

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1114

Introduced by McKinney, 11.

Read first time January 19, 2022

Committee:

1 A BILL FOR AN ACT relating to the Business Innovation Act; to amend
2 sections 81-12,153, 81-12,154, 81-12,156, and 81-12,162, Revised
3 Statutes Cumulative Supplement, 2020; to define a term; to change
4 provisions relating to purposes, funding preferences, and the small
5 business investment program; to harmonize provisions; and to repeal
6 the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-12,153, Revised Statutes Cumulative
2 Supplement, 2020, is amended to read:

3 81-12,153 For purposes of the Business Innovation Act:

4 (1) Department means the Department of Economic Development;

5 (2) Economic redevelopment area means an area in the State of
6 Nebraska in which:

7 (a) The average rate of unemployment in the area during the period
8 covered by the most recent federal decennial census or American Community
9 Survey 5-Year Estimate by the United States Bureau of the Census is at
10 least one hundred fifty percent of the average rate of unemployment in
11 the state during the same period; and

12 (b) The average poverty rate in the area is twenty percent or more
13 for the federal census tract in the area;

14 (3) (2) Federal grant program means the federal Small Business
15 Administration's Small Business Innovation Research grant program or
16 Small Business Technology Transfer grant program;

17 (4) (3) Microenterprise means a for-profit business entity with not
18 more than ten full-time equivalent employees;

19 (5) (4) Prototype means an original model on which something is
20 patterned by a resident of Nebraska or a company located in Nebraska; and

21 (6) (5) Value-added agriculture means increasing the net worth of
22 food or nonfood agricultural products by processing, alternative
23 production and handling methods, collective marketing, or other
24 innovative practices.

25 Sec. 2. Section 81-12,154, Revised Statutes Cumulative Supplement,
26 2020, is amended to read:

27 81-12,154 The purpose of the Business Innovation Act is to encourage
28 and support the transfer of Nebraska-based technology and innovation in
29 rural and urban areas of Nebraska in order to create high growth, high
30 technological companies, small businesses, and microenterprises and to
31 enhance creation of wealth and quality jobs. The Legislature finds that

1 the act will:

2 (1) Provide technical assistance planning grants pursuant to section
3 81-12,157 to facilitate phase one applications for the federal grant
4 program;

5 (2) Provide financial assistance pursuant to section 81-12,157 to
6 companies receiving phase one and phase two grants pursuant to the
7 federal grant program;

8 (3) Provide financial assistance pursuant to section 81-12,158 to
9 companies or individuals creating prototypes;

10 (4) Establish a financial assistance program pursuant to section
11 81-12,159 for innovation in value-added agriculture;

12 (5) Establish a financial assistance program for innovation in
13 biosciences;

14 (6) Establish a financial assistance program pursuant to section
15 81-12,160 to identify commercial products and processes;

16 (7) Provide financial assistance pursuant to section 81-12,161 to
17 companies using Nebraska public or private college and university
18 researchers and facilities for applied research projects;

19 (8) Provide support and funding pursuant to section 81-12,162 for
20 microlending entities, and microenterprise entities, and innovation hubs;
21 and

22 (9) Provide support for locally owned and operated Nebraska-based,
23 high growth businesses by providing technical resources to foster
24 development, growth, and high wage creation. For purposes of this
25 subdivision, Nebraska-based, high growth business means a corporation,
26 partnership, limited liability company, limited partnership, or limited
27 liability partnership registered with the Secretary of State that has two
28 to fifty employees and has annual sales of no less than five hundred
29 thousand dollars and no more than two million five hundred thousand
30 dollars.

31 Sec. 3. Section 81-12,156, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 81-12,156 When selecting projects for funding under the Business
3 Innovation Act, the department shall give a preference to projects
4 located in whole or in part within an economic redevelopment area, an
5 enterprise zone designated pursuant to the Enterprise Zone Act, or an
6 opportunity zone designated pursuant to the federal Tax Cuts and Jobs
7 Act, Public Law 115-97.

