

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1246

Introduced by Dover, 19.

Read first time January 21, 2026

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to money and financing; to amend section
- 2 58-201, Revised Statutes Cumulative Supplement, 2024, and section
- 3 58-708, Revised Statutes Supplement, 2025; to define terms; to
- 4 provide duties for the Nebraska Investment Finance Authority; to
- 5 change provisions relating to reporting requirements under the
- 6 Nebraska Affordable Housing Act; to harmonize provisions; and to
- 7 repeal the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 58-201, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 58-201 Sections 58-201 to 58-273 and section 2 of this act shall be
4 known and may be cited as the Nebraska Investment Finance Authority Act.

5 **Sec. 2.** (1) For purposes of this section:

6 (a) Budget administrator means the budget administrator of the
7 budget division of the Department of Administrative Services; and

8 (b) Public funds has the same meaning as in section 81-11,106.

9 (2) The authority shall:

10 (a) Record all revenue, fund balances, and expenditures from all
11 public funds in an accounting system;

12 (b) Submit a report to the budget administrator, the Legislative
13 Fiscal Analyst, and the Director of Economic Development showing the
14 condition of public funds held by the authority. Such report shall be
15 submitted at least twenty days before the commencement of each regular
16 session of the Legislature;

17 (c) Submit an accounting of transactions undertaken with public
18 funds to the budget administrator, the Legislative Fiscal Analyst, and
19 the Director of Economic Development. Such accounting shall be submitted
20 on a monthly basis and at the request of the budget administrator, the
21 Legislative Fiscal Analyst, or the Director of Economic Development. Such
22 accounting shall include the amount of payments on grant and loan awards
23 with public funds, invoices of expenditures made on grant and loan awards
24 with public funds, and expenditures on administration and contracting
25 which utilized public funds; and

26 (d) Furnish to the budget administrator, the Legislative Fiscal
27 Analyst, and the Director of Economic Development, at any such
28 individual's request, any information in the authority's possession,
29 including records received from other officers, boards, commissions, or
30 departments of state government, whether such information is retained in
31 computer files or otherwise, if such information is directly related to

1 the expenditure, planned or actual, of public funds.

2 **Sec. 3.** Section 58-708, Revised Statutes Supplement, 2025, is
3 amended to read:

4 58-708 (1) During each calendar year in which funds are available
5 from the Affordable Housing Trust Fund for use by the Department of
6 Economic Development, the department shall make its best efforts to
7 allocate not less than thirty percent of such funds to each congressional
8 district. The department shall announce a grant and loan application
9 period of at least ninety days duration for all projects. Before a grant
10 application for any new construction project can be submitted to the
11 department, the land for the project shall be identified. In selecting
12 projects to receive trust fund assistance, the department shall develop a
13 qualified allocation plan and give first priority to financially viable
14 projects that serve the lowest income occupants for the longest period of
15 time. The qualified allocation plan shall:

16 (a) Set forth selection criteria to be used to determine housing
17 priorities of the housing trust fund which are appropriate to local
18 conditions, including the community's immediate need for affordable
19 housing, proposed increases in home ownership, private dollars leveraged,
20 level of local government support and participation, and repayment, in
21 part or in whole, of financial assistance awarded by the fund; and

22 (b) Give first priority in allocating trust fund assistance among
23 selected projects to those projects which are located in whole or in part
24 within an enterprise zone designated pursuant to the Enterprise Zone Act
25 or an opportunity zone designated pursuant to the federal Tax Cuts and
26 Jobs Act, Public Law 115-97, serve the lowest income occupant, are
27 located in an area that has been declared an extremely blighted area
28 under section 18-2101.02, and are obligated to serve qualified occupants
29 for the longest period of time.

