

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 598

FINAL READING

Introduced by Wishart, 27; Hunt, 8.

Read first time January 20, 2021

Committee: Business and Labor

1 A BILL FOR AN ACT relating to economic development; to amend sections
2 81-12,153, 81-12,157, 81-12,158, 81-12,159, 81-12,160, 81-12,161,
3 and 81-12,162, Revised Statutes Cumulative Supplement, 2020; to
4 adopt the Small Business Stabilization Grant Program Act; to change
5 provisions of the Business Innovation Act; to harmonize provisions;
6 to define terms; to provide operative dates; to repeal the original
7 sections; and to declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 5 of this act shall be known and may be
2 cited as the Small Business Stabilization Grant Program Act.

3 Sec. 2. The purpose of the Small Business Stabilization Grant
4 Program Act is to provide grant funds to eligible businesses that are
5 experiencing a significant loss of revenue as a result of a qualifying
6 event.

7 Sec. 3. For purposes of the Small Business Stabilization Grant
8 Program Act:

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

10 (2) Eligible business means a for-profit business that:

11 (a) Is located in this state; and

12 (b) Had no more than one million dollars of gross revenue in the
13 most recently completed calendar year; and

14 (3) Qualifying event means any natural disaster, pandemic, or other
15 event for which a state of emergency proclamation is issued by the
16 Governor pursuant to section 81-829.40.

17 Sec. 4. (1) If a qualifying event occurs, the department shall
18 establish a grant program to provide financial assistance to eligible
19 businesses that have experienced a significant loss of revenue as a
20 result of such qualifying event. An eligible business shall be considered
21 to have experienced a significant loss of revenue if its gross revenue
22 over a period of one month or more has declined by at least fifty percent
23 from the amount of gross revenue received over the same period in the
24 prior year.

25 (2) Whenever such a grant program is established, an eligible
26 business may submit an application to the department with sufficient
27 documentation to show the loss of revenue required under subsection (1)
28 of this section.

29 (3) If the applicant is an eligible business and meets the
30 requirements of subsection (1) of this section, the department shall
31 approve the application and shall notify the applicant of such approval.

1 (4) The department shall consider applications in the order in which
2 they are received and may approve applications within the limits of
3 available appropriations.

4 (5) Each grant approved under this section shall be no more than
5 twelve thousand dollars.

6 Sec. 5. The department may adopt and promulgate rules and
7 regulations to carry out the Small Business Stabilization Grant Program
8 Act.

9 Sec. 6. Section 81-12,153, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 81-12,153 For purposes of the Business Innovation Act:

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

13 (2) Economic redevelopment area means an area in the State of
14 Nebraska in which:

15 (a) The average rate of unemployment in the area during the period
16 covered by the most recent federal decennial census or American Community
17 Survey 5-Year Estimate by the United States Bureau of the Census is at
18 least one hundred fifty percent of the average rate of unemployment in
19 the state during the same period; and

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

22 (3) ~~(2)~~ Federal grant program means the federal Small Business
23 Administration's Small Business Innovation Research grant program or
24 Small Business Technology Transfer grant program;

25 (4) ~~(3)~~ Microenterprise means a for-profit business entity with not
26 more than ten full-time equivalent employees;

27 (5) ~~(4)~~ Prototype means an original model on which something is
28 patterned by a resident of Nebraska or a company located in Nebraska; and

29 (6) ~~(5)~~ Value-added agriculture means increasing the net worth of
30 food or nonfood agricultural products by processing, alternative
31 production and handling methods, collective marketing, or other

1 innovative practices.

2 Sec. 7. Section 81-12,157, Revised Statutes Cumulative Supplement,
3 2020, is amended to read:

4 81-12,157 (1) The department shall establish a phase one program to
5 provide grants to small businesses that qualify under the federal grant
6 program for the purposes of planning for an application under the federal
7 grant program. If a small business receives funding under the federal
8 grant program, the department or a nonprofit entity designated by the
9 department may make grants to match up to sixty-five percent of the
10 amount of the federal grant.

11 (2) Planning grants under subsection (1) of this section shall not
12 exceed five thousand dollars per project. Federal award matching grants
13 under this section shall not exceed one hundred thousand dollars. No
14 business shall receive funding for more than one project every two years.

15 (3) The department may award up to six ~~four~~ million dollars per year
16 for grants under this section.

17 Sec. 8. Section 81-12,158, Revised Statutes Cumulative Supplement,
18 2020, is amended to read:

19 81-12,158 (1) The department shall establish a financial assistance
20 program to provide financial assistance to businesses that employ no more
21 than five hundred employees or to individuals for the purposes of
22 creating a prototype of a product stemming from research and development
23 at a business operating in Nebraska or a public or private college or
24 university in Nebraska.

25 (2)(a) Until three months after the operative date of this section,
26 funds ~~(2) Funds~~ shall be matched by nonstate funds equivalent in money
27 equal to fifty percent of the funds requested; and -

28 (b) Beginning three months after the operative date of this section,
29 funds shall be matched by nonstate funds equivalent in money equal to:

30 (i) Twenty-five percent of the funds requested if the applicant's
31 principal residence or principal place of business is located in an

1 economic redevelopment area within a city of the metropolitan class; or

2 (ii) Fifty percent of the funds requested for any other applicant.

