

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 164**

Introduced by Spivey, 13; McKinney, 11.

Read first time January 13, 2025

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to economic development; to adopt the Urban
- 2 Development Incentive Act; and to declare an emergency.
- 3 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Sections 1 to 7 of this act shall be known and may be  
2 cited as the Urban Development Incentive Act.

3           **Sec. 2.** The Legislature finds and declares that:

4           (1) Economically distressed areas face significant challenges,  
5 including disinvestment and lack of affordable commercial space;

6           (2) Small developers and emerging developers are critical to  
7 revitalizing these areas but often lack access to capital, technical  
8 resources, and capacity-building opportunities;

9           (3) Equitable economic development requires targeted incentives,  
10 public participation, sustainability measures, and streamlined processes  
11 to empower developers and to meet the needs of economically distressed  
12 areas; and

13           (4) The Urban Development Incentive Act is intended to promote  
14 sustainable, equitable economic growth, local job creation, and holistic  
15 urban redevelopment in Nebraska.

16           **Sec. 3.** For purposes of the Urban Development Incentive Act:

17           (1) Affordable commercial space means retail space, office space, or  
18 mixed-use space that is leased at a rate that is at least thirty percent  
19 below the average market rate;

20           (2) Department means the Department of Economic Development;

21           (3) Economic redevelopment area means an area in the State of  
22 Nebraska in which:

23           (a) The average rate of unemployment in the area during the period  
24 covered by the most recent federal decennial census or American Community  
25 Survey 5-Year Estimate by the United States Bureau of the Census is at  
26 least one hundred fifty percent of the average rate of unemployment in  
27 the state during the same period; and

28           (b) The average poverty rate in the area is twenty percent or more  
29 for the federal census tract in the area;

30           (4) Economically distressed area means any qualified census tract or  
31 economic redevelopment area;

1       (5) Eligible developer means a small developer or an emerging  
2 developer;

3       (6) Emerging developer means a business entity that:

4       (a) Is engaged in the development of real property;

5       (b) Has fewer than fifty full-time-equivalent employees;

6       (c) Had annual gross revenue of no more than five million dollars in  
7 any of the three most recently completed fiscal years;

8       (d) Is independently owned and operated and is not a subsidiary of a  
9 larger business entity;

10       (e) Has been in operation for less than ten years;

11       (f) Has limited access to traditional financing due to barriers such  
12 as size or operational history; and

13       (g) Has completed fewer than three real estate development projects  
14 exceeding one million dollars;

15       (7) Green building certification means certified under the  
16 Leadership in Energy and Environmental Design (LEED) rating system or  
17 another comparable rating system as determined by the department;

18       (8) Mixed-use space means a combination of residential space,  
19 commercial space, and public space within a single property;

20       (9) Qualified census tract means a qualified census tract as defined  
21 in 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on January 1,  
22 2025; and

23       (10) Small developer means a business entity that:

24       (a) Is engaged in the development of real property;

25       (b) Has fewer than fifty full-time-equivalent employees;

26       (c) Had annual gross revenue of no more than five million dollars in  
27 any of the three most recently completed fiscal years; and

28       (d) Is independently owned and operated and is not a subsidiary of a  
29 larger business entity.

30       **Sec. 4. (1) The department shall establish and administer a grant**  
31 **program to provide funding to eligible developers for real estate**

1 development projects that qualify for funding under subsection (2) of  
2 this section.

3 (2) A project qualifies for grant funding under this section if the  
4 project involves the development or rehabilitation of affordable  
5 commercial space in an economically distressed area. Any infrastructure  
6 improvements directly related to such development or rehabilitation may  
7 also be included as part of a qualifying project.

8 (3) Eligible developers may apply for a grant under this section by  
9 submitting an application to the department on a form prescribed by the  
10 department.

11 (4) The department shall review applications for grants under this  
12 section in the order in which the applications are received.

13 (5) If a project qualifies for grant funding under this section, the  
14 department may award:

15 (a) A grant of up to twenty percent of the total project costs,  
16 which may be used to pay any costs related to the project. The total  
17 amount of grants approved each year under this subdivision shall not  
18 exceed twenty million dollars;

19 (b) A grant of up to ten percent of the total project costs, which  
20 may be used to assist eligible developers in securing private financing  
21 related to the project. The total amount of grants approved each year  
22 under this subdivision shall not exceed ten million dollars;

23 (c) A grant of up to fifteen percent of any down payment required  
24 for the project, not to exceed two hundred thousand dollars. The total  
25 amount of grants approved each year under this subdivision shall not  
26 exceed five million dollars;

27 (d) A grant of up to fifty thousand dollars for job creation and  
28 training relating to the project. The total amount of grants approved  
29 each year under this subdivision shall not exceed two million five  
30 hundred thousand dollars;

31 (e) A grant of up to twenty-five thousand dollars for conducting

1 public consultations and submitting documentation of community engagement  
2 relating to a project. An additional ten thousand dollars may be awarded  
3 under such grant if over fifty percent of the community feedback is  
4 implemented in the project design. The total amount of grants approved  
5 each year under this subdivision shall not exceed two million dollars;

6 (f) A grant for sustainability features included as part of a  
7 project. Such grant may include one or more of the following: (i) Up to  
8 fifty thousand dollars if the project involves the installation of  
9 renewable energy systems; (ii) up to seventy-five thousand dollars if the  
10 project achieves green building certification; and (iii) up to thirty  
11 thousand dollars if the project includes community wellness features. The  
12 total amount of grants approved each year under this subdivision (f)  
13 shall not exceed four million dollars; and

14 (g) A grant for technical assistance and training relating to a  
15 project. Such grant may include one or more of the following: (i) Up to  
16 twenty thousand dollars for hiring consultants, engineers, or financial  
17 planners; (ii) up to five thousand dollars for attending workshops or  
18 certification courses in real estate development or project management;  
19 and (iii) up to fifteen thousand dollars for conducting feasibility  
20 studies or environmental impact assessments. The total amount of grants  
21 approved each year under this subdivision (g) shall not exceed three  
22 million dollars.

23 (6) The maximum amount of grants awarded under this section for a  
24 single project shall not exceed three million five hundred thousand  
25 dollars.

26 **Sec. 5.** The department shall electronically submit an annual report  
27 regarding the Urban Development Incentive Act to the Governor and to the  
28 Legislature. The report shall include:

29 (1) The total number and amount of grants awarded each year under  
30 the act;

31 (2) The number and types of projects receiving grant funding each

1 year under the act; and

2 (3) The number of jobs created each year as a result of grants  
3 awarded under the act.

4 **Sec. 6.** It is the intent of the Legislature to appropriate forty-  
5 six million five hundred thousand dollars annually from the General Fund  
6 to the department for purposes of carrying out the Urban Development  
7 Incentive Act.

8 **Sec. 7.** The department may adopt and promulgate rules and  
9 regulations to carry out the Urban Development Incentive Act.

10 **Sec. 8.** Since an emergency exists, this act takes effect when  
11 passed and approved according to law.