

Qualified Action Plan for the State of Nebraska Business Innovation Programs

Prepared for
Governor Jim Pillen
by the
State of Nebraska
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Submitted by
The Department of Economic Development

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BUSINESS INNOVATION PROGRAMS QUALIFIED ACTION PLAN DEFINITION OF TERMS

Microenterprise – a for-profit business entity with not more than ten full-time equivalent employees.

Nonmetropolitan areas – counties with fewer than one hundred thousand inhabitants according to the most recent federal decennial census.

Prototype – an original model on which something is patterned by a resident of Nebraska or a company located in Nebraska.

Value-added Agriculture – increasing the net worth of food or nonfood agricultural products by processing, alternative production and handling methods, collective marketing, or other innovative practices.

Small business innovation – the provision of technical resources to locally owned and operated Nebraska-based growth businesses to foster development, growth, and high wage job creation.

Bioscience-related businesses – a for profit business entity in the bioscience sector of Nebraska's rural and urban economies engaged in innovation in biofuels, biosensors, and biotechnology as it relates to animals, equipment, humans, industry, research, medical and health information, medical and health products, medical and health services, medical diagnostics, medical therapeutics, and pharmaceuticals.

SECTION ONE:
INTRODUCTION TO THE BUSINESS INNOVATION
PROGRAMS

EXECUTIVE SUMMARY

The Business Innovation Act was introduced under LB 387 by the Nebraska State Legislature in January of 2011 at the request of Governor Dave Heineman. LB 387 was also part of Governor Heineman’s proposed Talent and Innovation Initiative. LB 387, which was operative October 3, 2011 has been codified in the Nebraska Revised Statutes at §§81-12,152 - 81-12,167. LB 641, which amended the Business Innovation Act, was approved by Governor Ricketts on May 27, 2017. LB 380, which increased funding for the Business Innovation Act over the 2021-2022 and 2022-2023 biennium budget, was approved by Governor Ricketts on April 26, 2021. LB 1012, which established a different match rate for Prototype grant projects in an Economic Redevelopment Area, was approved by Governor Ricketts on April 4, 2022. LB 1413, which raised grant caps for SBIR matches and decreased limitations on SBIR awards, was approved by Governor Pillen on April 1, 2024. The purpose of the Business Innovation Act, as stated in Neb. Rev. Stat. §81-12,154, is to “encourage and support the transfer of Nebraska-based technology and innovation in rural and urban areas of Nebraska in order to create high growth, high technological companies, small businesses, and microenterprises and to enhance creation of wealth and quality jobs”. As required by the Business Innovation Act, the Department must develop a Qualified Action Plan for submission and approval by the Governor. The Qualified Action Plan for the Business Innovation Programs is the Department’s effort at meeting this requirement. The Qualified Action Plan sets forth the activities eligible for assistance under the Business Innovation Act. These activities have been selected by the Department to further priorities which are appropriate to local conditions and the state’s economy. The Department is placing an emphasis on the state’s need for innovation development, increases in jobs and investment, the leveraging of funds, and industry support and participation. The activities eligible for assistance through programs implemented under the Business Innovation Act are detailed in this Qualified Action Plan.

PURPOSE OF THE QUALIFIED ACTION PLAN

As previously explained, the Qualified Action Plan sets forth the activities eligible for assistance under the Business Innovation Act. The Department is placing an emphasis on the state’s need for innovation development, increases in jobs and investment, the leveraging of funds, and industry support and participation. These priorities were considered in the development of criteria to be used in the selection of projects to be funded through the Business Innovation Act. Where appropriate, the criteria utilized in the selection of projects are included in the Qualified Action Plan. The state and local economic priorities are discussed in more detail in the following section.

The Department is required through the Business Innovation Act (Neb. Rev. Stat. §81-12,155) to develop a Qualified Action Plan. The statutory section requires the Department to prepare a qualified action plan and provide it to the Economic Development Commission for review. The Economic Development Commission is then to submit the qualified action plan to the Governor for approval.

LB 78 (2013) eliminated the provisions of the Nebraska statutes which authorized the Economic

Development Commission. In response to this statutory change, the Qualified Action Plan will be submitted to the Director of the Department of Economic Development for review and approval. The Director is then to submit the qualified action plan to the Governor for final approval.

