

BEWARE OF THE NEED FOR REGISTERING NEW ISSUES OF SECURITIES IN NEBRASKA

Most businessmen are aware that Federal law requires corporations to register newly issued securities with the Securities Exchange Commission. Many businessmen, however, are unaware that Nebraska's blue-sky laws may require registration of an issuance of securities with the Nebraska Securities Administrator even when no corresponding need for registration exists at the Federal level. Accordingly, the primary purpose of this article is to acquaint readers with the need to register under the Nebraska statutes whenever securities are offered to ten (or more) persons in Nebraska.

The situations where the Nebraska statute technically applies are so varied that one would perhaps never think of the statute's application to them. The Nebraska statute, section 8-1111(9), states that any transaction pursuant to an offer directed by the offeror to not more than ten investors during any year need not be registered under the Nebraska Securities Act. Thus, the Nebraska law applies even before any sales of securities, as long as there have been at least ten offers to sell securities. The Nebraska statute applies equally to corporate giants and very small businesses. Organizing a corporation, partnership, or other business entity, granting stock options, offering more securities to those who are already stockholders, and other acts commonly undertaken by businessmen are subject to this section of the securities law. Unless the stringent requirements of section 8-1111(9) are met (that is, fewer than ten offers of securities are made), the business will be faced with the costly and time-consuming process of registering under the Nebraska Securities Act. If such compliance is even accidentally omitted, potential civil liabilities are created.

Many businessmen and lawyers would probably be dismayed at the thought that section 8-1111(9) might require registration even in the case of a person with a neighborhood business who wanted to approach his close friends and relatives for a few thousand dollars of additional capital. Dwelling on this theme, Loss and Cowett have stated:

What, then, are the owners of the incorporated corner grocery to do if they want to raise additional capital from a few relatives and friends in order to remodel the store and no exemption is available? In the first place, more likely than not it will never occur to the individuals involved, or even their lawyer, that anything like a blue-sky law is remotely involved in this kind of financing. In the second place, if the lawyer happens to think of the blue-sky law, and calls the administrator, he may well be told to go right ahead because "the act is not intended for this kind of case"—all of which may make him wonder whether he has not embarrassed the administrator by bringing the matter to his attention and whether it

would not be better next time, or perhaps in another state, to go ahead in a similar situation without calling at all.¹

A frequently arising variation on the theme just suggested is created when a business offers its securities in many states (for example, to its own stockholders or to stockholders in another company in an exchange offering), and there are only four or five offerees in a particular state. One must, in such a case, analyze the particular private offering provision of each state.

It is now legitimate to inquire as to the practical impact of all the technical violations just mentioned, especially in light of the possibility of the State Securities Administrator turning his head the other way. The simple, yet compelling answer lies in the fact that the Nebraska statute states that all sales in violation of the private offering provision are voidable. This means, significantly, that the person who purchases securities sold in violation of the registration requirements of the blue-sky laws may bring a civil action against the seller, seeking rescission of the transaction. Rescission, of course, means that the seller in effect would have to reimburse the buyer for any losses he may have suffered as a result of a decrease in the price of the securities he purchased. So, even if the State Securities Administrator does not object, courts ultimately will have to take the statute as they find it.

An awareness of the applicability of section 8-1111(9) clearly can have advantages. Specifically, if the businessman or lawyer believes that applying this section to a particular case would be unfair and unintended by those who drafted the statute, the administrator's advice can be sought in advance. If the administrator is sympathetic, it may be that he could suggest a less rigorous method of registration which would fulfill the registration requirements of the state.

THE NEBRASKA STATUTE EXPLAINED IN DETAIL

The problem of the applicability of a state's nonpublic offering exemption is one which varies state by state, depending upon the precise wording of each state's statute. Nebraska Revised Statute section 8-1111(9), as noted earlier, sets forth the *ten offers to sell* securities as the flat criterion for testing when a sale or offer to sell securities must be registered under the Nebraska Securities Act. Specifically, the Nebraska statute provides:

Any transaction pursuant to an offer directed by the offeror to not more than ten persons, other than those designated in subdivision (8) of this section in this state during any period of twelve months, whether or not the offeror or any of the offerees is then

¹ Louis Loss and Edward Cowett, *Blue Sky Law* (Boston: Little, Brown, 1958), p. 82.

present in this state, if the seller reasonably believes that all the buyers are purchasing for investment, and no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer, except to a broker-dealer registered under the provisions of sections 8-1101 to 8-1124.

