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Business and Labor Committee February 3, 2025
Rough Draft

KAUTH: [MALFUNCTION] Labor Committee. I'm Senator Kauth from Omaha, representing the 31st Legislative District, and I serve as chair of this committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifier sheets that are at the-- on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We'll be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining, and the red light indicates your time is ended. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard; it is just part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up 12 copies and give them to the page. If you don't have enough copies, the page will make sufficient copies for you. Please silence or turn off your cell phones. You may see committee members using their electronic devices to access more information. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to be asked to leave the hearing. And finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submit-- of submission is via the legislator's [SIC] website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included

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on the committee statement. I'm going to have the committee members with us today introduce themselves, starting on my right.

RAYBOULD: Good afternoon, everyone. I'm Jane Raybould, Legislative District 28, which is the center of Lincoln.

McKEON: Dan McEwen, District 41, Central Nebraska, eight counties.

SORRENTINO: Tony Sorrentino, Legislative District 39, Elkhorn and Waterloo.

McKINNEY: Terrell-- oh.

IBACH: Teresa-- sorry.

McKINNEY: Sorry.

IBACH: Teresa Ibach, Senator from District 44, which is eight counties in southwest Nebraska.

McKINNEY: Sorry. Terrell McKinney, District 11, north Omaha.

HANSEN: Ben Hansen, District 16. Washington, Burt, and Cuming Counties, and parts of Stanton County.

KAUTH: Thank you. And also assisting the committee today, to my right is our legal counsel, Thomas Helget, and to my left-- far left is committee clerk Julie Condon. We have two pages for the committee today. Would you guys please stand up and introduce yourselves?

EMMA JONES: Hi, I'm Emma Jones. I am a junior at the University of Nebraska-Lincoln as a political science major.

LAUREN NITTLER: Hi, I'm Lauren. I'm in my second year at the University of Nebraska-Lincoln, and I'm studying ag econ.

KAUTH: Thank you very much. And now we'll begin today's hearing with LB94, Senator McKinney.

McKINNEY: Thank you. Good afternoon, Chairwoman Kauth, and members of the Business and Labor Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y, and I represent District 11 in the Legislature, which is in north Omaha. I'm here to urge your support of LB94 to adopt the Digital Skills Empowerment Act and make changes to the Workforce Development Program Cash Fund. Today, having digital skills isn't just an advantage, it's a necessity. Whether applying for

a job, managing a business, or accessing essential services, technology plays a significant role in everyday life. Unfortunately, Nebraskans-- especially those in low income areas-- lack access to the training and opportunities needed to succeed in the digital economy. The Digital Skills Empowerment Act is a solution to this challenge. This bill will create programs that teach digital skills, offer apprenticeships, and connect people with good paying jobs in the technology fields. This will help more Nebraskans find stable careers, grow our economy, and make our workforce stronger and more competitive. This matters because many jobs require some level of digital knowledge, whether it's using a computer, understanding data, or work in new technology. But too many Nebraskans don't have access to affordable training or job opportunities in these fields, leaving them stuck in low-wage jobs or unable to find work at all. This will help change that by providing free and low-cost digital skills training in communities that need it the most. It also will create partnerships with business-- businesses and schools so people can get hands-on experience and real opportunities for employment. LB92 [SIC] helps Nebraska by focusing on three key solutions. One, digital skills training, which are programs designed to teach skills like basic computer use, coding, cybersecurity, and data management tailored to meet the needs of Nebraska businesses. Two, apprenticeships or work, work experience, which provides hands-on learning opportunities with local employers to help gain real-world knowledge. Three, job support and placement, which consists of career coaching, resume assistance, and direct pathways to, to good paying jobs. By offering these resources, Nebraska can help residents earn higher wages, reduce unemployment, and strengthen the state's workforce. For too long, people of color, women, and low-income families have been left out of opportunities in a tech-driven economy. This bill makes sure that everyone has a fair shot at success, no matter where they live or their background. Investing in digital skills will open doors for many, help businesses find skilled workers they need, and bring more economic growth to the state. The Digital Skills Empowerment Act is about giving Nebraskans the tools they need to be successful. I urge you to support this initiative. I went to a conference a couple of years ago-- maybe a year ago-- and one thing that stuck at-- out to me at this conference was there was a stat-- and I, I wish, I wish I could find it. It was basically said that 75% or 80% of the jobs of tomorrow, people don't even have the skills for today. And it's because of digit-- digital skills. And that's another reason why I brought this bill, because if we don't start preparing for tomorrow, we're going to have a lot of people who are not going to

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be skilled in the jobs of tomorrow. And that's why I believe this bill is needed. So with that, I'd answer any questions. Thank you.

KAUTH: Are there any questions from the committee today? Senator Raybould.

RAYBOULD: Thank you, Senator McKinney. I noticed in the bill that it's the intent of the Legislature to appropriate \$50-- five-zero million dollars from the Workforce Development Program Cash Fund. Can you talk a little bit about what the dollars will go towards, and, and grant funding, and-- et cetera?

McKINNEY: The dollars will go towards training and skilling people up, helping out with apprenticeships and those type of things, and making sure people can get to these opportunities.

RAYBOULD: Is there money currently in the Workforce Development Program Cash Fund to--

McKINNEY: There's \$40 million in there.

RAYBOULD: There's \$40 million? OK.

McKINNEY: Yeah.

RAYBOULD: OK. Thank you.

KAUTH: Other questions? Are you saying to close?

McKINNEY: Yes. I'll be here all day.

KAUTH: Thank you.

McKINNEY: Thank you.

KAUTH: First proponent.

JENNIFER CREAGER: Good afternoon, Chairwoman Kauth, members of the Business and Labor Committee. For the record, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, and I'm a registered lobbyist appearing on behalf of the Greater Omaha Chamber. I appear today in support of the concept of LB94 on behalf of my organization. I'm also authorized to offer testimony today on behalf of the Nebraska Chamber of Commerce and Industry and the Lincoln Chamber of Commerce. We thank Senator McKinney for bringing this proposal to the committee. We will testify today on another bill and the importance of focusing on skills

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development as a critical component of building a stronger workforce in Nebraska. What we like about LB94 is its focus on digital skills. Senator McKinney talked a lot about this in his opening. It's not always a component of what we think of when we think about traditional workforce development. Yet, in an increasingly digital world, some kind of technology competence becomes more and more of a job requirement for nearly every level of work, even at entry levels of employment. LB94-- LB94 targets areas and populations in economically disadvantaged areas. We know that this is an important area of focus, because the data shows that these areas of our communities have higher rates of both unemployment and underemployment. The fiscal impact of LB94 is a big ask, and especially in a year with projected shortfalls for the state. We recognize that the bill likely cannot advance with the current fiscal note, but we remain willing to work with Senator McKinney and the committee to fashion an appropriate proposal to advance the goals of LB94. Perhaps LB265, which, which you will hear later today, can incorporate some components of this bill into it. Thank you for the opportunity to testify today, and we "riterate"-- reiterate our support for LB94.

KAUTH: Thank you.

JENNIFER CREAGER: Thank you.

KAUTH: Any questions from the committee? Seeing none. Next proponent.

JOYCE BECK: Chair Kauth, and members of the Business and Labor Committee. My name is Joyce Beck, J-o-y-c-e B-e-c-k, and I'm here today to testify in support of LB94 on behalf of AARP Nebraska. LB94 is a forward-thinking legislative proposal to bridge the digital divide and empower residents in Nebraska's qualified census tracts by providing them with essential digital skills training. In today's technology, as, as Senator McKinney said, digital literacy is not merely an advantage; it is a necessity. Proficiency in digital skills opens doors to higher-paying jobs, job security, and opportunities for career advancement. However, many communities-- particularly those in qualified census tracts such as north Omaha-- face significant barriers to accessing digital education. These barriers include economic challenges, lack of infrastructure, and educational disparities which hinder residents from participating fully in a modern workforce. Enabling the digital skills of Nebraskans directly aligns with the state's digital equity plan. Specifically, LB94 aligns with the workforce development aims in Goal 4 of the plan, which says it encourages and supports the development or expansion of programs

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that provide digital skills training and support to covered populations. It is important to note that 37.3% of U.S. essential workforce is 50 and older. Enhancing digital skills for this demographic would also improve employment opportunities for all older Nebraskans, and boost the state's productivity. While access to high-speed internet is critical, we know that the person does not-- that does not have the digital literacy skills necessary to use the technology only means that they will be on the wrong side of the digital divide. Funding for programs that, that teach digital literacy skills is critical. AARP's OATS "flagshaft"-- plat-- "flagshift" program Senior Planet offers a free licensing program, and works with community-based organizations to develop local trainers to deliver a digital literacy curriculum designed to meet the needs of older adults. Expanding effective programs like Senior Planet to anchor the institution-- to anchor institutions in every county would help to expand and achieve the goals of the state digital planning grant schools. Currently, Senator-- Senior Planet has partnered with Hastings, Lincoln and Omaha to offer this licensing program. So, thank you to Senator McKinney for introducing the legislation, and thank you for the committee for the opportunity to comment.

KAUTH: Thank you. Are there any questions from the committee?

JOYCE BECK: Yes.

KAUTH: Senator Hansen.

HANSEN: Yes. Thank you, Chairwoman. Is, is there a provision in this bill that qual-- that specifically qualifies those 50 years or older?

JOYCE BECK: No.

HANSEN: OK. Do you think there should be?

JOYCE BECK: I think no-- I think anyone in that centri-- census tract should be eligible.

HANSEN: And your propo-- you're, you're-- the reason you're supporting this bill from the AARP--.

JOYCE BECK: Stand--

HANSEN: --is because why?

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JOYCE BECK: Because we have members that are 50 and older, and it's so important for the elderly to, to know-- have digital skills. For example, a lot of health care apps are out there that, that you-- seniors can use, and that would help them to age in place. But if they don't have access to high-speed internet and they don't have the ability to use it, then those things are become useless to them. And so, that does affect their aging in place. So, it is a, a big part of becoming an older Nebraskan.

HANSEN: So do you think it should be open for everybody in the state of Nebraska, then?

JOYCE BECK: That would be my personal--

HANSEN: OK. Just curious.

JOYCE BECK: Not, not AARP's position.

HANSEN: Just looking at health care. OK. That, that helps. Thanks.

JOYCE BECK: Thank you.

KAUTH: Thank you. Any other questions from the committee? Seeing none. Thank you. Next proponent. No other proponents? First opponent. No other opponents? Anyone testifying in the neutral. OK. Senator McKinney, would you care to close?

McKINNEY: Thank you, and thank you to those who came to testify in support. I understand the fiscal note is high. And my approach to coming in with that is, you know, you shoot for the stars and you may, you know, end up somewhere. But really, I think it's very important. I think it's all about priorities, honestly, for our state. What are our priorities when we talk about the future of the state, and how are we going to be sustainable, how are we going to make sure our economy is sustainable? And we're taking care of all Nebraskans, and making sure that we don't end up in our current situation. And I think part of that is making sure that we skill up all our communities to make sure that we could take advantage of the future, because the future is here and we are behind. And this is just an effort to get us caught up as much as possible. So, I really think this bill is important. I'm willing to work with the committee or anybody else to try to move this forward. The fiscal note's the fiscal note. I'm all-- I'm open to figuring it out, either this year or next year. But I, I do think it's an important piece of legislation that we should explore and take advantage of. So, thank you.

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KAUTH: Are there any questions? Senator Ibach.

IBACH: Thank you, Chair. This is eerily similar to my Ignite bill, which is-- it takes-- it incents businesses to train folks, and then employ them full-time afterwards. Mine doesn't have a fiscal note, but that doesn't mean anything. Do you think that there would be any chance that any of your businesses would be incentivized to share part of that expense or that cost, so that they would have some common ground with, you know-- maybe if we give a little bit, you give a little bit?

McKINNEY: I think some probably would--

IBACH: Do you think it would be amicable for businesses to say, well, we'll help support this program in, in that we will help fund it and maybe take some of that burden off of the state-- the grant program. Mostly because we're so focused on property tax relief this year that I feel like a lot of the bills with fiscal notes are going to get sidestepped, whereas maybe if, if companies came in and, and provided some of the incentive, maybe it would go further. It's just a thought I had, and--

McKINNEY: Yeah. I think--

IBACH: --and you can think about it.

McKINNEY: I think that's possible. I think some probably would, so. We can talk about it.

IBACH: Thank you.

McKINNEY: No problem.

IBACH: Thank you, Chair.

KAUTH: Any other questions? I, I have one. So, north "O" got a lot of money. About \$160 million for economic development there.

McKINNEY: Uh-huh.

KAUTH: Is any of that money going to be used for these skill sets?

McKINNEY: Some of it, yes.

KAUTH: OK.

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McKINNEY: Yeah.

KAUTH: Do you happen to know how much?

McKINNEY: An estimate off the top of my head, see--

KAUTH: I was gonna say, you can get [INAUDIBLE].

McKINNEY: Because I'm working on collecting all that data--

KAUTH: OK.

McKINNEY: --through my office, so. I, I don't have an exact number, but I know there are different entities doing, you know, digital, digital-- like some skills training and, and, and tech and things like that. I just don't have an exact number off the top of my head.

KAUTH: All right. Thank you. I'll ask-- we'll, we'll talk later.

McKINNEY: All right.

KAUTH: And any more questions? No? OK. There were 5 proponent letters and 0 opponent letters, and 0 neutral letters. So thank you, Senator McKinney. And moving on to LB297. Senator Ibach. Good afternoon, Senator Ibach.

IBACH: Thank you. Good afternoon, Chairwoman Kauth, and fellow members of the Business and Labor Committee. I'm Senator Teresa Ibach, T-e-r-e-s-a I-b-a-c-h, and I represent the 44th District. Today, I'm presenting LB297 for your consideration. LB297 was brought to me by the Department of Labor with the goal of reducing Nebraska's unemployment combined tax. This tax is paid by employers, and funds the payment of the-- of unemployment benefits. Most of the combined tax collected goes directly to the Unemployment Insurance Trust Fund, also referred to as the UI. The UI Trust Fund can only be used for the payment of unemployment benefits, and Nebraska has one of the healthiest UI trust funds in the country. The current balance of the UI trust fund far exceeds the amount necessary to fund the payments of benefits during a recession, or even a pandemic. The current balance of the trust fund is approximately \$544 million, whereas the Nebraska Department of Labor paid out approximately \$95 million in UI benefits in 2024. This bill adjusts the combined tax rate calculation used to set tax rates for unemployment insurance taxes to immediately lower the 2-0-- 2025 tax rate, and reduce the calculation for planned collection of the UI combined tax for future years, with the goal of

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reducing the overall UI Trust Fund balance to a more reasonable reserve. Additionally, LB297 grants the Commissioner of Labor the authority to make informed decisions to lower the UI tax rate for employers. LB297 lessens the tax burden on employers while still maintaining a sufficient unemployment trust fund balance to pay unemployment benefits. The Department of Labor follows a statutory formula to calculate an employer's combined tax rate each year, and LB297 amends the current statutory formula by removing the total amount of reimbursable employer annual wages from the calculation of the state's total wages. This change in a statutory formula will reduce the planned income to the fund, and drive down the overall UI Trust Fund balance. Should the balance ever become too low, the formula will drive the balance back up, so it's got a safety net. LB297 seeks immediate tax relief by mandating that for the tax year 2025, and only tax year 2025. The average combined tax rate will be fixed at 0.48 instead of the current calculated 0.88. So, about half of what we pay right now. This will reduce taxes for all employers in Categories 1 through 19, and immediately slow the over-collection of tax reserve funds that has been occurring under the current statutory tax rate calculation. The interim Commissioner of Labor will testify before you today, and she can elaborate on the details of the statutory formula and how LB297 will help reduce the UI Trust Fund while maintaining the integrity of the fund. With that, I ask to defer your questions to the testifier following me, who will be able to better answer any questions that you may have. Thank you for your time and your consideration.

KAUTH: Thank you, Senator Ibach. And you'd like to wait for questions?

IBACH: I would defer questions, if I can.

KAUTH: OK. First proponent.

IBACH: Thank you.

KATIE THURBER: Chairwoman Kauth and members of the Business and Labor Committee, my name is Katie Thurber, K-a-t-i-e T-h-u-r-b-e-r, interim Commissioner of Labor. I appear before you today in support of LB297. I want to thank Senator Ibach for introducing this legislation on behalf of the Department of Labor. LB297 reduces the combined UI tax, provides the department greater flexibility to adjust annual employee-- employer unemployment insurance tax rates, and changes the statutory tax rate calculation formula to help reduce the excess reserve funds in the unemployment trust fund. Annually, the Nebraska

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Department of Labor calculates the combined tax rate for Nebraska employers; these taxes are used to fund the payment of unemployment insurance benefits in Nebraska. The existing tax rate calculation formula has resulted in an accumulation of cash reserve funds that ex-- far exceeds the department's need. The department currently has over \$544 million available for the-- dollars available for the payment of benefits. The balance is more than sufficient to provide payment of unemployment benefits during a period of economic downturn. LB297 will drive down this balance, but still provide ample funding for the payment of benefits. There is simply no need to maintain the cash reserves of the unemployment trust fund at current levels, and LB297 provides a sound mathematical approach to tweak the current statutory rate calculation formula while maintaining the integrity of the unemployment trust fund. Under the current statutory tax rate formula, the state's total wages for the four quarters ending on September 30 are a part of the equation, which is factored into the determination of the state's reserve ratio. Once the state's reserve ratio is determined, the statutorily-defined yield factor is applied. LB297 removes reimbursable employers from the definition of the state's total wages. Reimbursable employers are those employers who reimburse the department dollar-for-dollar for unemployment benefits paid out by the department for their former employees. The existing calculation only factors in the payment of benefits from contributory employers already, so this change aligns with the existing statutory calculation. In combination with the change to the calculation of how the state's reserve ratio is determined, LB297 makes a one-time change to lower tax rates for 2025. For tax year 2025 only, the average combined tax rate for Category 12 will be fixed at 0.48. This will freeze the rates to match tax year 2024, and create an immediate tax reduction for Nebraska employers. Attached is a comparison of 2024 and 2025 tax rates for your references. The expected impact of the statutory amendments made in LB297 is a total reduction in yielded collections, which will create an overall UI Trust Fund balance sufficient to pay unemployment benefits, but not over-collect from employers. This concludes my testimony, and I would be happy to answer any questions you may have.

KAUTH: Thank you. Really well-timed. Any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. Miss Thurber, I just have one question, and it relates to the fiscal note on the bill, and it's a unique fiscal note.

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KATIE THURBER: It is.

SORRENTINO: The very last-- and it's \$22 million in '05-'06-- or, '25-'26. \$22 million in '26-'27. The last line of the commentary reads "LB297 would not result in a loss of state revenue,"-- got that. "But a loss in unemployment insurance benefits." I'm not so sure I understand how it would-- a loss of benefits. Certainly, people who are claiming unemployment will still receive their benefits.

KATIE THURBER: Yeah, I--

SORRENTINO: I'm on the very last line of the fiscal note page, do you see that under the commentary?

KATIE THURBER: Oh. I do see that, yes.

SORRENTINO: Can you explain that last bit of that sentence? I'm not sure I understand it.

KATIE THURBER: So, it-- actually you are correct, it would not result in the loss of unemployment insurance benefits.

SORRENTINO: OK.

KATIE THURBER: We would still be paying out benefits at the same amount. What it will reduce is the yield dollars we recover from employers that goes to the trust fund.

SORRENTINO: OK, so it-- it is a little tiny bit misleading. OK. Thank you.

KATIE THURBER: Yes.

KAUTH: Thank you, Senator Sorrentino. Senator Raybould.

RAYBOULD: Thank you, Miss Thurber. Tell us what happens after 2025, this--.

KATIE THURBER: The formula kicks back in, and, if LB297 passes, it will be a tweaked formula. So, under the current calculation, we look at all wages.

RAYBOULD: Mm-hmm.

KATIE THURBER: And in these-- this revised formula, we'd only consider the wages from contributory employers, which then drives down the

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overall yield we would receive once you start doing the math from there.

RAYBOULD: OK. Thank you.

KATIE THURBER: You're welcome.

KAUTH: Thank you, Senator Raybould. Any other questions? Senator McKinney.

McKINNEY: Thank you. And thank you for your testimony. I know you said you have an excess in reserve funds. I guess the one thing I'm thinking about is, worst case scenario, our state unemployment goes up; we end up in another pandemic or something similar, some type of recession. How-- I guess-- if, if it increases, could-- and, and we decrease the rate, how long could it be sustainable?

KATIE THURBER: So, if you look at the attachment I included to the testimony, it shows what we paid out in benefits since 2015, and it would cover both 2020 and 2021 combined without factoring in additional. We would continue to receive the revenue from employers, and that's without factoring in that additional revenue. So, 2020 you can see was the drastic outlier year, but then 2021 was under \$100 million.

McKINNEY: Mm-hmm. I don't know, I was just curious of, like, an extended pandemic or recession where people are without jobs, and--

KATIE THURBER: So--

McKINNEY: --people are drawing more than usual.

KATIE THURBER: On a typical standard recession, the unemployment benefits payout kicks in a little later than people are actually hit, but it's usually two years. That's what we've seen as typical. And you can see that even in the pandemic, as far as what we're paying out in benefits. But the formula is based off of what we paid out the year before. So if we suddenly pay out \$200 million in unemployment benefits, next year, when we calculate the tax rates, it's based off of that \$200 million, and that's your starting point for what you're trying to collect from employers.

McKINNEY: OK. Thank you.

KATIE THURBER: You're welcome.

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KAUTH: Thank you, Senator McKinney. Senator Hansen.

HANSEN: Thank you, Chairwoman. So, 2020, did that include the federal funds, too?

KATIE THURBER: No.

HANSEN: That was just the state funds. OK. All right. And can you define for me one more time what's a contributory employer? I know-- I get, I get what a reimbursable employer is, that's when they actually reimburse us back to the state, right?

KATIE THURBER: Yes.

HANSEN: 1-1 ratio? What's the contributor employer?

