

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 450

FINAL READING

Introduced by McKinney, 11; Blood, 3; Hansen, M., 26; Wayne, 13.

Read first time January 15, 2021

Committee: Business and Labor

- 1 A BILL FOR AN ACT relating to economic development; to adopt the Nebraska
- 2 Innovation Hub Act and the Small Business Assistance Act.
- 3 Be it enacted by the people of the State of Nebraska,

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

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

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

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

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

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

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

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

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

20 (3) Economic redevelopment area means an area in the State of
21 Nebraska in which:

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

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

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

31 (a) An economic redevelopment area; or

1 (b) An enterprise zone designated pursuant to the Enterprise Zone
2 Act;

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

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

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

11 Sec. 4. The department shall designate innovation hubs within iHub
12 areas to stimulate partnerships, economic development, and job creation
13 by leveraging iHub partner assets to provide an innovation platform for
14 startup businesses, economic development organizations, business groups,
15 and venture capitalists. The iHub partner assets may include, but are not
16 limited to, research parks, technology incubators, universities, and
17 federal laboratories.

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

22 (a) A statement of purpose;

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

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

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

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

30 (f) A clearly articulated iHub management structure and plan, which
31 may include a description of the capabilities, qualifications, and

1 experience of the proposed management team, team leaders, or key
2 personnel who are critical to achieving the proposed objectives;

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

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

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

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

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

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

15 (m) A plan for sustainability;

16 (n) Demonstrated experience with innovation programs, such as
17 involvement with technology commercialization;

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (a) A postsecondary educational institution;

26 (b) A bank or other financial institution;

27 (c) A municipal economic development division or department;

28 (d) A nonprofit economic development corporation;

29 (e) A federal government entity or agency focused on economic
30 development;

31 (f) An inland port authority created pursuant to the Municipal

1 Inland Port Authority Act;

2 (g) A business support organization, including a workforce
3 development or training organization, an incubator or a business
4 accelerator, a business technical assistance provider, a chamber of
5 commerce, or a networking organization that supports innovation;

6 (h) An educational consortium, including technology transfer
7 representatives;

8 (i) A venture capital network, including angel investors; or

9 (j) A business foundation, innovation foundation, science
10 foundation, laboratory research institution, federal laboratory, or
11 research and development facility.

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

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

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

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

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

25 (i) The legal requirements for starting a business;

26 (ii) Entrepreneurial business planning and management;

27 (iii) Financing and the use of credit;

28 (iv) Marketing for small businesses;

29 (v) Tax education;

30 (vi) Financial account management, bookkeeping, and budgeting;

31 (vii) Leadership development;

- 1 (viii) Insurance needs and requirements;
2 (ix) Sources for grant funding and how to apply for such grants;
3 (x) Financial literacy education;
4 (xi) Permit and licensing requirements; and
5 (xii) Government procurement processes;
6 (b) Conduct business workshops, seminars, and conferences with local
7 partners including, but not limited to, universities, community colleges,
8 local governments, state and federal service providers, private industry,
9 workforce investment boards and agencies, small business development
10 centers, microenterprise development organizations, small business
11 service agencies, economic development organizations, and chambers of
12 commerce;
13 (c) Facilitate partnerships between innovative startup businesses,
14 research institutions, and venture capitalists or financial institutions;
15 (d) Provide the following for entrepreneurs:
16 (i) Housing;
17 (ii) Retail space;
18 (iii) Commercial kitchens;
19 (iv) Community spaces;
20 (v) Coworking spaces; and
21 (e) Make loans and award grants to entrepreneurs.
22 (2) An iHub shall, to the extent feasible, do all of the following:
23 (a) Work in close collaboration with the activities of the
24 department as its primary statewide partner; and
25 (b) Coordinate activities with community colleges, universities, and
26 other state economic and workforce development programs.
27 Sec. 9. (1) The Innovation Hub Cash Fund is created. The fund shall
28 be administered by the department and shall consist of application fees
29 received under section 5 of this act, funds transferred by the
30 Legislature, and any other money as determined by the Legislature.
31 (2) The fund shall be used by the department for purposes of

1 carrying out the Nebraska Innovation Hub Act. Any money in the fund
2 available for investment shall be invested by the state investment
3 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
4 State Funds Investment Act.

