed in 2011. In this sense, Census hiring will help stabilize the Nebraska economy over the current business cycle.

By contrast, state and local government employment will grow steady throughout the period, as Nebraska's population continues to grow. While state and local government employment is somewhat sensitive to changes in tax revenue, job growth persists even during times of recession. For example, state and local government employment increased during the last recession from 2001 to 2002. We expect job growth of 0.7% in 2009 and 2010, before growth returns to the trend rate of 1.0% in 2011.

Personal Income

With employment declining in 2009, we anticipate slow growth in nominal income (income growth which includes inflation) during the year. Nonfarm income will grow by just 2.5% in 2009. Income growth, however, will return to normal levels as employment growth returns to Nebraska in 2010 and 2011.

Farm income will decline in 2009 compared to record breaking levels in 2008. Subsequently, there will be modest growth in farm incomes in 2010 and 2011.

Table 4— Comparison of Forecasts for Nominal Income

Nonfarm Income		
	January 2009 Forecast	Current Forecast
2008	4.6%	4.4%
2009	2.6%	2.5%
2010	4.8%	4.8%
2011	N/A	5.1%

Farm Income		
	January 2009 Forecast	Current Forecast
2008	15.6%	19.0%
2009	-26.1%	-24.5%
2010	3.4%	1.6%
2011	N/A	9.7%

Note: Nominal income growth includes inflation.

Nonfarm Personal Income

Nonfarm personal income growth will be slow in 2009, as would be expected for a state economy that is in recession. In particular, growth in nonfarm personal income is expected to slow to 2.5% in 2009.

As seen in Table 5, we expect nonfarm wages and salaries to grow by just 2.8% in 2009. Growth will accelerate to 4.5% in 2010 and 4.8% in 2011. Employee benefits (other labor income) are expected to grow 0.5% faster than wages and salaries in 2009, and roughly match wage and salary growth rates in 2010 and 2011. Thus, employer contributions to worker benefits, including health insurance, will rise at a moderate rate throughout the period. As a result, workers will be responsible for a significant share of the increase in health care costs.

There will be no growth in non-farm proprietor income in 2009. Profit income is very sensitive to fluctuations in the business cycle. Income growth will return as the economy recovers in 2010 and 2011. Growth in dividend and interest income also will be anemic in 2009 given low interest rates.

As is often the case, transfer income will continue to grow at a solid pace even during recession. Transfer income is expected to grow by 5.7% in 2009, 6.0% in 2010, and 5.8% in 2011. All of these growth rates are well above the expected rate of inflation.

Farm Income

The Nebraska farm sector is one area of the economy that has fared relatively well during the current recession. Crop prices, and farm incomes, in 2009 will be down from record levels in 2008, but overall farm income in 2009 is expected to be 15% above the average over the last decade. Further, overall farm incomes are expected to grow modestly in 2010 and rise further in 2011. Thus, even as key sectors of the economy such as manufacturing stumble during the current recession, the farm sector has held up. This relative strength, however, is not found in every aspect of the farm sector. Prices and incomes from crop production will continue to be solid during 2009 and throughout the outlook period. But, the livestock sector is struggling given an environment of high feed costs resulting from elevated crop prices.

Table 5—Nonfarm Personal Income and Selected Components and Net Farm Income (USDA) (\$ millions)

