

LEGISLATIVE BILL 207

Approved by the Governor May 24, 1995

Introduced by Day, 19; Hillman, 48

AN ACT relating to the Local Option Municipal Economic Development Act; to amend sections 18-2701, 18-2705, and 18-2709, Revised Statutes Supplement, 1994; to redefine terms; to change provisions relating to proposed economic development programs; to harmonize provisions; and to repeal the original sections.

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

Section 1. Section 18-2701, Revised Statutes Supplement, 1994, is amended to read:

18-2701. Sections 18-2701 to 18-2738 and section 2 of this act shall be known and may be cited as the Local Option Municipal Economic Development Act.

Sec. 2. (1) If the proposed economic development program involves the making of grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low or moderate income, the proposed plan shall specify (a) the income levels which will qualify persons for participation in the housing program and (b) the criteria for determining the adjustments to be made to the income of persons to determine their qualification for participation. For purposes of the Local Option Municipal Economic Development Act, the city shall determine low-income and moderate-income standards for the economic development program by basing such standards upon existing federal government guidelines or standards for qualifying for any federal housing assistance program as such levels may be modified by the consideration of existing local and regional economic conditions and income levels.

(2) In establishing the criteria to be applied in determining appropriate adjustments to the income of persons seeking consideration for participation in the program pursuant to subsection (1) of this section, the city shall consider the following factors:

(a) The amount of income of the person which is available for housing needs;

(b) The size of the family to reside in each housing unit;

(c) The cost and condition of housing available in the city;

(d) Whether the person or any member of the person's family who will be residing in the housing unit is elderly, infirm, or disabled;

(e) The ability of the person to compete successfully in the private housing market and to pay the amounts the private enterprise market requires for safe, sanitary, and uncrowded housing; and

(f) Such other factors as the city determines which are particularly relevant to the conditions facing persons seeking new or rehabilitated housing in the city.

Sec. 3. Section 18-2705, Revised Statutes Supplement, 1994, is amended to read:

18-2705. Economic development program shall mean any project or program utilizing funds derived from local sources of revenue for the purpose of providing direct or indirect financial assistance to a qualifying business or the payment of related costs and expenses or both, without regard to whether that business is identified at the time the project or program is initiated or is to be determined by specified means at some time in the future. An economic development program may include, but shall not be limited to, the following activities: Direct loans or grants to qualifying businesses for fixed assets or working capital or both; loan guarantees for qualifying business; grants for public works improvements which are essential to the location or expansion of a qualifying business; grants or loans for job training; the purchase of real estate, options for such purchases, and the renewal or extension of such options; the issuance of bonds as provided for in the Local Option Municipal Economic Development Act; and payments for salaries and support of city staff to implement the economic development program or the contracting of such to an outside entity. For cities of the first and second class and villages, an economic development program may also include grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low or moderate income. An economic development program may be conducted jointly by two or more cities after the approval of the program by the voters of each participating city.

Sec. 4. Section 18-2709, Revised Statutes Supplement, 1994, is

amended to read:

18-2709. Qualifying business shall mean any corporation, partnership, limited liability company, or sole proprietorship which derives its principal source of income from any of the following: The manufacture of articles of commerce; the conduct of research and development; the processing, storage, transport, or sale of goods or commodities which are sold or traded in interstate commerce; the sale of services in interstate commerce; headquarters facilities relating to eligible activities as listed in this section; telecommunications activities; or tourism-related activities. In cities of the first and second class and villages, a business shall also be a qualifying business if it derives its principal source of income from the construction or rehabilitation of housing. In cities with a population of more than two thousand five hundred inhabitants and less than ten thousand inhabitants, a business shall also be a qualifying business if it derives its principal source of income from retail trade, except that no more than forty percent of the total revenue generated pursuant to the Local Option Municipal Economic Development Act for an economic development program in any twelve-month period and no more than twenty percent of the total revenue generated pursuant to the act for an economic development program in any five-year period, commencing from the date of municipal approval of an economic development program, shall be used by the city for or devoted to the use of retail trade businesses. For purposes of this section, retail trade shall mean a business which is principally engaged in the sale of goods or commodities to ultimate consumers for their own use or consumption and not for resale. In cities with a population of two thousand five hundred inhabitants or less, a business shall be a qualifying business even though it derives its principal source of income from activities other than those set out in this section.

If a business which would otherwise be a qualifying business employs people and carries on activities in more than one city in Nebraska or will do so at any time during the first year following its application for participation in an economic development program, it shall be a qualifying business only if, in each such city, it maintains employment for the first two years following the date on which such business begins operations in the city as a participant in its economic development program at a level not less than its average employment in such city over the twelve-month period preceding participation.

A qualifying business need not be located within the territorial boundaries of the city from which it is or will be receiving financial assistance.

Sec. 5. Original sections 18-2701, 18-2705, and 18-2709, Revised Statutes Supplement, 1994, are repealed.