

E AND R AMENDMENTS TO LB 1024

Introduced by McKinney, 11, Chairman Enrollment and Review

1           1. Strike the original sections and all amendments thereto and  
2 insert the following new sections:

3           Section 1. Sections 1 to 7 of this act shall be known and may be  
4 cited as the Economic Recovery Act.

5           Sec. 2. The Legislature finds that:

6           (1) The COVID-19 public health emergency has caused widespread  
7 economic, social, and public health-related turmoil that deepened  
8 existing disparities;

9           (2) The social and economic challenges caused and exacerbated by the  
10 COVID-19 public health emergency include high unemployment, wage  
11 decreases, increased homelessness, and food insecurity;

12           (3) The impact of the COVID-19 public health emergency and related  
13 challenges were disproportionately felt in low-income and minority  
14 communities such as North Omaha and South Omaha;

15           (4) The social and economic challenges in North Omaha and South  
16 Omaha have persisted for multiple generations, partially fueled by past  
17 racial segregation and the historical practice known as redlining;

18           (5) Funding under the federal American Rescue Plan Act of 2021  
19 presents a once-in-a-lifetime opportunity to respond to the challenges  
20 facing North Omaha and South Omaha that have been worsened by the  
21 COVID-19 public health emergency; and

22           (6) Federal guidance issued by the United States Department of the  
23 Treasury has identified qualified census tracts as areas in which certain  
24 activities and investments will be deemed presumptively eligible for the  
25 use of funds under the federal American Rescue Plan Act of 2021.

26           Sec. 3. For purposes of the Economic Recovery Act, qualified census  
27 tract means a qualified census tract as defined in 26 U.S.C. 42(d)(5)(B)

1 (ii)(I), as such section existed on January 1, 2022.

2 Sec. 4. (1) The primary responsibility of the Economic Recovery  
3 Division of the Department of Economic Development shall be to utilize  
4 federal or state funding to award grants as provided in this section. The  
5 division shall develop a coordinated plan and a grant application and  
6 scoring process to award grants under the Economic Recovery Act.

7 (2) The coordinated plan developed pursuant to this section shall  
8 direct and prioritize the use of grants toward the economic recovery of  
9 those communities and neighborhoods within qualified census tracts  
10 located within the boundaries of a city of the metropolitan class that  
11 were disproportionately impacted by the COVID-19 public health emergency  
12 and related challenges, with an emphasis on housing needs, job training,  
13 and business development within such communities and neighborhoods. In  
14 prioritizing the use of grants, the Economic Recovery Division may rely  
15 on any studies produced pursuant to section 5 of this act. Not later than  
16 August 1, 2022, the division shall submit a copy of an initial  
17 coordinated plan to the Economic Recovery Special Committee of the  
18 Legislature. Not later than December 1, 2022, the division shall submit a  
19 final copy of such coordinated plan to the Economic Recovery Special  
20 Committee of the Legislature.

21 (3) All grants made by the Economic Recovery Division utilizing  
22 federal funds allocated to the State of Nebraska from the federal  
23 Coronavirus State Fiscal Recovery Fund shall meet the eligible uses under  
24 the federal American Rescue Plan Act of 2021 and any relevant guidance on  
25 the use of such funds by the United States Department of the Treasury.

26 Sec. 5. (1) The Economic Recovery Special Committee of the  
27 Legislature is established as a special committee of the Legislature to  
28 perform the duties provided in the Economic Recovery Act. The special  
29 legislative committee shall consist of the chairperson of the Urban  
30 Affairs Committee of the Legislature, who shall serve as chairperson of  
31 the special legislative committee, the Speaker of the Legislature, the

1 chairperson of the Appropriations Committee of the Legislature or his or  
2 her designee, and four other members of the Legislature appointed by the  
3 chairperson of the Executive Board of the Legislative Council. The  
4 appointed members of the special legislative committee shall include  
5 members who represent legislative districts containing one or more  
6 qualified census tracts located within the boundaries of a city of the  
7 metropolitan class.

