

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 160

Introduced by Quick, 35.

Read first time January 11, 2019

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to the Local Option Municipal Economic
2 Development Act; to amend sections 18-2705 and 18-2709, Revised
3 Statutes Cumulative Supplement, 2018; to redefine terms to include
4 early childhood infrastructure development and quality early
5 childhood care and education programs for certain cities and
6 villages as prescribed; and to repeal the original sections.

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

1 Section 1. Section 18-2705, Revised Statutes Cumulative Supplement,
2 2018, is 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, the following activities: Direct loans or grants to
12 qualifying businesses for fixed assets or working capital or both; loan
13 guarantees for qualifying businesses; grants for public works
14 improvements which are essential to the location or expansion of, or the
15 provision of new services by, a qualifying business; grants or loans to
16 qualifying businesses for job training; the purchase of real estate,
17 options for such purchases, and the renewal or extension of such options;
18 grants or loans to qualifying businesses to provide relocation incentives
19 for new residents; the issuance of bonds as provided for in the Local
20 Option Municipal Economic Development Act; and payments for salaries and
21 support of city staff to implement the economic development program or
22 the contracting of such to an outside entity.

23 (3) For cities of the first class, cities of the ~~and~~ second class,
24 and villages, an economic development program may also include grants or
25 loans for the construction or rehabilitation for sale or lease of housing
26 for persons of low or moderate income.

27 (4) For cities of the first class, cities of the ~~and~~ second class,
28 and villages, an economic development program may also include grants,
29 loans, or funds for rural infrastructure development as defined in
30 section 66-2102.

31 (5) For cities of the first class, cities of the ~~and~~ second class,

1 and villages, an economic development program may also include grants or
2 loans for the construction or rehabilitation for sale or lease of housing
3 as part of a workforce housing plan.

4 (6) 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 early childhood infrastructure development. For purposes of
7 this subsection:

8 (a) Early childhood infrastructure development means planning,
9 financing, developing, acquiring, constructing, owning, operating,
10 evaluating, or maintaining an early childhood education program of
11 recognized quality or entering into any agreement with an existing early
12 childhood education program of known quality to address early childhood
13 education shortages that impair the ability of the city to attract new
14 businesses or that impair the ability of existing businesses to recruit
15 new employees; and

16 (b) Quality means meeting or exceeding a step three quality scale
17 rating based on quality rating criteria as provided under the Step Up to
18 Quality Child Care Act.

19 (7) ~~(6)~~ An economic development program may be conducted jointly by
20 two or more cities after the approval of the program by the voters of
21 each participating city.

22 Sec. 2. Section 18-2709, Revised Statutes Cumulative Supplement,
23 2018, is amended to read:

24 18-2709 (1) Qualifying business means any corporation, partnership,
25 limited liability company, or sole proprietorship which derives its
26 principal source of income from any of the following: The manufacture of
27 articles of commerce; the conduct of research and development; the
28 processing, storage, transport, or sale of goods or commodities which are
29 sold or traded in interstate commerce; the sale of services in interstate
30 commerce; headquarters facilities relating to eligible activities as
31 listed in this section; telecommunications activities, including services

1 providing advanced telecommunications capability; tourism-related
2 activities; or the production of films, including feature, independent,
3 and documentary films, commercials, and television programs.

4 (2) Qualifying business also means:

5 (a) In cities of the first class, cities of the ~~and~~ second class,
6 and villages, a business that derives its principal source of income from
7 the construction or rehabilitation of housing;

8 (b) In cities of the first class, cities of the second class, and
9 villages, a business that derives its principal source of income from
10 quality early childhood care and education programs. For purposes of this
11 subdivision, quality means meeting or exceeding a step three quality
12 scale rating based on quality rating criteria as provided under the Step
13 Up to Quality Child Care Act;

14 (c) (b) A business that derives its principal source of income from
15 retail trade, except that no more than forty percent of the total revenue
16 generated pursuant to the Local Option Municipal Economic Development Act
17 for an economic development program in any twelve-month period and no
18 more than twenty percent of the total revenue generated pursuant to the
19 act for an economic development program in any five-year period,
20 commencing from the date of municipal approval of an economic development
21 program, shall be used by the city for or devoted to the use of retail
22 trade businesses. For purposes of this subdivision, retail trade means a
23 business which is principally engaged in the sale of goods or commodities
24 to ultimate consumers for their own use or consumption and not for
25 resale; and

26 (d) (e) In cities with a population of two thousand five hundred
27 inhabitants or less as determined by the most recent federal decennial
28 census or the most recent revised certified count by the United States
29 Bureau of the Census, a business shall be a qualifying business even
30 though it derives its principal source of income from activities other
31 than those set out in this section.

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

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

13 (5) Qualifying business does not include a political subdivision, a
14 state agency, or any other governmental entity, except as allowed for
15 cities of the first class, cities of the ~~and~~ second class, and villages
16 for rural infrastructure development as provided for in subsection (4) of
17 section 18-2705.

18 Sec. 3. Original sections 18-2705 and 18-2709, Revised Statutes
19 Cumulative Supplement, 2018, are repealed.