



**Hundredth Legislature - First Session - 2007
Committee Statement
LB 425**

Hearing Date: February 20, 2007

Committee On: Banking, Commerce and Insurance

Introducer(s): (Pankonin)

Title: Create the Nebraska Operational Assistance Act

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

8	Yes	Senators Pahls, Langemeier, Carlson, Christensen, Gay, Hansen, Pankonin, Pirsch
	No	
	Present, not voting	
	Absent	

Proponents:

Senator Dave Pankonin
Bryan Fairfield
Frank Hilsabeck
Mike Buck

Clare Fairfield

Representing:

Introducer
Invest Nebraska Corp
NE Angels
Game Plan Technologies Inc.
Hawkeye Vision Inc.
Concerto Ventures Inc.

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 425 (Pankonin, Pahls) would enact the Nebraska Operational Assistance Act to provide for creation of a program established by the Department of Economic Development to assist potential high-growth businesses in establishing foundations sufficient for the attraction of private venture capital equity financing.

The bill would provide, section by section, as follows:

Section 1 would enact a new section to provide for a new named act: the Nebraska Operational Assistance Act.

Section 2 would enact a new section to provide legislative findings that: (1) insufficient venture capital resources exist in the state to meet equity needs of new and high growth business enterprises; (2) Nebraska is a net exporter of venture capital; (3) venture capital needs are not being met due to lack of operational readiness and expertise among new and high-growth business enterprises; (4) the role for the State of Nebraska is to create an effective operational assistance program; (5) high-growth business enterprises need assistance in understanding equity markets and how to receive equity funding; and (6) an operational assistance program must be flexible and market driven.

Section 3 would enact a new section to provide for definitions: business enterprise; program; and venture capital (equity financing provided by investors to business enterprises that have the potential for high growth and in which the risk for loss and the potential for profit may be considerable).

Section 4 would enact a new section to provide that the purpose of the Nebraska Operational Assistance Act is to create a program to assist business enterprises in achieving the thresholds necessary for private equity investments.

Section 5 would enact a new section to provide (1) that the Department of Economic Development shall establish the Nebraska Operational Assistance Program; (2) that the program shall assist potential high-growth businesses in establishing a foundation sufficient for the attraction of private equity; and (3) that the department shall select a single private, nonprofit organization to carry out the functions of the Nebraska Operational Assistance Act.

Section 6 would enact a new section to provide (1) that the Legislature shall appropriate funds to the Department of Economic Development which shall be awarded as a grant to the private, nonprofit organization selected to carry out the purposes of the Nebraska Operational Assistance Act and (2) that it is the intent of the Legislature that \$600,000 be appropriated to the Department of Economic Development each fiscal year to carry out the Nebraska Operational Assistance Act.

Section 7 would enact a new section to provide that the Department of Economic Development shall submit an annual report on its activities under the Nebraska Operational Assistance Act to the Governor and the Legislature.

Explanation of amendments, if any:

The committee amendments (AM511) would amend section 6 by striking the provisions of subsection (2) which declare legislative intent to appropriate \$600,000 to the Department of Economic Development each fiscal year to carry out the bill.

Senator Rich Pahls, Chairperson