

# Norfolk Insider

City of Norfolk, NE

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## **“LB840 - Local Option Economic Development Act”**

The three most important topics in communities right now? Jobs. Jobs. Jobs. The Local Option Economic Development Act (LB 840) was passed in 1991 by the Nebraska State Legislature to aid businesses that would add jobs to a community.

In 2009 Norfolk voters approved using \$400,000 a year of property taxes to fund economic projects to attract businesses and jobs to the area. They joined 50 other communities across Nebraska who have increased their economic development activity by offering low interest loans and grants through LB840 guidelines.

As a result of that vote, the City of Norfolk established an Economic Development Program to provide direct loans and performance-based forgivable loans (grants) to qualifying businesses for various economic development projects. These projects may include fixed assets and/or working capital; public works (infrastructure) improvements that would help an existing or incoming business; the purchase of real estate preferably within Norfolk’s zoning jurisdiction; and/or technical assistance.

So what is a “qualifying business”? According to the City of Norfolk’s LB840 Economic Development Program, business could be any corporation, partnership, limited liability company or sole proprietorship that derives its principal source of income from: manufacturing; research and development; processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce; headquarters facilities relating to these activities; telecommunications; and/or tourism-related activities.

Randy Gates, City of Norfolk Finance Director, is the administrator of the program and said the loan amounts are not to exceed 25% of the total annual wages for the jobs created or retained.

“The intent is to create or retain jobs paying more than Madison County’s median hourly wage of \$13.79. These can’t be jobs that are pirated or taken from other Nebraska cities,” Gates said.

The amount of the loans given to an LB840 program recipient could not total more than 50% of the project. The interest rate on the loan would be negotiated with each recipient and wouldn’t be less than half of the current prime rate.

The City of Norfolk collects the funds for the LB840 program while the Elkhorn Valley Economic Development Council recruits and works with potential applicants.

Candace Bossard, Interim Co-Executive Director for Elkhorn Valley Economic Development Council (EVEDC), stressed that the LB840 program is a great tool in not only attracting new businesses to the area, but also in the promotion of growth for existing businesses.

“It is nice when we are meeting with our existing industries to be able to bring something to the table when they are needing that extra push to grow their business,” Bossard said.

Interested applicants must submit their requests for the funds along with a business plan and other financial documents to the EVEDC. These requests are then forwarded to the City of Norfolk Economic Development subcommittee for approval. Current members of the subcommittee are Norfolk City Council members Rob Merrill,

Shane Clausen, Dale Coy and Jim Lange. This group makes funding recommendations to the Norfolk City Council who approve any LB840 loans. No money from the program has been distributed yet as the program received its first significant property tax receipts in June; however, applications are being taken at this time.

“We have two projects in the works with hopes that these projects generate at least 50 jobs. The LB840 funding is a tool in the economic toolbox. It’s not the end all of economic development. We need all the different entities in the area to bring new people and new dollars into town,” said Shane Weidner, City of Norfolk Administrator.

For more information about the LB840 funding, contact the EVEDC at 402-371-8142.