In determining whether ten offers have been made, the Nebraska blue-sky laws exclude offers to institutional investors. There is no reason for including offers to institutional investors in determining whether ten offers have been made, for such offerees are sophisticated, can fend for themselves, and therefore are not in need of protection. Additionally, the Nebraska private offering section provides that the offer must be made to no more than ten persons "in this state during any period of twelve consecutive months." Since nearly every state has its own nonpublic offering exemption to protect its own citizens, it appears most sensible to construe the words "in this state" to mean ten offers to Nebraska citizens (wherever they may be at the actual time when the offer was made to them). The provision "any period of twelve consecutive months" allows the offeror to start over with a clean slate every year.

Also, the seller must reasonably believe that all the buyers (in Nebraska) are purchasing for investment. Although there is no stated requirement that the seller obtain from the buyer an investment letter, it would be extremely unwise not to do so. Such a letter is basic in proving the seller's reasonable belief that the buyer possessed an investment intent.

Likewise, a partnership should normally be considered one buyer, at least where it is an already established business entity which in no way is a sham organization set up to slip by the registration requirements of the blue-sky laws. A further question is whether offers past ten destroy the exemption for all or only for the eleventh offeree and beyond. The language of the statute suggests that the exemption would be lost for the entire transaction, that is, all of the offers. This is reasonable, for why should only part of a sales campaign be registered once it has reached the requisite size where safeguards are needed?

Another distinction which should be made is between a voting trust and a testamentary or intervivos trust used for genuine family purposes. Likewise, what about securities issued to husband and wife? These "borderline cases" are convincing illustrations of the need for giving to the Nebraska Securities Administrator discretion to allow more than ten offerees when special circumstances, unforeseen by the legislators, arise.

Given this potential ambiguity in construing what constitutes ten offerees under the Nebraska statute, the only reasonable conclusion is that it would be unwise to stretch section 8-1111(9) to the very limit. It is submitted that the proper course of action would be to not go beyond seven or eight apparent offerees so as to compensate for possible overlooked offerees.

Nebraska has followed the Uniform Securities Act by including an investment requirement in its limited offering provision. Without such a requirement of investment intent the stated number of offerees allowed by the exemption is totally meaningless, for the original offerees can turn right around and unload the securities on the public. Such a loophole would only invite schemes designed to evade the rationale behind the nonpublic offering exemption.

With respect to the investment requirement, holding the secu-

rities before resale for two years appears to be relatively safe, so long as it is applied in the context of "changing circumstances."² As a practical matter, resales are not a problem unless there is a public interest in the security or unless one quickly develops. For example, closely held companies will rarely present a problem. But the management of publicly held companies would be well advised to take extra measures (such as transfer restrictions or large denomination securities) in utilizing this exemption.

It is submitted that the state administrator should, upon request, supply a "form of notice" which the issuer could use to supply small offering purchasers with a substantial amount of information about the company, the security, the finances, and the like. Finally, another question which deserves attention is whether the Nebraska private-offering exemption is conditioned on the absence of any public solicitations or advertisements.

The fact that the Nebraska blue-sky laws provide for criminal as well as civil penalties should be of no concern to the honest businessman who acts in good faith, for criminal prosecutions only occur in the most blatant examples of outright fraudulent conduct. But, as mentioned earlier, the prospect of civil liability looms constantly over even legitimate businessmen. While there is general agreement that some civil liability under blue-sky laws is appropriate, the chief concern is that it is not possible to predict accurately the potential liabilities under the existing statutes. However, it should be recognized that damages are inherently unpredictable. This underscores the paramount importance of giving the administrator discretion to allow more than ten offerees in cases of true accidental, technical violations of the statute.

