

## LEGISLATIVE BILL 425

Approved by the Governor May 30, 2007

Introduced by Pankonin, 2; Pahls, 31; Nantkes, 46; Christensen, 44

FOR AN ACT relating to economic development; to create the Nebraska Operational Assistance Act; to create a statewide program to assist high-growth business enterprises to attract private equity; to prescribe duties; and to require reporting.

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

Section 1. Sections 1 to 7 of this act shall be known and may be cited as the Nebraska Operational Assistance Act.

Sec. 2. The Legislature finds and declares that:

(1) Insufficient venture capital resources exist within the State of Nebraska to meet substantial portions of the equity needs of new and high-growth business enterprises;

(2) Nebraska is a net exporter of venture capital;

(3) The venture capital needs of Nebraska business enterprises are not currently being met due to the lack of operational readiness and expertise among new and high-growth business enterprises;

(4) The best and primary role the State of Nebraska can play is creating an effective operational assistance program to assist Nebraska businesses in becoming venture-ready to effectively attract and retain capital in this state in partnership with the private sector;

(5) Entrepreneurs and high-growth business enterprises need technical assistance in understanding equity markets and how to position themselves to receive equity funding; and

(6) Creation of an operational assistance program must be flexible and market driven.

Sec. 3. For purposes of the Nebraska Operational Assistance Act, unless the context otherwise requires:

(1) Business enterprise means an individual, corporation, partnership, limited liability company, or joint-stock company with its principal place of business in Nebraska or potentially in Nebraska;

(2) Program means the Nebraska Operational Assistance Program; and

(3) Venture capital means equity financing provided by investors to business enterprises that have the potential for high growth and in which the risk for loss and the potential for profit may be considerable.

Sec. 4. The purpose of the Nebraska Operational Assistance Act is to create a program to assist business enterprises in Nebraska in achieving the thresholds necessary for private equity investments.

Sec. 5. (1) The Department of Economic Development shall establish the Nebraska Operational Assistance Program.

(2) The program shall assist potential high-growth businesses in establishing a foundation sufficient for the attraction of private equity including, but not limited to, market analysis, executive recruitment, sales and marketing, financial planning, business structure, and intellectual property development. The program may also include, but need not be limited to:

(a) Cooperation with other service entities in facilitating effectiveness of the program including, but not limited to, financial institutions, attorneys, accountants, investment banking firms, established venture capital funds, institutions of higher education, local and regional development organizations, business development centers, business incubators, and utilities;

(b) A statewide system for facilitating venture capital investing with its primary emphasis upon assisting those business enterprises generally seeking up to one million dollars in new equity financing;

(c) Identification and provision of information to investors about investment opportunities in Nebraska business enterprises;

(d) Identification and provision of information to entrepreneurs and high-growth business enterprises about investors seeking investment opportunities;

(e) Service as a clearinghouse and access point for information about venture capital investment opportunities in Nebraska;

(f) Service as the central organization and means of delivering appropriate education and training programs for potential investors in business enterprises;

(g) Facilitation of the formation of private venture capital funds;  
and

(h) Assistance in the formation of intrastate or industry-specific venture capital networks.

(3) (a) The department shall select a single private, nonprofit organization for the purpose of carrying out the functions of the Nebraska Operational Assistance Act which is either:

(i) Incorporated in the State of Nebraska and exempt for federal tax purposes under section 501(c) (3) of the Internal Revenue Code, as such section existed on January 1, 2007; or

(ii) A Nebraska corporation or Nebraska organization that is exempt from federal taxation under section 501(c) (6) of the Internal Revenue Code, as such section existed on January 1, 2007.

(b) The department, in selecting an organization pursuant to subdivision (a) of this subsection, shall consider, among other factors, the organization's ability to deliver a statewide program and the organization's ability to provide the matching funds described in section 6 of this act.

Sec. 6. The Legislature shall appropriate funds to the Department of Economic Development which shall be awarded as a grant to the private, nonprofit organization selected pursuant to subsection (3) of section 5 of this act to carry out the purposes of the Nebraska Operational Assistance Act. The department may receive funds from local or federal government, private foundations, or other sources. The private, nonprofit organization shall provide matching funds of at least one-third of all funds appropriated for the Nebraska Operational Assistance Program. The private, nonprofit organization may provide any part of the matching funds as an in-kind contribution.

Sec. 7. The Department of Economic Development shall submit an annual report on its activities under the Nebraska Operational Assistance Act to the Governor and the Clerk of the Legislature on or before January 1 each year.