8 (2) The Executive Board of the Legislative Council shall provide  
9 staff as required by the special legislative committee from existing  
10 legislative staff. In addition, the special legislative committee may  
11 hire additional staff, make expenditures for travel, and enter into  
12 contracts for consulting, engineering, and development studies. The  
13 contracts shall be based on competitive bids and subject to approval of  
14 the executive board upon the recommendation of a majority of the members  
15 of the special legislative committee. It is the intent of the Legislature  
16 to appropriate two million dollars for fiscal year 2022-23 to carry out  
17 this section.

18 (3) The special legislative committee may hold hearings and request  
19 and receive reports from the federal government, state agencies,  
20 counties, municipalities, and other public and private entities regarding  
21 the impact of the COVID-19 public health emergency on low-income and  
22 minority communities in Nebraska. The special legislative committee may  
23 hold one or more closed sessions for the receipt of confidential  
24 information if at least one-half of the members of the special  
25 legislative committee vote in open session to hold a closed session.

26 (4) No later than June 30, 2022, the special legislative committee  
27 shall issue a request for proposals for studies on potential eligible  
28 uses of funds made available under the federal American Rescue Plan Act  
29 of 2021 or state funds within or adjacent to qualified census tracts  
30 located within the boundaries of a city of the metropolitan class. Such  
31 studies shall include, but not be limited to, potential eligible uses of

1 such funds in the areas of entrepreneurship, housing, employment, job  
2 creation, and small business assistance. Copies of all such studies shall  
3 be forwarded to the Economic Recovery Division of the Department of  
4 Economic Development.

5       Sec. 6. (1) The Economic Recovery Fund is created. The fund shall  
6 consist of transfers by the Legislature to carry out the Economic  
7 Recovery Act. The fund shall be used by the Economic Recovery Division of  
8 the Department of Economic Development to defray any administrative costs  
9 incurred by the department in carrying out the act and to provide the  
10 following:

11       (a) Grant funding, not to exceed sixty million dollars, to a  
12 nonprofit economic development organization for the development of a  
13 business park located within or adjacent to one or more qualified census  
14 tracts located within the boundaries of a city of the metropolitan class  
15 and within two miles of a major airport as defined in section 13-3303;

16       (b) Grant funding, not to exceed thirty million dollars, to one or  
17 more innovation hubs providing services and resources within qualified  
18 census tracts located within the boundaries of a city of the metropolitan  
19 class;

20       (c) Grant funding, not to exceed ten million dollars, to nonprofit  
21 film industry organizations for the purpose of producing films, media,  
22 and public campaigns relating to individuals, places, or events that had  
23 a significant impact on Nebraska and the United States of America located  
24 in qualified census tracts located within the boundaries of a city of the  
25 metropolitan class;

26       (d) Grant funding, not to exceed forty million dollars, to nonprofit  
27 organizations for the purpose of producing and preserving affordable  
28 housing located in qualified census tracts located within the boundaries  
29 of a city of the metropolitan class. The department shall prioritize such  
30 funds for projects that have the greatest impact and shall provide for  
31 such prioritization in the coordinated plan developed pursuant to section

1 4 of this act;

2 (e) Grant funding, not to exceed eighty percent of any funds  
3 received by the department to carry out the United States Economic  
4 Development Administration's American Rescue Plan Travel, Tourism and  
5 Outdoor Recreation program, to nonprofits or small businesses for the  
6 purposes of supporting tourism-related events or projects located in  
7 qualified census tracts located within the boundaries of a city of the  
8 metropolitan class; and

9 (f) Additional grants as provided in section 4 of this act.

10 (2) Any money in the fund available for investment shall be invested  
11 by the state investment officer pursuant to the Nebraska Capital  
12 Expansion Act and the Nebraska State Funds Investment Act.

13 Sec. 7. (1) It is the intent of the Legislature to appropriate two  
14 hundred fifty million dollars from federal funds for FY2022-23 to the  
15 Economic Recovery Division of the Department of Economic Development to  
16 carry out the Economic Recovery Act. The federal funds appropriated in  
17 this subsection shall be from the funds allocated to the State of  
18 Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant  
19 to the federal American Rescue Plan Act of 2021, Public Law 117-2,  
20 Subtitle M, Sec. 9901.

21 (2) It is the intent of the Legislature to appropriate three million  
22 seventy-four thousand dollars from federal funds for FY2022-23 to the  
23 Economic Recovery Division of the Department of Economic Development to  
24 carry out the Economic Recovery Act. The federal funds appropriated in  
25 this subsection shall be from the funds received by the State of Nebraska  
26 from the United States Economic Development Administration's American  
27 Rescue Plan Travel, Tourism and Outdoor Recreation program.

