

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 569**

Introduced by Brasch, 16.

Read first time January 21, 2015

Committee: Appropriations

1 A BILL FOR AN ACT relating to the Business Innovation Act; to amend  
2 sections 81-12,153, 81-12,157, 81-12,158, 81-12,159, 81-12,160,  
3 81-12,161, and 81-12,166, Reissue Revised Statutes of Nebraska; to  
4 redefine a term; to change award limitations; to add provisions on  
5 confidentiality; to harmonize provisions; and to repeal the original  
6 sections.

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

1 Section 1. Section 81-12,153, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

3 81-12,153 For purposes of the Business Innovation Act:

4 (1) Department means the Department of Economic Development;

5 (2) Distressed area means a municipality, a county with a population  
6 of fewer than one hundred thousand inhabitants according to the most  
7 recent federal decennial census, an unincorporated area within a county,  
8 or a census tract in Nebraska that (a) has an unemployment rate which  
9 exceeds the statewide average unemployment rate, (b) has a per capita  
10 income below the statewide average per capita income, or (c) had a  
11 population decrease between the two most recent federal decennial  
12 censuses;

13 (3) Federal grant program means the federal Small Business  
14 Administration's Small Business Innovation Research grant program or  
15 Small Business Technology Transfer grant program;

16 (4) Microenterprise means a for-profit business entity with not more  
17 than ten full-time equivalent employees;

18 (5) Prototype means an original model on which something is  
19 patterned by a resident of Nebraska or a company located in Nebraska; and

20 (6) Value-added agriculture means increasing the net worth of food  
21 or nonfood agricultural products by processing, alternative production  
22 and handling methods, collective marketing, or other innovative  
23 practices.

24 Sec. 2. Section 81-12,157, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 81-12,157 (1) The department shall establish a phase one program to  
27 provide grants to small businesses that qualify under the federal grant  
28 program for the purposes of planning for an application under the federal  
29 grant program. If a small business receives funding under the federal  
30 grant program, the department or a nonprofit entity designated by the  
31 department may make grants to match up to sixty-five percent of the

1 amount of the federal grant.

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

6 (3) The department ~~may shall not~~ award up to four ~~more than one~~  
7 million dollars per year for grants under this section.

8 Sec. 3. Section 81-12,158, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 81-12,158 (1) The department shall establish a financial assistance  
11 program to provide financial assistance to businesses that employ no more  
12 than five hundred employees or to individuals for the purposes of  
13 creating a prototype of a product stemming from research and development  
14 at a business operating in Nebraska or a public or private college or  
15 university in Nebraska.

16 (2) Funds shall be matched by nonstate funds equivalent in money  
17 equal to fifty percent of the funds requested. Matching funds may be from  
18 any nonstate source, including private foundations, federal or local  
19 government sources, quasi-governmental entities, or commercial lending  
20 institutions, or any other funds whose source does not include funds  
21 appropriated by the Legislature. The amount the department may provide  
22 shall not exceed one hundred fifty thousand dollars per project.

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

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

28 (5) The department ~~may shall not~~ award up to four ~~more than one~~  
29 million dollars per year for financial assistance under this section.

30 Sec. 4. Section 81-12,159, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

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

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

7           (b) Support the development of agricultural communities and economic  
8 opportunity through innovation in farming and ranching operations, rural  
9 communities, and businesses for the development of value-added  
10 agricultural products;

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

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

15           (e) Enhance opportunities for farming and ranching operations to  
16 participate in electronic commerce and new and emerging markets that  
17 strengthen rural economic opportunities; and

18           (f) Encourage the production and marketing of specialty crops in  
19 Nebraska and support the creation and development of agricultural  
20 enterprises and businesses that produce and market specialty crops in  
21 Nebraska.

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

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

27           (4) The department ~~may shall not~~ award up to four ~~more than one~~  
28 million dollars per year for financial assistance under this section.

29           Sec. 5. Section 81-12,160, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31           81-12,160 (1) The department shall establish a financial assistance

1 program to provide financial assistance to businesses operating in  
2 Nebraska that employ no more than five hundred employees or to  
3 individuals that have a prototype of a product or process for the  
4 purposes of commercializing such product or process. The applicant shall  
5 submit a feasibility study stating the potential sales and profit  
6 projections for the product or process.

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

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

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

12 (c) Management and business planning support;

13 (d) Linking companies and entrepreneurs to mentors;

14 (e) Preparing companies and entrepreneurs to acquire venture  
15 capital; and

16 (f) Linking companies to sources of capital.

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

23 (4) The department shall not provide more than five hundred thousand  
24 dollars to any one project, ~~and such financial assistance shall not~~  
25 ~~exceed fifty percent of the cost of the project.~~ The department may shall  
26 ~~not~~ award up to four ~~more than two~~ million dollars per year for financial  
27 assistance under this section.

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

31 Sec. 6. Section 81-12,161, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 81-12,161 (1) The department shall establish a financial assistance  
3 program to provide financial assistance to businesses operating in  
4 Nebraska that use the faculty or facilities of a public or private  
5 college or university in Nebraska for applied research and development of  
6 new products or use intellectual property generated at a public or  
7 private college or university in Nebraska.

8 (2) A business may apply for up to two awards in any four-year  
9 period per project. The department may provide up to one hundred thousand  
10 dollars for the first phase of a project. If the first phase is  
11 successful and agreed-upon contractual requirements are met during the  
12 first phase, the department may provide up to four hundred thousand  
13 dollars for the second phase of the project.

14 (3) Funds shall be matched by nonstate funds equivalent in money  
15 equal to one hundred percent of the funds requested for both phases of  
16 the project program. Matching funds may be from any nonstate source,  
17 including private foundations, federal or local government sources,  
18 quasi-governmental entities, or commercial lending institutions, or any  
19 other funds whose source does not include funds appropriated by the  
20 Legislature.

21 (4) The department may ~~shall not~~ award up to four ~~more than three~~  
22 million dollars per year for financial assistance under this section.

23 Sec. 7. Section 81-12,166, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 81-12,166 (1) The department shall submit an annual report to the  
26 Governor and the Legislature on or before July 1 of each year which  
27 includes, but is not limited to, a description of the demand for  
28 financial assistance and programs under the Business Innovation Act from  
29 all geographic regions in Nebraska, a listing of the recipients and  
30 amounts of financial assistance awarded pursuant to the act in the  
31 previous fiscal year, the impact of the financial assistance, and an

1 evaluation of the act's performance based on the documented goals of the  
2 recipients. The report submitted to the Legislature shall be submitted  
3 electronically. The department may require recipients to provide periodic  
4 performance reports to enable the department to fulfill the requirements  
5 of this section. The report shall contain no information that is  
6 protected by state or federal confidentiality laws.

7 (2) Information received, developed, created, or otherwise  
8 maintained by the department in administering the Business Innovation  
9 Act, other than information required to be included in the annual report  
10 submitted by the department to the Governor and Legislature pursuant to  
11 subsection (1) of this section, shall be deemed confidential by the  
12 department and not subject to public disclosure.

13 Sec. 8. Original sections 81-12,153, 81-12,157, 81-12,158,  
14 81-12,159, 81-12,160, 81-12,161, and 81-12,166, Reissue Revised Statutes  
15 of Nebraska, are repealed.