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 **Capitol View**

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**Finally, Economic Development for the Little Guy**

They weren’t sitting around the firepit singing Kumbaya, but Nebraska lawmakers were mostly congenial in advancing several economic development measures, which could actually help the little guy for a change.

With no negative votes, they advanced to second-round consideration the Urban Redevelopment Act (LB544), the Rural Projects Act (LB40) and the Municipal Inland Port Authority Act (LB156). That’s refreshing progress in a climate where the rich seem to be getting richer and the big are getting bigger.

The Urban Redevelopment Act would help small businesses establish and expand in impoverished areas of Omaha and help smaller cities build rail spurs to attract new businesses. They could receive up to $50,000 in tax credits for a business that invested at least $150,000 in a property, hired at least five new employees and paid at least 70% of the state’s average hourly wage. Such businesses must be located in an “economic redevelopment area” that has higher unemployment and poverty rates.

The bill’s sponsor, State Sen. Justin Wayne of Omaha, said qualifying areas in North and South Omaha and in Lincoln could see “substantial change” in employment via the financial incentives offered in the measure. His Omaha colleague Sen. Terrell McKinney said his North Omaha district has the highest poverty rates in the state, and it’s time that state economic development efforts benefit the area.

“If we invested in communities like North Omaha, there wouldn’t be a need for a new state prison,” McKinney said.

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Wayne’s inland port authorities – a novel concept in a landlocked state -- would allow up to five inland port authorities to be established in metropolitan, primary and first- class cities in Nebraska.

To be eligible, an inland port site would have to be at least 300 acres in area and meet two of the following criteria of being within: one mile of a navigable river or waterway; one mile of a major rail line; two miles of a major airport; or two miles of any federal interstate or any four-lane divided highway.

He said the bill would help develop large-scale commercial and industrial sites throughout the state by bringing together individuals focused on creating “shovel ready” project sites. Nebraska has missed out on opportunities in the past, he said, due to problems with land acquisition and site readiness.

North Platte Sen. Mike Groene’s Rural Projects Act would set aside $50 million in state matching funds over 10 years to help counties with under 100,000 population develop business parks linked to railroad lines. He said the measure would clearly help his west-central Nebraska community develop a multimillion-dollar “rail park” linked to the Union Pacific main line that runs through the city. In the past, North Platte has missed out on business opportunities because it lacks a rail spur to any industrial park due to the congestion at its Bailey Yards, the world’s largest railcar sorting yard.

Groene said his community lost about 5% of its population in the most recent census and has seen a drop in employment by the railroad. It needs the kind of incentives the Legislature previously has passed in urban areas. “Rural Nebraska has a lot to offer to the state if we help it grow,” he said.

I like these three proposals because of their size and target markets. They appear to be home grown projects that have been well thought-out and are not meant to bully their way through legislative approval, as has been the custom of the administration-backed economic development proposals since the mid-80s.

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Nebraska’s economic development practices first gained national attention in 1987 when ConAgra pressured the state into enacting what was then one of the costliest subsidy packages ever seen in the United States. The Employment and Investment Growth Act (LB775) included property tax exemptions, sales tax refunds —even a reduced income tax rate for wealthy individuals, including ConAgra’s executives.

The proposal was heavily promoted by the administration of then-Gov. Kay Orr in response to Enron moving its corporate headquarters from Omaha to Houston and threats of ConAgra also leaving the state. Enron was an energy trading and utilities company that fell apart a few years later after authorities said it perpetrated one of the biggest accounting frauds in history by falsely inflating the company's revenues. ConAgra abandoned its Omaha campus several years ago.

Given that history, the proposals from Sens. Wayne and Groene, are a breath of fresh air worthy of further debate and implementation. Let’s hear it for helping the little guy!

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