STATE AND LOCAL ECONOMIC PRIORITIES

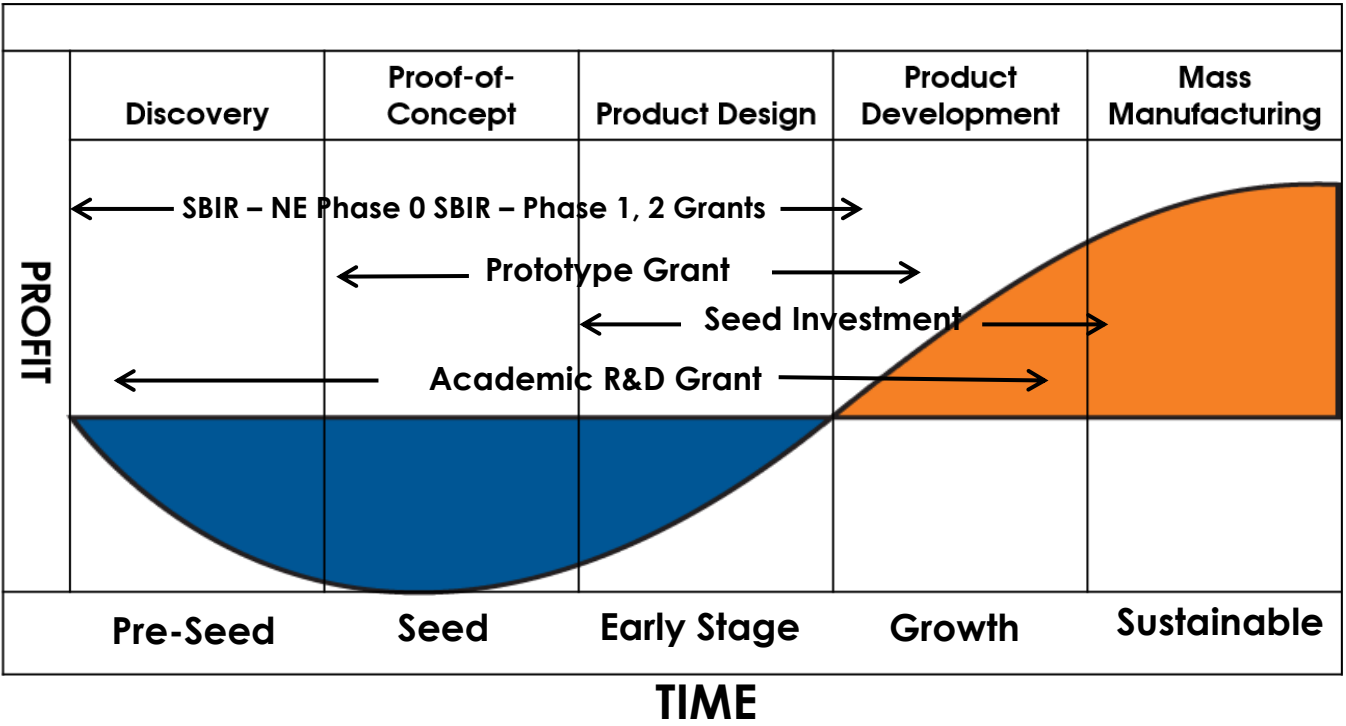
As part of the Qualified Action Plan, the Department of Economic Development has been directed to select priorities which are appropriate to local conditions and the state's economy. The Department is placing an emphasis on the state's need for innovation development, increases in jobs and investment, the leveraging of funds, and industry support and participation. In determining priorities, the Department has looked to numerous state resources including the Competitive Advantage Assessment and Strategy for Nebraska, which was prepared by Battelle Technology Partnership Practice and the assessment of Nebraska's innovation ecosystem prepared by SRI International (reports available upon request).

ADMINISTRATION OF THE BUSINESS INNOVATION ACT

As authorized by the Business Innovation Act, the Department intends to contract with a Nebraska-based nonprofit entity for the purposes of carrying out some of the provisions of the Act. In particular, the Department intends to contract with a Nebraska-based nonprofit entity for the purposes of carrying out portions of the Nebraska Innovation Fund Program described in Section Five of the Qualified Action Plan. The Nebraska-based nonprofit entity will aid the Department in carrying out a commercialization support program which will provide services to start-up, high growth, high technology businesses to assist them through the commercialization process.

BUSINESS FINANCING CONTINUUM

The Business Financing Continuum, shown on page 4, illustrates the process of development of a business from an idea all the way to the growth and sustainability phase. The Department intends to utilize funding from the Business Innovation Act, to provide the appropriate type of assistance to businesses depending upon the stage of the continuum they are in at the time of application for assistance. This Business Financing Continuum helps demonstrate how funding sources available within the State of Nebraska can be used create a comprehensive and unified program that can best serve Nebraska's economic climate.



SECTION TWO:
ALLOCATION OF FUNDS, MONITORING STANDARDS, AND
AMENDMENTS

ALLOCATION OF FUNDS

The Business Innovation Act authorizes the distribution of \$33 million in funding per year for FY 2026 and FY 2027. Each year, the Department may award up to \$3 million for grants through the Microenterprise Assistance Program. The Department may award up to \$6 million per year for grants or financial assistance through each of the following programs:

- Nebraska Small Business Innovation Research/Small Business Technology Transfer Program
- Nebraska Innovation Fund Prototype Program
- Nebraska Innovation Fund Seed Investment Program
- Nebraska Innovation Fund Research and Development Program
- Nebraska Innovation Fund Value-added Agriculture Program

However, the legislature appropriated \$11,020,352 in funding for FY 2026 and \$11,020,352 in funding for FY 2027 for the Business Innovation Act. Therefore, the Department reserves the right to award less than \$6 million per year for each of the aforementioned programs subject to department budget and available funds. The Department also reserves the right to redistribute funding between programs funded through the Business Innovation Act so long as the Department does not exceed the maximum amounts authorized by statute. Up to five percent (5%) of the annual Business Innovation Act appropriation can be used by the Department for the purposes of carrying out any or all of the provisions of the Business Innovation Act. Some of the funds allocated for administration may be distributed to a Nebraska-based nonprofit organization selected by the Department to administer various parts of the Business Innovation Act.

FY 2026 - FY 2027 Allocation

<i>Table 1</i>	Business Innovation Act
Distribution Amount (Aid)	\$20,940,704
Program Administration	\$1,100,000 (5%)
Total Allocation	\$22,040,704

¹Funds allocated for administration may be reallocated to project activities at the discretion of the Department.