This article does not purport to deal in depth with the ramifications of not complying with the Nebraska blue-sky laws. Nevertheless, listing the possible consequences of noncompliance is instructive. These may include: (1) rescission or damage recoveries by purchasers; (2) an injunction or stop order against further sales; (3) criminal conviction; or (4) revocation of a security dealer's license. Significantly, the issuer has the burden of proving the applicability of the exemption.

As a practical matter, it is unlikely that major liabilities will result from merely technical violations—especially if the issuer has made a good-faith effort to follow the blue-sky laws. Nevertheless, the businessman is asking for unnecessary trouble when he trifles with the private-offering exemption. This exemption is only an exception to the general rule requiring registration of securities as a method of protecting investors.

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²In many states, for example, it is not all clear when registration is required in connection with secondary trading (that is, transactions not involving the issuer). See Comment of Draftsmen of the Uniform Securities Act under sections 305(i), 305(j), and related sections.

In this context complaints are heard of the possibility for "free rides" where one buys speculative securities which are not part of a primary offering and have not been registered for sale in the state. The securities are then held by the buyer until the statute of limitations has nearly run. Those securities which have depreciated in value are tendered to the dealer with a demand for repayment of the original purchase price together with interest from the date of purchase. The dealer who has thus been caught in the squeeze is apt to conclude that he must comply with the demand. For he is anxious to avoid any unfavorable publicity at the rash of rescission suits which might be precipitated.

IMPACT OF IRRIGATED AGRICULTURE ON NEBRASKA'S ECONOMY, 1967-1970

The rapid growth of irrigated agriculture in Nebraska has focused considerable interest on the economic impact of irrigation on the state's economy. The following article combines excerpts from a recently published report with comments by the reviewer to give a synopsis of the authors' findings. The principal report, *Impact Analysis of Irrigated Agriculture on Nebraska's Economy, 1967-1970*, and two accompanying reports, *The 1967 Nebraska Input-Output Tables* and *The 1970 Nebraska Input-Output Tables*, were authored by Dr. F. Charles Lamphear and Dr. Theodore W. Roesler, both of the University of Nebraska-Lincoln College of Business Administration, and published by the Bureau of Business Research as Nebraska Economic and Business Reports Nos. 8, 9, and 10, respectively. Copies of these reports may be ordered at \$3.00 for the principal report and \$2.50 per copy for the accompanying reports. E. L. H.

Lamphear and Roesler point out that "a casual inspection of Nebraska's agriculture along Interstate 80 in central Nebraska or along U.S. Highway 20 in north-central Nebraska illustrates clearly the substantial use of irrigation practices in Nebraska. Equally striking is the observation that in these same areas of Nebraska sizable acreages remain to be converted to irrigated agriculture. This observation simply illustrates the fact that irrigated agriculture is a relatively young industry in the state, as shown by the following kinds of statistics. Between 1947 and 1963 the fraction of the value of total crop production supplied by irrigated land increased from 10 percent to 27 percent. By 1967 the fraction had reached 33 percent. And, finally, by 1970 (which was selected as the terminal year for the present study) the fraction slightly exceeded 43 percent."

In their report the authors use two principal study years, 1967 and 1970, and attempt an estimate of the impact of irrigated agriculture "taken as a 'package' of resources of which irrigation is but one part and, therefore, no attempt is made to isolate the specific contribution of water as an input." The economic impact estimated in the report includes "both the direct impact on agriculture's gross income and the indirect effects resulting from changes in this income. The concern is with the impacts on the aggregated incomes of agriculture and other industries of the state . . . [and with the effects of these incomes upon] investment activity in agriculture and in related industries."

The authors separate the economic impact of the Irrigated Crops Sector of the state's economy into (1) the current impact and (2) the investment impact. Current impact refers to short-run impact, due to additional crop production attributable to irrigation during a production and processing period. Investment impact refers to the long-run impact resulting from investment activity (in all sectors including the Irrigated Crop Sector) which may be attributed to the output expansion in the Irrigated Crops Sector. Current impact is further divided into three parts: (1) direct, (2) indirect induced-by, and (3) indirect stemming-from impacts.