KATIE THURBER: Essentially, every other employer covered by the employment security law. But they are-- pay a tax-- a UI tax-- based off of their existing experience rate. So, how often they pay out, how often they pay unemployment benefits, how often that is due to their fault, they are assigned a rate, and then that rate determines where they fall on the categories of 1 through 20.

HANSEN: OK.

KAUTH: Thank you. Any further questions? Thank you for your testimony.

KATIE THURBER: Thank you.

KAUTH: Next proponent.

HUNTER TRAYNOR: Good afternoon, Chairwoman Kauth, members of the Business and Labor Committee. My name is Hunter Traynor, H-u-n-t-e-r T-r-a-y-n-o-r. I'm here today on behalf of the Nebraska Chamber of Commerce and Industry, the Omaha-- Greater Omaha Chamber of Commerce, Lincoln Chamber of Commerce, and Grocery Industry Association. I will keep this very brief. Thanks to interim Commissioner Thurber for that excellent explanation of the funding formula for the Unemployment Insurance Trust Fund. We spoke with Department of Labor staff after this bill was introduced. Obviously, as associations who represent large swaths of employers, we've had a long-time collaborative relationship with the Department of Labor regarding the health of that fund, and its funding as it relates to private employers. We are certainly supportive of the short-term tax relief that this bill will provide, at least as it relates to fiscal year '25, and are supportive

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of the general concept regarding the formula in LB297, the tweak to it, and how it will promote long-term sustainable health of the state's Unemployment Insurance Trust Fund. I have nothing further to add. We would urge support and passage of this bill.

KAUTH: Thank you, Mr. Traynor. Any questions? Seeing none.

HUNTER TRAYNOR: Thank you all.

KAUTH: Thank you for your testimony. Next proponent. Seeing none. First opponent. Going once, going twice. Anyone testifying in neutral? OK. Senator Ibach, would you like to close?

IBACH: Thank you very much, and, and thank you, interim director Thurber, for being more eloquent with her description than I was, I'm sure. But I think we both had the same goal in, in mind. And thank you, Senator Sorrentino, for catching that fiscal note language as well. And as-- I would just say, as an employer who actually contributes to this fund, I think it's really fiscally responsible for us to look forward and, and be able to save employers who can use some of those dollars for other expense-- business expenses in the interim. So, thank you very much.

KAUTH: OK. Thank you. Any other questions? Thank you very much. There were 2 letters in support, and 0 opponents, and 0 neutral. So, we will move on to our next bill, which is LB265. Senator Sorrentino.

SORRENTINO: Good afternoon, Chairman Kauth, and members of the Business and Labor community-- and Committee. My name is Tony Sorrentino, T-o-n-y S-o-r-r-e-n-t-i-n-o, and I represent Legislative District 39, which is Elkhorn and Waterloo in Douglas County. I bring to you today LB265. This bill was brought at the request of the Nebraska Department of Labor. The purpose of this bill is to provide a simplified and consolidated funding mechanism for Nebraska's workforce [MALFUNCTION] through the Workforce Development Program Cash Fund. Just note that fund was referenced earlier in Senator McKinney's bill. The Nebraska Department of Labor currently has both the Nebraska Workforce Training and Support Cash Fund and the Workforce Development Program Cash Fund. Both funds are used to award workforce development programs and grants. By combining the funding sources for separate workforce development programs, the state will streamline efficiencies and better align workforce programs within the state. LB265 combines the funds from-- currently held in separate accounts, and importantly, consolidates the funding mechanism for those accounts without

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affecting the actual funding. It also provides for the dissolution of the Nebraska Worker Training Board. Importantly, workforce development funding will still exist; it simply will not be awarded through the board. This aligns with the governor's and Legislature's vision for creating efficiencies across state government. Representatives from the Department of Labor will follow to address specifics.

KAUTH: Thank you, Senator Sorrentino. Any questions? You'll stay-- ope. Senator McKinney.

McKINNEY: Thank you. So this is eliminating the Worker Training Board. What does that board do?

SORRENTINO: That board has typically been involved in the awarding of the training awards, grants to whom they may or may not go to. The benefit itself still exists, it just exists without the board doing it.

McKINNEY: Who would--

SORRENTINO: Like I said, this is part of the governor's vision to streamline the government. I don't know if the Department of Labor would like to comment further on that.

McKINNEY: OK.

SORRENTINO: That was the goal that I've been told.

McKINNEY: All right. I'll ask.

SORRENTINO: Thank you, Senator.

McKINNEY: Yep.

KAUTH: Thank you, Senator McKinney. Senator Hansen.

HANSEN: I love efficiency.

SORRENTINO: So do I.

HANSEN: Why can't we just get rid of both these funds and put all that money into the property tax credit relief fund?

SORRENTINO: Why can't we?

HANSEN: Yeah.

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SORRENTINO: There's nothing legislatively or legally that says we can't. [INAUDIBLE] just not quite in the structure of this bill.

HANSEN: OK. Thanks.

SORRENTINO: All right.

KAUTH: Any other questions? You'll stay to close?

SORRENTINO: I will stay close. And beyond.

KAUTH: First-- and beyond. First proponent. Hi again.

KATIE THURBER: Good afternoon again, Chairwoman Kauth, and members of the Business and Labor Committee. My name is Katie Thurber, K-a-t-i-e T-h-u-r-b-e-r, interim Commissioner of Labor. I appear before you today as the interim Commissioner in support of LB265. I want to thank Senator Sorrentino for introducing this legislation on behalf of the Department. The Nebraska Department of Labor currently administers two separate but similar workforce development funds. LB265 carries out the governor's vision of a streamlined approach to workforce development. This bill merges two existing workforce development programs administered by the Department of Labor and their corresponding funding mechanisms into one account. Under LB265, the department will be able to administer one program with flexibility to respond to the state's revolving workforce needs. This bill combines monies held in the Nebraska Training and Support Cash Fund and the State Unemployment Insurance Trust Fund-- not to be confused with the UI fund we just spoke about-- into the new Workforce Development Program Cash Fund. It also creates a permanent funding source for the existing Workforce Development Program Cash Fund through the existing state unemployment insurance tax. This ensures, going into the future, there is an adequate amount of monies to provide continued workforce development in the state of Nebraska. LB265 also dissolves the Nebraska Worker Training Board, as its sole purpose is to direct the use of the Nebraska Training and Support Cash Fund, a fund that will cease to exist upon the passing of this bill. This concludes my testimony, and I would be happy to answer any questions you may have.

KAUTH: Thank you. Are there any questions? Senator Raybould.

RAYBOULD: Thank you, Ms. Thurber. So, the Department of Labor can combine both these programs and not hire any new individuals, and do away with the board?

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KATIE THURBER: Correct.

RAYBOULD: And--

KAUTH: Go ahead. Yes, please.

RAYBOULD: Was the board compensated in any way for their services?

KATIE THURBER: Travel time.

RAYBOULD: Just travel time and reviewing grant applications, or?

KATIE THURBER: They weren't compensated for their review, and the department did most of that, and then provided the recommendations. So it was just the travel time.

RAYBOULD: OK. Thank you.

KAUTH: Thank you. Any further-- Senator Ibach.

IBACH: Thank you, Chair. How many people were on that board?

KATIE THURBER: Currently, I think there are four. Maybe five.

IBACH: And are they statewide? Is there an application process?

KATIE THURBER: Yeah. So, there is a public representative. The-- I believe she's from Kearney. There is a union representative, a vacant position, and then the commissioner of, of Labor. Sorry, I should know my job title. Commissioner of Labor and DED has a rep--

IBACH: OK.

KATIE THURBER: --and Education both have representatives on the board.

IBACH: Great. And how often did they meet?

KATIE THURBER: Quarterly.

IBACH: OK. All right. Thank you, Chair.

KAUTH: Thank you, Senator Ibach. Senator McKinney.

McKINNEY: Thank you. So if this board is being dissolved, who's going to take over the operations?

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KATIE THURBER: So currently, the operations of the board are already housed within the Department of Labor by our existing employees. And so, they will continue that.

McKINNEY: So, people will-- so, if somebody wants a grant, they'll apply to you-- to the Department of Labor directly?

KATIE THURBER: Correct.

McKINNEY: OK. I guess-- do you, do you have the capacity to take on extra responsibilities?

KATIE THURBER: I don't view it as extra. So, the grant applications were already going directly to the department. We were vetting and scoring all of the applications before they were ever presented to the board, so I don't view it as extra.

McKINNEY: So what was the board doing?

KATIE THURBER: The board attended the meetings and reviewed our recommendations, and if they had any disagreement, they were able to voice it. I've never been to a meeting where there was disagreement.

McKINNEY: So, this is-- but there's-- so this is taking away possible disagreement?

KATIE THURBER: From the board, yes.

McKINNEY: Do you think that's eliminating checks and balances?

KATIE THURBER: I do not, mainly because I have never-- like I stated, I've never been to a meeting where anyone from the public's attended, I've never been to a meeting where anyone from the board has disagreed. So it's-- I, I get what you're trying-- where you're going-- where your mind's going. I just haven't experienced it.

McKINNEY: I know it-- yeah. I mean, I know it's never happened, but that's the-- but you never say "never."

KATIE THURBER: Agreed.

McKINNEY: I, I guess that's my concern of, like, possible issues arising in the future. And there's nobody in between saying "Hold up, let's have a conversation."

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KATIE THURBER: I would say, though, that last session is when the new program was created, the Workforce Development Program Cash Fund, and that did not have any board designed for it. So I don't know why one would need checks and balances and one wouldn't.

McKINNEY: I think-- with government money, I think checks and balances are needed. But thank you.

KATIE THURBER: You're welcome.

KAUTH: Thank you, Senator McKinney. Senator Hansen?

HANSEN: Thank you, Chairwoman. Playing off of what Senator McKinney said, maybe on the, on the opposite end, would you, would you expect this, then, maybe to expedite the grant approval process then? Because it's one less kind of hurdle they have to kind of over-- not even a hurdle, according to you, since there's not been any hurdles yet. But would this expedite the process, if somebody was trying to apply for a grant?

KATIE THURBER: It would. Ex-- it expedites it, it streamlines it, and it doesn't require it to be waited-- wait until quarterly review for a report to me.

HANSEN: Now, if-- now, if somebody's not approved for a grant, like what Senator McKinney was kind of alluding to-- if somebody's not approved for a grant, what's the process then they would go through to say, "Hey look, can you re-review this? I have a disagreement." Like, is there somebody-- you'd contact somebody at the Department of Labor, or?

KATIE THURBER: Yeah. So, they would-- right now, none of that is formally built, but they would contact me.

HANSEN: OK. All right. Thanks.

KAUTH: Thank you, Senator Hansen. Any further questions? Senator McKinney?

McKINNEY: Thank you. How will this affect our ability to have a reserve ratio at or above 1%?

KATIE THURBER: Actually, it helps it. I'm glad you asked that question. So currently, right now, when the worker-- Workforce Development Program Cash Fund was created, that was created last

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session, and that \$40 million was part of our suit balance that couldn't be used for the payment. And when we did this-- when that was created, it wasn't allowed to be used for the payment of benefits. This is in LB265 to allow it to be used for the payment of unemployment insurance benefits, which helps that reserve ratio. That's not the primary purpose, but should we ever run into an issue, it'd be available.

McKINNEY: If we included the worker development program cash fund into the reserve ratio, how would that affect our ability to have a ratio at or above 1%?

KATIE THURBER: It would-- it'd make it more likely.

McKINNEY: OK. Thank you.

KAUTH: Thank you, Senator McKinney. Any other questions? Thank you for your testimony.

KATIE THURBER: Thank you.

KAUTH: Next proponent.

HEATH MELLO: Good afternoon, Chairwoman Kauth, and members of the Business and Labor Committee. For the record, my name is Heath Mello, H-e-a-t-h M-e-l-l-o, and I serve as president and CEO of the Greater Omaha Chamber. I appear today in support of LB265 on behalf of my organization as well as the Nebraska Chamber of Commerce and Industry, and the Lincoln Chamber of Commerce. We thank Senator Sorrentino for bringing this Department of Labor proposal to the committee. Our organizations are long-time proponents for existing workforce development programs within the state. From the Nebraska Workforce Innovation and Opportunity Act to sector partnerships, to Intern Nebraska, the business community has supported these prior legislative efforts and many others over the years as part of an integrated economic and workforce development strategy. As you hear from us regularly, workforce availability remains the number one priority of the Greater Omaha Chamber members, and members of the other business associations. It's well-documented that our state has both a population growth and a skills deficiency issue. It was highlighted in a recent Bureau of Labor Statistics data that our state has the second-highest percentage of people working two jobs in the country at 8.3%. This data is a powerful reminder that we have a considerable number of residents who are underemployed, and, with targeted skills

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training that is connected to employment, these workers can increase their earning power. Here in the Nebraska Legislature, we see workforce-related legislation can be distributed to a variety of committees, whether it's Business and Labor, Appropriations, Education, or Revenue. Similarly, we also know that Nebraska's workforce efforts are widely scattered across our agencies, and the consolidation of some of these programs and funds proposed in LB265 would encourage greater efficiency and focus on improving outcomes that return-- that provide a return on investment for the state and taxpayers. While we support LB265, the green copy does propose to eliminate the worker-- the Nebraska Worker Training Board. And while that does make sense to merge the Training and Support Cash Fund in the Workforce Development Cash Fund, one amendment we would like to see added to LB265 is the creation of an advisory board comprised of entities who help fund the Workforce Development Cash Fund, to advise the Labor Commissioner on the best uses of its funding. We believe this is a reasonable request, since full funding for all of the eligible uses in the Workforce Development Cash Fund is coming from employers paying into the state via the State Unemployment Insurance Trust Fund. As always, the business community stands ready to assist each of you on significant workforce issues facing your district and our state. Once again, we want to thank Senator Sorrentino for bringing this important legislation, and the Nebraska Department of Labor for their innovative approach to create a more efficient and effective workforce development system. We appreciate your consideration for LB265 and would-- I'd be happy to answer any questions you may have.

KAUTH: Thank you very much, Mr. Mello. Any questions? Senator McKinney.

McKINNEY: Thank you. Thank you, Heath. How would you see that advisory board working?

HEATH MELLO: Great question, Senator McKinney. You know, I think as you heard from commissioner-- the commissioner of labor, Commissioner Thurber, you know, the current Nebraska Worker Training Board is more of a, a-- an approval board where they actually have to approve requests and applications. Our proposal and, and suggestion to the committee is more of an advisory role. We feel that the Department of Labor should be the one-- since they do most of the work anyway-- should be the ones handling all of the, the, the process, so to speak. And it moves more to an advisory role in terms of-- such as prioritizing what industries, what, what kind of programmatic areas

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the grants should be focusing on, or the department should be focusing on in terms of, of wanting to create criteria for grant applications. Currently, right now, there-- it's such a broad swath for the Workforce Development Cash Fund. They're really-- it's, it's really kind of a, a blank slate, let's say, in terms of who can apply and kind of what the uses of the funds can be used for. So, our general premise is if employers are paying-- they're paying into the unemployment insurance trust fund. We generally believe employers across the state would have a perspective, whether it's in agribusiness, whether it's in manufacturing, whether it's in information technology. Everybody has some perspective in terms of what would be good uses of workforce development, in terms of different industries or sectors that, that funding could be, be used for. But we still believe that the Department of Labor should be the ones that, that really drive that process, and believe more of an advisory role more than anything else.

McKINNEY: But do you think taking away the board is giving up some sense of, honestly, power to say, "Hold on, Department of Labor, this is not a good idea?" Because with an advisory board or committee, they still don't have to listen to you.

HEATH MELLO: You, you are correct. That, that, that is-- that is an absolute, an absolute change in terms of the current policy, in terms of the worker training board versus-- there is no, I would say, process with the Workforce Development Cash Fund. And Commissioner Thurber shared that. There is no board, there is no direct comparable structure comparison to the Nebraska Worker Training Board. We looked at it in the sense that if you're going to merge those two funds, there were a number of other funds in the bill as well that get consolidated into the one Workforce Development Cash Fund, that-- you have a number of other agents-- state agencies and other programs across state government that have advisory boards that don't actually sign off on giving funding out to nonprofit organizations across the state. Rarely do you see a separate government-appointed board within a state agency be the deciding entity to give out funding to external entities. That typically rests-- the power and authority typically rests with the, the commissioner, the director, or a program manager within state government in the sense that they're the ones who are ultimately responsible for, for awarding that, having oversight over that. And then ultimately, something goes wrong, they're the ones who get fired for that at the end of the day. And so, we kind of took the perspective having an advisory board that assists in that process is something that was kind of a compromise at the end of the day. You can

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take people and put them in that process, engaging with the commissioner and her team to, to help them find the best opportunities to deploy that funding. Yes, they don't get to make the final to say. But looking through state government, rarely do you see any other agency or any other program operate in that same vein.

KAUTH: Any further questions?

McKINNEY: No.

KAUTH: OK. Senator Hansen.

HANSEN: Thank you. [INAUDIBLE] the state Chamber already kind of play that role? Like, as an advisory-- from an advisory standpoint, and saying, hey, look, you providing a report or your kind of recommendations to the Department of Labor and where these funds should be distributed in a certain manner? Would-- do you guys already do that?

HEATH MELLO: You know, I would say-- you know, I only can speak for the Greater Omaha Chamber. You know, I think we provide a variety of informal, informal feedback, guidance to state agencies in terms of a variety of different areas we work in, primarily economic development and workforce development. I think the thought behind this, though, is it's a-- I think speaking a little bit to what Senator McKinney was getting to, which is-- there is a level of engagement and transparency, though, in terms of if the public is engaged in the process through an advisory board nature. There's a little bit more transparency and public engagement beyond just myself or, or someone from the Greater Omaha Chamber meeting with the Department of Labor behind closed doors, giving our own personal feedback on what should be done with funding. So, that was kind of the compromise we came up with, in terms of the elimination of the Worker Training Board was kind of trying to find a happy medium in terms of more of an advisory role in comparison to a grant-making board.

HANSEN: OK. All right. Cool. Thanks.

KAUTH: Thank you, Senator Hansen. Senator Raybould?

RAYBOULD: I just-- thank you, Mr. Mello, for coming. I don't mean to beat a dead horse, but I think we're really struggling; we're getting rid of one advisory board, or maybe it was just an approval board for an advisory board, which basically wants to direct the use of these funds. Direct, advise. So, I'm, I'm kind of really struggling with

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that. And I think Senator Hansen's, I guess, point was-- doesn't the Chamber of Commerce already work with the Department of Labor and have open communication anyway about trends that they're seeing, industries that need shoring up, or outreach that needs to happen? So, I'm really, you know, kind of struggling with if we get rid of one, what's, like-- really, what's the difference between the two?

HEATH MELLO: Yeah, once again, we, we, we understand. Great, great question, Senator Raybould. We felt, just in conversations, that we kind of assumed this was going to be, perhaps, a sticking point with, with a variety of folks in terms of eliminating this board. And so, we felt that moving it to a suggestion that we'd encourage the consideration. If that's not what the committee or Legislature chooses to do, so be it. We still believe in the overall premise, in the philosophy of what the department wants to do, which is combining a lot of these funds into one fund. That is the, the efficiency that we strongly believe is important; that you're able to, to take a lot of different funds, put them in one, and then be able to, to see a little bit more streamlined opportunity of giving out grants across the state for workforce development purposes. That's the most important thing to us, as an-- as, as the business community. But we know that the, the, the overall public and some of our members as well have participated in the worker training fund board as well, so it's a variety of people have participated in this board over a number of years. And so, it's kind of a unique process at the end of the day, and we wanted to, to, to at least give an idea for consideration. Whether or not you choose to adopt it is truly up to you.

RAYBOULD: Just a follow-up question. What does the, the Chamber do now? Do you invite the Department of Labor to give, like, an annual update about what they're seeing, and then interact with your members at one of your board meetings?

HEATH MELLO: That's a great question, Senator Raybould. When I started at the Greater Omaha Chamber back in August of 2023, my first speaker at our board meeting in September was actually Commissioner John Albin. So, we occasionally get to bring in speakers like the Commissioner of Labor to come speak to our board members, to give an update in terms of what the department has seen in terms of workforce trends, labor trends, opportunities where the department may be able to see greater synergies between the business community and state government. And it was just the ironic aspect that Commissioner of Labor was the first speaker I brought in when I started in my role a year and a half ago.

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RAYBOULD: So, I guess what is that relationship like? Do-- did you feel that Commissioner Albin, who's now retired, listened and took it under advisement? You know, what you're saying and what he's saying, and how can they best utilize funding to really promote additional workforce opportunities?

HEATH MELLO: I can only speak for myself, and I think-- and, and the Greater Omaha Chamber. I, I will tell you, we've had nothing but a great working relationship with the Department of Labor. You know, Commissioner Albin has been nothing-- was nothing but a, a-- and a terrific public servant in, in the workforce development and labor relations space. I myself have worked with interim Commissioner Thurber, both as a former state senator, as well as issues when I was at the university, and well, now in this role as well. The Department of Labor have been nothing but professional in terms of their engagements and, and support in-- particularly in the workforce development space that we have in the Greater Omaha region. So, at least from our organization, they've been terrific partners, particularly our local workforce development board that I'm engaged in as well. They've been terrific partners with the Heartland Workforce Solutions organization, so we have nothing but great things to say about a partner in the Department of Labor. I can only speak, though, for myself and, and our organization.

RAYBOULD: OK. Thank you.

KAUTH: Thank you. Any further questions? Thank you, Mr. Mello.

HEATH MELLO: Thank you.

KAUTH: Next proponent. Any opponents?