30 (2) Beginning on July 1, 2026:

31 (a) The Department of Economic Development shall disburse grant

1 funds to a qualified recipient equal to eighty percent of the housing
2 development costs of such recipient, excluding general administration
3 costs, housing management fees, lead-based paint test costs, and
4 technical assistance costs, once the department approves such recipient
5 for grant funds; and

6 (b) The department shall disburse grant funds to a qualified
7 recipient equal to twenty percent of the housing development costs of
8 such recipient, excluding general administration costs, housing
9 management fees, lead-based paint test costs, and technical assistance
10 costs, upon the completion of the project.

11 (3)(a) Beginning on October 1, 2025, a qualified recipient shall
12 submit to the Department of Economic Development a schedule of uses of
13 funds for eligible activities on a quarterly basis, no later than thirty
14 days after the end of each calendar quarter, during the time of
15 performance under the award agreement.

16 (b) The schedule of uses of funds for eligible activities shall
17 include an itemization of costs for eligible activities. If reasonable,
18 the department may require source documentation and proof of payment,
19 including, but not limited to, a paid invoice, completed payment, or
20 cleared check, to be submitted with the schedule as evidence of
21 appropriate use of funds. Qualified recipients shall ensure proper use of
22 funds. The department is not responsible for the audit or approval of
23 each of the qualified recipient's transactions involving funds.

24 (c) The department may initiate any of the following actions if a
25 qualified recipient does not submit a schedule of uses of funds for
26 eligible activities:

27 (i) Disqualification of the qualified recipient in pending
28 applications for the Affordable Housing Trust Fund;

29 (ii) Disqualification of the qualified recipient in pending
30 applications for other department programs;

31 (iii) Disqualification of the qualified recipient as an eligible

1 applicant for Affordable Housing Trust Fund applications for up to
2 twenty-four months from the date of the department action; or

3 (iv) Other actions deemed necessary by the department to meet the
4 department's responsibility to ensure proper use of funds so long as such
5 actions do not unduly harm a qualified recipient's reputation and ability
6 to successfully operate in Nebraska. This subdivision does not prohibit
7 the department from taking appropriate actions against qualified
8 recipients that have committed illegal actions, such as fraud and theft.

9 (4) Beginning July 1, 2027, the department shall prescribe annual
10 reporting requirements to collect sufficient information from qualified
11 recipients to determine the amount of funds obligated to projects, the
12 repayment terms of such funds, and the current balance of funds unspent
13 or repaid. The reporting requirements shall also require qualified
14 recipients to provide an accounting of awards granted for the purpose
15 described in subdivision (10) of section 58-706, including the award
16 amount and estimates related to equity earned on homes purchased with
17 such awards. If a qualified recipient fails to meet the reporting
18 requirements of this subsection, such qualified recipient may be required
19 to return all awarded funds to the department and transfer equity
20 positions of recoverable housing assistance funds to the department to
21 the satisfaction of the department.

22 (5) {4} The Department of Economic Development shall fund in order
23 of priority as many applications as will utilize available funds less
24 actual administrative costs of the department in administering the
25 program. In administering the program the department may contract for
26 services or directly provide funds to other governmental entities or
27 instrumentalities.

28 (6)(a) {5}(a) The Department of Economic Development may recapture
29 any funds which were allocated to a qualified recipient for an eligible
30 project through an award agreement if such funds were not utilized for
31 eligible costs within the time of performance under the agreement and are

1 ~~therefore therefor~~ no longer obligated to the project.

2 (b) Upon completion of a project, the department shall recapture a
3 percentage of the funds which were allocated to a qualified recipient for
4 an eligible project through an award agreement equal to the percentage of
5 the housing development the qualified recipient agreed to construct under
6 the award agreement but failed to complete. Any funds recaptured under
7 this subdivision shall be credited to the Affordable Housing Trust Fund.

8 (c) A qualified recipient shall recapture any funds allocated to
9 such recipient from the Affordable Housing Trust Fund that are provided
10 to a homebuyer by the recipient as financial assistance for the purchase
11 of a home upon sale of such home from the net proceeds of such sale, if
12 any.

13 **Sec. 4.** Original section 58-201, Revised Statutes Cumulative
14 Supplement, 2024, and section 58-708, Revised Statutes Supplement, 2025,
15 are repealed.