

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 425

FINAL READING

Introduced by Pankonin, 2; Pahls, 31; Nantkes, 46; Christensen, 44

Read first time January 16, 2007

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to economic development; to create the Nebraska
2 Operational Assistance Act; to create a statewide program
3 to assist high-growth business enterprises to attract
4 private equity; to prescribe duties; and to require
5 reporting.

6 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
2 may be cited as the Nebraska Operational Assistance Act.

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

4 (1) Insufficient venture capital resources exist within
5 the State of Nebraska to meet substantial portions of the equity
6 needs of new and high-growth business enterprises;

7 (2) Nebraska is a net exporter of venture capital;

8 (3) The venture capital needs of Nebraska business
9 enterprises are not currently being met due to the lack of
10 operational readiness and expertise among new and high-growth
11 business enterprises;

12 (4) The best and primary role the State of Nebraska can
13 play is creating an effective operational assistance program to
14 assist Nebraska businesses in becoming venture-ready to effectively
15 attract and retain capital in this state in partnership with the
16 private sector;

17 (5) Entrepreneurs and high-growth business enterprises
18 need technical assistance in understanding equity markets and how
19 to position themselves to receive equity funding; and

20 (6) Creation of an operational assistance program must be
21 flexible and market driven.

22 Sec. 3. For purposes of the Nebraska Operational
23 Assistance Act, unless the context otherwise requires:

24 (1) Business enterprise means an individual, corporation,
25 partnership, limited liability company, or joint-stock company with

1 its principal place of business in Nebraska or potentially in
2 Nebraska;

3 (2) Program means the Nebraska Operational Assistance
4 Program; and

5 (3) Venture capital means equity financing provided by
6 investors to business enterprises that have the potential for high
7 growth and in which the risk for loss and the potential for profit
8 may be considerable.

9 Sec. 4. The purpose of the Nebraska Operational
10 Assistance Act is to create a program to assist business
11 enterprises in Nebraska in achieving the thresholds necessary for
12 private equity investments.

13 Sec. 5. (1) The Department of Economic Development shall
14 establish the Nebraska Operational Assistance Program.

15 (2) The program shall assist potential high-growth
16 businesses in establishing a foundation sufficient for the
17 attraction of private equity including, but not limited to,
18 market analysis, executive recruitment, sales and marketing,
19 financial planning, business structure, and intellectual property
20 development. The program may also include, but need not be limited
21 to:

22 (a) Cooperation with other service entities in
23 facilitating effectiveness of the program including, but not
24 limited to, financial institutions, attorneys, accountants,
25 investment banking firms, established venture capital funds,

1 institutions of higher education, local and regional development
2 organizations, business development centers, business incubators,
3 and utilities;

4 (b) A statewide system for facilitating venture capital
5 investing with its primary emphasis upon assisting those business
6 enterprises generally seeking up to one million dollars in new
7 equity financing;

8 (c) Identification and provision of information to
9 investors about investment opportunities in Nebraska business
10 enterprises;

11 (d) Identification and provision of information to
12 entrepreneurs and high-growth business enterprises about investors
13 seeking investment opportunities;

14 (e) Service as a clearinghouse and access point for
15 information about venture capital investment opportunities in
16 Nebraska;

17 (f) Service as the central organization and means
18 of delivering appropriate education and training programs for
19 potential investors in business enterprises;

20 (g) Facilitation of the formation of private venture
21 capital funds; and

22 (h) Assistance in the formation of intrastate or
23 industry-specific venture capital networks.

24 (3)(a) The department shall select a single private,
25 nonprofit organization for the purpose of carrying out the

1 functions of the Nebraska Operational Assistance Act which is
2 either:

3 (i) Incorporated in the State of Nebraska and exempt
4 for federal tax purposes under section 501(c)(3) of the Internal
5 Revenue Code, as such section existed on January 1, 2007; or

6 (ii) A Nebraska corporation or Nebraska organization that
7 is exempt from federal taxation under section 501(c)(6) of the
8 Internal Revenue Code, as such section existed on January 1, 2007.

9 (b) The department, in selecting an organization pursuant
10 to subdivision (a) of this subsection, shall consider, among other
11 factors, the organization's ability to deliver a statewide program
12 and the organization's ability to provide the matching funds
13 described in section 6 of this act.

14 Sec. 6. The Legislature shall appropriate funds to the
15 Department of Economic Development which shall be awarded as a
16 grant to the private, nonprofit organization selected pursuant
17 to subsection (3) of section 5 of this act to carry out
18 the purposes of the Nebraska Operational Assistance Act. The
19 department may receive funds from local or federal government,
20 private foundations, or other sources. The private, nonprofit
21 organization shall provide matching funds of at least one-third
22 of all funds appropriated for the Nebraska Operational Assistance
23 Program. The private, nonprofit organization may provide any part
24 of the matching funds as an in-kind contribution.

25 Sec. 7. The Department of Economic Development shall

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- 1 submit an annual report on its activities under the Nebraska
- 2 Operational Assistance Act to the Governor and the Clerk of the
- 3 Legislature on or before January 1 each year.