JON NEBEL: Good afternoon. My name is Jon Nebel, J-o-n N-e-b-e-l. I'm representing the State Council of Electrical Workers, representing over 5,000 electrical workers in the state of Nebraska. We're opposed. I think we've heard a lot about it today, it's the board. Just want to throw this out here. 29 years, the board has been doing its thing, so it's not a surprise to me that there's not a disagreement with the DOL. It's-- I think it's-- the board is running efficiently. What I was hoping to hear today was what's wrong with the board, other than the DOL representative that said we don't like to ask for permission. So, what I included in my handout is the part that's going to be stricken once this law takes effect. It wasn't included in the, in the bill, so I just included it in my hand out today. The highlighted

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portion is all of the seats at the table that are going to go away, here. I think it's critical to maintain the efficiency that we're looking for to have these seats at the table. We use the board, we talk to our representative from the employee side and say, "Hey, this is what would work for us. Could you design this type of grant maybe to make it efficient and work?" They also check in to say, "Is this working?" Because we want to adjust some things like that. So, part of the board's responsibilities is to design this action plan, and those are the next five pages, is what they design to be the guidelines for the grant. I think it's pretty efficient. I think it works pretty good. And finally, the last page is what all of this will be replaced by, which is just five words that say "to provide workforce development grants." So, if I was a DOL representative, I would love that language because I can do what I want without any oversight, to McKinney's point. It's important to have an approval board, not just an advisory board. That's all I got. You got any questions? I'll be happy to answer.

KAUTH: Thank you very much for your testimony. Any questions? Senator McKinney.

McKINNEY: Thank you. What do you fear the most if this passes?

JON NEBEL: My fear is we're going to start the relationship on a bad foot. Because DOL came up and said, we have no problems, there's no problems here, they don't ever say anything's wrong, why should we-- why do we even need them? So let's just keep them, and see how that works out, like you said. If we don't, you've already declared that you don't need our input, we don't have anything good to say. So, if we go in and have an idea, I'm not sure it's going to be receptive.

McKINNEY: OK. Heath brought up the possibility of amending and putting in an advisory board or committee. What do you think of that idea?

JON NEBEL: After I advise you guys today, you get to make the decisions. I have no approval or input on that until, I guess, Election Day. But other than that, that's where I see this relationship right now is just an advisory thing, and not-- it seems a lot less powerful than having the deciding factor vote.

McKINNEY: All right. Thank you.

KAUTH: Thank you, Senator McKinney. Senator Ibach.

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IBACH: Thank you, Chair. Do you know of any oversight committees already in place within the Department of Labor that maybe could take over some of these responsibilities, or, or as they suggested, maybe merge one or two?

JON NEBEL: I'm not sure. I was hoping to hear some of that today.

IBACH: OK.

JON NEBEL: I just-- we know for 29 years we've been using this operation. So--

IBACH: OK.

JON NEBEL: --that's our--

IBACH: Thank you. Just-- I thought maybe you were familiar with some other boards that might be--

JON NEBEL: No, I'm not.

IBACH: OK. Thank you.

KAUTH: Thank you, Senator Ibach. Any other questions? OK. Thank you for your testimony.

JON NEBEL: Thank you.

KAUTH: Any other opponents? If you're-- if you want to testify, get up to the front, quick.

RENE CARRILLO: Hello, my name is Rene Carrillo. It's Rene, R-e-n-e, Carrillo, C-a-r-r-i-l-l-o. I am a IBEW Local 265 member, the low-voltage. After hearing everything that was been said today, and wanting to switch out one board that kind of has some oversight, has people on the board that are knowledgeable about certain areas. They kind of take from different aspects of employment to give to an advisory board that just seems like one that's just going to approve anything without any, like, thoughts to firsthand knowledge. Or, as Jon had said, like taken from the actual employees that are going to be doing the work. It does seem like they're giving up some of the checks and balances for an automatic approval or disapproval by someone that may or may not know. I'd much rather have a board in place that could look over some of the things and may not disagree with what's there, but might have a better understanding and even a

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better idea to improve on something that they're doing, rather than just getting a blank check or denied without anyone really understanding what that they're approving. So, yeah. I, I just oppose this change, and I feel like it's worked this great for so long. I understand the need for some cuts or, like, efficiencies, but it just seems like it's not really going to be efficient; it's just going to be bypassing some needed eyes on it that are more knowledgeable, rather than just a blank check for people that wouldn't really know what's going on firsthand, so.

KAUTH: Thank you. Are, are there any questions from the committee? Seeing none, thank you for your testimony. Any more opponents? Speak now or forever hold your peace. And neutral? OK. Senator Sorrentino, would you like to close?

SORRENTINO: First of all, thank you to the proponents and opponents of LB265 for your testimony today. LB265 falls in line with other bills this session to streamline state government efficiencies. Without-- this being the key-- without affecting the ability to fund the costs of the current workforce development program. Mr. Mello, I would be happy to work with you and the Nebraska Department of Labor to further discuss your idea of the creation of an advisory board to move this legislation along. Thank you.

KAUTH: Any further questions? If none, thank you very much. And closing testimony on LB265, we have 2 opponent letters, and 0 zero proponent and 0 neutral letters. Now, we move on to LB353.

LONOWSKI: Good afternoon. Thank you, Chairman Kauth, and members of the Business and Labor Committee. For the record, my name is Senator Dan Lonowski. D-a-n L-o-n-o-w-s-k-i, and I represent the 33rd Legislative District. I'm here to introduce LB353, which allows public school employees to join or to terminate membership in a labor organization at any time. It prohibits labor organizations representing school employees from placing any restrictions on when a public school employee may join or terminate membership in a labor organization. LB353 is about freedom. Currently, public school labor organizations include arbitrary opt-out dates that are not always well-advertised. If the opt-out dates are missed, as a teacher, you may have to wait for a number of months or over a year to officially terminate your membership with the labor organization, while paying fees to an organization in which you no longer wish to belong. This bill is introduced because I believe it is the right to associate freely with organizations with which you find value and common

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interests. In the same way, when you cease to find value in your organization, you should be able to leave without any difficulty. In my opinion, the current practice restricts public school employees' constitutional right of free association. And I'm going to take a quick detour right here. I have two Supreme Court cases that, that were sent to me today. The first one is National Labor Relations Board v. Pattern Makers [SIC]. And I will not read the entire thing, but unions generally cannot make rules restricting the right to resign membership. The other one is Janus v. American Federation of State, County and Municipal Employees. State and public sector unions cannot extract agency fees for non-consenting employees. LB353 would allow better freedom of choice for Nebraska public school employees regarding membership in labor organizations. In addition, the bill would not only-- excuse me, the bill would only apply to contracts entered after the effective date of the bill. I believe that actually bringing this bill helps the "teenior"-- the teachers union, and strengthens their position that gives freedom to teachers. So if the unions show they don't want to restrict teachers to an entire year, that makes both parties look better. Mr. Charles Zurcher with the Association of American Educators will follow with additional information. I will gladly work with the committee and other stakeholders to try to address any concerns that may-- that they may have. Thank you, Chairwoman Kauth, and members of the Committee, for your consideration of LB353. And we'll try to answer any questions that you have.

KAUTH: Thank you. Are there any questions from the committee? Senator Ibach?

KAUTH: Thank you, Madam Chair. How, how many organizations are there currently in Nebraska? Is there-- is that documented somewhere? How many teachers organizations?

LONOWSKI: I cannot answer how many. I do know that the NSEA is, is the major organization, and then there's other ones like the AAE, and there's also some Christian ship-- some Christian organizations where teachers have to go out and seek. But they-- I think the majority of teachers want some sort of liability coverage, whether it's NSEA or AAE, or, or one of the Christian organizations. But I do not have an exact number.

KAUTH: So this would be kind of like, like an app. You'd opt out of an app at any time, instead of having to wait annually or whatever their time frame is?

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LONOWSKI: Correct. And I don't even think it takes an app. I just think, you'd say--

KAUTH: No, I don't even mean an app, I'm just comparing it to an app. I should not have done that.

LONOWSKI: OK, OK. In the years I belonged, I know that it was taken out of my paycheck monthly.

KAUTH: OK.

LONOWSKI: So I simply could have closed my account. But I also believe there are schools out there that may be not giving the full information to new members, or to new teachers.

KAUTH: OK. Thank you.

KAUTH: Senator Sorrentino.

SORRENTINO: Madam Chair, thank you. Senator Lonowski, you mentioned that there's at least a couple of others; AAE, some Christian organizations. Is it a common characteristic between those two and the NSEA to restrict entry and exit times, or is it just one particular organization that you're focusing on, here?

LONOWSKI: Without doing further research, I, I would say that typically, when a teacher starts their year in August that they're given a contract that says this will cover you for the entire school year. And, you know, whether-- I think it depends on the local organization, whether they allow people-- or at least give them that feeling or freedom of, of terminating membership in that--

SORRENTINO: You think those union contracts are the same among NSEA, AAE or other-- they're all the same? Or are they varied by organization?

LONOWSKI: I, I can't answer that. I think they vary, especially on price.

SORRENTINO: All right. Thank you.

KAUTH: Thank you, Senator Sorrentino. Any other questions from the committee? Will you say to close?

LONOWSKI: Yes, ma'am. Thank you.

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KAUTH: Thank you. First proponent. Go ahead.

CHUCK ZURCHER: Oh. Thank you for your time today. I appreciate it. My name is Chuck Zurcher, Z-u-r-c-h-e-r, and I am the director of the Association of American Educators of Nebraska. I hold a teaching certificate, and I am a graduate of UNL. I also was elected to the Papillion-La Vista School Board in 2016. So, as you can see, I have a-- have been an advocate of teachers in this state for a long time. Teachers should be allowed to join and leave a labor union any time they want. It just makes sense. Polling-- we have a survey on this-- shows that 85% of the nation's teachers agree, and they want freedom to join or leave a, a union or association at any time. Here in Nebraska, many teachers are not allowed to do that. For example, teachers in Linc-- in the Lincoln Education Association are only allowed to leave between March 1 and April 15. Even if they are fortunate enough to catch this arbitrary window, they aren't officially out until the next school year, which means they pay months of paying dues and belonging to an association they no longer want to be a part of. If they try to leave on April 16, they are stuck for another 16 months. If you work in Millard, don't be fooled by the Lincoln days. Your, your opt-out dates are May 1 to June 1. Finding these dates are challenging. Some districts do not appear to post them, and the dates can be theoretically, changed, narrowed or ignored. Some public, public school teachers are left with the uncomfortable position of their employer taking wages out of their paycheck for unwanted services. Life changes quickly, whether it be a spouse who loses a job or an illness in a family, or an unexpected medical bill. And teachers can no longer afford to have \$60 per month taken out of their paycheck, but yet still cannot cancel their dues. To my knowledge, the NEA is the only professional organization that is not on a month-to-month basis. This bill would allow teachers to leave their union any time they'd like. And when they do leave, they no longer have to pay member dues. This straightforward solution gives teachers the autonomy and respect they deserve with respect to association membership. This bill does not interfere with the educators voluntary membership in a labor union. Are [SIC] should it. This bill helps educators execute-- exercise their First Amendment right of speech and association by restoring control over their membership choices. Teachers are highly educated professionals who can be trusted to decide which organizations they want to join or leave. This is a common-sense bill, and it will do that. It will allow teachers that option.

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KAUTH: Thank you for your testimony. Do we have any questions from the committee? Seeing none. Thank you very much.

CHUCK ZURCHER: Very good. Thank you.

KAUTH: Next proponent. Opponents? Mr. Royers.

TIM ROYERS: Good afternoon and happy birthday, Chair Kauth.

KAUTH: Thank you.

TIM ROYERS: Members of the Committee. For the record, my name is Tim, T-i-m; Royers, R-o-y-e-r-s. I'm the president of the Nebraska State Education Association. I'm sure I'm shocked this committee that I'm here in opposition to LB353. LB353 is not only unnecessary, but, as written, is actually unconstitutional in multiple ways. But let's start by addressing why this is unnecessary. In 2018, the US Supreme Court made a significant ruling that you already made-- heard reference to, which is Janus v. American Federation of State, County, and Municipal Employees. While that case was centered around a practice that was done in other states known as agency fee, the decision also affirmed that individuals must be free to join or terminate their membership in a union at any time. This has been an operational practice for us since the ruling. While individuals have been free to join or terminate their membership at any time for years now, I fear that this bill is a backdoor attempt to disrupt our capacity to collect dues. Given that concern, I want to make sure to share with this committee the three different ways this bill violates the Nebraska Constitution. First, this bill violates the special legislation clause of our constitution found in Article III, Section 18. By singling out school district employees compared to the broader class of public employees generally, LB353 gives a specific group of employees special treatment. Because there is no unique reason to provide the privileges outlined in L-- LB353 to just one subset of public employees, it fails the clear test established by precedent in the Nebraska Supreme Court, and is unconstitutional. Second, this bill violates Article I, Section 16 that prohibits laws that impair the obligation of contracts. Absent evidence of fraud or deception, which has not been provided, the Legislature cannot pass a bill that would impair the ability of an individual organization relative to contract rights. And if the intent is related to dues collection, then the disruption would, in fact, be substantial. And, if that is the intention, it would be unconstitutional for a third reason, because that would also be a form of regulatory taking in violation of Article

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I, Section 21. We take the issue of membership and earning membership very seriously. Nothing is taken for granted. In fact, if a teacher transfers from one district to the next-- so, if a teacher is currently employed in Lincoln, for example, and they go and, and decide to work at Norris next school year, we do not continue their membership until they affirmatively verify they wish to retain-- be a member in their new local by filling out the exact same membership application that any fresh-out-of-college teacher has to fill out as well. So, we do not presume they wish to join that local; they have to prove-- they have to show to us that they do intend to continue membership in the new district. Prior to the start of the legislative session, we met with Senator Lonowski multiple times. Our local leaders have met with him. He never once raised this issue with us. We would have been an open book, and would have been happy to clarify with the senator how membership works. Instead, he chose to introduce this bill. To reiterate, LB353 is both unnecessary in light of the Janus decision and established practice, and it is also unconstitutional for multiple reasons. Given both of those considerations, I would strongly urge you to let this bill die in committee, and I'm happy to answer any questions that you may have.

KAUTH: Thank you, Mr. Royers. Are there any questions? Senator Sorrentino.

SORRENTINO: Chairman Kauth. Thank you, Mr. Royers. Your knowledge of the constitution is impressive.

TIM ROYERS: Full credit to our legal team for educating me on that.

SORRENTINO: But I do have a couple of questions.

TIM ROYERS: Absolutely.

SORRENTINO: Well, the first one, I asked Senator Lonowski, I'm not sure if he knew. Other labor organizations-- and we mentioned a-- Christian organizations-- do you know if they have a similar restriction on entry and exit from union membership? I, I don't know.

TIM ROYERS: I, I don't either, but-- well, actually-- no, I, I actually do. But I want to clarify: we do not have a restriction on leaving membership. In fact-- you know, you heard an ex-- an example purporting that there's a restriction on time window in Lincoln Public schools. I personally approved a member ending their membership in the middle of the year from Lincoln Public Schools last month. And so, I

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can tell you definitively we do not have a restriction on, on discontinuing of so-- membership with the organization.

SORRENTINO: So--

TIM ROYERS: I will tell you, however, AAE does. And I know that from personal experience, because when I was completing my second Master's in administration, I was able to secure a, a grant program so that way I could do it debt-free, which was great, but it had to be through a specific private university. That private university had a partnership with AAE and compelled me to be a member of AAE for a year, otherwise I would not be given my diploma. So, we do not have a policy, Senator, but the AAE does.

SORRENTINO: So, for example-- I happen to be from the Omaha area. If I'm an Omaha public school teacher and it's November 15th or whatever, I am a member of NSEA, I can simply go to human resources and say I no longer want to pay dues, and it'll be off my next check stub. Is that correct?

TIM ROYERS: We, we know-- so, we process the majority of our-- we don't use what's called payroll deduction. So, that-- they would have to reach out to us to let us know.

SORRENTINO: They'd have to reach out directly to the union?

TIM ROYERS: Correct.

SORRENTINO: Who would then turn, reach out to that school district and takes away the deduction? It is on [INAUDIBLE]--

TIM ROYERS: We, we don't do payroll deduct anymore.

SORRENTINO: It is a one-time fee at the-- upfront?

TIM ROYERS: It could be monthly, but that's through-- it could-- monthly just through, like, EFT information, but--

SORRENTINO: So how do you take the dues? I'm confused. It's not-- it's not "punth"-- monthly payroll deduction. You do it by--

TIM ROYERS: It could be monthly contributions, but they give us their banking information.

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SORRENTINO: OK. So it's that. But they could terminate that banking debit to their account if they so choose to, middle of the year.

TIM ROYERS: Correct.

SORRENTINO: OK. Earlier, it was mentioned 85% of teachers want to leave at their discretion. As a group who advocates for teachers, you-- would you agree with that number? Do you think 85% of it really do, or is it less than that? Is it more than that?

TIM ROYERS: I can't comment on the methodology that a survey--

SORRENTINO: Just, do you personally believe? I--

TIM ROYERS: I mean, do, do they want to have the freedom to join or, or leave when they want to? I mean, I'm sure-- I think that's pretty implicit for most folks, yeah.

SORRENTINO: OK. So you would agree with that. There was an implication-- and, and you've, you've rebutted that, that, you know, they can't. And in my mind, I was thinking, gee, if they can't, it's almost "no, you have to stay." It's almost, you know, almost quote unquote, punitive damages. Punitive damages are illegal in the state of Nebraska, but-- that's where I was going with it. But if you're refuting it, saying that doesn't exist, then I don't-- I'll pull that question.

TIM ROYERS: Yeah. You, you know, the only scenarios, Senator Sorrentino, that, that has, that has come up in the past where we've had to clarify regarding to the-- you know, the monthly dues obligation. You know, we've had instances where if somebody-- I gave the example of if somebody's leaving a district and going to another district, right? We've had instances where folks are leaving either to another district or even leaving the profession outright. And, you know, they've said, "OK, it's May, I'm done." And we have to remind them that, for the same reason you continue to get paychecks from your school district through June and July because it's distributed out over multiple months, that's true for our dues as well.

SORRENTINO: All right. Thank you, Mr. Royers.

TIM ROYERS: Yeah.

KAUTH: Thank you, Senator Sorrentino. Senator Hansen.

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KAUTH: Thank you. I can-- just a couple of questions on some of the statements you made during your opening there.

TIM ROYERS: Yeah, absolutely.

KAUTH: So, Janus v. The American Federation of State, County, and Municipal Employees-- did that include public, public education employees? Or was it more just kind of state, county, and municipal [INAUDIBLE]

TIM ROYERS: The Supreme Court made a ruling regarding public sector unions. So, that would include, us, yes?

KAUTH: OK. OK. And--

TIM ROYERS: Because there, there have been previous rulings regarding this practice in the private sector, but there hadn't been a Supr-- definitive ruling on public sector unions until the Janus decision.

KAUTH: OK. So then-- and I think that kind of led into, like, one of your first constitutional issues with this.

TIM ROYERS: Sure.

KAUTH: You can't single out school district employees.

TIM ROYERS: Correct.

KAUTH: So then if he actually amended this bill to include the broader class of public employees of everybody, you'd be in favor of that?

TIM ROYERS: That would certainly resolve our first constitutional concern, yes.

KAUTH: OK. The second one that you have in here, absent fraud or deception, the Legislature cannot pass a bill that would impair the ability of an individual organization relative to contract rights. If I'm that right-- if I'm reading-- correct me, isn't that-- doesn't it only include private-- individual private organizations and not public educations like [INAUDIBLE]

TIM ROYERS: Well, that individual enters into a private contract with us as a-- as the union providing them services.

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KAUTH: OK. All right. And you mentioned that there is no restriction currently, right now, but that's only upon the termination of their employment, correct?

TIM ROYERS: No. They're-- they are free to terminate any time. Now, they-- there's a distinction between membership and dues obligation, but they are free to terminate their membership at any time.

KAUTH: But they still have to continue their dues until the end of the contractual obligation.

TIM ROYERS: I don't want to commit to a definitive answer, because we have certainly allowed people to end their dues commitment depending on the circumstances regarding their withdrawal.

KAUTH: OK. And-- similar kind of question, maybe, maybe not. But they currently have the ability to opt out of a portion of their dues for political purposes, right?

TIM ROYERS: Yes.

KAUTH: How do they do that?

TIM ROYERS: They notify us.

KAUTH: How?

TIM ROYERS: Email, writing, however they want.

KAUTH: They just write you an email that says I no longer want a portion of my [INAUDIBLE]

TIM ROYERS: Yeah. It could be a-- literally a single sentence, and they get it taken care of.

KAUTH: OK.

TIM ROYERS: Yep.

KAUTH: All right. All right. Thanks.

TIM ROYERS: Yeah, absolutely.

KAUTH: Senator Ibach.

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KAUTH: Thank you, Chair. Are, are all of these outlined in any kind of-- during the application process? I mean, is there anything printed in your materials--

TIM ROYERS: Oh, very much so. Yes.

KAUTH: Or--

TIM ROYERS: Yeah.

KAUTH: That indicates that-- you know, thank you for your membership, you may opt out at any time. And the dues refund structure is outlined.

TIM ROYERS: Yes, there's--

KAUTH: I mean, all that is--

TIM ROYERS: There's very clear language regarding terms of membership and dues. The same people that educated me on the constitutional concerns of this bill are the people that put that language together. So we're-- we make sure that it's on the form that they're signing.

KAUTH: OK.

TIM ROYERS: Yep.

KAUTH: I'm, I'm just curious why-- I mean-- OK. Thank you.

TIM ROYERS: I, I think, candid-- you know, and, and some of the information you heard from previous folks was true pre-Janus, if that makes sense. So I think a lot of this is based on old conceptions of practices that aren't reflective of our current practices, if that, if that makes sense.

KAUTH: OK. Thank you.

TIM ROYERS: Mm-hmm.

KAUTH: Thank you, Chair.

KAUTH: Senator Raybould.

KAUTH: Thank you, Mr. Royers. So, basically, the American educators would be in violation if they continued their practice of requiring--

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TIM ROYERS: Yes.

KAUTH: -- notification, since the Supreme Court ruled in 2018.

TIM ROYERS: Yes.

KAUTH: OK. Thank you.

TIM ROYERS: Mm-hmm.

KAUTH: Thank you. Any further questions? Thank you for your testimony.

