

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1090**

Introduced by Dorn, 30.

Read first time January 19, 2022

Committee: Appropriations

- 1 A BILL FOR AN ACT relating to the Business Innovation Act; to amend
- 2 section 81-12,162, Revised Statutes Cumulative Supplement, 2020; to
- 3 change provisions relating to award limits; to repeal the original
- 4 section; and to declare an emergency.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-12,162, Revised Statutes Cumulative  
2 Supplement, 2020, 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) Microloan funds shall be disbursed in microloans which do not  
18 exceed one hundred thousand dollars or used to capitalize loan-loss  
19 reserve funds for such loans; and

20 (c) A minimum of fifty percent of the microloan funds shall be used  
21 by a microenterprise development assistance organization for small  
22 business technical assistance.

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

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

27 Sec. 2. Original section 81-12,162, Revised Statutes Cumulative  
28 Supplement, 2020, is repealed.

29 Sec. 3. Since an emergency exists, this act takes effect when  
30 passed and approved according to law.