

## ENGROSSED LEGISLATIVE BILL 1205

Introduced by Clouse, 37; Andersen, 49; Conrad, 46.

A BILL FOR AN ACT relating to the Department of Economic Development; to amend section 81-12,162, Reissue Revised Statutes of Nebraska; to change a requirement relating to the small business investment program; and to repeal the original section.

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

**Section 1.** Section 81-12,162, Reissue Revised Statutes of Nebraska, 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 organizations, microloan technical assistance organizations, and innovation hubs 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 and innovation hubs 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 organization, microloan technical assistance organization, or innovation hub, 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 organization, microloan technical assistance organization, or innovation hub;

(c) The plan for coordinating the services and loans provided by the microloan delivery organization, microloan technical assistance organization, or innovation hub 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 organization, microloan technical assistance organization, or innovation hub 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 organization, microloan technical assistance organization, or innovation hub to provide business training and technical assistance to microenterprise clients;

(g) The ability of the microloan delivery organization, microloan technical assistance organization, or innovation hub 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 organization, microloan technical assistance organization, or innovation hub 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 organization, microloan technical assistance organization, or innovation hub may make loans to microenterprises;

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

(d) Provide funding for the operating costs of a microloan delivery organization, microloan technical assistance organization, or innovation hub 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 organization, microloan technical assistance organization, or innovation hub 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 fifty 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 for small business

technical assistance.

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

(5) The department may award up to three million dollars per year under this section and beginning in fiscal year 2027-28, shall award up to three million dollars per year under this section.

**Sec. 2.** Original section 81-12,162, Reissue Revised Statutes of Nebraska, is repealed.

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**PRESIDENT OF THE LEGISLATURE**

*THIS IS TO CERTIFY that the within LB 1205 was passed by the One Hundred Ninth Legislature of Nebraska at its Second Session on the ..... day of ..... 20.....*

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**CLERK OF THE LEGISLATURE**

**Approved:**

..... 20....., ..... o'clock .....M.

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**GOVERNOR**