In addition to the Business Innovation Act allocation, the legislature passed LB 641 in 2017 creating the Bioscience Innovation Cash Fund. The fund shall be administered by the department to provide financial assistance to bioscience-related businesses applying for financial assistance under the Business Innovation Act. Effective October 1, 2017 the State Treasurer shall credit to the fund such money received by the department as repayments of loans from the Nebraska Progress Loan Fund. Money in the fund shall be expended by the department for the purpose of carrying out the Bioscience Innovation Program. Up to five percent (5%) of the fund may be used by the department for administrative expenses. The fund shall terminate on exhaustion of its funds following receipt of the final loan repayment from the Nebraska Progress Loan Fund.

Monitoring Standards and Procedures

The Department of Economic Development will implement monitoring standards and procedures to ensure that all statutory and regulatory requirements are being met for activities funded through the Business Innovation Act.

The Department plans to use a combination of both off-site, or “desk” monitoring and on-site monitoring. The Department will regularly review projects to verify that they are proceeding in the manner set forth in the agreement between the grantee and the Department, and in accordance with applicable laws and regulations. The Department will also ensure that any non-profit entities used to aid in the administration of the programs carried out under the Qualified Action Plan establish and implement monitoring standards and procedures as well.

Amendments to the Qualified Action Plan

The Department of Economic Development reserves the right to make changes to the Business Innovation Programs Qualified Action Plan at the Department’s discretion. In particular, the Department reserves the right to redistribute funding between activities funded through the Business Innovation Act so long as the Department does not exceed the maximum amounts authorized by statute.

If the Department determines that it is necessary to amend the Qualified Action Plan, the proposed amendment will be submitted to the Director of the Department of Economic Development for review and approval. If approved by the Director, the proposed amendment will be made available on the Department’s website at <http://opportunity.nebraska.gov/> for a fourteen (14) day public review and comment period. At the end of the fourteen (14) days, the Department will consider any public input provided, and then the Director will issue final approval on the amendment. The Qualified Action Plan, including any amendments, will be made available on the Department’s website at opportunity.nebraska.gov.

SECTION THREE:
NEBRASKA SMALL BUSINESS INNOVATION
RESEARCH/SMALL BUSINESS TECHNOLOGY TRANSFER
INITIATIVE

PROGRAM SUMMARY

The Nebraska Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Initiative establishes a program to provide financial assistance to small businesses with a principal place of business in Nebraska to support applications to the federal Small Business Innovation Research/Small Business Technology Transfer program (Phase 0) and for the matching of successful federal Small Business Innovation Research/Small Business Technology Transfer program applications (Phase 1 and 2) by the State of Nebraska.

The federal Small Business Innovation Research/Small Business Technology Transfer program provides funding competitions in two phases that are relevant to the Nebraska SBIR/STTR Initiative. Phase 1- to conduct feasibility research; and Phase 2-to expand and develop Phase 1 results and develop commercially viable innovations. The federal SBIR/STTR program is administered by 11 federal agencies. Applicants for federal SBIR/STTR program funding compete by submitting proposals in response to solicitations issued by the participating federal agencies.

Innovation in Bioscience includes Phase 1- feasibility research; and Phase 2-expansion and development of Phase 1 results that develop commercially viable innovations, thus the Bioscience Innovation Program is included in the Nebraska SBIR/STTR Phase 1 and Phase 2 matching program. Innovative projects in biofuels, biosensors, and biotechnology as it relates to animals, equipment, humans, industry, research, medical and health services, medical diagnostics, medical therapeutics, and pharmaceuticals are included as eligible applicants for the Bioscience Innovation Program under the Nebraska Innovation Fund.

Small businesses apply for funding under the Nebraska SBIR/STTR Initiative by submitting an application to the Nebraska Department of Economic Development application portal at: <https://opportunity.nebraska.gov/bia>.

OBJECTIVES

1. Stimulate private investment in Nebraska-based high growth companies;
2. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Nebraska-based companies;
3. Support feasibility, concept development, and commercialization activities that have clear potential to lead to scalable commercially successful products, processes, or services within a reasonable period of time;
4. Stimulate growth-oriented enterprises within Nebraska;
5. Promote commercialization activities that are market-oriented; and
6. Support small businesses.

GOALS

1. To increase the number of applications for federal Phase 1 awards;
2. To increase the amount of federal research dollars received by Nebraska small businesses;
3. To increase the intensity of the research conducted under federal Phase 1 awards, making Nebraska small businesses more competitive in the competition for federal Phase 2 funds; and
4. To increase the opportunities for Phase 2 award winners to become commercially successful.

ELIGIBLE APPLICANTS & REQUIREMENTS

Small businesses that qualify under the federal SBIR/STTR program for the purposes of submitting an application under the federal program are eligible to apply for funding through the Nebraska SBIR/STTR Initiative.