3 (3) Matching funds may be from any nonstate source, including
4 private foundations, federal or local government sources, quasi-
5 governmental entities, or commercial lending institutions, or any other
6 funds whose source does not include funds appropriated by the
7 Legislature.

8 (4) The amount the department may provide shall not exceed one
9 hundred fifty thousand dollars per project.

10 (5) ~~(3)~~ A business or individual applying for financial assistance
11 under this section shall include a business plan that includes a proof-
12 of-concept demonstration.

13 (6) ~~(4)~~ Financial assistance under this section shall be expended
14 within twenty-four months after the date of the awarding decision.

15 (7) ~~(5)~~ The department may award up to six ~~four~~ million dollars per
16 year for financial assistance under this section.

17 Sec. 9. Section 81-12,159, Revised Statutes Cumulative Supplement,
18 2020, is amended to read:

19 81-12,159 (1) The department shall establish an innovation in value-
20 added agriculture program. The purpose of this program is to provide
21 financial assistance to:

22 (a) Support small enterprise formation in the agricultural sector of
23 Nebraska's rural economy, including innovative efforts for value-added
24 enterprises;

25 (b) Support the development of agricultural communities and economic
26 opportunity through innovation in farming and ranching operations, rural
27 communities, and businesses for the development of value-added
28 agricultural products;

29 (c) Enhance the income and opportunity for farming and ranching
30 operations in Nebraska in order to stem the decline in their numbers;

31 (d) Increase the farming and ranching operations' share of the food-

1 system profit;

2 (e) Enhance opportunities for farming and ranching operations to
3 participate in electronic commerce and new and emerging markets that
4 strengthen rural economic opportunities; and

5 (f) Encourage the production and marketing of specialty crops in
6 Nebraska and support the creation and development of agricultural
7 enterprises and businesses that produce and market specialty crops in
8 Nebraska.

9 (2) Agricultural cooperatives, farming or ranching operations, and
10 private businesses and enterprises operating in Nebraska shall be
11 eligible for financial assistance under this section.

12 (3) An entity receiving financial assistance shall provide a match
13 of twenty-five percent for such assistance.

14 (4) The department may award up to six ~~four~~ million dollars per year
15 for financial assistance under this section.

16 Sec. 10. Section 81-12,160, Revised Statutes Cumulative Supplement,
17 2020, is amended to read:

18 81-12,160 (1) The department shall establish a financial assistance
19 program to provide financial assistance to businesses operating in
20 Nebraska that employ no more than five hundred employees or to
21 individuals that have a prototype of a product or process for the
22 purposes of commercializing such product or process. The applicant shall
23 submit a feasibility study stating the potential sales and profit
24 projections for the product or process.

25 (2) The department shall create a program with the following
26 provisions to support commercialization of a product or process:

27 (a) Commercialization infrastructure documentation, including market
28 assessments and start-up strategic planning;

29 (b) Promotion, marketing, advertising, and consulting;

30 (c) Management and business planning support;

31 (d) Linking companies and entrepreneurs to mentors;

1 (e) Preparing companies and entrepreneurs to acquire venture
2 capital; and

3 (f) Linking companies to sources of capital.

4 (3) Funds shall be matched by nonstate funds equal to fifty percent
5 of the funds requested. Matching funds may be from any nonstate source,
6 including private foundations, federal or local government sources,
7 quasi-governmental entities, or commercial lending institutions, or any
8 other funds whose source does not include funds appropriated by the
9 Legislature.

10 (4) The department shall not provide more than five hundred thousand
11 dollars to any one project. Each year the department may award up to six
12 ~~four~~ million dollars under this section.

13 (5) Financial assistance provided under this section shall be
14 expended within twenty-four months after the date of the awarding
15 decision.

16 (6) To carry out this section, the department shall contract with
17 one statewide venture development organization that is incorporated in
18 the State of Nebraska and exempt for federal tax purposes under section
19 501(c)(3) of the Internal Revenue Code.

20 Sec. 11. Section 81-12,161, Revised Statutes Cumulative Supplement,
21 2020, is amended to read:

22 81-12,161 (1) The department shall establish a financial assistance
23 program to provide financial assistance to businesses operating in
24 Nebraska that use the faculty or facilities of a public or private
25 college or university in Nebraska for applied research and development of
26 new products or use intellectual property generated at a public or
27 private college or university in Nebraska.

28 (2) A business may apply for up to two awards in any four-year
29 period per project. The department may provide up to one hundred thousand
30 dollars for the first phase of a project. If the first phase is
31 successful and agreed-upon contractual requirements are met during the

1 first phase, the department may provide up to four hundred thousand
2 dollars for the second phase of the project.

3 (3) Funds shall be matched by nonstate funds equivalent in money
4 equal to one hundred percent of the funds requested for both phases of
5 the project. Matching funds may be from any nonstate source, including
6 private foundations, federal or local government sources, quasi-
7 governmental entities, or commercial lending institutions, or any other
8 funds whose source does not include funds appropriated by the
9 Legislature.