28 Sec. 8. Section 81-1201.07, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 81-1201.07 The department may have the divisions and program listed  
31 in this section to aid in the discharge of its duties but shall not be

1 limited to such divisions and program: (1) An Existing Business  
2 Assistance Division; (2) a Business Recruitment Division; (3) a Community  
3 and Rural Development Division; (4) an Economic Recovery Division; and  
4 (5) (4) a Community Development Block Grant Program. Each division and  
5 program, when deemed appropriate by the director, is encouraged to  
6 establish advisory committees and programs to insure public participation  
7 and input.

8 Sec. 9. Section 81-1238, Revised Statutes Cumulative Supplement,  
9 2020, is amended to read:

10 81-1238 (1) The director shall establish a workforce housing  
11 investment grant program to foster and support the development of  
12 workforce housing in urban communities.

13 (2) A nonprofit development organization may apply to the director  
14 for approval of a workforce housing grant for a workforce housing  
15 investment fund. The application shall be in a form and manner prescribed  
16 by the director. Through fiscal year 2026-27 ~~2022-2023~~, grants shall be  
17 awarded by the director on a competitive basis until grant funds are no  
18 longer available. Grant maximums shall not exceed five ~~one~~ million  
19 dollars to any one nonprofit development organization over a two-year  
20 period, with the no more than two million five hundred thousand dollars  
21 cumulative amount for any single grantee to be determined by the  
22 department at the discretion of the director through fiscal year  
23 ~~2022-2023~~. Grants shall require a minimum of fifty percent ~~one to one~~ in  
24 matching funds to be considered a qualified grant application.  
25 Unallocated funds shall be rolled to the next program year. Unallocated  
26 funds on June 30, 2027 ~~2025~~, shall be returned to the Middle Income  
27 Workforce Housing Investment Fund.

28 (3) Grants shall be awarded based upon:

29 (a) A demonstrated need for additional owner-occupied housing. Need  
30 can be demonstrated with a recent housing study or a letter from the  
31 planning department of the city in which the fund is intending to operate

1 stating that the proposal is in line with the city's most recent  
2 consolidated plan submitted under 24 C.F.R. part 91, subpart D, as such  
3 subpart existed on January 1, 2020;

4 (b) A neighborhood or community that has a higher-than-state-average  
5 unemployment rate;

6 (c) A neighborhood or community that exhibits a demonstrated  
7 commitment to growing its housing stock;

8 (d) Projects that can reasonably be ready for occupancy in a period  
9 of twenty-four months; and

10 (e) A demonstrated ability to grow and manage a workforce housing  
11 investment fund.

12 (4) A workforce housing investment fund shall:

13 ~~(a) Be required to receive annual certification from the department;~~

14 (a) (b) Invest or intend to invest in eligible activities for a  
15 workforce housing investment fund;

16 (b) (c) Use any fees, interest, loan repayments, or other funds  
17 received by the nonprofit development organization as a result of the  
18 administration of the grant to support qualified activities; and

19 (c) (d) Have an active board of directors with expertise in  
20 development, construction, and finance that meets at least quarterly to  
21 approve all qualified investments made by the nonprofit development  
22 organization. A nonprofit development organization shall have a formal  
23 plan and proven expertise to invest unused workforce housing investment  
24 fund balances and shall conduct an annual audit of all financial records  
25 by an independent certified public accountant.

26 (5) A nonprofit development organization that has previously  
27 received a grant or grants under the Middle Income Workforce Housing  
28 Investment Act shall not be eligible for an additional grant under this  
29 section unless the organization has expended at least fifty percent of  
30 the funds from such previous grant or grants.

31 Sec. 10. Section 81-1239, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 81-1239 (1) The Middle Income Workforce Housing Investment Fund is  
3 created. Funding for the grant program described in section 81-1238 shall  
4 come from the Middle Income Workforce Housing Investment Fund. The Middle  
5 Income Workforce Housing Investment Fund may include revenue from  
6 appropriations from the Legislature, grants, private contributions, and  
7 other sources. ~~In addition, the Middle Income Workforce Housing  
8 Investment Fund shall receive a one-time transfer of ten million dollars  
9 on November 14, 2020, from the General Fund.~~ Any money in the Middle  
10 Income Workforce Housing Investment Fund available for investment shall  
11 be invested by the state investment officer pursuant to the Nebraska  
12 Capital Expansion Act and the Nebraska State Funds Investment Act.