TIM ROYERS: Thank you.

SUSAN MARTIN: Good afternoon, Chair Kauth, and members of the Business and Labor Committee. My name is Susan Martin, S-u-s-a-n M-a-r-t-i-n, testifying on behalf of the Nebraska state AFL-CIO in opposition to LB353. Because Nebraska is a right-to-work state, it is the employee's choice on whether to join the union and pay union dues. When they do this, they complete an authorization form to deduct or collect dues. If they choose not to be dues-paying members, they are still covered under the collective bargaining agreement and have the same benefits as dues-paying members. Again, this is the choice of the employee. By joining and paying dues, they fully understand the authorization form used to deduct dues, and-- by being a member of the organization and signing the form-- understand this stipulation of the agreement. I want to compare this to a gym membership. I signed an agreement to pay the membership costs over the course of, say, 12 months. The form I complete is at my choice, and I fully understand the conditions of the agreement. I don't think that the state of Nebraska would want to delve into the area of setting the stipulations of that agreement. Our state Legislature is always looking at less government involvement. I would say that this qualifies for less involvement, and feel this bill is unnecessary overreach. Just like another agreement signed by individuals when joining an organization, they are aware of the terms of the membership. These decisions should be between the employee and the organization, and we feel the legislation being introduced unnecessarily targets unions. I reached out to Senator Lonowski's office about the bill and asked who brought the bill to them; they were unable to tell me, but in the past iterations of this legislation being introduced, I was told it was brought by an out-of-state education association who represents non-union educators who, ironically, also collects membership fees from their members for representation. So, in closing, I would respectfully ask that the

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committee indefinitely postpone LB353 simply due to the fact that it's an unnecessary piece of legislation.

KAUTH: Thank you very much. Any questions from the committee? Senator Ibach.

KAUTH: Thank you, Chair. This is just a curiosity question. How many union members are there in the state of Nebraska? Education. In education.

SUSAN MARTIN: I could not answer-- I could not answer that question.

KAUTH: Thank you.

KAUTH: OK. Any other questions? Senator Sorrentino.

SORRENTINO: I'm not sure if it's a question or not. I hold in my hand an NSEA enrollment form. And I'm reading on the back, under the annual payment authorization, it says, and I quote, I authorize the Nebraska Education or its designated local to charge my credit/debit card or checking/savings account as provided above for annual dues and for any authorized PAC contribution, and further authorize those payments to be made through the initial membership year ending August 31, 2025, and recurring annually thereafter, payable in monthly installments, or around such and such a date beginning the next scheduled period of time. Is this sort of an, an evergreen clause? You sign up once and it goes forever, or do I get to do it every year? Looks like, to me, once I sign up, I'm, I'm in.

SUSAN MARTIN: Yeah. I can't answer that for NSEA, because I am not part of NSEA, so.

SORRENTINO: OK. It al-- it also doesn't give-- I think Senator Ibach was asking, are there notices and information? I don't see anything on here. I just see "I signed up;" doesn't tell me when I could get in and out. I don't think our prior witness is here.

SUSAN MARTIN: Yeah. And I think each individual union is different, so.

SORRENTINO: OK. I was just curious. Thank you.

KAUTH: Any other questions? Senator Hansen.

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KAUTH: I think it's always a catch-22 when you say less government, because you're correct, but then we have a-- kind of a double-edged sword with respect to people's personal liberty and freedom to do what they want when it comes to how they work. And so, it's quin-- less government, but also allowing them to do something. With that said, is it pert-- is it comp-- just because I'm unsure and I don't know. In other unions, even though they might be private, do they still have the ability to opt out of their contracts on a month-- on monthly basis? Or, or they all kind of just wait--

SUSAN MARTIN: I think-- typically, mostly have a time period.

KAUTH: Like, like a union, typically, something like that?

SUSAN MARTIN: Yep.

KAUTH: OK. And then, same kind of question that I-- for you that I kind of had for Mr. Royers. If, if we weren't just targeting schools and we actually open this up to a broader class of public employees, that'd be a good thing? Correct?

SUSAN MARTIN: Opening this up--

KAUTH: So instead of just targeting, you know, schools, if we actually open up this bill to include a broader class of public employees in general, that would probably-- usually be a good thing, to allow them to opt out of their contracts when they see fit? It'd make it more constitutional?

SUSAN MARTIN: It would make it more constitutional, yeah.

KAUTH: And then, did you have this-- did you have the same notion that most of the constitutionality is private and public employees? Problems with this? It seems like it's more dealing with private employees, but I think what we're talking about are public employees. Correct?

SUSAN MARTIN: Public employees, yes. And private may operate a little differently, and so-- yeah, and I can't speak to that.

KAUTH: OK. All right. Thanks.

KAUTH: Thank you, Senator Hansen. Any other questions? Seeing none, thank you for your testimony. Next opponent. Seeing none, anyone

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testifying in the neutral? And Senator Lonowski, would you like to close?

LONOWSKI: Thank you, Chair Kauth, and committee. I'd like to thank the committee and those who testified for their time today to discuss LB353. Please bear with me as I look through the different notes I've written down. So today is the first I've heard of any constitutional concerns. I can go back through my emails and look, but I've looked through 400 a day pretty, pretty extensively. And also, Senator Sorrentino, would you be able to read back to me the part on that contract that says I can, I can get out at any time?

SORRENTINO: I don't believe I said that. I simply--

LONOWSKI: I, I don't believe you did either. Thank you.

SORRENTINO: Oh, OK. Thank you.

LONOWSKI: So, I just wanted to make sure-- and, and I will answer. It was an annual contract. You can get out each year; you, you have a meeting at the beginning of the year, and you're allowed to decline enrollment for that year. So, also--

SORRENTINO: Too late in the day for trick questions, Senator. You got me there. You had me fooled

LONOWSKI: Also, I would be willing to make any amendments to, to make this pass. When it comes to education, I care about two things: the kids first, and the rights of the teachers who take care of those kids. So, I respectfully ask for the committee's consideration for advancing this bill to General File, if there are no other questions.

KAUTH: OK. Thank you. Senator Raybould.

KAUTH: Yes, thank you very much. I, I think-- I don't know if you heard Mr. Royers say-- and I don't know if Senator Sorrentino heard Mr. Royers say-- that you can terminate any time your dues by just simply notifying the NSEA. And then I, I think he was also saying that as well-intentioned your legislative bill is, it's, it's unnecessary because of the US Supreme Court determination in 2018 that, that all these contracts for dues have to be allowed to be terminated at the request of that individual.

LONOWSKI: Yes, ma'am. I did hear him say that. I also heard him say that it-- that that's what happens in Lincoln Public Schools. I don't

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know if that's what happens in every single school, and I don't know if that local union president is telling every teacher you have the right to get out. I am willing to make amendments to this to make it obvious to members that they might want to get out in January for a-- for a medical reason or, or for political reasons, or they're just struggling financially and need to cut back. So, I'm willing to make any amendments necessary.

KAUTH: OK. Thank you. Any further questions? Thank you very much. We had 12 proponent write-ins and 4 opponent write-ins. That closes the hearing on LB353.

LONOWSKI: Thank you.

KAUTH: And now, we will hear LB320 with Senator Sanders. Good afternoon, Senator Sanders.

SANDERS: Thank you, Senator Kauth. Good afternoon, Chairwoman Kauth, members of the Business and Labor Committee. My name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s, and I represent District 45, which encompasses much of Bellevue and the Offutt community. LB320 provides hotel employees the opportunity to take human trafficking awareness training. This training is provided by the Attorney General's office at no cost to the recipient. Several key components this training has: the definition of human trafficking and commercial exploitation of children, differs-- differences between labor and sex trafficking specific to the hotel sector, guidance on how to identify individuals at risk for trafficking, and guidance on the role of hospitality employees in reporting and responding to this issue. Prior success rate in other states not only shows the importance of this, but also the need. Since the release of human trafficking awareness training in 2010-- 2020, 1.2 million hotel workers have been trained to identify and recognize the signs of human trafficking. LB320 seeks to bring this vital training to Nebraska. We as a community and Legislature have the ability and duty to protect the vulnerable against the crime of human trafficking. The Nebraska Hospitality Association will follow me if you have any questions on that.

KAUTH: Thank you, Senator Sanders. Any questions?

SANDERS: Any questions for me?

KAUTH: Senator Hansen.

HANSEN: Thank you. Didn't we pass this bill already?

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SANDERS: No, it ran out of time last year.

HANSEN: That was it. OK. OK. All right. That's all I had.

SANDERS: Thank you for remembering.

KAUTH: Thank you. Senator Ibach.

IBACH: Thank you, Chair. I was going to say the same thing, because it-- I recall this. Is this different than the last bill? It's the same--

SANDERS: No. It does change language to "may;"--

IBACH: OK.

SANDERS: --makes that intent a little lighter, but--

IBACH: And I was-- I was just reading over the fiscal note, and it doesn't really have one. Did we decide last time that hotels were responsible for the expense of implementing the program?

SANDERS: They want to, I believe.

IBACH: OK.

SANDERS: But the Attorney General's office already has the training, and it's online--

IBACH: OK.

SANDERS: --so there really isn't an expense, but maybe the certification portion of it.

IBACH: And just the time to pay your employees to actually take it. OK. Thank you for that clarification.

SANDERS: Thank you.

SORRENTINO: Chairwoman Kauth?

KAUTH: Senator Sorrentino.

SORRENTINO: I just want to make clear. It's, it's provides the opportunity; it is not a mandate, correct?

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SANDERS: Correct.

SORRENTINO: Thank you.

KAUTH: Any other questions? Thank you for your testimony. First proponent.

JASON HOEHNE: Good afternoon. For the record, Jason Hoehne, J-a-s-o-n H-o-e-h-n-e. Good afternoon, Chairman Kauth, and the members of the Business Labor Association [SIC]. My name is Jason Hoehne. I'm the operations officer with H&H Hospitality. We operate five hotels in Nebraska and Iowa: four in Nebraska, one in Iowa. Family oriented organization. Of our properties, three are independents. We have one Wyndham brand, one IHG brand. I've been in the industry about 20 years now. We've overseen rural, urban, hotels as small as 34 motels, up to 83 rooms in, in city centers. I'm here in support of LB320 to help combat human trafficking in our state. As an owner/operator, I think it's "encrucial" to ensure teams have the opportunity to, to have the right tools in front of them for signs of human trafficking. LB320 would be a big step in ensuring hotels and similar public lodging establishments have those resources, and are properly trained for-- to look for signs. It also helps protect owners, managers, staff from liable acts or omissions arising out of related human trafficking committee by third-party bad members if the policies and trainings are in place. This section's important to protect our, our hardworking staff, management team and ownership groups from actions by these individuals as the ever-- access to rooms are getting easier and easier from online travel agents, a digital key where people don't even have to check in at the front desk. But having those trainings for our-- for the front desk is, is a critical to just look for those signs, ensuring that they're properly trained to protect the guests, staff in these critical issues. January is National Human Trafficking Prevention Month. It's something that our branded properties do a great job of providing information, how to train, what to look for. They access resources, guidelines. IHG requires each staff member to go through training within their first 30 days, and then once every 12 month after. Wyndham is very similar. There, it's 90 days, and every two years after that. Independents, it's up to those owner and operators to do it, so getting those resources to those, those smaller independent ones could be huge. Marriott, Hilton, Choice all have training requirements, but having those-- having that ability from a, a state level to help provide that staff would help, help in general. The [INAUDIBLE] would greatly benefit great wide. Human trafficking is, is a serious deal. It, it is happening. There was recently

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something in Omaha; you read the news, you see it all around. So, anything we can do from an industry standard, from a legislation standard to protect these, these bad acts from happening, I think is a very important measure. Thank you for your time.

KAUTH: Thank you very much. Any questions? Senator Raybould.

RAYBOULD: Thank you, Mr. Hoehne, for bringing this very important issue to light, and thank you to Senator Sanders for reintroducing this. Can you tell us, what is the training program like? How many hours of commitment from your team, your staff to, to be able to get through the programing?

JASON HOEHNE: Yes. So, from, like, the branded-- they have it live, it's online very ease of accessible. A lot of it's an hour-- hour for front desk staff, a couple hours for management levels. And that training just kind of looks for guidelines. Are people checking in without lay-- luggage? Is there individuals that aren't making eye contact of, of-- young individuals with-- you know, just, just getting a bad feel. There's-- the training is kind of in-depth. You hear stories of, of people that have been trafficked and, and, you know, kind of heart-wrenching stories that, that you see firsthand, but said the-- it's one thing from an owner/operator [INAUDIBLE]. It's a, a great investment to, to train our, our team. Something that-- the training is something I think every owner would, would jump behind if they're doing it in the right area. But, like I said, about an hour, and there is more; you can go deeper into training if, if it's available.

RAYBOULD: Thank you.

KAUTH: Thank you, Senator Raybould. Any other questions? Seeing none. Thank you for your testimony.

JASON HOEHNE: Thank you. Thank you for your time.

KAUTH: Next proponent.

RICH OTTO: Good afternoon, Chairwoman Kauth, members of the Business and Labor Committee. My name is Rich Otto, R-i-c-h O-t-t-o, and I'm testifying in support of LB320 on behalf of the Nebraska Hospitality Association and the Lincoln Chamber of Commerce. LB320, a bill that takes a significant step towards combating human trafficking while providing clear guidance and training to our hospitality industry, both for management, owners, and then obviously, all the employees

involved. The hospitality industry, it is a vital component to Nebraska's economy, providing thousands of jobs, serving as a driver for tourism, small business, and community engagement. LB320 acknowledges the roles of hotels with the establishment of approved training on human trafficking awareness for hospitality employees, assuring they're equipped to identify and report suspicious activity. This has kind of built upon-- as Senator Sanders alluded to-- in 2020, hotel industry leaders realized they needed to develop this. So, we have seen many of the branded-- IHG, Marriott, I think, came up with this. Many are doing this, and have established this. So, the goal of this is to provide this training that's already established to other independent operators, so that they have it easily accessible, free of charge. And then, if we can create the standard, we can continue to improve upon that so that we have this highest level of human trafficking training. It seems like we want everyone to meet that standard, and this is the ability to bring those up. This would work with the Department of Labor and the Attorney General's Nebraska Human Trafficking Task Force. And again, the goal is to increase the number of hotel operators that are, in fact, providing this on an annual basis. It also established best practices for what to do and how to report, so we're all on the same page when it comes to that. LB320 does enhance public safety while supporting hospitality businesses. This liability protection is crucial; we continue to see insurance liability being tougher and tougher to get. Without some of these protections, we see hoteliers continually having to go to the non-adminis-- not-admitted insurance pool or surplus lines of insurance to get hospitality coverage. Again, this helps in three main areas: increasing public awareness, establishing the high level of training for all hoteliers to follow by, and establishing the best practices on how to report. Happy to answer any questions you may have.

KAUTH: Thank you, Mr. Otto. Any questions from the committee? Senator Hansen.

HANSEN: Thank you, Chairwoman. OK, I-- now I'm starting to remember this bill a little bit more detail. I think one of the questions we had before was the definition of public lodging establishments. Do we have a definition in statute at all?

RICH OTTO: That is-- I think that did come up, and we have that-- happy to work if, if we want to take out-- I think there is maybe some establishments that, that they were getting drug in to having to comply, or--

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HANSEN: Yeah because-- and then there was, like-- because that might include, like, AirBnBs, and "Varbos"--

RICH OTTO: Yeah. So-- and Senator Sanders-- I want to continue to work with Senator Sanders. I know there were potentially some language changes and-- from last year. I think there are a few tweaks. The bill may reference, like, the governor's attorney task force [SIC] rather than the Attorney General's. So, there is probably some language that we're happy to work with the committee, the senator, everybody, to make sure that we're not unintentionally bringing somebody in that doesn't want to--

HANSEN: Yep.

RICH OTTO: --provide the training.

HANSEN: Thanks.

KAUTH: Other questions? I have one. So, you mentioned that-- your insurance rates, are they positively impacted by having this training?

RICH OTTO: Yeah. So it, it probably doesn't actually affect the rate as much. It's more are you insurable at-- with the company or not? So, when we continually work with major carriers and they, they are supportive of this; they come in and help us do risk assessments on all levels, safety, everything else. And so, I was asking that, "Would this lower our premiums?" They said no, but most likely it would be a major factor that you're insurable at all from the-- and those lines are, you know, regulated with the Department of Banking and Insurance [SIC]. We want to go through a regular line of insurance; we don't want to be forced to go to the high risk pool. And there's less, I guess, oversight with the department on some of those policies, as well.

KAUTH: Thank you. Any other questions? Seeing none, thank you for your testimony. Next proponent.

GEORGE WELCH: Good afternoon, Chairman Kauth, members of the Business and Labor Committee. My name is George Welch, G-e-o-r-g-e. I'm a prosecutor with the Nebraska Attorney General's office, and I coordinate the Nebraska humming-- Human Trafficking Task Force that is ran through our office. I'm here today in support of LB320. The fight to end human trafficking requires assistance from all Nebraskans. While law enforcement, prosecutors, medical personnel, service providers, and advocates are often thought of as those on the front

lines, many other professions are needed to end this predatory exploitation. One such profession is that of the hospitality industry. From housekeeping to maintenance, room service staff, the front desk, and the concierge, hotel workers interact with guests on multiple levels on a daily basis. Some of these guests may be involved in the trafficking of individuals, and hotel workers need to have the knowledge to understand what trafficking is, what warning signs and risk factors of trafficking are, and how to report trafficking. LB320 works to give hotel staff that knowledge through comprehensive training. On page 6, beginning at line 14, this bill outlines some of the topics the staff may be trained on. In response to a similar bill brought last year, our office has produced a human trafficking hotel training video that was distributed to task force partners and other community members. This video is high-quality, and covers many of the same topics outlined in LB320. We would be happy to work with the hotel organizations across Nebraska to further improve our outreach to this critical sector of the economy. Our office has spoken with Senator Sanders on a few improvements that need to be made to LB320, including removing references to the task force found in section one. This was a different task force, commonly known as the Governor's Task Force, that is no longer operational. It is our suggestion that, instead of reference to the-- that specific task force, LB320 refer simply to the Attorney General's office. While at times we work with the Department of Labor-- and they are a valued member of the fight against trafficking-- they have asked to be removed from this bill, as well. Another suggestion is that the Nebraska human trafficking hotline be referenced, instead of the National human trafficking hotline, as our Nebraska hotline is in a better position to quickly respond to reports of trafficking occurring in our state. We thank Senator Sanders for bringing LB320 forward, and continuing the fight against human trafficking. We thank you, the committee members, for your consideration of this important work. I'm happy to answer any questions you may have. Thank you.

KAUTH: Thank you very much for your testimony. Any questions? Seeing none. Thank you for being here. Next proponent. Any other proponents? Any opponents?

JOEY ADLER RUANE: Good afternoon, Chairwoman Kauth, and members of the Business and Labor Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e, appearing today as a registered lobbyist on behalf of the Nebraska Association of Trial Attorneys, or NATA, in opposition to the immunity from liability provision only on LB320. NATA is an organization of attorneys from across Nebraska whose main

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interest is upholding the right to trial by jury under the Seventh Amendment of the United States Constitution and Article I of the Nebraska Constitution, and the open courts provision under Article I of the Nebraska Constitution. So, as such, we look out for immunities from especially civil liability, as they prevent a jury of peers from deciding a case, and [INAUDIBLE] instead allow the Legislature to preemptively deny access to the courts. LB320 includes an immunity from liability on page 7 for owners, operators and employees for any acts or omissions related to third-party trafficking at a hotel unless they knowingly [INAUDIBLE]. We have spoken to Senator Sanders' office, and I'm working on getting language over to her office, and we're hopeful that we can make changes to that section. If we can come to an agreement on that language regarding the immunity from liability, our opposition to LB320 would fall away. Again, our opposition is strictly to that provision only in the bill, and not any content or to the purpose of the bill. That's all I have today, and I'd be happy to take any questions.

KAUTH: Any questions? I have one. Can you-- page 7, line-- do you know what line--

JOEY ADLER RUANE: Page 7-- I believe it's the last-- actually, I have it right here. Yeah. Page 7, line 29. That last--

KAUTH: OK. Thank you very much.

JOEY ADLER RUANE: You're welcome. Thank you.

KAUTH: Thank you for your testimony. Any other opponents? Anyone wishing to speak in the neutral? OK, Senator Sanders, would you like-- waives her closing. OK. That closes our testimony on LB320. And we do have a few letters. We had 9 proponents, 0 opponents, and 1 testifying in the neutral. Now, we will get started on LB698.

STROMMEN: Good afternoon.

KAUTH: Good afternoon. How are you, Senator?

STROMMEN: Good, good. Chairman Kauth, and members of the Business and Labor--

KAUTH: Business and Labor.

