

ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011
COMMITTEE STATEMENT
LB387

Hearing Date: Monday February 07, 2011
Committee On: Banking, Commerce and Insurance
Introducer: Hadley
One Liner: Adopt the Business Innovation Act and eliminate economic development programs

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye:	6	Senators Gloor, Langemeier, McCoy, Pahls, Pirsch, Utter
Nay:	2	Senators Christensen, Pankonin
Absent:		
Present Not Voting:		

Proponents:

Senator Galen Hadley
Richard Baier
Jim McClurg
Ken Moreano
John Carpenter
David Conrad
Michael Dixon
Terri Wasmoen
Karl Elmshaeuser

Representing:

Introducer
NE Dept. of Economic Development
BioNebraska/NE Chamber of Commerce
Scott Technology Center/Invest NE Corp
Bastlab, Inc.
NUTech Ventures/Lincoln Chamber of Commerce
UNeMed Corp/UNMC
Omaha Chamber of Commerce
West Central NE Development District

Opponents:

Chuck Hassebrook
John Synowiecki
Rose Jaspersen
Rick Wallace

Representing:

Center for Rural Affairs
Catholic Charities of Omaha
NE Enterprise Fund
Community Development Resources

Neutral:

Representing:

Summary of purpose and/or changes:

LB387 (Hadley, Conrad; at the request of the Governor) would enact fourteen new sections to be known as the Business Innovation Act to provide that the Department of Economic Development (DED) shall establish five programs to provide grants and financial assistance to companies receiving federal SBA grants; provide financial assistance to companies or individuals creating prototypes; establish a financial assistance program to identify commercial products and processes; provide financial assistance to companies using Nebraska public college and university researchers and facilities for applied research projects; and provide support and funding for microenterprise entities. The bill would also outright repeal the Agricultural and Value-Added Partnerships Act, the Microenterprise Development Act, and the Building Entrepreneurial Communities Act.

SUMMARY

The bill would provide, section by section, as follows:

Section 1 would enact a new section to provide for a named act: the Business Innovation Act.

Section 2 would enact a new section to provide for definitions: (1)"department;" (2)"distressed area;" (3)"federal grant program;" and "prototype."

Section 3 would enact a new section to provide for a statement of legislative purpose.

Section 4 would enact a new section to provide that at least forty percent of the funding for financial assistance programs in sections 5 to 9 of the bill shall be used for projects that best alleviate chronic economic distress in distressed areas.

Section 5 would enact a new section to provide that DED shall establish a phase one program to provide grants to small businesses that qualify under the federal Small Business Administration's Small Business Innovation Research grant program for the purposes of planning for an application under the federal grant program. Planning grants may be made under this section to match up to sixty-five percent of the federal grant and shall not exceed five thousand dollars per project. Not more than one million dollars per year shall be awarded for grants under this section.

Section 6 would enact a new section to provide that DED shall establish a financial assistance program to provide financial assistance to businesses that employ no more than five hundred employees or to individuals for the purpose of creating a prototype of a product stemming from research and development at a business headquartered in Nebraska or a public or private college or university in Nebraska. Funds under this section shall be matched by nonstate funds equivalent to fifty percent of the funds requested. Funds provided shall not exceed fifty thousand dollars per project. Not more than a total of one million dollars per year shall be awarded under this section.

Section 7 would enact a new section to provide that DED shall establish a financial assistance program to provide financial assistance to businesses headquartered in Nebraska that employ no more than five hundred employees or to individuals that have a prototype of a product or process for the purposes of commercializing such product or process. Funds under this section shall be matched by nonstate funds equal to fifty percent of the funds requested. Not more than five hundred thousand dollars shall be provided to any one project and such financial assistance shall not exceed fifty percent of the total cost of the project. Not more than two million dollars per year shall be awarded for financial assistance under this section.

Section 8 would enact a new section to provide that DED shall establish a financial assistance program to provide financial assistance to businesses headquartered in Nebraska that use faculty or facilities of a public college or university in Nebraska for applied research and development of new products or use intellectual property generated at a public college or university in Nebraska. Up to one hundred thousand dollars may be provided for the first phase of a project. Funds under this section shall be matched by nonstate funds equivalent to one hundred percent of funds requested for both phases of the program. Not more than three million dollars total per year for financial assistance shall be awarded under this section.

Section 9 would enact a new section to provide that DED shall establish a small business investment program to provide grants to microloan delivery organizations. Funds under this section shall be matched by nonstate funds equivalent to thirty-five percent of the grant funds requested. At least eighty percent of microloan funds shall be disbursed by the microloan delivery organizations in microloans which do not exceed fifty thousand dollars. Not more than one million dollars per year shall be awarded under this section.

Section 10 would enact a new section to provide that DED shall develop a qualified action plan by January 1 of each even-numbered year.

Section 11 would enact a new section to provide for creation of the Innovate Nebraska Cash Fund to be expended by DED for the purpose of carrying out the Business Innovation Act. This section would provide the intent of the

Legislature to appropriate \$7,000,000 from the General Fund to the Innovate Nebraska Cash Fund for each of fiscal years 2011-12 and 2012-13.

Section 12 would enact a new section to provide DED with rule and regulation authority to carry out the Business Innovation Act.

Section 13 would provide that DED may enter into a contract with a Nebraska-based nonprofit entity for the purposes of carrying out any or all of the provisions of the Business Innovation Act.

Section 14 would enact a new section to provide that DED shall submit an annual report to the Governor and the Legislature.

Section 15 would provide for an operative date of October 1, 2011.

Section 16 would provide for the outright repeal of: sections 2-5413 to 2-5424, the Agricultural Opportunities and Value-Added Partnerships Act; sections 81-1295 to 81-12,105.01, the Microenterprise Development Act; and sections 81-12,125 to 81-12,128, the Building Entrepreneurial Communities Act.

Rich Pahls, Chairperson