- **Phase 0 Program for assistance in submitting a federal SBIR/STTR application**

1. Applicant must be a for-profit small business with its principal place of business in Nebraska;
2. Applicant must submit a qualified SBIR/STTR Phase 1 proposal to a participating federal agency in response to a specific federal solicitation;
3. Applicant must meet all federal SBIR/STTR program eligibility requirements that are applicable to the relevant federal solicitation;
4. Applicant must not receive concurrent funding support from other sources that duplicates the purpose of the Nebraska Phase 0 initiative, without DED approval;
5. In general, applications must be received by DED no later than 30 days before the closing date of the federal solicitation to which the applicant is applying. Any applications received by DED less than 30 days before the submission deadline in the federal solicitation may be returned without consideration. If the federal solicitation application window is shorter than 30 days, the Department has the discretion to still consider funding a SBIR/STTR Phase 0 award;
6. Applicant must conduct at least 51% of the activities described in the federal SBIR/STTR proposal in Nebraska, and must maintain significant Nebraska operations during the entire corresponding federal SBIR/STTR Phase 1 project, if awarded federal funding;
7. Proposals resubmitted to a federal agency, for which the applicant has already received a DED Phase 0 award for the same project, are not eligible for an additional DED Phase 0 award; and

8. Applicant must satisfy any other eligibility requirements established by DED.

- **Phase 1 and 2 Matching Program for successful federal SBIR/STTR applications**

1. Applicant must be a for-profit small business with its principal place of business in Nebraska;
2. Applicant must meet all federal SBIR/STTR Program eligibility requirements that are applicable to the relevant federal solicitation;
3. Applicant must perform at least 51% of the activities conducted under the Phase 1 research and subsequent Phase 2 effort (if awarded), in Nebraska; and
4. Applicant must maintain significant Nebraska business operations for the duration of the grant performance periods.

Phase 1 Matching Applicants

1. Applicant must have received official notification of Phase 1 award by the federal SBIR/STTR agency during the DED application cycle; and
2. Businesses intending to apply for the Phase 1 matching program funds must notify the Department in writing no later than 45 days after the date of notification of Phase 1 award by the federal SBIR/STTR agency. An application for matching funds must also be submitted to the Department. Applications received by DED that have not been received within 45 days from the award notification by the federal agency or the applicant has not notified the Department within the 45-day window may be returned without consideration.

Phase 2 Matching Applicants

1. Applicant must have successfully completed their Phase 1 effort corresponding to the federal award and have submitted a final Phase 1 report to the granting federal SBIR/STTR program agency (and to DED, if requested by DED);
2. Applicant must have received official notification of Phase 2 award by the federal SBIR/STTR agency during the DED application cycle; and
3. Businesses intending to apply for the Phase 1 matching program funds must notify the Department in writing no later than 45 days after the date of notification of Phase 2 award by the federal SBIR/STTR agency. An application for matching funds must also be submitted to the Department. Applications received by DED that have not been received within 45 days from the award notification by the federal agency or the applicant has not notified the Department within the 45-day window may be returned without consideration.

AMOUNT OF FUNDING AVAILABLE, GRANT LIMITATIONS AND MATCHING REQUIREMENTS

DED may award up to \$6 million per year for grants through the Nebraska SBIR/STTR Program. DED reserves the right to award less than \$6 million per year subject to demand, department budget, and available funds. The Department also reserves the right to redistribute funding between programs funded through the Business Innovation Act so long as the Department meets minimum award amounts and does not exceed the maximum amounts authorized by statute.

Phase 0 grants will reimburse qualified applicants, up to \$5,000 per project, for costs incurred in preparing and submitting a federal Phase 1 proposal to a solicitation from a federal agency. Reimbursable costs include: proposal preparation consulting fees paid to others; typing/word processing services; project related supplies and postage; database search fees for project related literature search; rental space and/or equipment directly related to the preparation of the federal proposal; and salaries of individuals who were directly involved in preparation of the Phase 1 proposal.

Phase 1 matching grants will match federal SBIR/STTR awards and will not exceed \$150,000 or 65% of the federal SBIR/STTR grant, whichever is less. Phase 2 matching grants will match federal SBIR/STTR awards and will not exceed \$300,000 or 65% of the federal SBIR/STTR grant, whichever is less. A bioscience business or enterprise receiving financial assistance under the Bioscience Innovation Program shall provide a match of 100% of the grant amount.

Only the Federal SBIR/STTR funding is required to match the Nebraska SBIR/STTR Initiative.

PROJECT SELECTION CRITERIA

Evaluation criteria that may be considered in evaluation of applications under the Nebraska SBIR/STTR Initiative include, but are not limited to:

1. Scientific and technical merit and feasibility of the proposal; and
2. Potential for successful commercialization or federal contract of the new product or process.

APPLICATION TIMING AND PROCESS

Applications will be accepted from July 1 through June 30 each fiscal year under this plan or until funds are exhausted for each fiscal year. Applicants must use the required forms provided and must fully comply with all requirements within the time period specified, in order to be eligible for an SBIR/STTR Phase 0, Phase 1 matching award and Phase 2 matching award. Applications that do not include ALL of the documents specified or that contain documents that have not been fully completed, will be considered incomplete and will be returned to the applicant without further review. At its discretion, DED may request supplemental materials

from the applicant and such materials must be received within 15 days of the date of the request or the application may be returned to the applicant without further review.

DED CONTACT PERSON

For clarifications on the Nebraska SBIR/STTR Initiative, please direct your inquiries to:

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Nebraska Department of Economic Development
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Website: <http://opportunity.nebraska.gov/>

SECTION FOUR:

NEBRASKA INNOVATION FUND PROTOTYPE PROGRAM

PROGRAM SUMMARY

The Nebraska Innovation Fund (NIF) establishes a Prototype Program to provide financial assistance to individuals and businesses operating in Nebraska to support proof of concept activities and commercialization of a product or process.

Innovation in value-added agriculture includes proof of concept and commercialization processes. Therefore, value-added agriculture is included in the Nebraska Innovation Fund Prototype Program. Agricultural cooperatives, farming and ranching operations are included as eligible applicants for value-added agriculture projects in the Nebraska Innovation Fund Prototype Program.