The *current direct impact* is "the net increase in the output of the Irrigated Crops Sector over what would have been produced under dryland farming conditions." The net gain in 1970 was estimated at \$251.2 million, as compared with \$154.7 million in

1967 (See Table). The impact per acre of irrigated land was estimated to be \$62.82 in 1970 and \$46.69 in 1967.

| | Current Impacts | | | |
|--|-----------------|------------|--------------------------------|---------------|
| | Direct | Induced-by | Total of Direct and Induced-by | Stemming-from |
| Total - Millions of Dollars | | | | |
| 1970 | \$251.2 | \$334.5 | \$585.7 | \$1,412.4 |
| 1967 | 154.7 | 206.3 | 361.0 | 812.4 |
| Impact per Dollar of Net Increase in Output of Irrigated Crops | | | | |
| 1970 | \$1.00 | \$1.33 | \$2.33 | \$5.62 |
| 1967 | 1.00 | 1.33 | 2.33 | 5.25 |
| Impact per Acre of Irrigated Land | | | | |
| 1970 | \$62.82 | \$83.66 | \$146.48 | \$353.29 |
| 1967 | 46.69 | 62.28 | 108.97 | 245.22 |

The *current induced-by* impact refers to "the increase in the activities of the Nebraska sectors which is required to enable these sectors to sell the necessary inputs to the Irrigated Crops Sector so that this sector can produce the net increase in output." Inputs of fertilizer, seed, labor, and the like, are required by the Irrigated Crops Sector. The induced-by impact in 1970 was \$334.5 million, compared with \$206.3 million in 1967 (See Table). Thus, about \$1.33 of induced-by activity resulted per \$1.00 of increased output of Irrigated Crops in both 1970 and 1967. The impact per acre of irrigated land was \$83.66 in 1970 and \$62.28 in 1967.

The *current stemming-from* impact refers to "the increases in activity of the Nebraska economy which were required to enable the processing sectors to process and sell to external markets (Final Demand) a part of the increased output of Irrigated Crops." It was estimated that the Nebraska crop-producing sectors sold approximately 57 percent of their combined outputs to the Livestock Sector and to the several agricultural processing sectors of the economy (that is, to Meat Products, Dairy Products, Grain Products, and Other Foods sectors) for the years 1967 and 1970.¹

(Continued on page 6)

¹The exact percentage of the processing sector's purchases of crops that comes from irrigated land was not determinable. An assumption was made that "the fraction of a processing sector's purchases of crops which came from [the] Irrigated Crops [Sector] was equal to the fraction of total crop production produced by [the] Irrigated Crops [Sector]."

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Review and Outlook

Business in Nebraska overall took a slight turn for the better in January, while the United States economy as a whole continued on a downward path. For the state's cities, as noted below, the situation was not so favorable. Dollar volume and physical volume indexes should not be compared, however, with the same figures given for December, 1974, in this publication last month. The figures for years since 1967 have been revised through the extensive efforts of Duane Hackmann, Research Associate in the Bureau of Business Research. Taken into account are the many revisions which the government has made in the fundamental data. The physical volume index for Nebraska, on the 1967 base, as revised for December, 1974, is 126.8 percent; thus the January figure of

128.3, in Table 2, is 1.5 percentage points higher than the December one for Nebraska. For the United States the revised series shows physical volume to have been 0.3 percentage points lower in January than in December.

The two columns in Table 2 are comparable with each other, however, since both have been revised. They show that Nebraska is much better off, compared with 1967, than the nation in all nonagricultural groups except government activity. In dollar volume of agriculture, however, Nebraska is below the nation, since in Nebraska agricultural prices have fallen more than those for the United States as a whole (see Table 5).

