

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1163**

Introduced by Wishart, 27.

Read first time January 19, 2022

Committee: Appropriations

1 A BILL FOR AN ACT relating to the Business Innovation Act; to amend  
2 sections 81-12,157, 81-12,158, 81-12,159, 81-12,160, 81-12,161,  
3 81-12,162, and 81-12,163, Revised Statutes Cumulative Supplement,  
4 2020; to change award limitations as prescribed; to state  
5 legislative intent; and to repeal the original sections.  
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-12,157, Revised Statutes Cumulative  
2 Supplement, 2020, is amended to read:

3 81-12,157 (1) The department shall establish a phase one program to  
4 provide grants to small businesses that qualify under the federal grant  
5 program for the purposes of planning for an application under the federal  
6 grant program. If a small business receives funding under the federal  
7 grant program, the department or a nonprofit entity designated by the  
8 department may make grants to match up to sixty-five percent of the  
9 amount of the federal grant.

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

14 (3) The department may award up to six ~~four~~ million dollars per year  
15 for grants under this section.

16 Sec. 2. Section 81-12,158, Revised Statutes Cumulative Supplement,  
17 2020, is amended to read:

18 81-12,158 (1) The department shall establish a financial assistance  
19 program to provide financial assistance to businesses that employ no more  
20 than five hundred employees or to individuals for the purposes of  
21 creating a prototype of a product stemming from research and development  
22 at a business operating in Nebraska or a public or private college or  
23 university in Nebraska.

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

31 (3) A business or individual applying for financial assistance under

1 this section shall include a business plan that includes a proof-of-  
2 concept demonstration.

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

5 (5) The department may award up to six ~~four~~ million dollars per year  
6 for financial assistance under this section.

7 Sec. 3. Section 81-12,159, Revised Statutes Cumulative Supplement,  
8 2020, is amended to read:

9 81-12,159 (1) The department shall establish an innovation in value-  
10 added agriculture program. The purpose of this program is to provide  
11 financial assistance to:

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

15 (b) Support the development of agricultural communities and economic  
16 opportunity through innovation in farming and ranching operations, rural  
17 communities, and businesses for the development of value-added  
18 agricultural products;

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

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

23 (e) Enhance opportunities for farming and ranching operations to  
24 participate in electronic commerce and new and emerging markets that  
25 strengthen rural economic opportunities; and

26 (f) Encourage the production and marketing of specialty crops in  
27 Nebraska and support the creation and development of agricultural  
28 enterprises and businesses that produce and market specialty crops in  
29 Nebraska.

30 (2) Agricultural cooperatives, farming or ranching operations, and  
31 private businesses and enterprises operating in Nebraska shall be

1 eligible for financial assistance under this section.

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

4 (4) The department may award up to six ~~four~~ million dollars per year  
5 for financial assistance under this section.

6 Sec. 4. Section 81-12,160, Revised Statutes Cumulative Supplement,  
7 2020, is amended to read:

8 81-12,160 (1) The department shall establish a financial assistance  
9 program to provide financial assistance to businesses operating in  
10 Nebraska that employ no more than five hundred employees or to  
11 individuals that have a prototype of a product or process for the  
12 purposes of commercializing such product or process. The applicant shall  
13 submit a feasibility study stating the potential sales and profit  
14 projections for the product or process.

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

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

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

20 (c) Management and business planning support;

21 (d) Linking companies and entrepreneurs to mentors;

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

24 (f) Linking companies to sources of capital.

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

31 (4) The department shall not provide more than five hundred thousand

1 dollars to any one project. Each year the department may award up to six  
2 ~~four~~ million dollars under this section.

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

6 (6) To carry out this section, the department shall contract with  
7 one statewide venture development organization that is incorporated in  
8 the State of Nebraska and exempt for federal tax purposes under section  
9 501(c)(3) of the Internal Revenue Code.

10 Sec. 5. Section 81-12,161, Revised Statutes Cumulative Supplement,  
11 2020, is amended to read:

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

18 (2) A business may apply for up to two awards in any four-year  
19 period per project. The department may provide up to one hundred thousand  
20 dollars for the first phase of a project. If the first phase is  
21 successful and agreed-upon contractual requirements are met during the  
22 first phase, the department may provide up to four hundred thousand  
23 dollars for the second phase of the project.

24 (3) Funds shall be matched by nonstate funds equivalent in money  
25 equal to one hundred percent of the funds requested for both phases of  
26 the project. Matching funds may be from any nonstate source, including  
27 private foundations, federal or local government sources, quasi-  
28 governmental entities, or commercial lending institutions, or any other  
29 funds whose source does not include funds appropriated by the  
30 Legislature.

31 (4) The department may award up to six ~~four~~ million dollars per year

1 for financial assistance under this section.

2 Sec. 6. Section 81-12,162, Revised Statutes Cumulative Supplement,  
3 2020, is amended to read:

4 81-12,162 (1) The department shall establish a small business  
5 investment program. The program:

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

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

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

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

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

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

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

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

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

31 (2) To establish the criteria for making an award to a microloan

1 delivery or microloan technical assistance organization, the department  
2 shall consider:

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

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

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

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

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

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

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

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

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

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

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

30 (c) Establish a guaranty fund from which the microloan delivery or  
31 microloan technical assistance organization may guarantee loans made by

1 commercial lending institutions to microenterprises;

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

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

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

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

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

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

24 The department shall contract with a statewide microenterprise  
25 development assistance organization to carry out this section.

26 (5) Each year the department may award up to three ~~two~~ million  
27 dollars under this section.

28 Sec. 7. Section 81-12,163, Revised Statutes Cumulative Supplement,  
29 2020, is amended to read:

30 81-12,163 (1) It is the intent of the Legislature that (a) the four  
31 million dollars saved due to the elimination of funding for the Angel

1 Investment Tax Credit Act be used to increase the appropriation to the  
2 department for the Business Innovation Act by four million dollars for  
3 fiscal year 2021-22 and each fiscal year thereafter and (b) the one  
4 hundred thousand dollars saved due to the reduction in tax credits  
5 authorized under the Angel Investment Tax Credit Act for calendar year  
6 2019 be used to increase the appropriation to the Department of Revenue  
7 by one hundred thousand dollars for fiscal year 2019-20 to offset the  
8 costs incurred by the Department of Revenue to implement Laws 2019,  
9 LB334.

10 (2) Up to five percent of the funds appropriated for the Business  
11 Innovation Act may be used by the department, or by a nonprofit entity  
12 with which the department contracts, for administrative expenses.

13 (3) It is the intent of the Legislature to appropriate twenty  
14 million dollars from Federal Funds for fiscal year 2022-23 to the  
15 department to carry out the Business Innovation Act. The Federal Funds to  
16 be appropriated are from funds allocated to the State of Nebraska from  
17 the federal Coronavirus State Fiscal Recovery Fund pursuant to the  
18 federal American Rescue Plan Act of 2021, Public Law 117-2, Subtitle M,  
19 Sec. 9901.

20 Sec. 8. Original sections 81-12,157, 81-12,158, 81-12,159,  
21 81-12,160, 81-12,161, 81-12,162, and 81-12,163, Revised Statutes  
22 Cumulative Supplement, 2020, are repealed.