Innovation in Bioscience also includes proof of concept and commercialization processes, thus the Bioscience Innovation Program is included in the Nebraska Innovation Fund Prototype Program. Innovative projects in biofuels, biosensors, and biotechnology as it relates to animals, equipment, humans, industry, research, medical and health services, medical diagnostics, medical therapeutics, and pharmaceuticals are included as eligible applicants for the Bioscience Innovation Program under the Nebraska Innovation Fund.

Economic redevelopment area means an area in the State of Nebraska in which the average rate of unemployment in the area during the period covered by the most recent federal decennial census or American Community Survey 5-Year Estimate by the United States Bureau of the Census is at least one hundred fifty percent of the average rate of unemployment in the state during the same period and the average poverty rate in the area is twenty percent or more for the federal census tract in the area.

In order to apply for funding through the NIF Prototype Program, applicants must apply to the Department of Economic Development (DED) using the online application portal specified on the program webpage at opportunity.nebraska.gov/bia.

OBJECTIVES AND GOALS

1. Stimulate private investment in Nebraska-based high growth companies;
2. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Nebraska-based companies;
3. Support feasibility, concept development, and commercialization activities that have clear potential to lead to scalable, commercially successful products, processes, or services within a reasonable period of time;
4. Stimulate growth-oriented enterprises within Nebraska; and
5. Support small and medium-sized companies.

ELIGIBLE APPLICANTS

High growth, early-stage companies developing and commercializing a technology product, process, or service with potential to raise private capital are eligible applicants. They must also be:

- A corporation, limited liability company, partnership, registered limited partnership, sole proprietorship, business trust, or other eligible entity engaged in non-retail primary industries that are adding value to products or processes in Nebraska;
- with 500 or fewer employees; and that is
- operating within Nebraska.

AMOUNT OF FUNDING AVAILABLE, GRANT LIMITATIONS AND MATCHING REQUIREMENTS

DED may award up to \$6 million per year for grants through the Nebraska Innovation Fund Prototype Program. DED reserves the right to award less than \$6 million per year subject to demand, department budget, and available funds. The Department also reserves the right to redistribute funding between programs funded through the Business Innovation Act so long as the Department meets minimum award amounts and does not exceed the maximum amounts authorized by statute.

Prototype grants of up to \$150,000 per project can be awarded. Grant funds are to be used to assist with the creation of a prototype of a product stemming from research and development at a business operating in Nebraska or research at a public or private college or university in Nebraska. Applicants must provide a business plan or pitch deck that includes a proof-of-concept demonstration.

Applicants must provide matching funds equal to 50% of the grant amount. Eligible sources of match are funds from non-state sources, which include private foundations, federal or local government sources, quasi-governmental entities or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Nebraska Legislature. A bioscience business or enterprise receiving financial assistance under the Bioscience Innovation Program shall provide a match of 100% of the amount of the grant amount. Value-added agriculture grants must provide matching funds equal to 25% of the grant amount. Economic Redevelopment Area grants must provide matching funds equal to 25% of the grant amount. Funds must be expended within 24 months of awarding decision.

PROJECT SELECTION CRITERIA

Applicants must demonstrate that their proposed project has all of the following characteristics:

1. Significant promise of raising private investment;
2. Ability to produce a measurable result and be technologically sound;

3. Ability to lead to innovative technology or new knowledge;
4. Ability to lead to scalable, commercially successful products, processes, or services within a reasonable period of time; and
5. Significant potential for stimulating innovation-driven economic growth and a reasonable probability to enhance employment opportunities within Nebraska.

For each application submitted, DED will perform an independent review, and at DED's discretion, DED may utilize the assistance of outside experts. In completing the review, DED may examine the following:

1. Whether there is a clear indication that the company has already sought private investment, or will be ready to seek private investment within the timeframe specified by the DED;
2. Whether there is evidence that the project is a platform technology and is scalable for high growth potential;
3. Whether there is verification that the applicant meets the eligibility requirements of the NIF program;
4. Whether there is a technology description and plan that is sufficient for external expert review;
5. Whether there is a detailed financial analysis that includes the commitment of resources by the applicant and others;
6. Whether there is sufficient detail concerning proposed project, type, and amount of work to be performed, and expected product, process, or service with estimated costs to be reflected in the negotiated contract or agreement; and
7. Whether there is a statement on the economic development potential of the project with sufficient supporting documentation.

Applicant companies must provide the following information as it relates to the proposed project (not all information may be applicable to each application; such applicability will be determined by DED):

☐ Business Plan

- Executive Summary
- Description of management team, including experience, qualifications and capabilities, previous successes, and organizational chart
- Description of Advisory Board, including composition and members' backgrounds
- Description of the company, product and what differentiates the product from current solutions