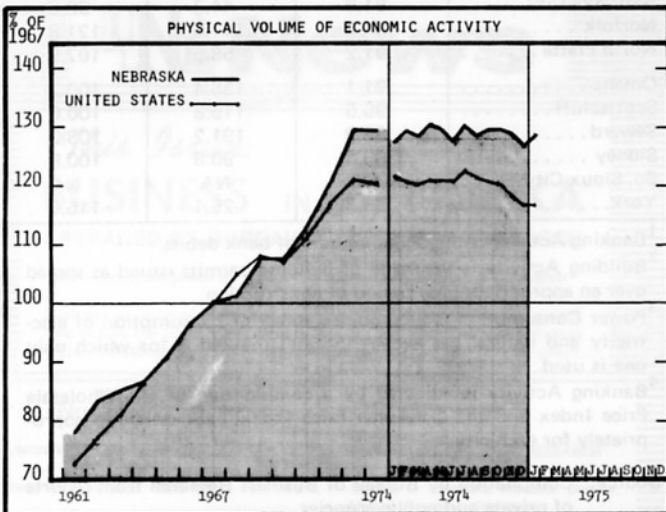
Compared with 1974, Nebraska is doing better than the nation in every industrial group (Table 1), (Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

| ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES | | | | |
|---|--|-------|---|-------|
| 1. CHANGE FROM PREVIOUS YEAR | | | | |
| January, 1975 | Current Month as Percent of Same Month Previous Year | | 1975 Year to Date as Percent of 1974 Year to Date | |
| | Nebraska | U.S. | Nebraska | U.S. |
| Indicator | Nebraska | U.S. | Nebraska | U.S. |
| Dollar Volume | 106.9 | 107.3 | 106.9 | 107.3 |
| Agricultural | 82.8 | 86.9 | 82.8 | 86.9 |
| Nonagricultural | 112.9 | 108.4 | 112.9 | 108.4 |
| Construction | 124.0 | 96.6 | 124.0 | 96.6 |
| Manufacturing | 122.0 | 111.1 | 122.0 | 111.1 |
| Distributive | 109.3 | 108.0 | 109.3 | 108.0 |
| Government | 109.8 | 108.6 | 109.8 | 108.6 |
| Physical Volume | 100.4 | 95.9 | 100.4 | 95.9 |
| Agricultural | 101.5 | 99.1 | 101.5 | 99.1 |
| Nonagricultural | 100.2 | 95.7 | 100.2 | 95.7 |
| Construction | 108.5 | 84.5 | 108.5 | 84.5 |
| Manufacturing | 101.6 | 91.6 | 101.6 | 91.6 |
| Distributive | 97.8 | 96.6 | 97.8 | 96.6 |
| Government | 106.2 | 104.5 | 106.2 | 104.5 |

| 2. CHANGE FROM 1967 | | |
|---------------------|-------------------------|-------|
| Indicator | Percent of 1967 Average | |
| | Nebraska | U.S. |
| Dollar Volume | 208.8 | 186.6 |
| Agricultural | 219.3 | 226.6 |
| Nonagricultural | 207.0 | 185.2 |
| Construction | 214.8 | 159.7 |
| Manufacturing | 241.4 | 179.8 |
| Distributive | 195.3 | 187.2 |
| Government | 206.0 | 199.5 |
| Physical Volume | 128.3 | 116.5 |
| Agricultural | 131.4 | 130.3 |
| Nonagricultural | 127.8 | 116.0 |
| Construction | 116.7 | 86.8 |
| Manufacturing | 138.3 | 106.9 |
| Distributive | 125.1 | 119.9 |
| Government | 128.8 | 132.3 |

