

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 526

Introduced by Wishart, 27.

Read first time January 19, 2021

Committee: Appropriations

1 A BILL FOR AN ACT relating to the Business Innovation Act; to amend
2 sections 81-12,157, 81-12,158, 81-12,159, 81-12,160, 81-12,161,
3 81-12,162, and 81-12,163, Revised Statutes Cumulative Supplement,
4 2020; to change certain limitations on awards under the act; to
5 state intent regarding appropriations; to harmonize provisions; to
6 repeal the original sections; and to declare an emergency.

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

1 Section 1. Section 81-12,157, Revised Statutes Cumulative
2 Supplement, 2020, is amended to read:

3 81-12,157 (1) The department shall establish a phase one program to
4 provide grants to small businesses that qualify under the federal grant
5 program for the purposes of planning for an application under the federal
6 grant program. If a small business receives funding under the federal
7 grant program, the department or a nonprofit entity designated by the
8 department may make grants to match up to sixty-five percent of the
9 amount of the federal grant.

10 (2) Planning grants under subsection (1) of this section shall not
11 exceed five thousand dollars per project. Federal award matching grants
12 under this section shall not exceed one hundred thousand dollars. No
13 business shall receive funding for more than one project every two years.

14 (3) For fiscal years prior to fiscal year 2021-22, the The
15 department may award up to four million dollars per fiscal year for
16 grants under this section. For fiscal year 2021-22 and each fiscal year
17 thereafter, the department may award up to ten million dollars per fiscal
18 year for grants under this section.

19 Sec. 2. Section 81-12,158, Revised Statutes Cumulative Supplement,
20 2020, is amended to read:

21 81-12,158 (1) The department shall establish a financial assistance
22 program to provide financial assistance to businesses that employ no more
23 than five hundred employees or to individuals for the purposes of
24 creating a prototype of a product stemming from research and development
25 at a business operating in Nebraska or a public or private college or
26 university in Nebraska.

27 (2) Funds shall be matched by nonstate funds equivalent in money
28 equal to fifty percent of the funds requested. Matching funds may be from
29 any nonstate source, including private foundations, federal or local
30 government sources, quasi-governmental entities, or commercial lending
31 institutions, or any other funds whose source does not include funds

1 appropriated by the Legislature. The amount the department may provide
2 shall not exceed one hundred fifty thousand dollars per project.

3 (3) A business or individual applying for financial assistance under
4 this section shall include a business plan that includes a proof-of-
5 concept demonstration.

6 (4) Financial assistance under this section shall be expended within
7 twenty-four months after the date of the awarding decision.

8 (5) For fiscal years prior to fiscal year 2021-22, the The
9 department may award up to four million dollars per fiscal year for
10 financial assistance under this section. For fiscal year 2021-22 and each
11 fiscal year thereafter, the department may award up to ten million
12 dollars per fiscal year for financial assistance under this section.

13 Sec. 3. Section 81-12,159, Revised Statutes Cumulative Supplement,
14 2020, is amended to read:

15 81-12,159 (1) The department shall establish an innovation in value-
16 added agriculture program. The purpose of this program is to provide
17 financial assistance to:

18 (a) Support small enterprise formation in the agricultural sector of
19 Nebraska's rural economy, including innovative efforts for value-added
20 enterprises;

21 (b) Support the development of agricultural communities and economic
22 opportunity through innovation in farming and ranching operations, rural
23 communities, and businesses for the development of value-added
24 agricultural products;

25 (c) Enhance the income and opportunity for farming and ranching
26 operations in Nebraska in order to stem the decline in their numbers;

27 (d) Increase the farming and ranching operations' share of the food-
28 system profit;

29 (e) Enhance opportunities for farming and ranching operations to
30 participate in electronic commerce and new and emerging markets that
31 strengthen rural economic opportunities; and

1 (f) Encourage the production and marketing of specialty crops in
2 Nebraska and support the creation and development of agricultural
3 enterprises and businesses that produce and market specialty crops in
4 Nebraska.