STROMMEN: --Committee. My name is Paul Strommen, P-a-u-l S-t-r-o-m-m-e-n. I represent Legislative District 47. We're here to

discuss LB698. I'll just jump right in. LB698 amends the Nebraska Healthy Families and Workplace(s) Act-- also known as Initiative 436, or the paid sick leave ballot initiative-- to remove temporary or seasonal agricultural workers and 14- and 15-year-olds from definitions, and to exempt employers with ten or fewer employees from the Act, and to allow the Department of Labor to enforce the Act. This bill is an effort to shield Nebraska's smallest businesses and their employees from the detrimental effect of the Act. To be clear, this bill is not an attempt to undermine the ballot initiative. The state constitution limits how much detail can be included on the ballot. It's my belief the Legislature can and should iron out details and make these laws make sense for everyone, workers and businesses alike. I know firsthand businesses need flexibility in adjusting to government mandates. Without common-sense changes to laws we've seen passed via our ballot initiative process, we are making it nearly impossible to hire young people, people reentering the workforce, and people with disabilities. These are people learning the basics, including, simply, to show up on time, interact with customers, and how to manage money. Small business is the driver of Nebraska's economy. As I mentioned, mandated paid sick leave, as we have under the Nebraska Healthy Families and Workplace(s) Act, while well-intentioned, will ultimately harm employees in several ways. One, increased labor costs lead to job losses. When the government requires businesses to provide paid sick leave, employers face higher labor cost. Small businesses struggle to absorb these costs and respond by reducing employee hours, freezing or cutting wages, or eliminating positions altogether. For low-wage and entry-level workers, this will mean fewer job opportunities, as employers opt for automation or reduced hiring. Higher prices. With lower taxes, fewer mandates, and a level playing field, small businesses can compete with even the largest corporations, but they have higher input costs, and they cannot spread out the costs of these new mandates and higher taxes the way the big players can. They have to raise prices quicker, driving customers away, and eventually rendering communities with less competition, fewer choices, and eventually, higher prices and worse service. Competitive disadvantages and business closures. Smaller businesses operate on thin profit margins, and will not be able to compete with larger companies that can more easily absorb the costs of mandated benefits. As a result, small businesses will be forced to shut down or eliminate employees altogether. In either event, this will lead to lower wages, less competition, and likely fewer benefits over time. Most employees prefer flexible compensation structures that are already in place. Some may prioritize higher wages over additional

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benefits like paid sick leave. Mandating one-size-fits-all benefits reduces workers' ability to negotiate for the compensation package that best suits their needs. Many of Nebraska's small businesses already provide paid time off. The Act incentivizes bifurcation of leave, and might mean that full-time employees with more generous leave are now offered less time because employees have to extend benefits to part-time workers. Last, the Act sets forth a robust enforcement mechanism for violation of the Act, and to adjudicate claims between employers and employees. The Department of Labor is well-suited to enforce the Act; that is, it enforces most employment-related issues. LB698 eliminates the four-year lookback and private cause of action for alleged violations of the act. Employers should not have to look over their shoulder for years for employees to bring a lawsuit alleging they owed hours of paid sick leave. Attorneys' fees are ordinarily not collectible under Nebraska law; the Act deviates from that, and as such, this portion should be repealed. While the idea of paid sick leave is appealing, government mandates on businesses can create unintended negative consequences for employees, specifically those who work for small businesses. Nebraska voters were given Initiative 436 on a take-it-or-leave-it basis; it is incumbent upon the Legislature to ensure it is workable. LD6-- LB698 recognizes the will of the voters while also avoiding a few serious detriments to small businesses and workers, and the Nebraska economy. As this law is implemented, we might find even more must be done to make sure this mandate makes sense for employees and employers. So really, the sum of this bill is to ensure that both employees and employers in our most vulnerable small businesses in the state are, are not finding themselves in a position where they're going to have to start letting folks go. And I think that that's really incumbent upon us to make sure that that doesn't happen, so.

KAUTH: Thank you, Senator Strommen. Questions from the committee?
Senator McKinney?

McKINNEY: Thank you. And thank you.

STROMMEN: Yes, Senator McKinney.

McKINNEY: Why do you think Nebraska voters were giving-- were given Initiative 436 on a take-it-or-leave-it basis?

STROMMEN: Why do I think they were given it on a take-it-or-leave-it basis?

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McKINNEY: Yes.

STROMMEN: The bill-- the, the ballot initiative was-- as it was, it was-- as it was read. So, they were given, this is your choice; you can either take that choice and vote for it, or you can take that choice and not vote for it. They voted for it, but the issue at hand was the unintended consequences of that vote I don't think were fully absorbed when they voted for it.

McKINNEY: Well, they had the right to vote for or not vote for it, or do you not think the voters were knowledgeable in what they were voting for?

STROMMEN: I think that the voters were most likely knowledgeable in what they were voting for. But at the same token, I think that there are aspects of that that they may not have fully looked at and said, if, if we vote for this, it may jeopardize small business, it may jeopardize medium-sized businesses. How is this going to affect the overall pay structure in a business, and can that business absorb those costs? And if they can't offset that cost, how are they going to be able to make that up? Is that something that they can truly absorb? Is my neighbor going to lose their job because I voted for this? Sometimes, we are-- we're given an option, we don't look at the entirety of that option because of, maybe, the way it was sold to us, and we just vote for it on its face.

McKINNEY: Do all seasonal or temporary or 16-year-olds work for small businesses?

STROMMEN: I would say that a lot of them do. I would say that when you get out of high school, you find yourself-- or, when you're in high school, you might find yourself working for-- and especially out west, you're going to find yourself working for an agricultural group that's probably a small business. Going to say that a lot of the folks-- let's see, there's 188,000 small businesses in the state of Nebraska. There's 418,000 people that make up that small business workforce. That's 48% of the total workforce in the state of Nebraska. So, I would, I would think that a lot of them are going to work in those small businesses, yes.

McKINNEY: Do they not deserve paid sick leave, though?

STROMMEN: They, they deserve to work, is the way I look at it. I think that they deserve to have a job, and I think that the issue here is

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not whether they deserve paid sick leave or don't deserve paid, paid sick leave; I think the issue is that smaller businesses can't absorb that cost, and I would-- I, personally, would rather see people working and being employed, because I think it's important for our folks to be employed. And I guess, I guess, are, are you comfortable telling your constituents that you had the opportunity to protect jobs but decided not to? Because I think that that's what this comes down to, is-- I'm trying to protect jobs, because those small businesses can't absorb the cost, they can't pass it on. So while, while they-- while they may-- while those smaller businesses may want to offer those opportunities to their employees, they just can't absorb the cost.

McKINNEY: What about protecting the will of the voters?

STROMMEN: That's a good question.

McKINNEY: Thank you.

KAUTH: Senator Hansen.

HANSEN: Thank you. I'm gonna play off a little bit of what Senator McKinney was talking about. I think the idea of ballot issues such as this, such as casinos, such as medical marijuana is intent, right? The voters have an intent of what they want to establish in the state of Nebraska. It's-- now it's up to us, as legislators, to now make that intent into law. Right? And I think that's the kind of challenge we have to face, and that's the kind of challenge of your bill. So, they had the intent of paid sick leave, paid family leave; now it's up to us to, to determine intentionality of that, and how it's going to incorporate into business, how the rules and regs are all going to take place. And I think that's the purpose of your bill, so I think we're, we're kind of-- we're, we're finding a balance between what the voters want and what we can make work for the people of the state of Nebraska and the people that we represent. And so I feel like that's what you're trying to do with, with the bill here, as well.

STROMMEN: Yes.

HANSEN: I'm always, I'm always-- I'm a fan of paid sick leave, I'm just not a fan of the government mandating it. And so, I always-- I always had PTO in my office, and we have certain-- which is very similar to have it set up here. I would encourage all businesses to have that. I just think I have a concern like you do as well, is that

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if this is not put in place in a responsible manner to, to think about our small business owners and the people who work for the small business owners, it can lead to a lot of unintended consequences, including the firing of many people. So, that's one of the concerns I have, which I think you're bringing up here, so, I appreciate it.

STROMMEN: That-- and that is the intent of this bill. Yes. To, to make sure that, that we, as a body, ensure that when these come before us, that, that we represent them correctly to the, the-- to Nebraska as a whole.

KAUTH: Senator Ibach.

IBACH: Thank you, Chair. So, this would-- I like your common-sense scenarios on application of, of this bill. This would speak to, for instance, like, summer detasseling crews, or swimming pool help that would maybe just be seasonal for the summer or the holiday season? Because with the language that's in place, businesses would be required to accrue time off-- paid time off for those seasonal employees, correct?

STROMMEN: Correct.

IBACH: So, ten or fewer, or seasonal help would probably qualify under that. So, this would speak to that, to that group of employers and employees, correct?

STROMMEN: Correct.

IBACH: OK. Thank you.

KAUTH: Thank you, Senator Ibach. Senator Sorrentino.

SORRENTINO: Thank you, Chair Kauth. You stated earlier that the voters spoke on November 5, 2024, and adapted this law. You also accurately stated that there is a word limitation on initiatives. You can only say so much. We're not trying to educate them beyond that. Do you believe that the bill, as passed, had the legislative intent to raise costs and goods of services?

STROMMEN: I can't speak to that.

SORRENTINO: I, I don't believe--

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STROMMEN: I mean, it, it does, it does seem that it directly attacks smaller businesses. I mean, it, it definitely will drive their costs up and, and put them in a position where they'll either have to shrink to the size where they're no longer really able to operate, or simply put them out of business completely.

SORRENTINO: I, too-- I don't believe that was the legislative intent.

STROMMEN: No.

SORRENTINO: Do you believe that to be the reality?

SORRENTINO: I, I think it's a possible reality.

SORRENTINO: I, I do, too.

STROMMEN: I mean, think about-- think about this. If you've got-- if, if you have-- like I said, you got 418,000 people that work in small business. Imagine for a second that simply 5% of that workforce goes away. That's 20,000 people in the state of Nebraska that no longer have a job. That's only 5%. So, this has a, a massive implication on our workforce in the state of Nebraska.

SORRENTINO: So, I spent 30-plus years in-- as an employee benefits attorney. The federal government, through ERISA and other laws, has for decades recognized the difference between a full-time employee and a seasonal employee or a part-time employee. And, in each and every case, there's a distinct difference as to how they're treated. Full-time employees can have benefits; they can have life insurance, they can have disability, they're can have retirement [INAUDIBLE]. None of those benefits ever accrue to the part-timers. Now, that even includes laws like COBRA, your-- the in-- the ability to continue your coverage. Have to have 20 or more employees. It even includes Family Medical Leave Act-- which is not too far from this-- 50 employees within a 75-mile [INAUDIBLE]. And we can go on and on and on. There's all kinds of restrictions. And along comes this law, which was approved by Nebraska voters, that really recognizes none of that. And I go back to what I stated, I think, on the initiative: there probably wasn't enough information. But this bill-- which, frankly, could even go deeper and just say part-time employees; this is just 14-year-old, 15-year-olds-- to me, is a bullet train to bankruptcy for small groups.

STROMMEN: Yes.

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SORRENTINO: I appreciate you bringing this bill.

STROMMEN: Thank you.

KAUTH: Thank you, Senator Sorrentino. Any other questions? Senator McKinney.

McKINNEY: Thank you. Last question from me. Was the initiative a government mandate, or a voter mandate?

SORRENTINO: Voter mandate.

STROMMEN: This initiative, the, the ballot initiative?

McKINNEY: Yes.

STROMMEN: It was a voter mandate, but it, it was statutory, and statutory gives the body the ability to amend that mandate.

McKINNEY: But it was the voters who voted-- voted, right?

STROMMEN: Voters did vote for it. But it's also incumbent upon us to ensure that the harmful effects of those bills are solved by what we can do as a group.

McKINNEY: Thank you.

KAUTH: Any other questions? I have one for you, Senator Strommen.

STROMMEN: Shoot.

KAUTH: This ballot initiative, do you know how much it cost, and who started it, and how much the citizens of Nebraska donated to this initiative?

STROMMEN: Yeah. So actually, this ballot initiative was not-- it was not a grassroots movement within the state of Nebraska. It was actually funded almost completely by out-of-state money. So, I actually gave you guys a handout that has the financial breakout of this. So, the, the reality of this is it wasn't even pushed by Nebraskans. I might even say that Nebraskans might not even have called for it, had they not had, had the, the, the advertising campaign for this not come from Washington, D.C., to the tune of-- let's see, there was 2-- \$2 million, \$500,000, \$25,000 that were invested in this campaign, and only \$25,000 of those dollars came from the state.

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KAUTH: Thank you very much.

SORRENTINO: Chairman, [INAUDIBLE] may I ask one more question?

KAUTH: Of course.

SORRENTINO: What do you believe the, the impetus of that was from other states to be lobbying that hard to spend that much money in the state of Nebraska?

STROMMEN: Maybe they saw that we were vulnerable for, for a moment. There were a number of other bills going on at the same time, and they thought they might be able to take advantage of, of, of that. I, I think we had the abortion bills that were happening at the same time, and the marijuana was on the ballot as well, if I remember correctly.

SORRENTINO: [INAUDIBLE]

STROMMEN: So if you throw everything at the wall, something's going to stick. And so, if you put \$2.5 million into a campaign, and you know your opposition can only put \$1 million into one campaign, so maybe you'll get three out of four. Or two out of three.

SORRENTINO: Kind of sounds good when you say it fast. "Hey, everybody want time-off pay? Sure."

STROMMEN: What's that?

SORRENTINO: You say it fast enough, it sounds good.

STROMMEN: Yeah, exactly. Exactly.

KAUTH: Thank you.

KAUTH: All right. Any further questions? Thank you for your testimony. Will you stay to close?

STROMMEN: Yes. Thanks.

KAUTH: First proponent.

DAVID BARNES: Thank you. David Barnes, D-a-v-i-d B-a-r-n-e-s. I am with Valley Foods Cooperative in Lynch, Nebraska, population 195. We formed a cooperative in April '21. We should-- sold shares raising \$100,000. No one who purchased shares is under the illusion that they will ever receive dividends. We also have received enough grants and

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donations to buy and refurbish the existing store, buy new equipment, opening inventory with money left over to operate. We opened in early February of '22. The store is under volunteer day-to-day management and ordering. Each week, eight to ten volunteers help to unload the truck and do initial stocking. In 2024, we had eight different employees at the register, with a total of 2,941 paid hours, or 1.41 full-time equivalent employees. For much of the year, we had one full-time employee. We are open 56 hours per week. We have only one paid employee at a time to run the register. Our intention is to have one full-time employee with two to three part-time workers filling in the gaps. If there are times when no one else can run the register, one of two board members will do so, being paid the Nebraska minimum wage for that time only. We also have one employee that works two to four hours per week thoroughly cleaning the store. The store has positive cash flow under this configuration. We had net operating margin in our first eight months ending September 30 of '22 of \$16,000. Next fiscal year, we had a margin of \$26,000. Our last fiscal year resulted in a \$23,000 net. Of course, we had to remit 21% federal and 5.58% Nebraska corporate income tax out of those funds. As you can tell, these margins will not pay for a manager, unloading, and stocking. The reduction in net margins is due to increased insurance cost, real estate and property taxes from assets purchased with a \$200,000 USDA grant. We are extremely grateful for the grant, but that doesn't make the additional cost go away. Contributing to the margin erosion is the increased cost due to the Nebraska minimum wage law. We have not issued any dividends-- oh, man-- to stockholders as we are retaining funds to have reserve for unforeseen expenses, as well as meet the goal of one full-time and two or three part-time employees. Valley Foods does not indeed-- need the increased got-- costs due to mandatory select-- sick leave. If we are required to pay 60 hours of sick leave per year to 1.41 equivalent employees, that will cost us around \$1,200 a year. We are already running a steam-- streamlined as we can. We are hesitant to increase our markup to compensate for these additional costs as we are trying to remain as affordable as possible to our low-income customers. The consumer always pays for any government regulation. Last year, we played-- paid nine different people to run the register and cleaning. We paid 1.41 straight-time equivalent employees. We are bumping up against a proposed change to less than ten employees for mandatory sick leave. Thank you. Questions?

KAUTH: Thank you for your testimony. Does anyone have any questions? Senator Ibach.

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IBACH: Thank you, Chair. Do you have any summertime help? That would be high school students, or anything that sees--

DAVID BARNES: No. We don't have a high school in our town.

IBACH: OK.

DAVID BARNES: No, we do not.

IBACH: So all of your part time employees are, are just local folks that--

DAVID BARNES: Right.

IBACH: --pretty much volunteer, or just work part-time?

DAVID BARNES: Right. Work part-time. Right.

IBACH: OK. Thank you. Thank you, Chair.

KAUTH: Thank you. Any other questions? Thank you for your testimony. Thanks for being here.

DAVID BARNES: Oh. Well, thank you.

KAUTH: Next proponent--

DAVID BARNES: Thank you, Senator McKinney, for not asking me any questions.

TRISTA McADOW: I need arm extensions. Good afternoon, Senators. My name is Trista McAdow, T-r-i-s-t-a M-c-A-d-o-w, of Diller. I am a member of the NFIB, and I am providing testimony in support of LB698. I am a small business owner, so I do understand the impact ballot Initiative Law 2024, Number 436. My husband and I own a small residential construction company, Jennings Construction, Nebraska Department of Labor Registration number 42825. Our company began in 1982. I was approached by an individual at the Lancaster County DMV to sign this very petition. I declined signing the petition because of the far-reaching impact beyond the employer. I asked him a simple question: "Do you live around here?" He asked me to clarify, so I did. He told me he was staying nearby, but that he was from New York, and another person working with him was from Florida. I was unaware that lobbyists are permitted to push, push agendas in our state, not being residents, but being backed by money outside of our state. Under

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LB698, Section 2, Subsection (4)(a)-- thank you for recognizing and defining a definition of a small businesses to employing 11 or more employees. I am disappointed that employers under Section 2, Subsection (4)(b) are excluded. Several of my small business friends and neighbors wonder why this is, and we do not feel it is fair that those entities are completely excluded from this initiative. Affordable housing is an issue in our state and our country. We have worked with communities, building projects aimed at first-time homebuyers or workforce housing, helping with the growth and survival of many small Nebraska communities. The bulk of our work is performed by small subcontractors; several of them would be classified as small businesses under the definition of LB698. This will impact our projects with unforeseen and unplanned consequences. Using our framer as an example, his guys do-- his guys do not make minimum wage. Minimum wage is for minimum skill, and in our area, you cannot keep an unskilled laborer working for you for less than \$17 an hour. Using simple math, let's just say that each person on his crew is making an average of \$20 an hour, 52 weeks of the year, and let's leave overtime out of this discussion. Section 3, Subsection (1)(a) makes the law seems that-- seem that the accumulated unpaid six leave is paid out at the end of the year, or the employee's annual cycle. That subcontractor may potentially have to add an extra \$4,000 per man-- five-man crew to their operation over the course of a year. Please remember there is FICA, FUTA, Nebraska unemployment insurance, worker's comp, and this would also be factored into our liability insurance exposure, which gets added to the cost of the job and eventually absorbed by the consumer. I know this law is going to happen, as the voters obviously want something. Moving forward, we will plan for the worst, and that is the passage of the initiative as it was written. So, we will begin to calculate this cost along with market unpredictability due to tariffs. I'm sorry, I'm long-winded.

KAUTH: That's OK. Let's see if anybody has questions. Any questions from the committee? Senator McKinney.

McKINNEY: Thank you. Thank you for your testimony. So you're saying you're disappointed that employees of the United States, the state of Nebraska and its agency and departments and political subdivisions are not included?

TRISTA McADOW: Yes.

McKINNEY: Can you explain why?

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TRISTA McADOW: Well, if you're going to mandate that small business has to do this, then you've got to mandate that everybody has to do this. Would you not agree?

McKINNEY: I'm not supposed to answer questions.

TRISTA McADOW: Sorry.

McKINNEY: But I-- but I appreciate you for explaining. Thank you.

KAUTH: Thank you. Senator Raybould.

RAYBOULD: Thank you very much for your testimony. Can you tell us a little bit about the competition you face with other residential builders? And then, you started to touch on the cost that this would add to an individual house.

TRISTA McADOW: OK. So competition-wise, I think as we all can recognize and understand there, there's not enough workforce, right? We can't hire enough people. We can't build fast enough to provide the housing that people need. In terms of our own-- what we're looking at in workforce housing and first-time, entry-level homebuyers-- now, please keep in mind that we do not build in the Lincoln market, the Elkhorn market, Gretna, Omaha, where housing is a lot more expensive. Our houses right now, unfinished basement, three bedrooms, 1,300 square feet, two bathrooms, modest two-car garage. You could not park a suburban in our modest two-car garage, I'll just be honest about that. Those houses are going for \$325,000. In accommodating what may happen here-- because as, as the senator discussed, there's so many unforeseen consequences, right? So, we are estimating that we need to probably raise the, the sell price of each of the houses that we have by at least \$10,000 to \$15,000 straight out of the gate, crossing our fingers and hoping that we don't price ourselves out of a market. And now, people lose the ability to own that first-time home. Or-- we do see, especially in the Beatrice, Beatrice project, we're seeing a lot of-- as I look around the room, a lot of people in my age bracket that are downsizing. And so, they're moving into this neighborhood as well.

SORRENTINO: She's talking about you.

TRISTA McADOW: And, you know, I-- we keep raising the price of things, it's-- we're going to cut our nose off to spite our face, as my mother would say.

RAYBOULD: OK. Thank you.

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KAUTH: Thank you, Senator Raybould. Other questions? Thank you very much for your testimony.

TRISTA McADOW: Thank you.

KAUTH: Next proponent.

MARK ANDERSON: Thank you, Madam Chair, and committee members. My name is Mark Anderson, M-a-r-k A-n-d-e-r-s-o-n. I'm from Bridgeport, Nebraska, the owner of Anderson Harvesting LLC. I'm also a board member for the National Organization of U.S. Custom Harvesters. We are a national organization of custom harvesters; we're the ones that travel, our-- part of our membership travel from the south to the north, harvesting the wheat harvest. Our group is-- there are about 80 member-- or, 80-- 4-- sorry. 48 members of our organization based in Nebraska. This bill would directly impact them in a very negative way. I do like the fact where it excludes the temporary label, because a lot of our group uses seasonal labor to, you know, to fulfill the labor needs in harvest. Being from western Nebraska, I want to thank Senator Strommen for introducing this clean-up bill. I-- the original language, I feel, is very vague, leaves a lot of interpretation in there, and I feel it's very important for the Legislature to, to write it into law, to clean those things up, because having-- leaving that up to the departments leads to lots of confusion and other things. Personally speaking, using the H-2A program with the Department of Labor on a national level is-- the legis-- the, the law itself is very vague, leaving lots of rulemaking from the department itself, causing all kinds of legal problems and battles. So, I am, you know, for this bill because it does clean the language up; it exempts the smaller businesses, which-- a lot of small family farms, especially in our area, employ less than ten people. This added employment costs really impacts them. And going back to my custom harvester hat, Nebraska has some of the highest labor rates already, making-- and adding this extra cost is making us less competitive in the country to our other fellow custom harvesters. Thank you.

KAUTH: Thank you very much. Any questions? Senator Ibach.

