

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1205

FINAL READING

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

Read first time January 21, 2026

Committee: Banking, Commerce and Insurance

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

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

1 **Section 1.** Section 81-12,162, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 81-12,162 (1) The department shall establish a small business
4 investment program. The program:

5 (a) Shall provide grants to microloan delivery organizations,
6 microloan technical assistance organizations, and innovation hubs to:

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

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

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

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

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

20 (vi) Enable the department to engage in contractual relationships
21 with statewide microlending support organizations and innovation hubs
22 which have the capacity to leverage additional nonstate funds for
23 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 organization, microloan technical assistance organization, or
2 innovation hub, the department 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 organization, microloan technical assistance organization, or innovation
7 hub;

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

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

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

17 (f) The ability of the microloan delivery organization, microloan
18 technical assistance organization, or innovation hub to provide business
19 training and technical assistance to microenterprise clients;

20 (g) The ability of the microloan delivery organization, microloan
21 technical assistance organization, or innovation hub to monitor and
22 provide financial oversight of recipients of microloans; and

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

25 (3) Awards made by the department to a microloan delivery
26 organization, microloan technical assistance organization, or innovation
27 hub may be used to:

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

30 (b) Establish a revolving loan fund from which the microloan
31 delivery organization, microloan technical assistance organization, or

1 innovation hub may make loans to microenterprises;

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

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

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

12 (4) Any award of financial assistance to a microloan delivery
13 organization, microloan technical assistance organization, or innovation
14 hub shall meet the following qualifications:

15 (a) Funds shall be matched by nonstate funds equivalent in money or
16 in-kind contributions or a combination of both equal to thirty-five
17 percent of the grant funds requested. Such matching funds may be from any
18 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;

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

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

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

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

1 shall award up to three million dollars per year under this section.

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