

AMENDMENTS TO LB450

(Amendments to Standing Committee amendments, AM739)

Introduced by McKinney, 11.

1 1. Strike the original sections and all amendments thereto and
2 insert the following new sections:

3 Section 1. Sections 1 to 10 of this act shall be known and may be
4 cited as the Nebraska Innovation Hub Act.

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

6 (1) Job creation through rapid technology commercialization is a
7 vital part of the state's economic well-being;

8 (2) Innovation and technology-driven entrepreneurial activity
9 coupled with venture investment creates small business startups and
10 expansions at an accelerated rate, which leads to significant employment
11 opportunities that contribute to the state's financial health and
12 economic competitiveness;

13 (3) In order to maintain a healthy state economy and to aid
14 communities, entrepreneurship and technology-based small businesses must
15 be stimulated and supported; and

16 (4) Innovation hubs could serve as a vital resource for stimulating
17 and supporting entrepreneurship and technology-based small businesses in
18 this state.

19 Sec. 3. For purposes of the Nebraska Innovation Hub Act:

20 (1) Department means the Department of Economic Development;

21 (2) Director means the Director of Economic Development;

22 (3) Economic redevelopment area means an area in the State of
23 Nebraska in which:

24 (a) The average rate of unemployment in the area during the period
25 covered by the most recent federal decennial census or American Community
26 Survey 5-Year Estimate by the United States Bureau of the Census is at

1 least one hundred fifty percent of the average rate of unemployment in
2 the state during the same period; and

3 (b) The average poverty rate in the area is twenty percent or more
4 for the federal census tract in the area;

5 (4) iHub area means the geographical area in this state in which an
6 iHub will operate. An iHub area shall be located within:

7 (a) An economic redevelopment area; or

8 (b) An enterprise zone designated pursuant to the Enterprise Zone
9 Act;

10 (5) iHub partner means an entity described in section 6 of this act
11 that collaborates with an iHub for purposes of driving economic growth
12 within an iHub area;

13 (6) Innovation hub or iHub means a private nonprofit corporation
14 that is designated by the director as an iHub; and

15 (7) Postsecondary educational institution means a two-year or four-
16 year college or university which is a member institution of an
17 accrediting body recognized by the United States Department of Education.

18 Sec. 4. The department shall designate innovation hubs within iHub
19 areas to stimulate partnerships, economic development, and job creation
20 by leveraging iHub partner assets to provide an innovation platform for
21 startup businesses, economic development organizations, business groups,
22 and venture capitalists. The iHub partner assets may include, but are not
23 limited to, research parks, technology incubators, universities, and
24 federal laboratories.

25 Sec. 5. (1) A private nonprofit corporation may apply to the
26 director to become designated as an iHub. Applications shall be submitted
27 on or after November 1, 2022, and before June 1, 2023. The application
28 shall include, but not be limited to, the following:

29 (a) A statement of purpose;

30 (b) A signed statement of cooperation and a description of the roles
31 and relationships of each iHub partner;

1 (c) A clear explanation and map conveying the iHub area;

2 (d) A clearly identified central location for the iHub, which shall
3 be a physical location;

4 (e) A complete budget, including a description of secured funds,
5 pending funds, and potential future funding sources;

6 (f) A clearly articulated iHub management structure and plan, which
7 may include a description of the capabilities, qualifications, and
8 experience of the proposed management team, team leaders, or key
9 personnel who are critical to achieving the proposed objectives;

10 (g) A list of iHub assets and resources;

11 (h) A clearly articulated industry focus area of the iHub, including
12 industry sectors or other targeted areas for development and growth;

13 (i) A list of specific resources available to support and guide
14 startup companies;

15 (j) A five-year plan, which shall include a clearly articulated list
16 of goals to be achieved with the designation of the iHub;

17 (k) Defined performance standards agreed upon by the applicant and
18 the proposed iHub partners, which may include expectations for job
19 development and business creation;

20 (l) Evaluation procedures that will be used to measure the level of
21 achievement for each stated goal;

22 (m) A plan for sustainability;

23 (n) Demonstrated experience with innovation programs, such as
24 involvement with technology commercialization;

25 (o) Evidence of community engagement and support; and

26 (p) An application fee of one thousand dollars. The director shall
27 remit all application fees received under this section to the State
28 Treasurer for credit to the Innovation Hub Cash Fund.

29 (2) The department shall establish a weighted scoring system to
30 evaluate applications for iHub designations. Such weighted scoring system
31 shall consider, at a minimum:

1 (a) Whether the iHub is committed to serving underrepresented
2 communities in the proposed iHub area;

3 (b) Whether the iHub has a plan for marketing and outreach to
4 underrepresented communities in the proposed iHub area;

5 (c) Whether the iHub has signed statements of cooperation with at
6 least three proposed iHub partners; and

7 (d) The quality of the iHub's five-year plan.