	Consumer Price Index	Nonfarm Personal Income	Dividends, Interest, & Rent	Total Personal Current Transfer Receipts	Nonfarm Wages & Salaries (Wages & Salaries — Farm Wages)	Other Labor Income	Contributions to Social Insurance	Residential Adjustment	Nonfarm Proprietor Income	Net Farm Income (USDA)
Millions of Dollars										
1999	166.6	\$43,644	\$9,148	\$5,822	\$24,796	\$4,999	\$3,874	-\$762	\$3,517	\$1,707
2000	172.2	\$46,366	\$9,991	\$6,075	\$26,186	\$5,317	\$4,031	-\$825	\$3,654	\$1,444
2001	177.1	\$48,102	\$9,998	\$6,666	\$26,908	\$5,612	\$4,200	-\$833	\$3,951	\$1,904
2002	179.9	\$49,730	\$10,023	\$7,069	\$27,713	\$6,362	\$4,350	-\$869	\$3,782	\$859
2003	184.0	\$51,441	\$10,002	\$7,426	\$28,688	\$6,753	\$4,520	-\$911	\$4,003	\$2,735
2004	188.9	\$53,547	\$9,835	\$7,710	\$30,050	\$7,181	\$4,724	-\$933	\$4,428	\$3,546
2005	195.3	\$55,794	\$10,062	\$8,122	\$31,303	\$7,609	\$4,970	-\$951	\$4,619	\$2,923
2006	201.6	\$58,875	\$10,618	\$8,706	\$33,006	\$7,866	\$5,304	-\$915	\$4,898	\$1,994
2007	207.3	\$62,569	\$11,697	\$9,200	\$34,829	\$8,124	\$5,512	-\$1,013	\$5,244	\$3,392
2008	215.3	\$65,332	\$12,110	\$9,889	\$36,376	\$8,471	\$5,744	-\$1,077	\$5,307	\$4,038
Forecast Number										
2009	214.0	\$66,993	\$12,110	\$10,454	\$37,394	\$8,750	\$5,922	-\$1,100	\$5,307	\$3,050
2010	218.3	\$70,200	\$12,622	\$11,078	\$39,088	\$9,148	\$6,174	-\$1,126	\$5,563	\$3,100
2011	224.8	\$73,811	\$13,155	\$11,718	\$40,965	\$9,561	\$6,444	-\$1,152	\$6,008	\$3,400
Forecast % (nominal growth)										
2009	-0.6%	2.5%	0.0%	5.7%	2.8%	3.3%	3.1%	2.2%	0.0%	-24.5%
2010	2.0%	4.8%	4.2%	6.0%	4.5%	4.5%	4.2%	2.3%	4.8%	1.6%
2011	3.0%	5.1%	4.2%	5.8%	4.8%	4.5%	4.4%	2.3%	8.0%	9.7%

Source: <http://www.bea.gov>, 2009

Note: Nominal income growth includes inflation.

Particularly in a state such as Nebraska with a very large livestock sector, the good news of higher crop prices has spelled severe economic stress for livestock producers. As long as livestock prices move upward, profit margins can remain, albeit at ever-shifting levels. But, recessionary forces have also softened consumer demand for meat, leading to serious income shortfalls for livestock producers.

This has led to a significant shift in aggregate income allocation in Nebraska from the livestock sector to the crop sector. Should this shift continue into the foreseeable future, there will likely be some liquidation occurring among livestock producers, particularly among pork and dairy operations. This is because dairymen in Nebraska have seen milk prices plunge during the recession. Pork producers struggle in 2009 with pork prices that remain at just 80% of year-earlier levels. Further, unlike cattle producers, pork producers do not have the opportunity to utilize distillers grain (from ethanol production) as a partial buffer against rising feed input prices.

The combination of a fairly robust forecast for crop production counterbalanced with continuing income shortfalls within the state's livestock sector will lead to net farm income of \$3.05 billion in 2009. Looking into 2010 and 2011, the conditions for a relatively strong agricultural sector remain in tack, and as there is domestic and global economic recovery, the demand for production agriculture's products will likely strengthen. We expect farm income to grow by 1.6% in 2010 to reach \$3.1 billion, and to grow by 9.7% to reach \$3.4 billion in 2011.

But, these conditions will not be without some structural shifts, particularly within the livestock industry. Further, income generation potential will likely continue to shift towards the crop sector. Of course, the bio-fuels industry continues to be a significant economic variable for Nebraska's agricultural industry. World demand and supply conditions for oil will have repercussions for the volume and distribution of earnings within Nebraska's farm sector.

