

## LEGISLATIVE BILL 1093

Approved by the Governor April 07, 2016

Introduced by Mello, 5.

A BILL FOR AN ACT relating to economic development; to amend sections 50-501 and 81-1210.01, Reissue Revised Statutes of Nebraska, and sections 81-12,160 and 81-12,162, Revised Statutes Supplement, 2015; to eliminate provisions relating to a statewide strategic plan for biotechnology; to create the Bioscience Steering Committee; to provide powers and duties; to change provisions relating to the use of the Biotechnology Development Cash Fund; to redefine a term relating to a grant program for internships; to change the Business Innovation Act; to state findings and require reports relating to the Nebraska Innovation Campus; to provide operative dates; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 50-501, Reissue Revised Statutes of Nebraska, is amended to read:

~~50-501 (1) The Legislature recognizes the importance of biotechnology and the role that biotechnology plays in the economic well-being of the State of Nebraska. The Natural Resources Committee of the Legislature shall be responsible for the development of a statewide strategic plan for biotechnology in Nebraska. The plan shall include a baseline review and assessment of the potential in the biotechnology economy in Nebraska and a strategic plan for the state's efforts in creating wealth and jobs in the biotechnology economy. The plan shall address strategies for developing the biotechnology economy and shall include, but not be limited to, research, testing, agricultural feedstock and chemicals, drugs and other pharmaceuticals, medical materials, medical laboratories, and advanced biofuels. The plan shall estimate the wealth and the number of jobs that may be generated from expanding the biotechnology economy.~~

~~(2) The Natural Resources Committee of the Legislature, in consultation with the Executive Board of the Legislature, shall commission a nonprofit corporation to provide research, analysis, and recommendations to the committee for the development of the plan. The nonprofit corporation shall be incorporated pursuant to the Nebraska Nonprofit Corporation Act, shall be organized exclusively for nonprofit purposes within the meaning of section 501(c)(6) of the Internal Revenue Code as defined in section 49-801.01, shall be engaged in activities to facilitate and promote the growth of life sciences within Nebraska, shall be dedicated to the development and growth of the biotechnology economy, and shall agree to remit one hundred thousand dollars to the State Treasurer for credit to the Biotechnology Development Cash Fund for the research required by this section. The nonprofit corporation shall retain such consultation services as required for assistance in providing research, analysis, and recommendations. The nonprofit corporation shall present its research, analysis, and recommendations to the committee by September 30, 2010.~~

~~(3) The Natural Resources Committee shall prepare and present to the Legislature a statewide strategic plan for biotechnology during the One Hundred Second Legislature, First Session, for consideration by the Legislature. The committee shall prepare annual updates to the plan for consideration by the Legislature.~~

(1) The Bioscience Steering Committee is created. The committee shall consist of the chairperson of the Revenue Committee of the Legislature or his or her designee, the chairperson of the Appropriations Committee or his or her designee, and three members of the Legislature selected by the Executive Board of the Legislative Council. The executive board shall appoint a chairperson and vice-chairperson of the committee.

(2) The committee shall conduct a study to measure the impact of the bioscience economy in Nebraska and prepare a strategic plan for growing the bioscience economy in Nebraska. The strategic plan shall report on any progress or remaining work since the last study conducted on the bioscience industry. The strategic plan shall further propose strategies for developing the bioscience economy and shall include, but not be limited to, strategies to (a) stimulate job growth in the fields of science, technology, and engineering throughout Nebraska, (b) encourage individuals and organizations engaged in the biotechnology businesses to locate and expand in Nebraska, (c) capture and commercialize technology that is discovered and developed in Nebraska, (d) grow Nebraska's investment capital market and incentivize investment in life science start-up companies, and (e) develop Nebraska's biotechnology workforce in cooperation with higher education institutions. The strategic plan shall estimate the wealth and number of jobs generated from expanding the bioscience economy.

(3) The committee, in consultation with the executive board, shall commission a nonprofit corporation to provide research, analysis, and recommendations to the committee for the development of the study and strategic plan. The nonprofit corporation shall be incorporated pursuant to the Nebraska Nonprofit Corporation Act, shall be organized exclusively for nonprofit purposes within the meaning of section 501(c)(6) of the Internal Revenue Code

as defined in section 49-801.01, shall be engaged in activities to facilitate and promote the growth of life sciences within Nebraska, and shall be dedicated to the development and growth of the bioscience economy.

(4) The committee shall prepare and present electronically to the Legislature a statewide strategic plan for the bioscience economy during the One Hundred Fifth Legislature, First Session, for consideration by the Legislature.

