

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1214**

Introduced by Friesen, 34.

Read first time January 23, 2020

Committee: Revenue

- 1 A BILL FOR AN ACT relating to economic development; to adopt the Rural
- 2 Economic Development Grant Act.
- 3 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 6 of this act shall be known and may be  
2 cited as the Rural Economic Development Grant Act.

3           Sec. 2. For purposes of the Rural Economic Development Grant Act:

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

5           (2) Investment means the amount paid by a business for real property  
6 or equipment after the date that the grant application is submitted under  
7 the act;

8           (3) Main tax incentive program means a tax incentive program created  
9 by the Legislature that:

10           (a) Takes effect on or after the effective date of this act;

11           (b) Provides tax incentives to businesses that agree to invest or  
12 create new jobs in the state; and

13           (c) Is the main tax incentive program used by the department to  
14 recruit businesses into and retain businesses in the state, as measured  
15 by the total amount of tax incentives expected to be utilized under the  
16 program;

17           (4) Micropolitan statistical area means an area designated as a  
18 micropolitan statistical area by the United States Office of Management  
19 and Budget; and

20           (5) Program means the Rural Economic Development Grant Program  
21 created in section 3 of this act.

22           Sec. 3. (1) The Rural Economic Development Grant Program is  
23 created. The department shall administer the program. The purpose of the  
24 program is to provide grants for the assistance of businesses that (a)  
25 are located in or intend to locate in a micropolitan statistical area in  
26 this state and (b) do not qualify for incentives under the main tax  
27 incentive program. The program shall be funded by the tax credits used  
28 under the main tax incentive program, as described in subsection (6) of  
29 this section.

30           (2) Grants under the program shall be available to:

31           (a) Any established or start-up business that:

1        (i) Is located or will be located in a micropolitan statistical area  
2 in this state;

3        (ii) Does not qualify for tax incentives under the main tax  
4 incentive program; and

5        (iii) Will create new jobs or make new investment in a micropolitan  
6 statistical area in this state; and

7        (b) Any nonprofit organization or political subdivision seeking to  
8 assist businesses in micropolitan statistical areas in this state.

9        (3) Applications for a grant under the program shall be submitted to  
10 the department on a form prescribed by the department. The application  
11 shall include:

12        (a) The name of the applicant;

13        (b) The name and description of the business that will be creating  
14 jobs or making an investment in a micropolitan statistical area in this  
15 state, if different than the applicant;

16        (c) The amount of new jobs to be created and the expected wage of  
17 the new jobs;

18        (d) The amount of new investment expected to be made;

19        (e) The amount of grant funding requested; and

20        (f) Any other information required by the department.

21        (4) The amount of the grant shall be determined on a per-application  
22 basis by the department based upon the criteria in subsection (2) of this  
23 section and any other criteria determined by the department that will  
24 further the purpose of the program as provided in subsection (1) of this  
25 section.

26        (5) Beginning January 1, 2022, the department shall accept  
27 applications for grants under the program. If an applicant qualifies for  
28 a grant, the department shall approve the application subject to the  
29 annual limit provided in subsection (6) of this section. Any applications  
30 received after the annual limit has been reached shall be considered in  
31 the following calendar year.

1       (6) Beginning in 2022, the department may award a total amount of  
2 grants each year equal to five percent of the amount of tax credits used  
3 under the main tax incentive program in the preceding tax year. Taxpayers  
4 who use tax credits under the main tax incentive program in tax year 2021  
5 or any tax year thereafter shall remit five percent of the amount used  
6 during the tax year to the department by no later than January 15  
7 following the end of such tax year. The department shall remit all  
8 amounts received under this section to the State Treasurer for credit to  
9 the Rural Economic Development Grant Fund.

10       Sec. 4. The Rural Economic Development Grant Fund is created. The  
11 fund shall be administered by the department and shall be used to provide  
12 grants under the program and to pay the administrative costs incurred by  
13 the department in administering the program. The fund shall include  
14 amounts credited under section 3 of this act and any other money as  
15 determined by the Legislature. Any money in the fund available for  
16 investment shall be invested by the state investment officer pursuant to  
17 the Nebraska Capital Expansion Act and the Nebraska State Funds  
18 Investment Act.

19       Sec. 5. (1) The department shall electronically submit a report to  
20 the Legislature no later than July 15, 2023, and no later than July 15 of  
21 each year thereafter. The report shall contain, but not be limited to,  
22 the following information:

23       (a) The identity of each grant recipient;

24       (b) For grant recipients described in subdivision (2)(a) of section  
25 3 of this act, the amount of new jobs created and new investment made by  
26 the grant recipient;

27       (c) For grant recipients described in subdivision (2)(b) of section  
28 3 of this act, a description of the usage of the grant funds and how such  
29 usage benefits the applicable business or businesses; and

30       (d) The amount of grant funds disbursed to each grant recipient.

31       (2) The report described in this section shall contain information

1 on each grant recipient for the year in which the grant is made and for  
2 each of the next five years thereafter.

3       Sec. 6. The department may adopt and promulgate rules and  
4 regulations to carry out the Rural Economic Development Grant Act.