8 Sec. 4. Section 81-12,162, Revised Statutes Cumulative Supplement,
9 2020, is amended to read:

10 81-12,162 (1) The department shall establish a small business
11 investment program. The program:

12 (a) Shall provide grants to microloan delivery organizations, ~~or~~
13 microloan technical assistance organizations, and innovation hubs to:

14 (i) Better assure that Nebraska's microenterprises are able to
15 realize their full potential to create jobs, enhance entrepreneurial
16 skills and activity, and increase low-income households' capacity to
17 become self-sufficient;

18 (ii) Provide funding to foster the creation of microenterprises;

19 (iii) Establish the department as the coordinating office for the
20 facilitation of microlending and microenterprise development;

21 (iv) Facilitate the development of a permanent, statewide
22 infrastructure of microlending support organizations to serve Nebraska's
23 microenterprise and self-employment sectors;

24 (v) Enable the department to provide grants to community-based
25 microenterprise development organizations in order to encourage the
26 development and growth of microenterprises throughout Nebraska; and

27 (vi) Enable the department to engage in contractual relationships
28 with statewide microlending support organizations and innovation hubs
29 which have the capacity to leverage additional nonstate funds for
30 microenterprise lending.

31 To the maximum extent possible, the selection process should assure

1 that the distribution of such financial assistance provides equitable
2 access to the benefits of the Business Innovation Act by all geographic
3 areas of the state; and

4 (b) May identify and coordinate other state and federal sources of
5 funds which may be available to the department to enhance the state's
6 ability to facilitate financial assistance pursuant to the program.

7 (2) To establish the criteria for making an award to a microloan
8 delivery organization, ~~or~~ microloan technical assistance organization, or
9 innovation hub, the department shall consider:

10 (a) The plan for providing business development services and
11 microloans to microenterprises;

12 (b) The scope of services to be provided by the microloan delivery
13 organization, ~~or~~ microloan technical assistance organization, or
14 innovation hub;

15 (c) The plan for coordinating the services and loans provided by the
16 microloan delivery organization, ~~or~~ microloan technical assistance
17 organization, or innovation hub with commercial lending institutions;

18 (d) The geographic representation of all regions of the state,
19 including both urban and rural communities and neighborhoods;

20 (e) The ability of the microloan delivery organization, ~~or~~ microloan
21 technical assistance organization, or innovation hub to provide for
22 business development in areas of chronic economic distress and low-income
23 regions of the state;

24 (f) The ability of the microloan delivery organization, ~~or~~ microloan
25 technical assistance organization, or innovation hub to provide business
26 training and technical assistance to microenterprise clients;

27 (g) The ability of the microloan delivery organization, ~~or~~ microloan
28 technical assistance organization, or innovation hub to monitor and
29 provide financial oversight of recipients of microloans; and

30 (h) Sources and sufficiency of operating funds for the
31 microenterprise development organization.

1 (3) Awards made by the department to a microloan delivery
2 organization, or microloan technical assistance organization, or
3 innovation hub may be used to:

4 (a) Satisfy matching fund requirements for other federal or private
5 grants;

6 (b) Establish a revolving loan fund from which the microloan
7 delivery organization, or microloan technical assistance organization, or
8 innovation hub may make loans to microenterprises;

9 (c) Establish a guaranty fund from which the microloan delivery
10 organization, or microloan technical assistance organization, or
11 innovation hub may guarantee loans made by commercial lending
12 institutions to microenterprises;

13 (d) Provide funding for the operating costs of a microloan delivery
14 organization, or microloan technical assistance organization, or
15 innovation hub not to exceed twenty percent; and

16 (e) Provide grants to establish loan-loss reserve funds to match
17 loan capital borrowed from other sources, including federal
18 microenterprise loan programs.

19 (4) Any award of financial assistance to a microloan delivery
20 organization, or microloan technical assistance organization, or
21 innovation hub shall meet the following qualifications:

22 (a) Funds shall be matched by nonstate funds equivalent in money or
23 in-kind contributions or a combination of both equal to thirty-five
24 percent of the grant funds requested. Such matching funds may be from any
25 nonstate source, including private foundations, federal or local
26 government sources, quasi-governmental entities, or commercial lending
27 institutions, or any other funds whose source does not include funds
28 appropriated by the Legislature;

29 (b) Microloan funds shall be disbursed in microloans which do not
30 exceed one hundred thousand dollars or used to capitalize loan-loss
31 reserve funds for such loans; and

1 (c) A minimum of fifty percent of the microloan funds shall be used
2 by a microenterprise development assistance organization for small
3 business technical assistance.

4 The department shall contract with a statewide microenterprise
5 development assistance organization to carry out this section.

6 (5) Each year the department may award up to three ~~two~~ million
7 dollars under this section.

8 Sec. 5. Original sections 81-12,153, 81-12,154, 81-12,156, and
9 81-12,162, Revised Statutes Cumulative Supplement, 2020, are repealed.