8 (3) The director shall determine whether or not to approve the
9 requested iHub designation by no later than July 1, 2023. Each iHub
10 designation shall be for a term of five years.

11 (4) The iHub designation shall not be official until a memorandum of
12 understanding is entered into by the applicant and the director. The
13 memorandum of understanding shall include the goals and performance
14 standards identified in the application and other related requirements as
15 determined by the director.

16 (5) An iHub area may overlap with another iHub area if there is a
17 clear distinction between the industry focus areas of the iHubs involved.

18 (6) The department shall set guidelines for approval, designation,
19 operation, and reporting of iHubs.

20 (7) An iHub shall annually report to the director on its progress in
21 meeting the goals and performance standards as described in the iHub
22 application and the implementing memorandum of understanding with the
23 director. The report shall also include information regarding the number
24 of businesses served, the number of jobs created, and the amount of funds
25 raised by the iHub. The director shall annually post the information from
26 these reports on the department's website and provide notice to the
27 Governor and the Legislature that the information is available on the
28 website.

29 Sec. 6. (1) An iHub shall form a collaborative relationship,
30 through a signed statement of cooperation, with at least three iHub
31 partners. An iHub partner may be any of the following:

- 1 (a) A postsecondary educational institution;
2 (b) A bank or other financial institution;
3 (c) A municipal economic development division or department;
4 (d) A nonprofit economic development corporation;
5 (e) A federal government entity or agency focused on economic
6 development;
7 (f) An inland port authority created pursuant to the Municipal
8 Inland Port Authority Act;
9 (g) A business support organization, including a workforce
10 development or training organization, an incubator or a business
11 accelerator, a business technical assistance provider, a chamber of
12 commerce, or a networking organization that supports innovation;
13 (h) An educational consortium, including technology transfer
14 representatives;
15 (i) A venture capital network, including angel investors; or
16 (j) A business foundation, innovation foundation, science
17 foundation, laboratory research institution, federal laboratory, or
18 research and development facility.

19 (2) The department may allow an entity not listed in subsection (1)
20 of this section to serve as an iHub partner if the department finds that
21 such entity is related to the goals of the iHub.

22 (3) An iHub's board of directors shall include a representative of
23 each iHub partner that has signed a statement of cooperation with the
24 iHub.

25 Sec. 7. Before an official designation as an iHub, the applicant
26 shall self-certify that the iHub and its iHub partners are current in the
27 payment of all state and local taxes owed.

28 Sec. 8. (1) An iHub may do all of, but shall not be limited to, the
29 following:

30 (a) Provide counseling and technical assistance to entrepreneurs,
31 either by direct or indirect services, in the following areas:

- 1 (i) The legal requirements for starting a business;
2 (ii) Entrepreneurial business planning and management;
3 (iii) Financing and the use of credit;
4 (iv) Marketing for small businesses;
5 (v) Tax education;
6 (vi) Financial account management, bookkeeping, and budgeting;
7 (vii) Leadership development;
8 (viii) Insurance needs and requirements;
9 (ix) Sources for grant funding and how to apply for such grants;
10 (x) Financial literacy education;
11 (xi) Permit and licensing requirements; and
12 (xii) Government procurement processes;
13 (b) Conduct business workshops, seminars, and conferences with local
14 partners including, but not limited to, universities, community colleges,
15 local governments, state and federal service providers, private industry,
16 workforce investment boards and agencies, small business development
17 centers, microenterprise development organizations, small business
18 service agencies, economic development organizations, and chambers of
19 commerce;
20 (c) Facilitate partnerships between innovative startup businesses,
21 research institutions, and venture capitalists or financial institutions;
22 (d) Provide the following for entrepreneurs:
23 (i) Housing;
24 (ii) Retail space;
25 (iii) Commercial kitchens;
26 (iv) Community spaces;
27 (v) Coworking spaces; and
28 (e) Make loans and award grants to entrepreneurs.
29 (2) An iHub shall, to the extent feasible, do all of the following:
30 (a) Work in close collaboration with the activities of the
31 department as its primary statewide partner; and

1 (b) Coordinate activities with community colleges, universities, and
2 other state economic and workforce development programs.

3 Sec. 9. (1) The Innovation Hub Cash Fund is created. The fund shall
4 be administered by the department and shall consist of application fees
5 received under section 5 of this act, funds transferred by the
6 Legislature, and any other money as determined by the Legislature.

7 (2) The fund shall be used by the department for purposes of
8 carrying out the Nebraska Innovation Hub Act. Any money in the fund
9 available for investment shall be invested by the state investment
10 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
11 State Funds Investment Act.

12 Sec. 10. The director may adopt and promulgate rules and
13 regulations to carry out the Nebraska Innovation Hub Act.