5 (2) Agricultural cooperatives, farming or ranching operations, and
6 private businesses and enterprises operating in Nebraska shall be
7 eligible for financial assistance under this section.

8 (3) An entity receiving financial assistance shall provide a match
9 of twenty-five percent for such assistance.

10 (4) For fiscal years prior to fiscal year 2021-22, the The
11 department may award up to four million dollars per fiscal year for
12 financial assistance under this section. For fiscal year 2021-22 and each
13 fiscal year thereafter, the department may award up to ten million
14 dollars per fiscal year for financial assistance under this section.

15 Sec. 4. Section 81-12,160, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

17 81-12,160 (1) The department shall establish a financial assistance
18 program to provide financial assistance to businesses operating in
19 Nebraska that employ no more than five hundred employees or to
20 individuals that have a prototype of a product or process for the
21 purposes of commercializing such product or process. The applicant shall
22 submit a feasibility study stating the potential sales and profit
23 projections for the product or process.

24 (2) The department shall create a program with the following
25 provisions to support commercialization of a product or process:

26 (a) Commercialization infrastructure documentation, including market
27 assessments and start-up strategic planning;

28 (b) Promotion, marketing, advertising, and consulting;

29 (c) Management and business planning support;

30 (d) Linking companies and entrepreneurs to mentors;

31 (e) Preparing companies and entrepreneurs to acquire venture

1 capital; and

2 (f) Linking companies to sources of capital.

3 (3) Funds shall be matched by nonstate funds equal to fifty percent
4 of the funds requested. Matching funds may be from any nonstate source,
5 including private foundations, federal or local government sources,
6 quasi-governmental entities, or commercial lending institutions, or any
7 other funds whose source does not include funds appropriated by the
8 Legislature.

9 (4) The department shall not provide more than five hundred thousand
10 dollars to any one project. For fiscal years prior to fiscal year
11 2021-22, the ~~Each year~~ the department may award up to four million
12 dollars per fiscal year under this section. For fiscal year 2021-22 and
13 each fiscal year thereafter, the department may award up to ten million
14 dollars per fiscal year under this section.

15 (5) Financial assistance provided under this section shall be
16 expended within twenty-four months after the date of the awarding
17 decision.

18 (6) To carry out this section, the department shall contract with
19 one statewide venture development organization that is incorporated in
20 the State of Nebraska and exempt for federal tax purposes under section
21 501(c)(3) of the Internal Revenue Code.

22 Sec. 5. Section 81-12,161, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

24 81-12,161 (1) The department shall establish a financial assistance
25 program to provide financial assistance to businesses operating in
26 Nebraska that use the faculty or facilities of a public or private
27 college or university in Nebraska for applied research and development of
28 new products or use intellectual property generated at a public or
29 private college or university in Nebraska.

30 (2) A business may apply for up to two awards in any four-year
31 period per project. The department may provide up to one hundred thousand

1 dollars for the first phase of a project. If the first phase is
2 successful and agreed-upon contractual requirements are met during the
3 first phase, the department may provide up to four hundred thousand
4 dollars for the second phase of the project.

5 (3) Funds shall be matched by nonstate funds equivalent in money
6 equal to one hundred percent of the funds requested for both phases of
7 the project. Matching funds may be from any nonstate source, including
8 private foundations, federal or local government sources, quasi-
9 governmental entities, or commercial lending institutions, or any other
10 funds whose source does not include funds appropriated by the
11 Legislature.

12 (4) For fiscal years prior to fiscal year 2021-22, the The
13 department may award up to four million dollars per fiscal year for
14 financial assistance under this section. For fiscal year 2021-22 and each
15 fiscal year thereafter, the department may award up to ten million
16 dollars per fiscal year for financial assistance under this section.

