

**ONE HUNDRED SIXTH LEGISLATURE - SECOND SESSION - 2020**  
**COMMITTEE STATEMENT**  
**LB604**

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**Hearing Date:** Monday February 04, 2019  
**Committee On:** Business and Labor  
**Introducer:** Lindstrom  
**One Liner:** Authorize High-Wage Jobs and Capital Investment Creation Fund entities and provide grants, loans, and economic assistance to such entities

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**  
**Aye:** 7 Senators Chambers, Crawford, Hansen, B., Halloran, Hansen, M., Lathrop, Slama  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Oral Testimony:**

<b>Proponents:</b> Brett Lindstrom Ryan Dressler	<b>Representing:</b> District 18 Senator Advantage Capital
<b>Opponents:</b>	<b>Representing:</b>
<b>Neutral:</b> Renee Fry	<b>Representing:</b> OpenSky Policy Institute

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**Written Testimony:**

<b>Proponents:</b> Carling Dinkler Mackenzie Ledet	<b>Representing:</b> Enhanced Capital Stonehenge Capital Company LLC
<b>Opponents:</b> Dave Rippe	<b>Representing:</b> Nebraska Department of Economic Development
<b>Neutral:</b>	<b>Representing:</b>

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**Summary of purpose and/or changes:**

LB 604 creates the High-Wage Jobs and Capital Investment Fund. The funds purpose is to provide capital to create jobs in high need industries and in all areas of the state. The bill generates a capital investment for qualified jobs and qualified businesses and requires matching private funds. The intent is to enable small businesses to expand and create jobs by providing access to affordable growth capital.

Section-by-Section Summary:

Section 1: Definition section. Defines: Affiliate; Closing date; Director; Earned job factor; Full-time equivalent employees; Growth Investment; High-Wage Jobs and Capital Investment Creation Fund; Investment authority; New full-time equivalent employees; Principal business operations; Private contributions; Qualified business; Qualified location; Repayment amount;

Key definitions:

Earned job factor means: Factor 1: \$15,000 per new employee paid at least 150% of NE minimum wage. Factor 2: \$20,000 per new employee paid at least 175% of NE minimum wage. Factor 3: \$30,000 per new employee paid at least 200% of NE minimum wage. Factor 4: \$40,000 per new employee paid at least 150% of NE minimum wage AND is either a veteran, senior citizen, ex-offender, disabled, or enrolled in a Department of Health and Human Services Assistance program.

Qualified business means a business that has fewer than one-hundred and fifty employees and is in the industry of: Agriculture, Forestry, Fishing, Hunting; Mining, Quarrying, Oil and Gas; Utilities; Construction; Manufacturing; Transportation and Warehousing; Professional, Scientific, Technical; or Health care and Social assistance.

Qualified location means a location that is: a census tract with a poverty rate of twenty percent or greater; a census tract with a median family income of eighty percent or less of that areas median family income; a designated opportunity zone; or a county with fewer than two hundred thousand inhabitants.

Section 2: Creates the High-Wage Jobs and Capital Investment Creation Fund.

Section 3: Beginning October 1, 2019 and until October 1, 2029 the director shall accept applications for approval as a High-Wage Jobs and Capital Investment Creation Fund entity. The application shall include: the total investment authority sought; a copy of the applicants license; evidence that it has invested at least seventy-five million dollars in nonpublic companies located in counties throughout the United States with populations of less than fifty thousand people; have received equity investments of at least seventy-five million dollars; and a nonrefundable application fee of ten thousand dollars.

The director shall make determinations within sixty business days of receipt. The fund shall not approve more than thirty million dollars in investment in a calendar year.

Approved entities must within sixty days of receiving approval collect private contributions equal to fifty percent of the entities investment authority and within sixty-five days provide documentation of the matching funds to the director.

Section 4: Immediate repayment of funds issued under this act if: the entity does not invest at least forty percent of its investment within one year and eighty percent within two years and one hundred percent within three years. A minimum of twenty-five percent of investment shall be in counties with fewer than two hundred thousand inhabitants. The entity must maintain investment until the sixth anniversary of the closing date.

Section 5: Requires an annual report on the last day of February that shall include: a bank statement; identification of qualified businesses; the number of new full-time employees; the number of full-time employees at the qualified business on the date of the initial growth investment; other information required by the director. The director may adopt and promulgate rules and regulations.

The director shall also submit an annual report to the Legislature beginning on April 1, 2020. The annual report shall include the name and number of all the approved entities; the amount of investment authority awarded; any investments made by the Fund entities; whether the Fund entities are in compliance with this act.

Section 6: The director shall charge an annual fee of one-half of one percent of the entities investment authority. The fees shall be deposited into the Fund.

Section 7: After the sixth anniversary of the closing date an entity may exit the program.

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**Explanation of amendments:**

AM 576 makes the following changes:

The amendment increases the wage requirements. It also requires that all Jobs must include: health care, paid time off, and life insurance, and that at least 25% of investment funds must be invested outside of Lancaster, Douglas, and Sarpy Counties. It clarifies that investments must be made in Nebraska. The bill makes the Department of Revenue the administrator of the program.

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Matt Hansen, M., Chairperson