Net Taxable Retail Sales

In Table 6, data on net taxable retail sales are divided into motor vehicle sales and non-motor vehicle sales. The distinction is important. Motor vehicle net taxable sales are growing over time, but from year to year follow a cyclical pattern. Non-motor vehicle taxable sales rise steadily, but are affected by business cycles and periodic changes to Nebraska's sales tax base. During the outlook period, we do not anticipate changes in the sales tax base, but the economic recession and recovery will influence taxable sales.

Table 6 shows non-motor vehicle taxable sales over the 2009 to 2011 period. The pattern of taxable sales reflects our expectations for the overall economy, and for the retail and hospitality sectors, from which a large share of sales taxes are collected. Non-motor vehicle net taxable sales are expected to be roughly flat in 2009, rising by just 0.6%. The rate of growth will rebound in 2010 and 2011 as the Nebraska economy recovers. Non-motor vehicle taxable sales are expected to grow by 4.0% in 2010 and 3.9% in 2011.

The pattern of growth in motor vehicle net taxable sales clearly shows the recent upheaval in the automobile industry. Nationally, automobile sales have plummeted by more than 30% from year-ago levels. The decline has not been as severe in Nebraska, given that the Nebraska economy is much stronger this year than the national economy. But, sales tax receipts to date and expectations for the rest of the year lead us to project a 7.5% decline in motor vehicle net taxable sales in 2009. Taxable sales should rebound in 2010 as auto sales begin to recover from their historic collapse. Motor vehicle net taxable sales are expected to grow by 10.0% in 2010. The recovery will extend into 2011, when motor vehicle net taxable sales will grow by 6.0%.

Overall net taxable sales (from both sources) are expected to decline by 0.3% in 2009. Growth will accelerate to 4.6% in 2010 as the Nebraska economy rebounds, and in particular as motor vehicle sales bounce back. Growth in net taxable sales is expected to reach 4.1% in 2010.

Table 6—Net Taxable Retail Sales, Annual Totals (\$ millions)

	Consumer Price Index	Total Net Taxable Sales	Motor Vehicle Net Taxable Sales	Non Motor Vehicle Net Taxable Retail Sales
Millions of Dollars				
1999	166.6	\$19,806	\$2,520	\$17,286
2000	172.2	\$20,443	\$2,605	\$17,838
2001	177.1	\$21,057	\$2,897	\$18,160
2002	179.9	\$21,426	\$2,926	\$18,500
2003	184.0	\$22,092	\$2,894	\$19,199
2004	188.9	\$23,618	\$2,885	\$20,733
2005	195.3	\$24,443	\$2,751	\$21,691
2006	201.6	\$24,978	\$2,661	\$22,317
2007	207.3	\$26,237	\$2,902	\$23,335
2008	215.3	\$26,664	\$2,943	\$23,721
Forecast Number				
2009	214.0	\$26,586	\$2,722	\$23,863
2010	218.3	\$27,812	\$2,995	\$24,818
2011	224.8	\$28,960	\$3,174	\$25,786
Forecast % (nominal growth)				
2009	-0.6%	-0.3%	-7.5%	0.6%
2010	2.0%	4.6%	10.0%	4.0%
2011	3.0%	4.1%	6.0%	3.9%

Source: Nebraska Department of Revenue, 2009

Note: Nominal taxable sales growth includes inflation.

Our Thanks ...

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Serving this session were

- John Austin, Department of Economics, UNL;
- Chris Decker, Department of Economics, UNO;
- Tom Doering, Nebraska Department of Economic Development;
- Bruce Johnson, Department of Agricultural Economics, UNL;
- Ken Lemke, Nebraska Public Power District;
- Shannon Ramaeker, Nebraska Department of Labor;
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- Scott Strain, Greater Omaha Chamber of Commerce;
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