- Market Analysis, including:
 - Description of the Market
 - Competitor Analysis
 - Where business/product fits in the market
 - Anticipated market share
 - Regulatory landscape, if applicable
- Marketing Plan (strategy and research)
- SWOT Analysis
- Financial Projections, including:
 - Revenue Model
 - Projected Revenue
 - Development Costs
 - Long Term Financial Projects
 - Financing Strategy, including required matching component
 - Intellectual Property costs, if applicable
- Business Model, including:
 - Value Proposition
 - Resources to Deliver Value Proposition
 - Key Activities to Establish Market Presence
 - Partners
 - Cost Drivers
 - Target Customers
 - Methods of Developing Customer Relationships
 - Channels to Develop Customer Relationships
- ☐ Certification that no current or prospective employee, officer, principal, director, or owner has been accused or convicted of any crime (upon request)
- ☐ Financial Statements
 - Latest annual and accrual-based financials
 - Balance Sheet
 - Income Statement
 - Cash Flows Statement
 - Accounts Receivable and Accounts Payable Schedules
 - Audit Reports
 - Tax Return
 - List and explain any loan agreements
 - Monthly comparison of projected versus actual revenue and expenses for the preceding 12 months
- ☐ Schedule of all litigation, arbitration, and governmental proceedings to which the company, or its directors, officers, or employees are or have been a party to within the last three years (if applicable)

- ☐ Current Certificate of Good Standing with the Nebraska Secretary of State
- ☐ Any License Agreements with third-parties for any Intellectual Property that the company does not own (if any)
- ☐ White-papers or drawings outlining the technology (if any)
- ☐ Proof of matching funds

DED may require an interview with the applicant's management to assess the management team and its business plan.

APPLICATION TIMING AND PROCESS

The DED will make application forms available for the purpose of applying for financial assistance under the NIF Program. Applications will be accepted from July 1 through June 30 each fiscal year under this plan or until funds are exhausted for the fiscal year. DED reserves the right to suspend applications until January 1 if 50% of the program funds have been awarded in the first 6 months of each fiscal year.

Applicants must use the application portal provided by the DED (available on the program website at opportunity.nebraska.gov/bia), submit all required documentation or attachments, and must fully comply with all requirements within the time period specified. Applications that do not include ALL of the documentation or attachments specified, or that contain documents that have not been fully completed, will not be reviewed by DED.

At its discretion, the DED may request supplemental materials from applicants. If the DED requests supplemental materials, the DED must receive such materials within 15 days of the date of the request, or the application may be returned to the applicant without further review.

DED CONTACT PERSON

For clarifications on the Nebraska Innovation Fund Prototype Program, please direct your inquiries to:

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 Nebraska Department of Economic Development
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 Lincoln, NE 68521
 Telephone: 531-510-2888
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SECTION FIVE:

**NEBRASKA INNOVATION FUND SEED INVESTMENT
PROGRAM**

PROGRAM SUMMARY

The Nebraska Innovation Fund (NIF) establishes a program to provide financial assistance to individuals and businesses operating in Nebraska to support commercialization of a product or process.

Innovation in value-added agriculture includes commercialization processes, thus value-added agriculture is included in the Nebraska Innovation Fund. Ag cooperatives, farming and ranching operations are included as eligible applicants for value-added agriculture projects in the Nebraska Innovation Fund.

Innovation in Bioscience also includes commercialization processes, thus the Bioscience Innovation Program is included in the Nebraska Innovation Fund Seed Investment Program. Innovative projects in biofuels, biosensors, and biotechnology as it relates to animals, equipment, humans, industry, research, medical and health services, medical diagnostics, medical therapeutics, and pharmaceuticals are included as eligible applicants for the Bioscience Innovation Program under the Nebraska Innovation Fund.

In order to apply for funding through the Seed Investment Program, applicants must apply DED's contract partner per their specified application process. Contact information can be found for DED's contract partner on the program page at <https://opportunity.nebraska.gov/bia>.

OBJECTIVES AND GOALS

1. Stimulate private investment in Nebraska-based high growth companies;
2. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Nebraska-based companies;
3. Support commercialization activities that have clear potential to lead to scalable, commercially successful products, processes, or services within a reasonable period of time;
4. Stimulate growth-oriented enterprises within Nebraska;
5. Promote commercialization activities that are market-oriented; and
6. Support small and medium-sized companies.

ELIGIBLE APPLICANTS

High growth, early-stage companies developing and commercializing a technology product, process, or service with potential to raise private capital are eligible applicants. They must also

be:

- A corporation, limited liability company, partnership, registered limited partnership, sole proprietorship, business trust, or other eligible entity engaged in non-retail primary industries that are adding value to products or processes in Nebraska;
- with 500 or fewer employees; and that is
- operating within Nebraska.

AMOUNT OF FUNDING AVAILABLE AND MATCHING REQUIREMENTS

DED may award up to \$6 million per year for investment through the Nebraska Innovation Fund Seed Investment Program. DED reserves the right to award less than \$6 million per year subject to demand, department budget, and available funds. The Department also reserves the right to redistribute funding between programs funded through the Business Innovation Act so long as the Department meets minimum award amounts and does not exceed the maximum amounts authorized by statute.

- **Seed Stage (Commercialization)**

Seed stage investments will be up to \$500,000 per project, for the commercialization of a prototype or process from a business or individual operating in Nebraska. Applicants must submit a business plan stating the potential sales and profit projections for the product or process. Applicants must provide matching funds equal to 100% of the amount of the investment. Eligible sources of match are funds from non-state sources, which include private foundations, federal and local government sources, quasi-governmental entities or commercial lending institutions or any other funds whose sources do not include funds appropriated by the Nebraska Legislature. A bioscience business or enterprise receiving financial assistance under the Bioscience Innovation Program shall provide a match of 100% of the amount of the investment. Value-added agriculture investments must provide matching funds equal to 25% of the of the investment amount. Applicants need not have received a separate prototype grant under NIF to be eligible for a seed stage investment. BIA funds appropriated to the Department for seed investment must be expended within 24 months of the awarding decision.