| 3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes) | | | |
|---|-------------------------------------|-------------------------------------|---|
| Region Number ¹ and City | City Sales ² | | Sales in Region ² |
| | Jan., 1975 as percent of Jan., 1974 | Jan., 1975 as percent of Jan., 1974 | Year to Date '75 as percent of Year to Date '74 |
| <i>The State</i> | 94.3 | 92.4 | 92.4 |
| 1 Omaha | 85.7 | 85.6 | 85.6 |
| Bellevue | 90.6 | | |
| 2 Lincoln | 92.9 | 93.5 | 93.5 |
| So. Sioux City | 86.8 | 87.0 | 87.0 |
| 4 Nebraska City | 103.5 | 86.2 | 86.2 |
| 5 Fremont | 99.6 | 93.8 | 93.8 |
| Blair | 91.4 | | |
| 6 West Point | 88.4 | 83.0 | 83.0 |
| 7 Falls City | 94.5 | 83.8 | 83.8 |
| 8 Seward | 84.2 | 85.5 | 85.5 |
| 9 York | 112.0 | 100.3 | 100.3 |
| 10 Columbus | 92.6 | 89.9 | 89.9 |
| 11 Norfolk | 98.4 | 95.2 | 95.2 |
| 12 Grand Island | 104.2 | 102.7 | 102.7 |
| 13 Hastings | 100.6 | 99.2 | 99.2 |
| 14 Beatrice | 94.6 | 89.3 | 89.3 |
| Fairbury | 86.7 | | |
| 15 Kearney | 99.7 | 107.8 | 107.8 |
| 16 Lexington | 107.2 | 99.6 | 99.6 |
| 17 Holdrege | 183.9 | 125.5 | 125.5 |
| 18 North Platte | 104.4 | 99.9 | 99.9 |
| 19 Ogallala | 97.0 | 100.3 | 100.3 |
| 20 McCook | 96.3 | 90.5 | 90.5 |
| 21 Sidney | 97.7 | 90.0 | 90.0 |
| Kimball | 78.4 | | |
| 22 Scottsbluff | 94.6 | 126.4 | 126.4 |
| 23 Alliance | 99.0 | 93.6 | 93.6 |
| Chadron | 97.7 | | |
| 24 O'Neill | 88.1 | 80.7 | 80.7 |
| 25 Hartington | 67.5 | 77.0 | 77.0 |
| 26 Broken Bow | 85.9 | 81.3 | 81.3 |

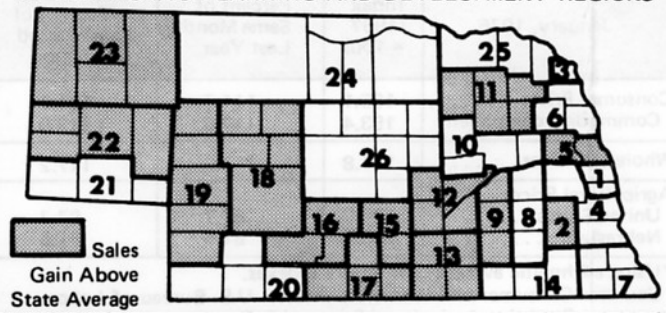


¹ See region map below.

² Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales; city totals exclude motor vehicle sales.

Compiled from data provided by Nebraska Department of Revenue.

1975 YEAR TO DATE AS PERCENT OF 1974 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4) except, again, in the dollar volume for agriculture. Farming, being so important in the state, holds its dollar volume of total activity to a level that is not as much above January, 1974, as the nation's.

Nebraska's overall favorable situation in January has some not so favorable aspects. The data on January's retail sales (shown in Table 3) show a drop from a year ago for the state after adjustment for the rise in commodity prices. Only a few cities (as in recent months, mostly along the Interstate) had greater physical volume of sales than in January, 1974. York, Grand Island, Lexington, and North Platte were among the "winners," together with Nebraska City. The outstanding city, however, was Holdrege. The rise of over 80 percent in sales seems to be confirmed. What is happening out there? The lowest figure, both for city and region, was for Hartington.