IBACH: Thank you, Chair. Do just custom harvest in Nebraska?

MARK ANDERSON: I personally do, yes. But I have traveled to the state of Texas and harvested there.

IBACH: And do they have similar laws that you know of down there, or?

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MARK ANDERSON: I am unaware.

IBACH: OK.

MARK ANDERSON: But as a Nebraska business, I feel I would be forced to, you know-- I would have to follow Nebraska laws.

IBACH: Would you take your own harvest crew with you?

MARK ANDERSON: Correct.

IBACH: When you go--

MARK ANDERSON: Yes.

IBACH: --out of state? OK.

MARK ANDERSON: Yes.

IBACH: So then you'd be, you'd be stationed-- or your, your home base would be Bridgeport.

MARK ANDERSON: Correct.

IBACH: But you would travel out of state with the same crew?

MARK ANDERSON: Yes, that's correct. So my employees would travel with me to the other states, and I would, you know, continue paying them the set rates for Nebraska, even though the, the labor rates in Texas are lower. I'm not that kind of employer. You know, I'm not going to cut people's wages to-- because they're not going to come work for me. That's you know, that's just a fact.

IBACH: I'm assuming you have temporary or part-time labor as well.

MARK ANDERSON: Correct.

IBACH: And is that just seasonal?

MARK ANDERSON: Yes. I have used the H-2A program in the past, and hired four seasonal workers from May 1 until November 1.

IBACH: OK. Great. Thank you. Thanks, Chair.

KAUTH: Any other questions? I have one.

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MARK ANDERSON: Yes.

KAUTH: So you-- when you talk about the labor rates are the highest in Nebraska? Can-- do you have any comparison, or are we--

MARK ANDERSON: So--

KAUTH: --the absolute top, or--

MARK ANDERSON: That's-- using the H-2A program, they follow what is called an AEW rate, and then I-- they also look at the specific job codes, or SOC codes. And if the employee does, like, that-- one of those jobs, like trucking or heavy trucking, the current Nebraska wage rate is \$30 an hour, and that employee must be paid \$30 an hour. Also, with the H-2A program, I'm required to provide food and housing, and all of their expenses. So, that makes my labor costs nearly \$40 an hour.

KAUTH: OK. Thank you. Oh, Senator Ibach.

IBACH: Thank you, Chair. I have one follow-up question. So, you-- when you're talking about housing, food, do you know what percentage of your labor costs those are?

MARK ANDERSON: I do not specifically, but I mean, it's-- it is a major part. I mean, I'm either buying hotels on the road-- on the road, or we're providing a house, you know, a place to live rent-free in my little hometown.

IBACH: And then I'm assuming if you do work, even within the state or out of state, there's probably a bidding process where you have to bid your overall cost?

MARK ANDERSON: Correct. When I go pro-- to provide my services to my customers, I am, you know, bidding against other custom harvesters, even including harvesters who are based out of Nebraska who travel into Nebraska, who are able to, you know, give my customers a lower price because their labor is, is potentially cheaper.

IBACH: Yes.

MARK ANDERSON: This also increases costs for our farms and ranches across the state.

IBACH: So this is actually with-- in-- it's relative to your, your last comment. This actually is going to drive up other contractual-- or, other contracts that other folks use as well. So, if, if you're incorporating this into your contract, other businesses are going to have to incorporate the same increases into their contracts as well.

MARK ANDERSON: Correct. I-- in my personal opinion, this is going to just add an increase across the board in, in the-- on Nebraska agriculture, and make us less competitive in the nation.

IBACH: Thank you. Thanks, Chair.

KAUTH: Any further questions? Seeing none. Thank you for your testimony.

MARK ANDERSON: Thank you.

KAUTH: Next proponent.

ANSLEY FELLERS: Thank you, Chairwoman Kauth and members of the committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s. I'm here on behalf of the Nebraska Grocery Industry Association, Nebraska Retail Federation and Nebraska Hospitality Association in support of Senator Strommen's legislation. I'm going to read into the record a few words from Tom Temme from Shell Creek Market in Newman Grove, Nebraska. Tom was going to be here, but fell ill. Newman Grove has a population of 721. They are 40 minutes from Norfolk, 40 minutes from Columbus, and more than an hour from Grand Island. They do, however, compete with the Dollar General in Battle Creek, Albion, Neligh, Stanton, Madison, Elgin and Humphrey. Because of his location and size, Tom's input costs are higher than his larger competitors. With lower taxes, fewer mandates, and a reasonably level playing field, Tom would be able to compete with even the largest retailers. But new, costly mandates like the paid leave initiative hit small businesses harder than larger companies who can survive on tighter margins, at least until their competitors are driven out of business. Shell Creek is the only grocery store in town. In Tom's own words: I employ four full-time individuals and six part-time. Though I have no official paid leave policy, I work with my employees, even those in part-time roles. I know there are family events or emergencies that trump work, and I don't force my employees to come to work sick. I myself have to make difficult decisions when it comes to family time and sick days. This is a very personal issue to me. LB698 offers a business like mine a lifeline. LB698 does not undo the intent of the ballot initiative.

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This is simply an indication that the Legislature is willing to balance the ballot with the voice of our state's smallest businesses. We understand why voters think these new mandates are the right thing to do, but ballot initiatives cannot and do not account for differences between businesses, be it size, industry, or locations. If businesses like Tom's close, the people in Newman Grove and other small towns around it are going to have to drive further for fresh food. There will be no local SNAP and WIC retailer; one less contributor to the local Backpack program, and ten people looking for other work, probably in another community. Thank you, Senator Strommen, for bringing LB698. I would ask the committee advance this bill. Thank you to the committee for your time, and I'd be happy to answer any questions.

KAUTH: Thank you. OK. Questions from the committee? Senator Hansen.

HANSEN: Thank you. Do you-- is there any, like, any data or statistics about when other states implemented this, what it did to the grocery industry?

ANSLEY FELLERS: Yes. Well, I should say not just the grocery industry, but there is data about what happens when government mandates higher minimum wages and more sick time. I can provide that to the committee.

HANSEN: Yeah. Usually not good?

ANSLEY FELLERS: Especially on youth employment. It's usually about hiring. So, you know, youth--

HANSEN: OK.

ANSLEY FELLERS: --and unskilled labor, it usually has a pretty negative effect on that. That's, that's what I can tell you.

HANSEN: OK. Thanks.

ANSLEY FELLERS: You can share that.

KAUTH: Other questions? Senator McKinney.

McKINNEY: Thank you. Why would they be forced to lay off employees and reduce hiring?

ANSLEY FELLERS: Well, so right now, in Tom's case, he kind of works with employees. He doesn't necessarily have a paid sick leave policy

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on the books. At this point, he will-- under the law as written, under the initiative as written, he's going to have to offer everybody, full-time and part-time, 40 hours of paid leave. So he's going to have to book that somehow. And now, you know, folks-- according to the initiative, if it passes, they can kind of-- I mean, there's two weeks there that he didn't otherwise have to book, and especially with part-time employees-- I just read you Tom's, but there are a lot of businesses that we've heard from that-- whose costs are going to go up, because maybe they're offering full-time employees paid leave of some sort, but they're not offering it to part-time employees; now they have to offer it to their part-time employees. And that's a cost that's going to go up, and I've got-- and they're going to have to make up for that somehow.

McKINNEY: But-- I know when we say part-time employees, that is sometimes without context, because I know some people that work part-time that work 30-plus hours a week. Like, I don't think all part-time employees are created equal.

ANSLEY FELLERS: I would agree with you, Senator, but the initiative as passed treats them all equally.

McKINNEY: No, what I'm saying is--

KAUTH: Do you have a question?

McKINNEY: No, I'm getting-- yeah, I'm going to ask a question.

ANSLEY FELLERS: Sorry. Sorry, I shouldn't have. I thought that was--

McKINNEY: I guess my question to this is-- when, when you're saying-- it-- say-- saying just part-time employees is kind of vague in a sense. You made me forget my question, actually, but-- could you-- when you say increased labor costs in states that have passed this, could you provide some examples of increased labor costs?

ANSLEY FELLERS: Well, I don't even-- I, I can. For the paid sick leave, you mean? I can-- I mean, our labor costs in Nebraska are going up. In some cases, they're going up sort of because everybody's labor costs are going up right now. There's-- our unemployment rate is so low that we're just-- naturally, businesses are competing for employees, right? So, labor costs are going up for our businesses sort of naturally; they're going up because of the minimum wage increase, and now they're going up because of paid sick leave requirements. I'd also say-- sorry, Senator. Do you mind if I really quickly say? I

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would also suggest in terms of the part-time/full-time distinction making, LB698 does not touch that distinction. Right now, the bill says ten or fewer employees, and that's full- and part-time. I would request the committee consider folks like David Barnes' testimony. You know, he's bumping up against that, actually, even though they have so few volunteers; they have a number of different volunteers, and sometimes, that could be more than ten. Right? So that might be a consideration. There's nothing that touches that part-time distinction in here. It's 14- and 15-year-olds, ten or fewer combined part-time/full-time, and then the seasonal workers.

McKINNEY: All right. My last question. So, this passes. Let's say somebody is working at a place with ten or fewer employees, working 40 hours a week, and they get sick. Where's the help for them?

ANSLEY FELLERS: So, I can tell you, the folks that we work with, Senator-- I, I know Tom, again, in the one I just read-- they work with employees. Again, the unemployment rate in Nebraska is so low that when you have somebody showing up and doing their job, and doing a good job; that knows what they're doing, and however long they've been there, frankly, every employer that I work with will kind of bend over backwards to make sure that employee is taken care of and has time with their family, has sick time. Those are the people we represent. And I, I can tell you, the other thing about a low unemployment rate is that if you're not happy with your employer, going to another one that does offer what you want is a really good, easy option in Nebraska right now. Does that make sense?

McKINNEY: Yeah, but not all employers are created equal either. But thank you.

ANSLEY FELLERS: Right. Thank you.

KAUTH: Other questions? I have one.

ANSLEY FELLERS: Sure.

KAUTH: So what, what efforts did the grocery industry make to push back on the ballot initiative? So we heard that they spent \$2.5 million on the ballot initiative. What did industries do to step up and say-- and educate people about what it actually was?

ANSLEY FELLERS: So, we worked through-- this time around, so we were kind of-- our association was a little bit of a lone wolf when the minimum wage bill was-- or, initiative was going through, and we

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stepped up with tens of thousands of dollars, which was quite an ask for folks in our position, I think, and the people I represent-- to send out postcards and do mail, and get people around. This time, we went primarily through our employers and worked on messaging local communities, sending it out through the-- through our membership, basically, trying to do it with a few less resources. But the other, the other thought we had was to truly-- I kind of-- this is not-- I'm not saying this tongue-in-cheek, but messaging, no matter how much money you spend on the other side of some of these issues, messaging more money and more time off is really difficult. So we were also sort of realistic about the options we had in that regard, and thought we would also work with legislators come January.

KAUTH: Thank you.

ANSLEY FELLERS: Thanks a lot.

KAUTH: Any further questions? Seeing none. Thank you--

ANSLEY FELLERS: Thank you.

KAUTH: --for your testimony. Next proponent.

RYAN McINTOSH: Chair Kauth, members of the committee, my name is Ryan McIntosh, M-c-I-n-t-o-s-h, and appear before you today as the state director and registered lobbyist for the National Federation of Independent Business to testify in support of LB698. NFIB has over 4,600 members in the state of Nebraska, and nearly 300,000 members nationwide. Over 95% of NFIB members have ten or fewer employees, and represent every industry, from family farms to manufacturers to small town storefronts. Now, we did a survey of our members after this passed; we found that 76% already offer paid leave in some form. More than 44% said that this propo-- that Initiative 436, the Act, will restrict current paid leave employee-- current paid leave employee benefits. 50% said that it will either require suspension of hiring plans, or lead to the reduction in current number of employees. Less than 10% reported that it would not lead to additional cost to their businesses. One member reported the written comments as follows: This law hurts my business by increasing my employee costs and may reduce the hours that an employee works during peak seasonal hours. It'll also hurt by increasing the cost of goods and services that I purchase. Employers have no choice but to pass on their increased labor costs. This will increase the cost of goods and services. LB698 will protect Nebraska's smallest businesses from the detrimental

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effects of the Act. According to the US Small Business Administration's 2024 Small Business Profile, 99.1% of businesses are small businesses in Nebraska, employing 46-- or 48.6% of all Nebraska employees, small businesses that drive Nebraska's economy. Mandated paid sick leave, while well-intentioned, will ultimately harm employees in several ways. We have heard throughout this process that the voters have spoken on this issue. However, one thing is certain: the act will decrease the number of jobs available in this state. LB698 is a modest change to ease this burden on the smallest of businesses. I-- much of what I have to say has already been covered. It is in the written comments, if you'd like a reference that. I will say, in other states where this has passed, we, we have seen many, many exemptions for small businesses. For instance, the same language that passed in Michigan exempts out businesses of 50 or fewer, very similar to the federal laws that Senator Sorrentino mentioned. Senator McKinney, I, I do believe that the voters did get this on a take-it-or-leave-it basis, unlike a deliberative body like, like the Nebraska Legislature, they could-- they were not able to go through and say, "Should we have a small business exemption? Should we exempt independent contractors?" It was vote yes or vote no, without any deliberation from the voters. And that is why we're here to ask you, this committee, to, to correct that. There's many issues with this law. How do we pay-- how do, how do employers in the trucking industry pay paid sick leave to truckers that are paid by the mile? How do we pay paid sick leave to workers that work on a compensation and not on an hourly basis? So, again, it is incumbent on this Legislature, both now and in the future, to make this a workable law for Nebraskans. Thank you for your consideration.

KAUTH: Thank you very much for your testimony. Any questions? Senator McKinney.

McKINNEY: Thank you. Thank you for your testimony. Just one quick question. You say this one-size-fits-all directive will only hurt employees in the long run. Where are the employees that can come up and express that this will hurt, hurt them?

RYAN McINTOSH: Well, I don't know who is behind me, but I think it, it is a, a messaging thing. And I, I, I think there is a lot-- a lack of understanding of, perhaps, from the employee side on, on, on what this does. I know in my situation, I've had-- in my legal practice, I've had clients call that offer a bifurcated-- we offer-- or, excuse me, offer a paid time off. Everyone likes paid time off. You don't have to go in and, and ask the employee for their doctor's note, or from

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their-- you know, to verify that their kid-- that they were home with a kid that-- from school. When you look at the requirements under this Act, it absolutely incentivizes doing a bifurcated system off of the, the bare minimum of 40 hours of paid sick leave, or 56 hours, whatever it might be, and then do vacation time just so that you can comply with the Act and the various requirements, such as providing oral-- you know, oral notice that you can't even ask for verification that an employee is gone from work until 72 hours consecutively have been missed. So, I do think that it will ultimately drive employers to this-- complying with the bare minimum and doing away with paid time off programs.

McKINNEY: Thank you.

RYAN McINTOSH: So that-- that's probably what I meant by the, the more nuanced stuff, one-size-fits-all.

KAUTH: Senator Hansen.

HANSEN: Thank you. Can you expand a little bit on the look-back part?

RYAN McINTOSH: Yeah.

HANSEN: Because that-- it seems-- that's something I think that's hugely important, that not a lot of people are kind of addressing, that can have a lot of negative side effects.

RYAN McINTOSH: Yeah, I crossed that portion out; it is in my written testimony. So, when you go through the act, there is-- it-- this provides that the Department of Labor will, will enforce this Act, the department-- it provides a mechanism for adjudicating these claims. And then-- so, you'll see at the bottom of Section 2 of the bill, oh, by the way, we have a four-year statute of limitations that if an employee believes, you know, three years and 360 days later, that they be-- that they're owed paid, paid sick time, they can file a, a complaint, in, in according to this, any court of competent jurisdiction and get attorney fees, which is highly unusual under Nebraska law. So, I think it-- this is-- whether-- whatever the statute of limitations is, I think this is best left to the Department of Labor to adjudicate these claims.

HANSEN: So in layman's terms, I'm an employer.

RYAN McINTOSH: Mm-hmm.

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HANSEN: An employee that I had three years ago who's no longer with me--

RYAN McINTOSH: Yes.

HANSEN: --can come and say, hey, look, I don't feel like I had enough paid time off.

RYAN McINTOSH: Yes.

HANSEN: And then, they could take that to court. And if it wins, then I also have to pay for the legal fees?

RYAN McINTOSH: Yep. So you can pay out their 40 hours or whatever--

HANSEN: And so, they get 40 hours of the wage--

RYAN McINTOSH: A, a nominal fee.

HANSEN: --and I also have to cover the legal fees--

RYAN McINTOSH: Yep.

HANSEN: --for every employer that I have. That seems like kind of a-- I don't know if I've heard that before, or-- but you-- it already sounds like that's an unusual kind of circumstance, or something to put inside of an initiative like this, or in legislation?

RYAN McINTOSH: Yeah. So, it-- I mean, I, I, I spent my early years of my career practicing civil litigation. There's very, very few instances, constitutional violations, open meetings act, public records violations, generally governmental entities, when you sue them and prevail. It's very rare in Nebraska law that a private business would be responsible for attorney fees absent some sort of frivolous conduct.

HANSEN: OK. All right. Thank you.

KAUTH: OK. Thank you. Senator McKinney.

McKINNEY: Thank you. I understand there's another bill, I believe, like, LB1-- LB4115. Would that address the bifurcation of benefits and the look-back, the issues that you're discussing?

RYAN McINTOSH: Yes, that does, that does provide some clarity that, as long as-- LB415 from Senator Ballard, you're correct--

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McKINNEY: Yeah.

RYAN McINTOSH: --provides some clarification that, as long as you're offering a-- the-- a set number of hours specified in the Act, that you comply.

McKINNEY: All right. Thank you.

KAUTH: Any other questions? I have one.

RYAN McINTOSH: Yes.

KAUTH: Mr. McIntosh, will you clarify for me? It sounded like you were saying that under the ballot initiative, some employees who were getting more than what the ballot initiative passed are now going to lose their benefits?

RYAN McINTOSH: No. To clarify that, Senator, I think a majority of employers-- and this is very anecdotal, I don't have data on this, but we've seen a move from what used to be vacation time and sick time. You know, vacation time gets paid out, sick time does, does not under historic employment practices. Over time, we've seen them move to paid time off because it's just so much easier to administer on both sides, and that's a real benefit to employees. So, I think that if you, if you set-- if you are a business owner and you sit down-- and I've done this with, with business owners, advising them in my capacity as an attorney-- it really, really incentivizes them to move back to the bifurcated, less preferred plans just to ensure compliance with the Act. So, they don't-- the-- they will lose perhaps their, their, their current benefit plans in favor of strict compliance with the Act.

KAUTH: OK. Thank you.

RYAN McINTOSH: And, and I assure you, if-- that is not a red herring argument, that is a fact.

KAUTH: Thank you very much. Any other questions? Thank you for your testimony.

RYAN McINTOSH: Thank you.

KAUTH: Next proponent.

HUNTER TRAYNOR: Good afternoon. Chairwoman Kauth, members of the Business and Labor Committee. My name is Hunter Traynor, spelled

H-u-n-t-e-r T-r-a-y-n-o-r. I'm here today on behalf of the Nebraska Chamber of Commerce and Industry, the Greater Omaha Chamber of Commerce, and the Lincoln Chamber of Commerce to testify in support of LB698. I'm going to do a lot of "ditto" to what Ryan and Ansley and some of the other proponents just said, but I want it to be read into the record on some of these points. After this initiative was passed in November, our organization, the businesses we represent, as well as others, got together to understand how this will impact Nebraska employers. And we tried to sort those issues into what I would call two buckets. Not to beat a dead horse on the bucket analogy, I know it was used previously, and I'll use it again in testimony on a future bill. But we looked at what are the compliance-related concerns for businesses as it relates to this new initiative. In other words, where are ambiguities, items of vagueness and the initiative that may complicate current practice for employers. That's one bucket. Second bucket, what disproportionate impact or areas of concern does this initiative present for the types of employers or employment situations that are traditionally exempt from either state or, or federal employment statutes, largely because of some of the arguments you've heard today about how government imposed mandates related to employment have a disproportionate impact on, on small businesses. So we put those into two buckets. This bill, I would say, falls into the latter bucket that I just described. But this committee will also hear a bill-- LB415, that was referenced-- later on. I would say, for the point of this hearing, I want to reiterate that our small business members that we hear from have a disproportionate concern about their ability to comply with the financial costs and barriers imposed by this new initiative, particularly in a tight labor market where they are competing with employers that have economies of scale, that likely are already offering these benefits because of their ability to afford them. And so, I would urge-- in an era where entrepreneurship is blooming in a post-COVID environment where folks are starting businesses-- particularly in a state, like I said, with the tight labor market that we have, that this Legislature take a special eye to considering how to fit-- sure, the will, the will of the people-- but also considering the impact it'll have downstream for business owners, but then also the employees that, that work for them. So, with that, I would welcome any questions. Thank you for the opportunity to testify, and I encourage you to support this bill.

KAUTH: Thank you. Any questions? Senator McKinney.

McKINNEY: Thank you. Thank you for your testimony. Where's the disconnect from the businesses and, let's say, the employee-- the

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voters. Like, where's the disconnect? Because the voters voted for this, the businesses don't seem to really like this. I guess where's the disconnect at?

HUNTER TRAYNOR: Well, I would say that the spirit of my testimony-- and I think what you've heard today is that it's not necessarily a question of whether businesses like these benefits, because I think in a lot of instances, businesses recognize that competitive employment benefits are how they compete in a labor market such as this. And, and that's why I would say that, for businesses over a certain size, offering these benefits is oftentimes the norm. So, our concern, I don't think, is-- from a business standpoint-- that we are opposed to the employment benefits baked into this statute and baked into this recent initiative, just that the Legislature should pay special mind to tier the application of those benefits to businesses who have the greatest difficulty of paying, and then the downstream consequence of, of that is that they may restrict employment of certain folks like young people or like temporary workers, which is not a good thing for small businesses. So, I don't know if there is a disconnect, maybe, as much as is thought. I think it may just be a, a question of impact, and on who.

