

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 449

Introduced by Mello, 5.

Read first time January 20, 2015

Committee:

- 1 A BILL FOR AN ACT relating to the Business Innovation Act; to amend
- 2 sections 81-12,162 and 81-12,163, Reissue Revised Statutes of
- 3 Nebraska; to change provisions relating to microloans and funding;
- 4 to harmonize provisions; to repeal the original sections; to provide
- 5 an operative date; and to declare an emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-12,162, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 81-12,162 (1) The department shall establish a small business
4 investment program. The program:

5 (a) Shall provide grants to microloan delivery or microloan
6 technical assistance organizations to:

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

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

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

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

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

20 (vi) Enable the department to engage in contractual relationships
21 with statewide microlending support organizations which have the capacity
22 to leverage additional nonstate funds for microenterprise lending.

23 To the maximum extent possible, the selection process should assure
24 that the distribution of such financial assistance provides equitable
25 access to the benefits of the Business Innovation Act by all geographic
26 areas of the state; and

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

30 (2) To establish the criteria for making an award to a microloan
31 delivery or microloan technical assistance organization, the department

1 shall consider:

2 (a) The plan for providing business development services and
3 microloans to microenterprises;

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

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

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

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

14 (f) The ability of the microloan delivery or microloan technical
15 assistance organization to provide business training and technical
16 assistance to microenterprise clients;

17 (g) The ability of the microloan delivery or microloan technical
18 assistance organization to monitor and provide financial oversight of
19 recipients of microloans; and

20 (h) Sources and sufficiency of operating funds for the
21 microenterprise development organization.

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

24 (a) Satisfy matching fund requirements for other federal or private
25 grants;

26 (b) Establish a revolving loan fund from which the microloan
27 delivery or microloan technical assistance organization may make loans to
28 microenterprises;

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

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

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

7 (4) Any award of financial assistance to a microloan delivery or
8 microloan technical assistance organization shall meet the following
9 qualifications:

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

17 (b) At least ~~seventy~~ fifty percent of microloan funds shall be
18 disbursed in microloans which do not exceed ~~fifty~~ one hundred thousand
19 dollars or used to capitalize loan-loss reserve funds for such loans; and

20 (c) At least ~~thirty~~ fifty percent of the microloan funds shall be
21 used by microenterprise development assistance organizations for small
22 business technical assistance.

23 The department may contract with one or more statewide
24 microenterprise development assistance organizations to carry out this
25 section.

26 (5) Each year the department shall award at least ~~five hundred~~
27 ~~thousand~~ one million dollars but not more than ~~one~~ two million dollars
28 under this section.

29 Sec. 2. Section 81-12,163, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 81-12,163 (1) It is the intent of the Legislature to appropriate

1 ~~seven~~ XXX million dollars from the General Fund to the department for the
2 Business Innovation Act for each of fiscal years ~~2011-12 and 2012-13~~
3 2015-16 and 2016-17.

4 (2) Up to five percent of the funds appropriated may be used by the
5 department, or by a nonprofit entity with which the department contracts,
6 for administrative expenses.

7 Sec. 3. This act becomes operative on July 1, 2015.

8 Sec. 4. Original sections 81-12,162 and 81-12,163, Reissue Revised
9 Statutes of Nebraska, are repealed.

10 Sec. 5. Since an emergency exists, this act takes effect when
11 passed and approved according to law.