Funds shall be invested as part of a minimum qualified round of financing. DED will contract with a Nebraska based nonprofit organization in order to have the nonprofit organization make investments, and administer and manage the investment process. For the purposes of the Seed Investment Program, a qualified round of financing is a formal financing round that is documented by standard legal documentation that may include a convertible note agreement, SAFE (Simple Agreement for Future Equity), subscription/stock purchase agreement, a shareholder/investor rights agreement, and an investor questionnaire to verify that all investors are accredited according to Regulation D under the Securities and Exchange Commission (SEC).

In order for funds to be considered as match for the Seed Investment Program, the company's matching financing must be closed less than six (6) months before the application or within (6) months after a notice of award.

PROJECT SELECTION CRITERIA

Applicants must demonstrate that their proposed project has all of the following characteristics:

1. Significant promise of raising private investment;
2. Ability to produce a measurable result and be technologically sound;
3. Ability to lead to innovative technology or new knowledge;
4. Ability to lead to scalable, commercially successful products processes, or services within a reasonable period of time; and
5. Significant potential for stimulating innovation-driven economic growth and a reasonable probability to enhance employment opportunities within Nebraska.

For each application submitted, DED's contract partner will review and assess the application prior to providing a funding recommendation. In completing the review, DED and/or the Nebraska based nonprofit organization contracted to make investments, and administer and manage the investment process may examine the following:

1. Whether there is a clear indication that the company has already sought private investment, or will be ready to seek private investment within the timeframe specified by the DED;
2. Whether there is evidence that the project is a platform technology and is scalable for high growth potential;
3. Whether there is verification that the applicant meets the eligibility requirements of the Seed Investment program;
4. Whether there is a technology description and plan that is sufficient for external expert review;
5. Whether there is a detailed financial analysis that includes the commitment of resources by the applicant and others;
6. Whether there is sufficient detail concerning proposed project, type, and amount of work to be performed, and expected product, process, or service with estimated costs to be reflected in the negotiated contract or agreement;

and

7. Whether there is a statement on the economic development potential of the project with sufficient supporting documentation.

Applicant companies must provide the following information as it relates to the proposed project (Not all information may be applicable to each application; such applicability will be determined by DED):

- Nebraska Innovation Fund Seed Investment Program Application.
- Business Plan or Pitch Deck which should include the following: Description of the technology, market analysis, sales and marketing strategy and research, business model, financing strategy (including the matching component), and financial projections.

DED may require an interview with the applicant's management to assess the management team and its business plan.

APPLICATION TIMING AND PROCESS

DED's contract partner will make application forms available for the purpose of applying for financial assistance under the Seed Investment Program. Applications will be accepted from July 1 through June 30, each fiscal year under this plan or until all funds are exhausted for the fiscal year. Applicants must submit all required documentation or attachments and must fully comply with all requirements within the time period specified. Applications that do not include ALL of the documentation or attachments specified, or that contain documents that have not been fully completed, may be returned to the applicant without further review. At its discretion, DED's contract partner may request supplemental materials from applicants. If supplemental materials are requested, the applicant must supply such materials within 15 days of the date of the request, or the application may be returned to the applicant without further review.

DED CONTACT PERSON

For clarifications on the Nebraska Innovation Fund, please direct your inquiries to:

Ben Kuspa, Business Innovation Manager
Nebraska Department of Economic Development
245 Fallbrook Blvd, Suite 002
Lincoln, NE 68521
Telephone: 402-613-8119
E-mail: ben.kuspa@nebraska.gov
Website: <http://opportunity.nebraska.gov/>

SECTION SIX:
NEBRASKA RESEARCH AND DEVELOPMENT PROGRAM

PROGRAM SUMMARY

The Nebraska Research and Development Program (R&D Program) will provide financial assistance to businesses operating in Nebraska that use the faculty or facilities of a public or private college or university in Nebraska for applied research and development of new products, or use intellectual property generated at a public or private higher education institution in Nebraska. The total funds available through the R&D Program will be up to \$6 million per year for two years subject to availability.

Innovation in value-added agriculture includes businesses operating in Nebraska that use the faculty or facilities of a public or private college or university in Nebraska for applied research and development of new products or use of intellectual property generated at a public or private higher education institution in Nebraska. Therefore, value-added agriculture is included in the R&D Program. Agricultural cooperatives, farming and ranching operations are included as eligible applicants for value-added agriculture projects in the R&D Program.

Innovation in Bioscience also includes, businesses operating in Nebraska that use the faculty or facilities of a public or private college or university in Nebraska for applied research and development of new products or use of intellectual property generated at a public or private higher education institution in Nebraska thus the Bioscience Innovation Program is included in the R&D Program. Innovative projects in biofuels, biosensors, and biotechnology as it relates to animals, equipment, humans, industry, research, medical and health services, medical diagnostics, medical therapeutics, and pharmaceuticals are included as eligible applicants for the Bioscience Innovation Program under the R&D Program.

Companies apply for funding under the R&D Program by submitting an application to the Department of Economic Development online application portal at specified on the program webpage at opportunity.nebraska.gov/bia.

OBJECTIVES

1. Encourage existing businesses in Nebraska to use Nebraska institutions of higher education for their research and development needs;
2. Stimulate growth-oriented spinoffs or new product lines;
3. Provide an added incentive for companies relocating to Nebraska; and
4. Increase the number of top level research professionals at Nebraska colleges and universities.