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

7 Sec. 11. Sections 11 to 16 of this act shall be known and may be
8 cited as the Small Business Assistance Act.

9 Sec. 12. For purposes of the Small Business Assistance Act:

10 (1) Department means the Department of Economic Development; and

11 (2) Small business means a business with five or fewer employees.

12 Sec. 13. (1) The department shall create and administer a grant
13 program to:

14 (a) Provide grants of up to twenty-five thousand dollars to
15 individuals looking to start a small business. An individual shall be
16 eligible for a grant under this subdivision if the following requirements
17 are met:

18 (i) The individual earned no more than fifty-five thousand dollars
19 in the most recently completed calendar year;

20 (ii) The individual has a personal net worth of no more than two
21 hundred thousand dollars, excluding the individual's primary residence;
22 and

23 (iii) The individual does not have an ownership interest in any
24 other business; and

25 (b) Provide grants of up to twelve thousand five hundred dollars to
26 individuals who own a small business that has been in existence for no
27 more than five years. An individual shall be eligible for a grant under
28 this subdivision if the following requirements are met:

29 (i) The gross revenue of the small business has grown by no more
30 than twenty-five percent over the most recently completed calendar year;

31 (ii) The individual has a personal net worth of no more than two

1 hundred thousand dollars, excluding the individual's primary residence;
2 and

3 (iii) The individual does not have an ownership interest in any
4 other business.

5 (2) The department shall contract with a private entity to provide
6 professional counseling services to individuals who are looking to start
7 a small business or who have started a small business within the previous
8 five years. Such counseling services shall be in the following areas:

9 (i) Accounting and budgeting;

10 (ii) Tax return preparation;

11 (iii) Human resources;

12 (iv) How to write a business plan;

13 (v) Payroll processes;

14 (vi) Financial planning and investments;

15 (vii) Debt management;

16 (viii) Strategic planning;

17 (ix) Technology coaching; and

18 (x) Financial statement review.

19 (3) The private entity with which the department contracts under
20 subsection (2) of this section shall not have any other contracts with
21 the state that involve the provision of services described in subsection
22 (2) of this section.

23 Sec. 14. (1) On or before October 1, 2024, and on or before October
24 1 of each even-numbered year thereafter, the department shall submit a
25 report to the Governor and the Legislature that includes, but is not
26 limited to:

27 (a) A description of the demand for grants and counseling services
28 under the Small Business Assistance Act from all geographic regions in
29 Nebraska;

30 (b) A listing of the grant recipients and the amounts of grants
31 awarded pursuant to the act in the previous two fiscal years;

1 (c) A listing of the recipients of counseling services under the act
2 in the previous two fiscal years;

3 (d) The impact of the grants provided under the act, including
4 information on:

5 (i) The number of jobs created;

6 (ii) The economic impact on the area where the grant recipient is
7 located;

8 (iii) The impact on state and local tax revenues; and

9 (iv) The types of businesses created, listed by industry.

10 (2) The report submitted to the Legislature shall be submitted
11 electronically.

12 (3) The department may require the private entity described in
13 section 13 of this act and any recipients of grants or counseling
14 services to provide periodic reports and information to enable the
15 department to fulfill the requirements of this section.

16 (4) The report shall contain no information that is protected by
17 state or federal confidentiality laws.

18 Sec. 15. The department may adopt and promulgate rules and
19 regulations to carry out the Small Business Assistance Act.

20 Sec. 16. It is the intent of the Legislature to appropriate five
21 million dollars to the department each fiscal year to carry out the Small
22 Business Assistance Act.