17 Sec. 6. Section 81-12,162, Revised Statutes Cumulative Supplement,
18 2020, is amended to read:

19 81-12,162 (1) The department shall establish a small business
20 investment program. The program:

21 (a) Shall provide grants to microloan delivery or microloan
22 technical assistance organizations to:

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

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

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

30 (iv) Facilitate the development of a permanent, statewide
31 infrastructure of microlending support organizations to serve Nebraska's

1 microenterprise and self-employment sectors;

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

5 (vi) Enable the department to engage in contractual relationships
6 with statewide microlending support organizations which have the capacity
7 to leverage additional nonstate funds for microenterprise lending.

8 To the maximum extent possible, the selection process should assure
9 that the distribution of such financial assistance provides equitable
10 access to the benefits of the Business Innovation Act by all geographic
11 areas of the state; and

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

15 (2) To establish the criteria for making an award to a microloan
16 delivery or microloan technical assistance organization, the department
17 shall consider:

18 (a) The plan for providing business development services and
19 microloans to microenterprises;

20 (b) The scope of services to be provided by the microloan delivery
21 or microloan technical assistance organization;

22 (c) The plan for coordinating the services and loans provided by the
23 microloan delivery or microloan technical assistance organization with
24 commercial lending institutions;

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

27 (e) The ability of the microloan delivery or microloan technical
28 assistance organization to provide for business development in areas of
29 chronic economic distress and low-income regions of the state;

30 (f) The ability of the microloan delivery or microloan technical
31 assistance organization to provide business training and technical

1 assistance to microenterprise clients;

2 (g) The ability of the microloan delivery or microloan technical
3 assistance organization to monitor and provide financial oversight of
4 recipients of microloans; and

5 (h) Sources and sufficiency of operating funds for the
6 microenterprise development organization.

7 (3) Awards made by the department to a microloan delivery or
8 microloan technical assistance organization may be used to:

9 (a) Satisfy matching fund requirements for other federal or private
10 grants;

11 (b) Establish a revolving loan fund from which the microloan
12 delivery or microloan technical assistance organization may make loans to
13 microenterprises;

14 (c) Establish a guaranty fund from which the microloan delivery or
15 microloan technical assistance organization may guarantee loans made by
16 commercial lending institutions to microenterprises;

17 (d) Provide funding for the operating costs of a microloan delivery
18 or microloan technical assistance organization not to exceed twenty
19 percent; and

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

23 (4) Any award of financial assistance to a microloan delivery or
24 microloan technical assistance organization shall meet the following
25 qualifications:

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

1 appropriated by the Legislature;

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

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

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

10 (5) For fiscal years prior to fiscal year 2021-22, the ~~Each year the~~
11 department may award up to two million dollars per fiscal year under this
12 section. For fiscal year 2021-22 and each fiscal year thereafter, the
13 department may award up to five million dollars per fiscal year under
14 this section.

15 Sec. 7. Section 81-12,163, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

17 81-12,163 (1) It is the intent of the Legislature that (a) the four
18 million dollars saved due to the elimination of funding for the Angel
19 Investment Tax Credit Act be used to increase the appropriation to the
20 department for the Business Innovation Act by four million dollars for
21 fiscal year 2021-22 and each fiscal year thereafter and (b) the one
22 hundred thousand dollars saved due to the reduction in tax credits
23 authorized under the Angel Investment Tax Credit Act for calendar year
24 2019 be used to increase the appropriation to the Department of Revenue
25 by one hundred thousand dollars for fiscal year 2019-20 to offset the
26 costs incurred by the Department of Revenue to implement Laws 2019,
27 LB334.

28 (2) It is the intent of the Legislature to appropriate forty million
29 dollars for fiscal year 2021-22 to the department for purposes of
30 carrying out the Business Innovation Act.

31 (3) (-2) Up to five percent of the funds appropriated for the

1 Business Innovation Act may be used by the department, or by a nonprofit
2 entity with which the department contracts, for administrative expenses.

3 Sec. 8. Original sections 81-12,157, 81-12,158, 81-12,159,
4 81-12,160, 81-12,161, 81-12,162, and 81-12,163, Revised Statutes
5 Cumulative Supplement, 2020, are repealed.

6 Sec. 9. Since an emergency exists, this act takes effect when
7 passed and approved according to law.