GOALS

1. Increase the number of commercializable products transferred in Nebraska;
2. To leverage resources to increase the amount of federal research dollars received by Nebraska small businesses; and
3. To ensure industry input is driving new research projects for a higher commercialization percentage.

ELIGIBLE APPLICANTS

Any for-profit business that has physical operations facilities in Nebraska that is conducting applied research and development in conjunction with a Nebraska institution of higher education or commercializing a technology developed by a Nebraska institution of higher education.

AMOUNT OF FUNDING AVAILABLE AND MATCHING REQUIREMENTS

DED may award up to \$6 million per year for grants through the R&D Program. DED reserves the right to award less than \$6 million per year subject to demand, department budget, and available funds. The Department also reserves the right to redistribute funding between programs funded through the Business Innovation Act so long as the Department meets minimum award amounts and does not exceed the maximum amounts authorized by statute.

An eligible business may apply for up to two awards in any four-year period per project. The Department may provide up to \$100,000 for the first phase of a project. Generally, a Phase I project is associated with the product development activities included in the proof-of-concept stage, but may include activities associated with the product design and development stages (see below). If the first phase is successful (as determined by the Department and the business), the business may apply for a grant of up to \$400,000 to fund a second phase project. Generally, Phase II funding will represent technical assistance associated with the product design and development stage(s), but may include some activities associated with the proof-of-concept stage.

All entities receiving assistance under the Nebraska Research and Development Program must provide matching funds of at least an amount equal to the amount of assistance provided through the R&D Program. The matching ratio requirement is a minimum of 1:1. A bioscience business or enterprise receiving financial assistance under the Bioscience Innovation Program shall also provide matching funds of at least an amount equal to the amount of assistance provided through the Bioscience Innovation Program. Value-added agriculture grants must provide matching funds equal to 25% of the grant amount. Such matching funds may be from any non-state source, including private foundations, federal or local government sources, quasi-governmental entities, or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Nebraska Legislature.

PROJECT SELECTION CRITERIA

Criteria used in evaluating applications under the R&D Program include, but are not limited to the following:

- The commercial potential of the desired product;
- Market opportunity; is there a large addressable market for the product or process;
- Total cost of the project;

- Is there a valid business opportunity to employing the product or process;
- Partnership or expertise of subject matter at the college or university chosen to conduct research; and
- Measurable goals to benchmark progress.

APPLICATION TIMING

For each funding cycle of the Nebraska R&D Program, the Department will provide instructions to access the application via the Department website at opportunity.nebraska.gov/bia. Applicants must complete and submit the required application forms and submit them to the Department along with any attachments requested by the Department. Applicants must fully comply with all requirements of the application process specified by the Department, in order to be eligible for assistance under the R&D Program. Applications that do not include ALL of the documents specified or that contain documents that have not been fully completed, will be considered incomplete and will be returned to the applicant for further clarification. At its discretion, the Department may request supplemental materials from an applicant and such materials must be received within 15 days of the date of the request or the application may be returned to the applicant without further review.

Applications will be accepted from July 1 through June 30, each fiscal year under this plan or until all funds are exhausted for the fiscal year. The Department reserves the right to deny applications based on incomplete information and/or lack of project viability.

DED PROGRAM CONTACT PERSON

For clarifications on the Nebraska R&D Program, please direct your inquiries to:

Brad Kulwicki, Business Innovation Consultant
 Nebraska Department of Economic Development
 245 Fallbrook Blvd, Suite 002
 Lincoln, NE 68521
 Telephone: 402-480-9380
 E-mail: bradley.kulwicki@nebraska.gov
 Website: <http://opportunity.nebraska.gov/>

SECTION SEVEN:
MICROENTERPRISE ASSISTANCE PROGRAM

FINANCIAL ASSISTANCE FOR MICROENTERPRISE TECHNICAL ASSISTANCE

Due to funding availability and program intent, DED does not intend to allocate funding to the Microenterprise Technical Assistance program for fiscal years 2025-2026 and 2026-2027.

FINANCIAL ASSISTANCE FOR MICROENTERPRISE LENDING PROGRAMS

Due to other funding availability and program intent, DED does not intend to allocate funding to the Microlending program for fiscal years 2025-2026 and 2026-2027.

SECTION EIGHT:
APPLICATION ACCEPTANCE DATES & DISTRIBUTION OF
FUNDS

Solicitation Periods/Application Acceptance Dates

Funding Priority/Category	Application Acceptance Dates
Nebraska SBIR Program	
Phase 0	Open Cycle (begins July 1, 2025)
Phase 1 and Phase 2	Open Cycle (begins July 1, 2025)
Nebraska Innovation Fund	
Prototype Grants	Open Cycle (begins July 1, 2025)
Seed Stage Investments	Open Cycle (begins July 1, 2025)
Nebraska Academic Research & Development	
Academic Research & Development Grant	Open Cycle (begins July 1, 2025)

Annual Distribution of Funds

<i>Table 5</i> Funding Source →	Business Innovation Act
Section Three: Nebraska SBIR Program	\$0 to \$6,000,000
Section Four: Prototype Program	\$0 to \$6,000,000
Section Five: Seed Investment Program	\$0 to \$6,000,000
Section Six: Applied Industry Research and Development Program	\$0 to \$6,000,000
Section Four, Five, and Six: Value-Added Agriculture	\$0 to \$6,000,000
Section Seven: Microenterprise Assistance Programs	\$0
TOTAL MAXIMUM AUTHORIZED DISTRIBUTION	\$30,000,000