13 (2) The department shall administer the Middle Income Workforce  
14 Housing Investment Fund and may seek additional private or nonstate funds  
15 to use in the grant program, including, but not limited to, contributions  
16 from the Nebraska Investment Finance Authority and other interested  
17 parties.

18 (3) Interest earned by the department on grant funds shall be  
19 applied to the grant program.

20 (4) If a nonprofit development organization fails to engage in a  
21 qualified activity within twenty-four months after receiving initial  
22 grant funding, the nonprofit development organization shall return the  
23 grant proceeds to the department for credit to the Affordable Housing  
24 Trust Fund.

25 (5) Beginning July 1, 2027 ~~2025~~, any funds held by the department in  
26 the Middle Income Workforce Housing Investment Fund shall be transferred  
27 to the Affordable Housing Trust Fund.

28 Sec. 11. Section 81-1240, Revised Statutes Cumulative Supplement,  
29 2020, is amended to read:

30 81-1240 (1) Each nonprofit development organization shall submit an  
31 annual report to the director to be included as a part of the

1 department's annual status report required under section 81-1201.11. The  
2 report shall certify that the workforce housing investment fund meets the  
3 requirements of the Middle Income Workforce Housing Investment Act and  
4 shall include a breakdown of program activities.

5 (2) The annual report shall include, but not be limited to:

6 (a) The name and geographical location of the nonprofit development  
7 organization;

8 (b) The number, amount, and type of workforce housing investment  
9 funds invested in qualified activities;

10 (c) The number, geographical location, type, and amount of  
11 investments made;

12 (d) A summary of matching funds and where such matching funds were  
13 generated; and

14 (e) The results of the annual audit required under subdivision (4)  
15 (c) ~~(4)(d)~~ of section 81-1238.

16 (3) If a nonprofit development organization ceases administration of  
17 a workforce housing investment fund, it shall file a final report with  
18 the director in a form and manner required by the director. Before July  
19 1, ~~2027~~ 2025, any unallocated workforce housing investment fund grant  
20 funds shall be returned for credit to the Middle Income Workforce Housing  
21 Investment Fund.

22 (4) If a workforce housing investment fund fails to file a complete  
23 annual report by February 15, the director may, in his or her discretion,  
24 impose a civil penalty of not more than five thousand dollars for such  
25 violation. All money collected by the department pursuant to this  
26 subsection shall be remitted to the State Treasurer for distribution in  
27 accordance with Article VII, section 5, of the Constitution of Nebraska.

28 Sec. 12. (1) The Department of Economic Development shall use at  
29 least fifty percent of any funds received from the federal Coronavirus  
30 Capital Projects Fund under the federal American Rescue Plan Act of 2021  
31 for eligible projects located in qualified census tracts as defined in 26

1 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on January 1, 2022.

2 (2) The department shall issue grants, from funds received from the  
3 federal Coronavirus Capital Projects Fund under the federal American  
4 Rescue Plan Act of 2021, not to exceed twenty million dollars, to one or  
5 more innovation hubs for eligible projects providing services and  
6 resources to small businesses within qualified census tracts located  
7 within the boundaries of a city of the metropolitan class.

8 (3) The department shall issue grants, from funds received from the  
9 federal Coronavirus Capital Projects Fund under the federal American  
10 Rescue Plan Act of 2021, not to exceed seven million five hundred  
11 thousand dollars, for eligible projects located in a city of the first  
12 class located in a metropolitan statistical area as defined in section  
13 18-803 containing a city of the primary class.

14 (4) The department shall, beginning July 1, 2022, through July 15,  
15 2022, allow a qualified nonprofit organization or political subdivision  
16 to apply for a grant using funds received from the federal Coronavirus  
17 Capital Projects Fund under the federal American Rescue Plan Act of 2021.  
18 The department may open additional grant application periods as needed  
19 until all funds are allocated.