McKINNEY: Which do you prefer, LB698 or LB415?

HUNTER TRAYNOR: I think the bills have different purposes. As I said at the beginning, the two buckets are-- one is how does this act-- how is it implemented in a way that doesn't disrupt, as Ryan talked about just a minute ago, current PTO programs that-- as of now, sick time and vacation time, again, to use that analogy, is in the same bucket. And so LB415 is really, I think, a compliance and a cleanup bill. And then, as I said at the beginning, LB618-- or LB698, rather, is really getting at what traditionally exempt types of employers, due to some of those economic impacts that I just talked about, are usually exempt from employment statutes that weren't in this instance. And then, what role does the Legislature have in, in promoting the, the health of those businesses, which I think, you know, supports all of us. So, I don't really think I have an opinion on which I like more. I think they serve two different purposes and should be considered as such by this committee.

McKINNEY: Thank you.

HUNTER TRAYNOR: You're welcome.

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KAUTH: Other questions? I have one. So, I was surprised when you said that after the initiative passed, you guys got together to understand what it meant. Was there any thought when this ballot initiative was being worked on to look at what it would mean, and, and do marketing or do "reach-out" to voters about this ahead of time?

HUNTER TRAYNOR: Yeah. Yeah. It's a great question, it's a very fair question. As was talked about earlier, this was a really full ballot, and there was a lot of initiatives put forward. And I think at that time, truthfully, the business community was far more concerned about another initiative that didn't end up on the ballot, but from our perspective, would have far more wide reaching impacts on the health and prosperity of Nebraska's economy and the business community. And so I think, just from an order of priority, we were particularly concerned about that at that point.

KAUTH: OK. Thank you.

HUNTER TRAYNOR: You're welcome.

KAUTH: Any other questions? Thank you for your testimony.

HUNTER TRAYNOR: Appreciate it.

KAUTH: Next proponent. And if I could have people who are going to testify start moving up to the front so I can have an idea of who is actually testifying.

ELISABETH HURST: Hello, Chairwoman Kauth, and members of the Business and Labor Committee. My name is Elisabeth Hurst, E-l-i-s-a-b-e-t-h H-u-r-s-t, and I'm the director of state and legislative affairs at Nebraska Farm Bureau. I'm here on behalf of Nebraska Farm Bureau today, as well as the Nebraska ag leaders working group in support of LB698. And, for those of you who may not be familiar, the ag leaders working group consists of-- takes a moment here, but it's well worth it-- the Nebraska Cattlemen, Nebraska Corn Growers Association, Nebraska Farm Bureau, Nebraska Pork Producers Association, Nebraska Sorghum Producers Association, Nebraska Soybean Association, Nebraska State Dairy Association, Nebraska Wheat Growers Association, and Renewable Fuels of Nebraska. As Hunter had said as well, there was very many testifiers previous to this that made wonderful points. I won't belabor you. I know we're getting late in the afternoon here, but I think one of the important things to point out here that others have not, other than more clearly defining the meaning of an employee,

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as well as exempting employers of ten or fewer employees, I think it's important to note that the Department of Labor, under this, this legislation, would also oversee as the sole enforcer of the act rather than bringing forward private actions. So, I think that that's something that's also important to bring out. We thank Senator Strommen for bringing LB698, as well as the two dozen co-sponsors who've signed on, and we encourage you to advance it to General File. Happy to answer any questions that you may have.

KAUTH: Any questions from the committee? Seeing none. Thank you for your testimony.

ELISABETH HURST: Thank you.

KAUTH: Next proponent. OK, seeing no more proponents, first opponent.

ROBERT WAY: Hello, my name is Robert Way, R-o-b-e-r-t W-a-y, and first, I'd like to take a few seconds to apologize for my dress. I had a shift at 6 a.m., I worked till noon. I got to be back. Like, I have a collared shirt with me, but it's got the logo of my company, and they don't-- they're not going to agree with what I have to say here, so I can't wear it. OK. So much has been said, but let's deal with the most-- the biggest number first. 600,000. 600,000, and over 72%. That's more votes than any politician has ever received in the-- this state. That's more higher percentage, all the way back to Reagan, that any politician has ever received approval of the vote. The primary argument I hear said time and time again is that we did not know what we were voting for. We signed a petition where, by law, it has to be read to us, and then we have to listen. And then we signed it. And then it was on the ballot. It was going to be on the ballot, it was published by the Secretary of State months in advance, and we could read it whenever we wanted. So, the basic assumption of every proponent I've heard is the Nebraskan voters can't understand English, basically. Because it was all written down. We all had a choice. We don't have to vote. If we don't want to vote, we don't have to vote. But 600,000 people came to vote. Assumably, they read what they were voting and they went to approve it. I might be willing to consider amending a voter initiative after you actually have some proof of what might happen. But all you have is "this is going to happen." And the basic idea that this is going to happen is based that people aren't going to have jobs; at the same time, every person who comes up here says you can't get enough workers. So what is it? There's not going to be any more jobs, but you can't find enough workers? Because it can't be both. Thank you. I really enjoyed it.

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KAUTH: Thank you very much for your testimony. Are there any questions from the committee? Seeing none. Thank you for being here all afternoon. Next opponent. Rock, paper, scissors.

ROSA PINTO: Good afternoon. I'm excited to be speaking to the members of the committee. My name is Rosa Pinto, spelled R-o-s-a P-i-n-t-o, and I'm a community organizer with the Heartland Workers Center. At the Heartland Workers Center, our mission is to develop leadership, promote workers' rights, and foster a culture of civic engagement within the underrepresented and immigrant communities. As a community organizer, I've heard the stories of hundreds of Nebraskans who have had to make the impossible choice between taking care of their health or their pay; stories of people who did not know if they were going to make it through their shift, but they feared losing their jobs; people that couldn't take care of their loved ones for the same fear of losing their job, or suffering retaliation. My personal story is not too different, as years ago, I worked at a manufacturing plant and, during my work day, I got a call that my then-one-year-old was being taken to the emergency room with a life-threatening condition. I ran to my supervisor and I told him I needed to leave to be by her side, and I was told that I needed to wait at my workstation until the next person could come and cover my shift, just so that their machines couldn't stop running. Just so that their machines wouldn't have to stop running. I strongly believe that nobody should have to fear retaliation from their employers when needing to take care of their health. Initiative 436 included important protection for working families in Nebraska, and I believe it is important to respect what close to 70% of our voters supported. For all working families in our state. I appreciate your time, and I'm willing to answer any questions.

KAUTH: Thank you for your testimony. Are there any questions? Senator Hansen.

HANSEN: I'm going to try to get the perspective of the opposition when it comes to the lookback period. What's your thoughts on that?

ROSA PINTO: I'm sorry, can you repeat the question?

HANSEN: I'm, I'm going to try to-- because I asked [INAUDIBLE] similar question of people who were in favor of this bill, and I'm kind of curious about the opposition's opinion when it comes back to the, the four-year look-back period that they have-- an employee has the ability to, you know, pretty much sue the employer for paid time off

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that they didn't get three years ago, and then they have to pay for the legal fees. What's your thoughts on that?

ROSA PINTO: I honestly-- working with the community, people are for this bill, for this law that passed because they're looking at the future, for when they need the time. I haven't heard of anyone in all the people that I've worked with and talked to saying "I need to get my time back from four years ago." They're worried for the future, they're worried for their bills, they're worried for their families.

HANSEN: And I agree. I don't think there'll be too many instances of that, so it's, it's-- which is why I was wondering why was in the initiative to begin with. I didn't know if there was something I was missing there, so. But thank you. Appreciate it.

KAUTH: Any further questions? Thank you for your testimony.

ROSA PINTO: Thank you.

KAUTH: Next opponent.

CRAIG MOODY: Good afternoon, char-- Chair Kauth, and members of the Business and Labor Committee. My name is Craig Moody, C-r-a-i-g M-o-o-d-y. I am one of the three ballot sponsors for the paid sick leave initiative, and when asked to serve in that capacity, I was absolutely honored to have the opportunity to help improve the lives of Nebraskans and the businesses that they work for. It's unacceptable to me that-- it's unacceptable to me that any hardworking Nebraskan would ever be asked to choose between their paycheck and their health. And today, an estimated 250,000 working Nebraskans do not have that paid access. As was evidenced in November, Nebraskans overwhelmingly support paid sick leave. 74% of voters approved the measure, 89 of 93 counties voted to approve, and every single legislative district voted in favor of paid sick leave. I also want to give credit to Nebraskans for understanding the implications of the initiative, whether the-- those impacts were on small or large businesses. Voters weren't bamboozled; they were given a clear choice, and they voted for paid sick leave. So, in light of the extraordinary support from the, the electorate, I'm forced to ask why we would ever consider scaling back this very popular initiative. I found it difficult to understand what the arguments are for undermining something that was so popular. One such argument that I've heard is that it's bad for small businesses. I'm a small business owner. I co-founded a consulting firm called Verdis Group in 2009, and we have been working to grow that business

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ever since. We now have a national presence, and it recently grew to employ 17 people. We have provided paid sick leave to our employees since we opened, and we continue to offer generous time away-from-work benefits; between paid time off, holidays, and other away-from-work benefits, we provide everyone on our team with over 300 hours of away-from-work time. And of course, this includes paid sick leave as part of our PTO. Contrary to previous testimony, we do not need to break our PTO into vacation and sick time. Providing paid sick leave has benefited our company in numerous ways. It's easier to recruit, we have high employee engagement numbers, and our team is extraordinarily productive. Put simply, paid sick leave is an accelerator, accelerator to our company's growth and success, not a detractor. It's a false choice to suggest that it's either paid sick leave or people getting fired and businesses closing. It is, however, a very real choice that workers need to make when they're sick: they either get paid or they go to work sick. If senators are concerned about state policies and regulations that hinder small businesses, please be assured I have a list of ways in which you can help small businesses. But undermining paid sick leave, a program that Nebraskans overwhelmingly support, is not on that list. Thank you for your time and your service. I'd be happy to answer any questions.

KAUTH: Thank you very much. Questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairperson Kauth. Sir, thank you for your testimony. You have 17 employees?

CRAIG MOODY: Yeah.

SORRENTINO: Do you employ, you know, minors or seasonal employees at all?

CRAIG MOODY: Seasonal, yes.

SORRENTINO: You do? OK. Thank you.

KAUTH: Thank you, Senator Sorrentino. Senator McKinney.

McKINNEY: Thank you. Have you been here the whole time?

CRAIG MOODY: Yeah.

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McKINNEY: So, so you heard the testimony from previous testifiers who said voters were giving a take-it-or-leave-it approach. What's your response to that?

CRAIG MOODY: I think voters tend to understand what they're voting for, and they consider the implications of the vote that they're making. It's a very important choice, right? To go into the, into the voting booth and make a choice. And in my view, I tend to trust the voters that they've made a choice, and overwhelmingly spoke in favor of it. And, and so I, I, I think they've made their voice heard.

McKINNEY: Do you think this will hurt employees?

CRAIG MOODY: No, I don't. I, I-- again, I think it's a false choice to suggest that paid sick leave is going to automatically equal, OK, my labor costs go up, and now I have to let people go, I have to cut hours, and/or that's leading towards closing my business. The reality that I've seen and experienced is that this is much better for our business. Our team is more productive, they know that they're-- they, they don't-- when they get sick, they don't have to sit there and ask themselves the question, "OK, do I need to show up today because I got to pay for groceries?" Right? They know that they're covered, and that results in a much more-- a much stronger, cohesive environment for our people. They're much more productive, they're much more engaged, they do much better work. So I, I don't-- I don't buy the narrative that this is going to hurt employees.

McKINNEY: Thank you.

KAUTH: Senator Ibach.

IBACH: Thank you, Chair. So, if I understand right-- just help me understand--

CRAIG MOODY: Sure.

IBACH: --your operation.

CRAIG MOODY: Mm-hmm.

IBACH: You have a paid time off program and a sick leave?

CRAIG MOODY: No, we have a paid time off program that includes vacation, sick time, personal, you name it. We really don't ask questions if a person needs to take time away.

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IBACH: So you-- according to your calculations, are, like, four weeks a year? Almost?

CRAIG MOODY: No, it-- paid time off for us is about five weeks per year.

IBACH: OK.

CRAIG MOODY: And then, there's-- there are other away-from-work benefits that we offer as well. Holidays, flex Fridays, et cetera.

IBACH: And so, if, if an employee doesn't use that time-- do you mandate that they use the time off, or--

CRAIG MOODY: No.

IBACH: --do you pay them out at the end of the year, the balance of what they didn't use?

CRAIG MOODY: So, the-- we have a-- we have a, a cap on the bank. They can accrue up to 200 hours of PTO.

IBACH: OK.

CRAIG MOODY: And then if, at the end of the year, they want to cash any out, we do allow them to cash it out. It's their time. And so, we let that happen. But as long as they're under 200, they can continue to carry that over as long as they so choose.

IBACH: I think that might be one of the situations that some of the testifiers have alluded to, is that if, if folks don't use that sick leave, and you're forced to pay it out at the end of the year, which-- you could carry it over, like you said, but eventually, in rural areas-- which is where I'm from-- people don't really take sick leave.

CRAIG MOODY: Mm-hmm.

IBACH: And so if, if you're forced to pay that out at the end of the year, the end of the two years, whatever grace period you might have, I think that might be one of those costs that you have to incur in your company,--

CRAIG MOODY: Mm-hmm.

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IBACH: --that might send your, your profit and loss over, so. I just want to clarify that, because I, I see lots of scenarios similar to that, where people don't take their paid time off.

CRAIG MOODY: Sure.

IBACH: But I can see that some, some owners or operators or employers might say we will pay you out at the end of the year if you don't use it. And so, that could be-- I mean, it's a benefit--

CRAIG MOODY: Yep.

IBACH: For sure. I mean, I would-- that would maybe encourage me to not take it, if I could get it paid at the end of the year. But I can see from an employer's perspective that that might be a barrier.

CRAIG MOODY: Mm-hmm.

IBACH: So, just, just a thought.

CRAIG MOODY: Sure.

IBACH: Thank you, Chair.

KAUTH: Other questions? Yes, Senator Hansen.

HANSEN: Thank you. This is the question I probably should have asked to the proponents as well. But this is the-- this is the comments I hear from both sides, is the voters didn't know what they were voting for, and then the other side is the voters knew exactly what they were voting for. Do you have any data or statistics, or did you ask the voters, like, did you understand what you were voting for? And that's kind of an unusual thing, maybe people don't do that. We've had so many ballot initiatives come here--

CRAIG MOODY: Yeah.

HANSEN: --[INAUDIBLE] the last two years. I think maybe we're still trying to get our feet, and trying to figure out, like, how-- what, what questions to maybe ask the voters afterwards, to kind of figure out if we did the right thing, or if-- maybe if language should've been differently.

CRAIG MOODY: Yeah.

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HANSEN: Do you have any statistics that show, like, the voters knew what they were voting for? Especially when it comes to, like, the look-back period. Because that seems like a little bit of a legalese kind of portion of this bill that maybe a lot of people didn't know about.

CRAIG MOODY: Sure.

HANSEN: Maybe they did. I don't know.

CRAIG MOODY: No, I don't have statistics. If I-- if you'd-- if you would allow as much, I'd, I'd be interested in sharing my perspective on it. I think the reason that this found its way to a ballot initiative is because, generally speaking, we knew that people would be wildly supportive, but it hadn't made its way through the Unicameral. Now, the extent to which a voter knew about the four-year lookback period, I think that's debatable. It also is-- I, I-- it's also not lost on me to suggest that it is the role of the Unicam to consider refinements. I understand that. My view, though, is that this goes a bit beyond refinements. And especially for me, as somebody who's managed and run a business that's under ten employees for quite some time, to suggest that it's going to hurt those businesses, I, I, I just don't think that that's true. Are there opportunities for compromise, refinement, to make sure that it does fit a little bit better? Yeah, I think there might be. But I-- like I said, I think this one, this one is walking a little bit too far away from what my view is for what the voters were saying.

HANSEN: And going back to the statistic question, I know the NFIB and, and the Chamber as well maybe had some-- little more statistics or data about small businesses, and how this might affect them.

CRAIG MOODY: Mm-hmm.

HANSEN: And it seemed like-- granted, it could be a little biased.

CRAIG MOODY: Yeah.

HANSEN: A lot of it seemed like it would affect small businesses negatively, based on the, you know, the, the questionnaires that they handed out. They asked the small business owners themselves.

CRAIG MOODY: Sure.

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HANSEN: And a majority of-- a large majority of them said, "Yes, it will negatively impact my business and my ability to hire, or possibly fire people." Did you also do that as well to the small businesses, and ask them what they said?

CRAIG MOODY: Well, here's what I-- great question. Here's what I would say. We have over 200 businesses that signed on in support through the paid sick leave initiative process, and, and that was a statewide effort to, to get signatures from business owners. I can't speak definitively about the size of those businesses, but generally speaking, I do, I do think that the vast majority of them were small businesses. So, again, I-- we didn't survey all small businesses. We-- candidly, I'd-- I'm guessing we don't have a mechanism by which to do that, in which the Chamber-- similar to how the Chamber would operate. But to go out and pound the pavement and get 200 businesses to sign on, I do think that's still worth-- that's, that's important to consider.

HANSEN: OK. Thank you. I appreciate it.

CRAIG MOODY: Sure.

KAUTH: Thank you, Senator Hansen. Any other questions? I have a couple. So, you were talking about how your paid sick leave has been an accelerator of your business, in general. Do you think that, if it's mandated for everyone to give that as a benefit, that it will do as much good? I mean, you're unique, and so you can offer that as a benefit, and that attracts people to you.

CRAIG MOODY: Mm-hmm.

KAUTH: But now that everyone has to, does that dilute how much it's attractive for you?

CRAIG MOODY: Well, for, for, for us, I don't think it does, because we compete against companies who typically employ in excess of 1,000 people, so we can't compete with them on benefits.

KAUTH: OK.

CRAIG MOODY: But it, but it certainly does level the playing field. And, and-- you know, in, in the state of Nebraska, I tend to think that one of our biggest challenges is, is, is having enough people to fill the jobs that we have. I mean, we have a very low unemployment rate. And so, as an employer, I'm always thinking about what are the

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things that I can do in order to attract and retain good people. And providing them with the comfort of knowing that they're going to get paid when they're sick, to me, is, is a bar that I think is worth hopping over.

KAUTH: So, so-- and that is an employer's right to, to offer a perk. But when the government steps in and mandates it, that's, that's kind of where I'm, I'm having trouble with this. But then, to move on to another question, you said you were approached to be a sponsor? Who approached you? Or did this happen organically? Because we heard so much the money came from out of the state.

CRAIG MOODY: Yeah, it was, it was, it was very organically. The person, specifically, that reached out to me, I coached fourth grade girls basketball with. So, yeah, he, he definitely lives in the same state that I do.

KAUTH: OK. Thank you very much.

CRAIG MOODY: Mm-hmm.

KAUTH: Any further questions? Thank you for your testimony.

ERIC REITER: Good afternoon, Chairwoman Kauth, and members of the Business and Labor Committee. My name is Eric Reiter, spelled E-r-i-c R-e-i-t-e-r, and I'm here today to speak on behalf of Voices for Children in Nebraska in opposition to LB698. Nebraskans are hardworking, and committed to building better futures for themselves and their families. Having access to paid sick leave is crucial for Nebraska families and children. States that have enacted some form of paid leave suggest it enhances economic well-being, increases caregiver engagement, and improves the health of all family members. Access to paid sick leave increases the possibility of workers returning to their jobs instead of dropping out of the labor force. When workers need to care for themselves or others, some are forced to take unpaid time off, work through health problems, or quit their jobs. Paid leave benefits businesses because it improves worker retention and productivity. Paid leave also helps individuals with serious health conditions, making it so that they can keep their jobs. LB698 excludes agricultural and seasonal health-- seasonal workers, workers who help bring food to families across the world. Agricultural work is a physically demanding job, requiring individuals to be healthy in order to fulfill their duties. Without paid sick leave, workers may feel compelled to go to work even when they know they are

sick, risking their health and the health of their colleagues. By providing paid sick leave, families can take the necessary time to recover without the added stress of lost income, which is especially important for low-income families who may be living paycheck to paycheck. Voices for Children particularly supports this paid sick leave initiative because of its anticipated impact on young people. LB698 also excludes young people, those under 16 years of age. Many young workers are helping take care of their families, or caring for themselves when parents are unable to. Paid sick leave ensures that they can take the necessary time off to recover from illness without worrying about lost wages, which is crucial for maintaining their financial needs. Additionally, paid sick leave promotes a healthier work environment. Young people often work in industries with high levels of interaction, such as retail, hospitality, and service sectors. By having an option to stay home when they are sick, they reduce the risk of spreading illnesses to workers and customers, not only protecting their own health, but that of the community. Voices for Children in Nebraska opposes LB698 because it creates barriers of health for young people, some agricultural workers, and employees who work for small businesses. Thank you for your consideration, and we respectfully urge you not to advance this bill.

KAUTH: Thank you very much. Are there any questions? Seeing none. Thank you. Next opponent.