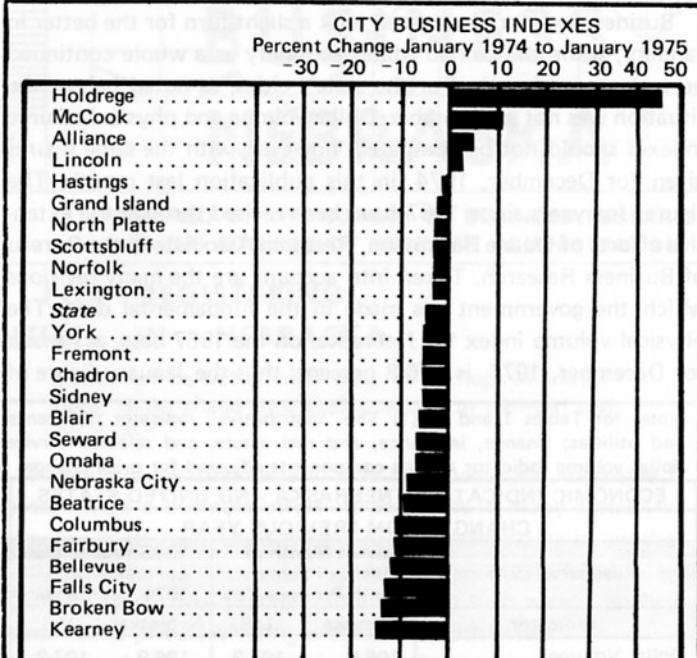
Motor vehicle sales are not shown separately here, but data from the Department of Revenue indicate that they were almost 10 percent lower than a year ago, even before correction for the price rise. This was in spite of the rebates given by the large manufacturers, which are said to have stimulated automobile sales over the nation. The figures are based upon sales taxes paid, with the tax charged on the stated sales price and not on the price minus the rebate.

In the city business indicators (Table 4) we find further discouraging news. The January, 1975, figure for banking activity for the state was down almost 10 percent from the same month a year ago, after correction for price changes. Building activity (not adjusted for price changes) was up, as usual, and power consumption rose a trifle. Again, Holdrege was an exception to the decline in banking activity, jumping over 21 percent, but McCook surpassed it with a 38 percent rise. On the chart, based upon all of these series plus the retail sales from Table 3, Holdrege's outstanding rise is apparent.

Many optimistic statements are being issued about the future of the economy, yet one wonders. Are they just a form of whistling in the dark? One remembers the year 1930, when we were just sinking into a long depression. Then we were constantly being reassured that "the economy was fundamentally sound," and that "prosperity was just around the corner." Also, there was a span of some 40 years between the deep depressions of the 1890s and the 1930s, and there has now been another 40-year span since the 1930s. Is history repeating itself? E. Z. P.

| January, 1975 | Index (1967 = 100) | Percent of Same Month Last Year | Year to Date as Percent of Same Period Last Year* |
|----------------------------|--------------------|---------------------------------|---|
| Consumer Prices | 156.1 | 111.7 | 111.7 |
| Commodity component | 153.4 | 112.0 | 112.0 |
| Wholesale Prices | 171.8 | 117.2 | 117.2 |
| Agricultural Prices | | | |
| United States | 173.9 | 87.7 | 87.7 |
| Nebraska | 166.9 | 81.5 | 81.5 |

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.



Source: Table 4 below.

| The State and Its Trading Centers | Percent of Same Month a Year Ago | | |
|-----------------------------------|--|--------------------------------|--------------------------------|
| | Banking Activity ¹ (Adjusted for Price Changes) ⁴ | Building Activity ² | Power Consumption ³ |
| <i>The State</i> | 90.3 | 124.9 | 102.4 |
| Alliance | 91.9 | 514.7 | 104.3 |
| Beatrice | 86.7 | 53.8 | 102.6 |
| Bellevue | 82.2 | 101.3 | 97.9* |
| Blair | 75.2 | 521.3 | 95.7 |
| Broken Bow | 74.4 | 179.2 | 104.7 |
| Chadron | 91.3 | 93.2 | 92.7 |
| Columbus | 74.1 | 202.9 | 98.4 |
| Fairbury | 72.0 | 418.9 | 97.2* |
| Falls City | 69.5 | 195.4 | 93.4 |
| Fremont | 82.6 | 137.3 | 104.6* |
| Grand Island | 90.5 | 92.7 | 106.8 |
| Hastings | 93.5 | 170.6 | 90.1 |
| Holdrege | 121.8 | 164.7 | 99.1 |
| Kearney | 83.1 | 23.4 | 97.6 |
| Lexington | 85.0 | 61.5 | 108.5 |
| Lincoln | 97.5 | 371.4 | 109.2 |
| McCook | 137.7 | 63.1 | 97.4 |
| Nebraska City | 81.8 | 44.3 | 98.9 |
| Norfolk | 84.2 | 111.6 | 121.8 |
| North Platte | 91.2 | 58.5 | 107.9 |
| Omaha | 91.1 | 135.4 | 100.2 |
| Scottsbluff | 95.5 | 115.8 | 100.0 |
| Seward | 86.9 | 191.2 | 108.2 |
| Sidney | 88.3 | 90.8 | 100.8 |
| So. Sioux City | NA | NA | NA |
| York | 86.3 | 25.1 | 115.0 |