10 (4) The department may award up to six ~~four~~ million dollars per year
11 for financial assistance under this section.

12 Sec. 12. Section 81-12,162, Revised Statutes Cumulative Supplement,
13 2020, is amended to read:

14 81-12,162 (1) The department shall establish a small business
15 investment program. The program:

16 (a) Shall provide grants to microloan delivery or microloan
17 technical assistance organizations to:

18 (i) Better assure that Nebraska's microenterprises are able to
19 realize their full potential to create jobs, enhance entrepreneurial
20 skills and activity, and increase low-income households' capacity to
21 become self-sufficient;

22 (ii) Provide funding to foster the creation of microenterprises;

23 (iii) Establish the department as the coordinating office for the
24 facilitation of microlending and microenterprise development;

25 (iv) Facilitate the development of a permanent, statewide
26 infrastructure of microlending support organizations to serve Nebraska's
27 microenterprise and self-employment sectors;

28 (v) Enable the department to provide grants to community-based
29 microenterprise development organizations in order to encourage the
30 development and growth of microenterprises throughout Nebraska; and

31 (vi) Enable the department to engage in contractual relationships

1 with statewide microlending support organizations which have the capacity
2 to leverage additional nonstate funds for microenterprise lending.

3 To the maximum extent possible, the selection process should assure
4 that the distribution of such financial assistance provides equitable
5 access to the benefits of the Business Innovation Act by all geographic
6 areas of the state; and

7 (b) May identify and coordinate other state and federal sources of
8 funds which may be available to the department to enhance the state's
9 ability to facilitate financial assistance pursuant to the program.

10 (2) To establish the criteria for making an award to a microloan
11 delivery or microloan technical assistance organization, the department
12 shall consider:

13 (a) The plan for providing business development services and
14 microloans to microenterprises;

15 (b) The scope of services to be provided by the microloan delivery
16 or microloan technical assistance organization;

17 (c) The plan for coordinating the services and loans provided by the
18 microloan delivery or microloan technical assistance organization with
19 commercial lending institutions;

20 (d) The geographic representation of all regions of the state,
21 including both urban and rural communities and neighborhoods;

22 (e) The ability of the microloan delivery or microloan technical
23 assistance organization to provide for business development in areas of
24 chronic economic distress and low-income regions of the state;

25 (f) The ability of the microloan delivery or microloan technical
26 assistance organization to provide business training and technical
27 assistance to microenterprise clients;

28 (g) The ability of the microloan delivery or microloan technical
29 assistance organization to monitor and provide financial oversight of
30 recipients of microloans; and

31 (h) Sources and sufficiency of operating funds for the

1 microenterprise development organization.

2 (3) Awards made by the department to a microloan delivery or
3 microloan technical assistance organization may be used to:

4 (a) Satisfy matching fund requirements for other federal or private
5 grants;

6 (b) Establish a revolving loan fund from which the microloan
7 delivery or microloan technical assistance organization may make loans to
8 microenterprises;

9 (c) Establish a guaranty fund from which the microloan delivery or
10 microloan technical assistance organization may guarantee loans made by
11 commercial lending institutions to microenterprises;

12 (d) Provide funding for the operating costs of a microloan delivery
13 or microloan technical assistance organization not to exceed twenty
14 percent; and

15 (e) Provide grants to establish loan-loss reserve funds to match
16 loan capital borrowed from other sources, including federal
17 microenterprise loan programs.

18 (4) Any award of financial assistance to a microloan delivery or
19 microloan technical assistance organization shall meet the following
20 qualifications:

21 (a) Funds shall be matched by nonstate funds equivalent in money or
22 in-kind contributions or a combination of both equal to thirty-five
23 percent of the grant funds requested. Such matching funds may be from any
24 nonstate source, including private foundations, federal or local
25 government sources, quasi-governmental entities, or commercial lending
26 institutions, or any other funds whose source does not include funds
27 appropriated by the Legislature;

28 (b) Microloan funds shall be disbursed in microloans which do not
29 exceed one hundred thousand dollars or used to capitalize loan-loss
30 reserve funds for such loans; and

31 (c) A minimum of fifty percent of the microloan funds shall be used

1 by a microenterprise development assistance organization for small
2 business technical assistance.

3 The department shall contract with a statewide microenterprise
4 development assistance organization to carry out this section.

5 (5) Each year the department may award up to three ~~two~~ million
6 dollars under this section.

7 Sec. 13. Sections 6 and 14 of this act become operative three
8 calendar months after the adjournment of this legislative session. The
9 other sections of this act become operative on their effective date.

10 Sec. 14. Original section 81-12,153, Revised Statutes Cumulative
11 Supplement, 2020, is repealed.

12 Sec. 15. Original sections 81-12,157, 81-12,158, 81-12,159,
13 81-12,160, 81-12,161, and 81-12,162, Revised Statutes Cumulative
14 Supplement, 2020, are repealed.

15 Sec. 16. Since an emergency exists, this act takes effect when
16 passed and approved according to law.