

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 850

Introduced by Cavanaugh, J., 9.

Read first time January 08, 2026

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to the Local Option Municipal Economic
2 Development Act; to amend section 18-2705, Reissue Revised Statutes
3 of Nebraska, and section 18-2709, Revised Statutes Supplement, 2025;
4 to redefine terms; to authorize the use of economic development
5 programs for certain construction or rehabilitation of housing in
6 cities of the metropolitan class and primary class; to harmonize
7 provisions; and to repeal the original sections.

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

1 **Section 1.** Section 18-2705, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 18-2705 (1) Economic development program means any project or
4 program utilizing funds derived from local sources of revenue for the
5 purpose of providing direct or indirect financial assistance to a
6 qualifying business or the payment of related costs and expenses or both,
7 without regard to whether that business is identified at the time the
8 project or program is initiated or is to be determined by specified means
9 at some time in the future.

10 (2) An economic development program may include, but shall not be
11 limited to: (a) Direct loans or grants to qualifying businesses for fixed
12 assets or working capital or both, (b) loan guarantees for qualifying
13 businesses, (c) grants for public works improvements which are essential
14 to the location or expansion of, or the provision of new services by, a
15 qualifying business, (d) grants or loans to qualifying businesses for job
16 training, (e) the purchase of real estate, options for such purchases,
17 and the renewal or extension of such options, (f) grants or loans to
18 qualifying businesses to provide relocation incentives for new residents,
19 (g) the issuance of bonds as provided for in the Local Option Municipal
20 Economic Development Act, and (h) payments for salaries and support of
21 city staff to implement the economic development program or develop an
22 affordable housing action plan, including any such plan required under
23 section 19-5505, or payments for the contracting of such program
24 implementation or plan development to an outside entity.

25 (3) ~~An For cities of the first class, cities of the second class,~~
26 ~~and villages,~~ an economic development program may also include grants,
27 loans, or funds for construction or rehabilitation for sale or lease of
28 housing (a) for persons of low or moderate income, (b) as part of a
29 workforce housing plan, or (c) as part of an affordable housing action
30 plan, including any such plan required under section 19-5505. \div

31 (a) ~~Construction or rehabilitation for sale or lease of housing (i)~~

1 ~~for persons of low or moderate income, (ii) as part of a workforce~~
2 ~~housing plan, or (iii) as part of an affordable housing action plan,~~
3 ~~including any such plan required under section 19-5505;~~

4 (4) For cities of the first class, cities of the second class, and
5 villages, an economic development program may also include grants, loans,
6 or funds for:

7 (a) (b) Rural infrastructure development as defined in section
8 66-2102; or

9 (b) (c) Early childhood infrastructure development.

10 (5) (4) An economic development program may be conducted jointly by
11 two or more cities after the approval of the program by the voters of
12 each participating city.

13 **Sec. 2.** Section 18-2709, Revised Statutes Supplement, 2025, is
14 amended to read:

15 18-2709 (1) Qualifying business means any corporation, partnership,
16 limited liability company, or sole proprietorship which derives its
17 principal source of income from any of the following: The manufacture of
18 articles of commerce; the conduct of research and development; the
19 processing, storage, transport, or sale of goods or commodities which are
20 sold or traded in interstate commerce; the sale of services in interstate
21 commerce; headquarters facilities relating to eligible activities as
22 listed in this section; telecommunications activities, including services
23 providing advanced telecommunications capability; tourism-related
24 activities; or the production of films, including feature, independent,
25 and documentary films, commercials, and television programs.

26 (2) Qualifying business also means:

27 (a) A In cities of the first class, cities of the second class, and
28 villages, a business that derives its principal source of income from the
29 construction or rehabilitation of housing;

30 (b) In cities of the first class, cities of the second class, and
31 villages, a business that derives its principal source of income from

1 early childhood care and education programs;

2 (c) A business that derives its principal source of income from
3 retail trade. For purposes of this subdivision, retail trade means a
4 business which is principally engaged in the sale of goods or commodities
5 to ultimate consumers for their own use or consumption and not for
6 resale; and

7 (d) In cities with a population of five thousand inhabitants or less
8 as determined by the most recent federal decennial census or the most
9 recent revised certified count by the United States Bureau of the Census,
10 a business shall be a qualifying business even though it derives its
11 principal source of income from activities other than those set out in
12 this section.

13 (3) If a business which would otherwise be a qualifying business
14 employs people and carries on activities in more than one city in
15 Nebraska or will do so at any time during the first year following its
16 application for participation in an economic development program, it
17 shall be a qualifying business only if, in each such city, it maintains
18 employment for the first two years following the date on which such
19 business begins operations in the city as a participant in its economic
20 development program at a level not less than its average employment in
21 such city over the twelve-month period preceding participation.

22 (4) A qualifying business need not be located within the territorial
23 boundaries of the city from which it is or will be receiving financial
24 assistance.

25 (5) Qualifying business does not include a political subdivision, a
26 state agency, or any other governmental entity, except as allowed for
27 cities of the first class, cities of the second class, and villages for
28 rural infrastructure development as provided for in subdivision (4)(a)
29 (3)(b) of section 18-2705.

30 **Sec. 3.** Original section 18-2705, Reissue Revised Statutes of
31 Nebraska, and section 18-2709, Revised Statutes Supplement, 2025, are

1 repealed.