~~(5)(a) (4) The Biotechnology Development Cash Fund is created. The Natural Resources Committee shall use money in the fund shall be used to commission the nonprofit corporation and provide access to resources necessary for developing the study and strategic plan.~~

~~(b) The fund may receive gifts, bequests, grants, or other contributions or donations from public or private entities. Within five days after the State Treasurer receives one hundred thousand dollars from the nonprofit corporation for credit to the fund, the State Treasurer shall transfer one hundred thousand dollars from the General Fund to the Biotechnology Development Cash Fund. It is the intent of the Legislature to appropriate two hundred thousand dollars to the fund for fiscal year 2009-10. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.~~

~~(5) For purposes of this section:~~

~~(a) Biotechnology means the technological application that uses biological systems, living organisms, or derivatives of biological systems or living organisms to make or modify products or processes for specific use; and~~

~~(b) Biotechnology economy means economic activity derived from scientific and research activity focused on understanding mechanisms and processes at the genetic and molecular levels and the application of the mechanisms and processes to industrial processes.~~

Sec. 2. Section 81-1210.01, Reissue Revised Statutes of Nebraska, is amended to read:

81-1210.01 For purposes of sections 81-1210.01 to 81-1210.03:

(1) Department means the Department of Economic Development;

(2) Internship means employment of a student in a professional or technical position for a limited period of time, by a business in Nebraska, in which the student (a) gains valuable work experience, (b) increases knowledge that assists with career decisionmaking, and (c) assists the business in accelerating short-term business objectives; and

(3) Student means any person who:

(a) Is in eleventh or twelfth grade in a public or private high school or a school which elects pursuant to section 79-1601 not to meet accreditation or approval requirements in Nebraska;

~~(b) a) Is enrolled full-time in a college, university, or other institution of higher education in Nebraska; or~~

~~(b) Has residency in Nebraska and is enrolled full-time in a college, university, or other institution of higher education in a state other than Nebraska; or~~

~~(c) Applies for an internship within six months following graduation from (i) a college, university, or other institution of higher education in Nebraska or (ii) a college, university, or other institution of higher education in a state other than Nebraska if such person had residency in Nebraska during his or her enrollment in such college, university, or institution.~~

Sec. 3. Section 81-12,160, Revised Statutes Supplement, 2015, is amended to read:

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

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

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

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

(c) Management and business planning support;

(d) Linking companies and entrepreneurs to mentors;

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

(f) Linking companies to sources of capital.

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

(4) The department shall not provide more than five hundred thousand dollars to any one project. Each year the department shall award at least two million dollars but not more than four million dollars under this section The department may award up to four million dollars per year for financial assistance under this section.

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

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

Internal Revenue Code.

Sec. 4. Section 81-12,162, Revised Statutes Supplement, 2015, is amended to read:

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

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

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

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

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

(iv) Facilitate the development of a permanent, statewide infrastructure of microlending support organizations to serve Nebraska's microenterprise and self-employment sectors;

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

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

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

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

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

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

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

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

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

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

(f) The ability of the microloan delivery or microloan technical assistance organization to provide business training and technical assistance to microenterprise clients;

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

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

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

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

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

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

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

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

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

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

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

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

The department ~~shall~~ may contract with a ~~one or more~~ statewide microenterprise development assistance organization ~~organizations~~ to carry out this section.

(5) Each year the department shall award at least one million dollars but not more than two million dollars under this section.

Sec. 5. The Board of Regents of the University of Nebraska approved the creation of the Nebraska Innovation Campus in 2009. The objective of the Nebraska Innovation Campus is to leverage the research and talent of the University of Nebraska to produce economic development for the State of Nebraska. The Board of Regents subsequently created the Nebraska Innovation Campus Development Corporation whose function is to provide strategic direction and oversight over the development of the Nebraska Innovation Campus.

The Legislature finds that innovation is increasingly important in the creation of new companies and the success of established ones. The Legislature acknowledges the importance of achieving the objective of the Nebraska Innovation Campus which will require a long-term strategy and may require continuing state support.

The Legislature determines that quantifiable measurements and benchmarks are required to track and evaluate the performance of the Nebraska Innovation Campus and its development corporation.

The following measurements regarding the Nebraska Innovation Campus shall be reported to the Legislature by the Board of Regents, to the extent the information is not confidential information of a private sector company:

(1) The percentage of investments by the state and university compared to private sector investments;

(2) The number of square feet of construction;

(3) The number of private sector companies located on Nebraska Innovation Campus;

(4) The number of private sector jobs located on Nebraska Innovation Campus;

(5) The amount of private sector research funding to the university attributable to Nebraska Innovation Campus;

(6) The number of internships or other employment opportunities provided by private sector companies at Nebraska Innovation Campus to university students;

(7) The percentage of facilities leased by private sector companies;

(8) The number of new businesses started or supported at Nebraska Innovation Campus;

(9) The number of conferences and participants at Nebraska Innovation Campus; and

(10) The background and credentials of the appointments to the Nebraska Innovation Campus Development Corporation Board of Directors.

The report shall be submitted electronically to the Clerk of the Legislature by December 1 of each year.

Sec. 6. Sections 1 and 8 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 7. Original section 81-1210.01, Reissue Revised Statutes of Nebraska, and sections 81-12,160 and 81-12,162, Revised Statutes Supplement, 2015, are repealed.

Sec. 8. Original section 50-501, Reissue Revised Statutes of Nebraska, is repealed.

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