20 Sec. 13. It is the intent of the Legislature to appropriate one  
21 hundred twenty-eight million seven hundred forty thousand one hundred  
22 seventy-eight dollars from federal funds for FY2022-23 to the Economic  
23 Recovery Division of the Department of Economic Development. The federal  
24 funds appropriated in this section shall be from the funds allocated to  
25 the State of Nebraska from the federal Coronavirus Capital Projects Fund  
26 under the federal American Rescue Plan Act of 2021.

27 Sec. 14. Section 84-612, Revised Statutes Supplement, 2021, is  
28 amended to read:

29 84-612 (1) There is hereby created within the state treasury a fund  
30 known as the Cash Reserve Fund which shall be under the direction of the  
31 State Treasurer. The fund shall only be used pursuant to this section.

1           (2) The State Treasurer shall transfer funds from the Cash Reserve  
2 Fund to the General Fund upon certification by the Director of  
3 Administrative Services that the current cash balance in the General Fund  
4 is inadequate to meet current obligations. Such certification shall  
5 include the dollar amount to be transferred. Any transfers made pursuant  
6 to this subsection shall be reversed upon notification by the Director of  
7 Administrative Services that sufficient funds are available.

8           (3) In addition to receiving transfers from other funds, the Cash  
9 Reserve Fund shall receive federal funds received by the State of  
10 Nebraska for undesignated general government purposes, federal revenue  
11 sharing, or general fiscal relief of the state.

12           (4) The State Treasurer shall transfer fifty-four million seven  
13 hundred thousand dollars on or after July 1, 2019, but before June 15,  
14 2021, from the Cash Reserve Fund to the Nebraska Capital Construction  
15 Fund on such dates and in such amounts as directed by the budget  
16 administrator of the budget division of the Department of Administrative  
17 Services.

18           (5) The State Treasurer shall transfer thirty million dollars from  
19 the Cash Reserve Fund to the General Fund after November 15, 2020, but  
20 before December 31, 2020, on such date as directed by the budget  
21 administrator of the budget division of the Department of Administrative  
22 Services. Except for the transfer authorized in this subsection, no funds  
23 shall be transferred from the Cash Reserve Fund to fulfill the  
24 obligations created under the Nebraska Property Tax Incentive Act unless  
25 the balance in the Cash Reserve Fund after such transfer will be at least  
26 equal to five hundred million dollars.

27           (6) The State Treasurer shall transfer fifty million dollars from  
28 the Cash Reserve Fund to the United States Space Command Headquarters  
29 Assistance Fund on or before June 30, 2023, but not before July 1, 2022,  
30 on such dates and in such amounts as directed by the budget administrator  
31 of the budget division of the Department of Administrative Services. The

1 transfer in this subsection shall not occur unless the State of Nebraska  
2 is selected as the site of the United States Space Command headquarters.

3 (7) The State Treasurer shall transfer two hundred twenty-five  
4 million dollars from the Cash Reserve Fund to the Economic Recovery Fund  
5 on or before June 30, 2022, on such dates and in such amounts as directed  
6 by the budget administrator of the budget division of the Department of  
7 Administrative Services.

8 Sec. 15. Original section 81-1201.07, Reissue Revised Statutes of  
9 Nebraska, sections 81-1238, 81-1239, and 81-1240, Revised Statutes  
10 Cumulative Supplement, 2020, and section 84-612, Revised Statutes  
11 Supplement, 2021, are repealed.

12 Sec. 16. Since an emergency exists, this act takes effect when  
13 passed and approved according to law.

14 2. On page 1, strike beginning with "municipalities" in line 1  
15 through line 3 and insert "economic development; to amend section  
16 81-1201.07, Reissue Revised Statutes of Nebraska, sections 81-1238,  
17 81-1239, and 81-1240, Revised Statutes Cumulative Supplement, 2020, and  
18 section 84-612, Revised Statutes Supplement, 2021; to adopt the Economic  
19 Recovery Act; to create the Economic Recovery Division of the Department  
20 of Economic Development; to change provisions of the Middle Income  
21 Workforce Housing Investment Act; to provide for grants for certain  
22 qualified census tracts; to state intent regarding appropriations; to  
23 transfer funds from the Cash Reserve Fund; to harmonize provisions; to  
24 repeal the original sections; and to declare an emergency."