¹Banking Activity is the dollar volume of bank debits.
²Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
³Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
⁴Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(Continued from page 3)

The stemming-from impact in 1970 was \$1,412.4 million, as compared with \$812.4 million in 1967 (See Table). Thus, about \$5.62 of stemming-from activity resulted per \$1.00 of increased output of Irrigated Crops in 1970 as compared with \$5.25 for 1967. The impact per acre of irrigated land was \$353.29 in 1970 and \$245.22 in 1967.

The impacts given in the Table are separate impacts. The current direct and induced-by impacts may be combined into a total requirement impact, since both are required if the output of the Irrigated Crops Sector is to be increased. Thus the direct and indirect induced-by impacts total \$2.33 per dollar of net increase in output of irrigated crops for 1970 (and also for 1967)—given the assumption that the proportion of Irrigated Crops sold to the crop-related sectors was the same, 57 percent, as that for total crop production. Although not unequivocally identifiable with irrigation, it can be seen that the stemming-from impact was considerable—\$5.62 and \$5.25 per dollar of net increase in output of Irrigated Crops in 1970 and 1967, or \$353.29 and \$245.22 per acre of irrigated land (See Table).

Other data presented in the report show that the four sectors of Nebraska's economy that benefited the most from the induced-by impacts resulting from the net increase in crop output were: Households, Real Estate and Rentals, Utilities, and Insurance. Finance, Trade, and Agricultural Chemicals sectors were among those benefiting to a notable degree—although considerably less than the four previously mentioned.

Sectors benefiting the most from the stemming-from impacts were the Meat Packing, Livestock and Livestock Products, Households, and Grain Products sectors. Dairy Products and Real Estate and Rentals sectors also benefited markedly.

The authors of this report were not able to arrive at estimates of the long-run investment impact by using the input-output methodology. Lack of data, combined with inability to separate the investment effect of irrigated agriculture and related agricultural activities from the effect of the nonirrigated agriculture, precluded a precise measurement of the investment effect of irrigated agriculture. The authors did, however, develop and apply an alternative method of analysis which enabled them to arrive

at some tentative theses.

These theses stem from an analysis of the general relationship between agriculture and agriculturally related activities. Ratios (termed location indexes) were constructed which permitted a comparison of Nebraska's situation with that of the rest of the nation. On the basis of these indexes it was found that:

1. In food processing, in general, Nebraska's position has slipped from 1950 through 1970—despite the substantial increase in crop output via increased use of irrigation. In grain mill activity, however, Nebraska's position improved substantially.
2. The volume of livestock activities in relation to crop production increased substantially *more* in Nebraska than in the nation between 1958 and 1970. Since much of Nebraska's crop production—of which a sizable portion stems from irrigated land—is used for feed for livestock, irrigated agriculture's role in the expansion of livestock activities would have been an important factor.
3. In meat processing, Nebraska appeared to be keeping pace with the nation in *value added*, yet the location index for employment in meat processing in Nebraska relative to the nation dropped by 37 percent between 1958 and 1970. "It appears that Nebraska's proportion of the total number of jobs in meat processing supported by livestock operations has declined substantially during this period."
4. "As compared to the nation as a whole, the indexes indicate that Nebraska has experienced a substantial improvement in its locational advantage for the manufacture of farm machinery and equipment in the period 1963 through 1970 . . . [T]he development of irrigation in the state was surely one of the factors involved in the growth of farm-machinery manufacturing."
5. "Some limited data for agricultural chemicals do raise the question as to why the production of agricultural chemicals has not grown as rapidly in Nebraska as in some neighboring states."
6. In summary, "while the growth of certain agriculturally related sectors has very likely been influenced by the growth of irrigation in the state, it appears that a significant portion of Nebraska's agricultural output is being processed outside the state."

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