

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 425**

Introduced by Pankonin, 2; Pahls, 31;

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; to provide funding;  
5 and to require 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. (1) The Legislature shall appropriate funds to  
15 the Department of Economic Development which shall be awarded  
16 as a grant to the private, nonprofit organization selected  
17 pursuant to subsection (3) of section 5 of this act to carry  
18 out 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 (2) It is the intent of the Legislature that six hundred

1 thousand dollars be appropriated to the Department of Economic  
2 Development each fiscal year to carry out the purposes of the  
3 Nebraska Operational Assistance Act.

4           Sec. 7. The Department of Economic Development shall  
5 submit an annual report on its activities under the Nebraska  
6 Operational Assistance Act to the Governor and the Clerk of the  
7 Legislature on or before January 1 each year.