JO GILES: Good afternoon, Chairperson Kauth, and members of the Business and Labor Committee. My name is Jo Giles. That's J-o G-i-l-e-s, and I'm the executive director for the Women's Fund of Omaha. For 35 years, our organization has worked on issues impacting economic security, which are foundational to achieving gender equity. In addition to my role at the Women's Fund, I was proud to serve as a sworn-- one of the sworn sponsors for the ballot initiative 436, paid sick leave for Nebraskans. I would also like to mention that our other sworn sponsor, Sierra Edmondson, had planned to testify today also in opposition of LB698. However, one of her children is sick. And she priv-- previously, before she's in the job that she is now, she did not have access to paid sick leave, which is why she was a sworn sponsor, and now she does, so she has the comfort of being able to care for her kiddo and not lose a paycheck. Passed by an overwhelming majority of voters in Nebraska, including approval in every legislative district. I've passed out a handout fact sheet where it lists every single senator in the body and the percentage of voter support in your district. We have also highlighted members of the Business and Labor Committee for you all to consider. The paid sick

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leave initiative allows workers to earn one hour of paid sick leave for every 30 hours worked. This will allow Nebraskans to care for themselves or their loved ones if they get sick. Nearly 80% of school-age children in Nebraska have working parents, and yet, most of those working parents don't have access to paid sick days. Even more workers have paid sick days, but can't use them without getting penalized. Access to paid sick leave is a critical need for all working Nebraskans. To this end, we offer our opposition to LB698. From the Women's Fund perspective, women are disproportionately impacted by poverty, because the economy is not designed to work for or support working women. Women in service sector jobs are 11 percentage points less likely than men to have access to paid sick leave. Additionally, 43% of working mothers-- which includes 54% Latina and 42% black mothers-- do not have access to paid sick leave, which is particularly concerning given that women shoulder a disproportionately share-- disproportionate share of caregiving duties throughout the United States. Without paid sick leave, caregivers are faced with the impossible choice of sending their sick child to school or losing a day's pay. Sending a child to school that's sick risks making other kids sicker, and skipping work means missing out on a paycheck needed for prescriptions, to put food on the table, or to pay for rent. Voters in Nebraska approved paid sick leave for all Nebraskans. We add our opposition to LB698, as we believe it's past time to care about Nebraskans and their families. It is time for paid sick for all working Nebraskans, no matter their industry, company, size, or age. Thank you. I'm happy to answer any questions.

KAUTH: Are there any questions from the committee? Seeing none. Thank you for your testimony.

JO GILES: Thank you.

KAUTH: You get a twofer today.

RENE CARRILLO: Yeah. Hello. Thank you, Chairperson Kauth, and members of the Business and Labor Committee. My name is Rene Carrillo, pronouns he/they. That is R-e-n-e C-a-r-r-i-l-l-o. As I stated before, I am an IBEW 265 member. I'm also on the board there, and I teach second-year low voltage. I'm also on the steering committee of Lincoln DSA, and in both of those roles, I took it upon myself to collect signatures for this ballot initiative. Collected a little over 60-plus signatures; of those, I would say three people questioned parts of the initiative. Two of them were "Where is it going to be paid from?" And then, the one didn't sign because they were pretty sure that once it

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got to here, it would get squashed, cut or dismantled, which is kind of what this bill here is trying to do. To address some of the points that were made, on the look-back, again, I don't think anyone's going to go back through. As I've stated before, most of the people that would use this are-- proponents of the paid sick leave are looking towards the future and are concerned with having their rent paid, groceries paid for, things like that. When-- if they're a single parent in a family, a kid gets sick, or if they are sick, they need to call out; they're still going to be concerned with their paycheck and how they're going to pay for things. Another concern of mine would be towards of the state; children who are working to save up for when they do get aged out of the system, they would really benefit from having those sick days if something were to happen and they get sick. And they-- still trying to pay for their car payment, and things like that. Like, this is really going to help them. I want to address some other points that were made by the proponents of small businesses. I do understand that. I was a manager of a small business. I helped the owner run day-to-day things, and I get that concern. However, if you're running the business and some of these times where people would need to call out sick are going to break your business, you might want to reconsider how you're running your business. And at the same time, they're saying that having the paid sick leave would be like a blanket thing, it takes away their ability to be competitive in the job market. This creates a floor that raises-- and benefits all. Not necessarily taking away from anything. So, really, if, if you're wanting to go "against" this-- against this and not hold to it, then yeah, you're, you're taking that competitiveness, competitiveness away from yourself as a business owner, so [INAUDIBLE].

KAUTH: Thank you for your testimony. Any questions? Senator Hansen.

HANSEN: I'm going to ask you a perspective question,--

RENE CARRILLO: Sure.

HANSEN: --just because you were up here previously.

RENE CARRILLO: Sure.

HANSEN: If the voters of Nebraska passed a ballot initiative to limit union dues to \$50 and it passed, would you be in favor of that?

RENE CARRILLO: You mean limit, like--

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HANSEN: If they put a limit on the-- on, on unions. So, they put a limit on the amount of union dues that somebody would-- should be able to give.

RENE CARRILLO: Mm-hmm.

HANSEN: Or even just-- previously, like, the last bill that we had.

RENE CARRILLO: Mm-hmm.

HANSEN: It allowed now, per ballot initiative, union members now, to leave a union whenever they wanted to without having to fulfill the rest of the contract.

RENE CARRILLO: Mm-hmm.

HANSEN: Would you be OK with that?

RENE CARRILLO: I mean, if, if the majority of people passed it, yeah. And, you know-- and, and back to this particular bill, when I was talking with the people and they would ask these questions, I would tell them, you know, the wording in the bill, as it's written here for the initiative is what it is. It's going to go to the Legislature, and then we're going to hash out in the Legislature how it's going to work, what things are going to be taking place, or how, you know, things are going to be broken down. And I'm sure there's going to be other amendments that-- to it, and stuff like that. So voting "yes" would get it to that point, and then, now, we're reliant on our legislators and representatives to kind of work that through. So then again, it's on the people to reach out to their representatives and say, "Hey, maybe we ought to fix this," and approach this in this way. So, yes, if, if the majority of people were for that, I would say sure; I would be behind them. But I would want to look at it, and I would probably be open to amendments or, you know, things that might help benefit that.

HANSEN: OK.

RENE CARRILLO: I mean, my union dues, even though I've been short-term disability since June, and got re-- released to go back to work in December, there was no work for me, but I still had to pay my dues that whole time. I didn't mind. Like, I understood, and I still took advantage of that. So, I went and got the meals that we're offered at every meeting, you know, and I still take [INAUDIBLE], I'm still there on the board and helping. Same dues with the DSA. Like, I pay my dues

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for that. And I pay way more than what is required, because there is no requirement. They hope that there's like, you know, \$5, but I pay \$40, because I know the benefit that comes with that, so.

HANSEN: I appreciate you answering the question. It was a little bit of a gotcha-- not very gotcha, but just kind of different perspective--

RENE CARRILLO: Yeah, yeah.

HANSEN: --kind of question that I was kind of curious about. So, I appreciate your answering it.

RENE CARRILLO: Sure.

KAUTH: Thank you, Senator Hansen. Other questions? Thank you for testifying.

RENE CARRILLO: Yeah, thank you.

KAUTH: Next opponent.

KEN SMITH: Good afternoon, Chairperson Kauth and members of the Business and Labor Committee. For the record, my name is Ken Smith, K-e-n S-m-i-t-h. I'm the director of the Economic Justice program at Nebraska Appleseed, and we're here today in opposition to LB698. I want to tell a very short, a very abridged history of the coalition of people and organizations across the state that made this happen. This started many years ago. There are many iterations of this policy that have come before this committee, I think 3 or 4 times, at least since I have been doing this work, including once during the pandemic. Those proposals never advanced out of this committee. There is a coalition of-- there is a-- numerous organizations across the state, individuals across the state for whom this was a crucial issue. That group of people got together after, after numerous attempts to, to get this through the Legislature, and said, "Let's turn to our initiative power to do this." We mobilized, we had an incredible volunteer network, we went across the state, we gathered 138,000 signatures, we placed it on the ballot. And, as you've heard, it was one of the most broadly supported initiatives in the history of our state. 662,000 Nebraskans saying, "Yes, this is the right thing to do. Workers deserve paid sick time." I also want to address just quickly the idea that what the voters were doing was suggesting a policy framework for the Legislature to consider. The voters' power to do this comes from Article III, Section 1 of our state constitution, the same provision

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that gives you all the power to lawmake. It says that our lawmaking authority is vested in a Legislature, but the people reserve for themselves the power to make law, to propose amendments to our constitution. The power for the people to do that is coextensive with your own; it's not an addition. These are not policy suggestions, they are laws that should be afforded the same weight as those passed by this body. I have to-- oh my goodness, we're already yellow. To address the data point. Senator Hansen, I know you're a, a data person. I think what we need to have is, is a data meeting, a data summit. Because the data that we have, the data that I've seen, shows that these paid sick leave programs-- which are in 18 states now-- do not negatively impact businesses on the whole. In fact, there are great economic and business benefits to having a healthy and thriving workforce, productive employees, less turnover. That is why, or part of the reason why, there were over 200 Nebraska mainly small businesses that publicly supported this initiative. I, I also want to take a moment to address some of the particulars that were brought up around, for example, the statute of limitations, or, as it's been called here, the-- I see my time is up.

KAUTH: Let's see if anybody has a question for you.

KEN SMITH: Sure.

KAUTH: Does anyone-- Senator Raybould.

RAYBOULD: Mr. Smith, could you tell us a little bit more about your concerns with the, the four-year lookback period, or what have you seen about that type of regulation?

KEN SMITH: Sure. Thank you for your question. So, in this-- in the law that was passed, it allows for an individual right of action for a person who, for-- you know, whose employer violated the act to bring a civil action against that entity within four years. We've been calling it a look-back period. Four years is a very standard statute of limitations for a, a civil action. A private right of action is an important component of a statute if, if people are, are, are going to be able to enforce their rights under that statute when and if the agency enforcement mechanism, for whatever reason, is not effective. It may not be embedded in every Nebraska statute, but a private right of action is not uncommon, nor is a four-year civil statute of limitations. And, as part of my answer to your question, Senator Raybould, I also have some thoughts on things like paying out paid

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sick time, what voters may or may not have been thinking when they voted for this.

KAUTH: Let's, let's see if we have another question.

KEN SMITH: Sure.

KAUTH: Are there any other questions? Senator Hansen.

HANSEN: I-- I've been looking for the data you were talking about, that-- just, like, how this affects other small businesses in other states. I-- you can-- you can give it-- I can get it from you later, if that's OK.

KEN SMITH: OK.

HANSEN: Yeah, because I'm actually just kind of-- or, you can talk about a little bit, if you want to. I mean, I'd be kind of to get your perspective, what you heard, or what--

KEN SMITH: I, I know it's late, so I won't go into all the details, but there have been-- so there are 18 states and numerous municipalities and counties that have these types of programs. Senator Sorrentino, most, if not all of them treat part-time and full-time employees the same way. We looked at all of these statute-- all of these statutes and ordinances in structuring our own. And the, the data that, that I have shows that there's-- in municipalities and counties that have enacted this, there have been-- there has been employment growth after paid sick policies are enacted, that costs to businesses in the long term are negligible, that, that it does not detrimentally affect other work benefits. There is a whole body of data that shows, in all the places that have done this before-- this is a well-worn path, and when you walk down this path, there are economic and business benefits. I'm not here to, to purport or, or, or contradict the sort of individual stories that we heard from business owners; I'm here to say that there is a body of data that we can look at to, to, to forecast how a policy like this will impact Nebraska businesses and Nebraska's economy on a larger-- on a, on a more aggregate level.

HANSEN: OK. Thank you.

KAUTH: Other questions? I do want to ask-- so, you said you've been working on this for several years.

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KEN SMITH: Mm-hmm.

KAUTH: This is grassroots. So why did so much of the funding come from outside the state?

KEN SMITH: I think that when-- well, I want to underscore that-- and I don't have all the numbers in my head, but I know it's all publicly available on the NADC. But there's also a significant amount of funding that came locally. But I think, to the extent that there--

KAUTH: \$25,000 came locally, and \$2.5 million came from outside the state.

KEN SMITH: Say the local number again?

KAUTH: \$25,000.

KEN SMITH: OK. I might--

KAUTH: And those are--

KEN SMITH: You probably have the data with you--

KAUTH: I was just saying those are just numbers--

KEN SMITH: --I just-- I--

KAUTH: --we've been given, yeah.

KEN SMITH: --that seems low to me.

KAUTH: Right.

KEN SMITH: I haven't looked at it. But I think that it does take some resources to run statewide initiatives. We have OAD-- you know, the county requirement, we have to go all across the state to gather a significant number of signatures. So, the fact of the matter is it, it takes resources to do that. We were proud of the fact that, based on all of the work that we've been doing, the organic, you know, coalition building that we had already established across the state, that, that folks thought that this was a "worthwire"-- -while investment. But the, the point is, the notion that the policy agenda was in some way motivated by some outside force is wrong. The policy agenda was motivated by a very dedicated group of people and businesses across the state who have been doing this for many years, because they see how impactful this is for workers and families.

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KAUTH: Thank you very much. Any questions? Thank you for your testimony.

KEN SMITH: Thank you.

KAUTH: Next opponent.

ADELLE BURK: Good afternoon, or evening, Chair Kauth, and members of the committee. My name is Adelle Burk, that's A-d-e-l-l-e B-u-r-k, and I'm a senior manager of public affairs with Planned Parenthood North Central States in Nebraska. PPNCS is dedicated to providing, promoting, and protecting sexual and reproductive health care through high-quality services, education and advocacy, and I'm testifying against LB698. In fiscal year 2024, PPNCS served over 8,000 patients in Nebraska, 44% of whom had incomes at or below 100% of the federal poverty level. As a safety net health care provider, we understand first-hand the importance of policies that ensure Nebraskans don't have to choose between the paycheck they need and taking care of their family's health. Nebraskans voted to adopt Initiative 436 as written because they understand that paid sick leave is good for families and good for our state. Research has shown that employees without paid sick leave go without health care for themselves and their families, and are more likely to go to work sick. Those with paid sick leave are more likely to access preventative health care, reducing their likelihood of serious illness that has a devastating impact on families. It can also improve access to sexual and reproductive health care in our communities. When working Nebraskans are able to take paid sick days to access things like contraception, fertility treatments, and prenatal visits, they can make whatever decision is right for them about their sexual and reproductive future. LB698 excludes some of the most vulnerable Nebraska workers from being able to earn paid sick leave, and these workers are already those who are least likely to have access to the benefits they need to stay healthy and financially stable. Every Nebraskan should have access to paid sick leave to ensure the health of themselves, their families and their communities. For these reasons, we urge the committee not to advance LB698 to General File. Thank you.

KAUTH: Any questions? Seeing none, thank you.

ADELLE BURK: Thank you.

KAUTH: Next opponent.

SUSAN MARTIN: Good afternoon again, Chair Kauth, and members of the Business and Labor Committee. My name is Susan Martin, S-u-s-a-n M-a-r-t-i-n, testifying on behalf of the Nebraska State AFL-CIO in opposition to LB698. And just-- I should have mentioned this the last time too, but I appreciate being in this room for 5-and-a-half hours rather than the smaller room we're usually in. So, thank you for that. As with the raise the wage ballot measure that was passed by voters two years ago, we were equally as excited to see that everyday working Nebraskans came out and cast their vote to pass paid sick leave for working families. This is a huge win for Nebraska workers and employers. I believe the pandemic really shed light on the need for paid sick leave. There were many workers having to come in sick because they could not afford to stay at home without pay. Many came to work and spread their illnesses to coworkers and customers, and many were fired and retaliated against because they were sick. The paid sick leave ballot initiative actually benefits both workers and their employers. If I were looking for a job in this tight labor market, I would be much more inclined to work for an employer who provided benefits such as paid sick leave. Quite frankly, this is a benefit to employers as well, because they may retain those employees who might look elsewhere for employment because of better benefits. The voters knew what they were voting for when they passed this ballot measure. They were not exempting agricultural workers who Nebraska relies heavily on. They were not exempting workers who were under 16 years of age. It's not fair to carve them out; they are workers. The ballot initiative took a thoughtful "approst"-- approach to smaller businesses, providing a lower earnings limit on sick, sick leave earned. This should apply to all small businesses, and not make exceptions if they have ten or fewer employees. There were many small businesses that supported the ballot initiative. We wish that all employers were perfect employers to work for, but we all know that this just isn't the case. Removing protections for workers who face retaliation for using earned sick leave would be detrimental. For many years, the Nebraska labor move-- or, the labor movement had-- as well as workers and their advocates, have pushed for sick leave benefits, because the US is one of the only few industrialized countries in the world that doesn't have a national standard for paid sick leave for workers. As a result, workers are often unfairly forced to choose between their health and a paycheck. Overcoming this injustice is a key reason why the Nebraska labor movement joined in signature collection to put this issue on the ballot for Nebraska workers to decide. And they did decide. We appreciate your support in upholding the wishes of the majority of Nebraskans and opposing this bill.

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KAUTH: Thank you. Any questions? Senator Sorrentino.

SORRENTINO: Thank you. Thank you, Chairperson Kauth. You're just the lucky person I'm asking this to. I could have asked it to anybody, but-- so, I won't read it, but this is the actual verbiage in the initiative. And this would never be allowed in a court of law, because it's going to be hearsay, so I'm just asking your opinion. Nowhere in here does it say I can earn, you know, 20 hours of sick pay, or whatever it is. Nowhere in there does it say-- and by the way, if I'm not sick, I get paid anyway. Do you think voters knew that, gee, this is just more pay, because if I don't use it, I get paid? Do you think they knew that? Or, or do you think the language was, let's just say, lacking? Could have been because of the number of words, but if I read this as a labor attorney, I'm not sure I'd know.

SUSAN MARTIN: Yeah. I actually firmly believe that people voted for this because of the sick leave benefit. I don't think it was for any type of abuse at all. It's just like an employer now that offers sick leave. You know, employees may fake sick, or may not. I don't know. Right? So, I don't-- I firmly believe they knew what they were voting for.

SORRENTINO: Thank you.

KAUTH: Other questions? Senator Hansen.

HANSEN: Maybe one comment, but one question. Your last testimony was about less government and less mandates. Now you're coming here, saying we should put mandates in government on businesses.

SUSAN MARTIN: It wasn't us that are putting-- it's the voters that chose to do this, so.

HANSEN: Through the governmental process, which is a, a ballot initiative, which is a mandate.

SUSAN MARTIN: Yeah. Yup.

HANSEN: The question I have is-- maybe-- I, I'm just unsure. But when it comes to unions and collective bargaining, do they have paid sick leave as part of their bargaining?

SUSAN MARTIN: Yes, they do.

HANSEN: OK.

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SUSAN MARTIN: Yes. So actually, our union's-- wouldn't it be great if all, all workers belonged to a union? Because they get to actually negotiate those, those benefits.

HANSEN: OK.

SUSAN MARTIN: Right?

HANSEN: And so then, now, since we have this, that would be off the table then, for unions? They won't have to worry about paid sick leave?

SUSAN MARTIN: No, they don't have to-- it doesn't apply to them, because they, they bargained for their benefits now, and so most of them are-- there, there may be, like, some laborers or carpenters that don't have that sick leave benefit. But I don't know that for a fact. But that would affect-- this bill-- this would affect them as well.

HANSEN: Yeah, because I think it's kind of the heart of my question is--

SUSAN MARTIN: As long as it's not bargained in their contract.

HANSEN: OK.

SUSAN MARTIN: Yeah.

HANSEN: So this, this ballot initiative passing, you're saying shouldn't have any effect on current, like-- I don't know. I don't want to say congrat-- contractual obligations, but whatever the union made with the employer,--

SUSAN MARTIN: Yeah.

HANSEN: That it shouldn't affect any that at all?

SUSAN MARTIN: No. It shouldn't.

HANSEN: OK. All right. Thanks.

KAUTH: Senator Sorrentino.

SORRENTINO: Thank you, Chairperson for-- Kauth. I'm struggling with this. I live in-- in my district, which approved this, there's a very, very popular ice cream place. And it's open from April or May through October, and you wait in line for three blocks to get in. All of their

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employees are seasonal. All of them, except maybe the manager, are high school kids. So, they're all seasonal workers, all 15, 16. Do you believe that the price of that ice cream is going to go up because each one of those-- who are probably never sick; they're 15 years old-- is not going to go up because of this law?

SUSAN MARTIN: I, I don't-- it, it could. I'm not saying it's not going to.

SORRENTINO: Are you saying it is?

SUSAN MARTIN: Yeah-- no.

SORRENTINO: Would go up? No?

SUSAN MARTIN: I'm not saying it would or wouldn't.

SORRENTINO: OK.

SUSAN MARTIN: I guess that would be up to the business on how they, they handle that.

SORRENTINO: So, if you were a business owner faced with that decision, would you simply say, "I've got to recover my margins" and add it? Or would you just say, "Oh, I'm just going to take a loss?"

SUSAN MARTIN: If I was a business owner?

SORRENTINO: If you were that business owner.

SUSAN MARTIN: I guess I hadn't thought about that. So, yeah, I can't answer that.

SORRENTINO: All right. Thank you.

KAUTH: Senator Ibach.

IBACH: Thank you, Chair. I just have a-- I have-- I'm curious, do you know how many union workers there are in the state of Nebraska?

SUSAN MARTIN: I don't have that exact number. I know-- that are affiliated with the Nebraska State AFL-CIO, there's over 20,000.

IBACH: And do you know how many unions there are? Just--

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SUSAN MARTIN: That are affiliated with the Nebraska State AFL-CIO is 120.

IBACH: 120, and 20,000--

SUSAN MARTIN: Union members.

IBACH: --union members. And they would have been able to vote for this even though they may have paid sick time off already contract--

SUSAN MARTIN: That's true.

IBACH: OK.

SUSAN MARTIN: That's true.

IBACH: Thank you.

KAUTH: Senator Hansen.

HANSEN: Sorry for one more question. It's just this part that bugs me. It's about the look-back period. Now, do you-- do you-- and-- do unions have that when they, when they make-- when they typically, you know, decide they want to have paid sick leave as part of their contract? Do they usually include a, a section like-- such as this, like a look-back period? Or--

SUSAN MARTIN: Yeah, I--

HANSEN: --if they left, then all of a sudden, now they found out like two years later, they didn't-- they weren't, they weren't getting paid time off, and then they can sue who they worked for before?

SUSAN MARTIN: Yeah, I can't answer that. I don't know that.

HANSEN: All right. Thank you.

KAUTH: Thank you, Senator Hansen. Any other questions? I have one. So when you commented that people got fired during COVID because they got sick and, and couldn't work, didn't the government pay people to stay home during COVID? And we shut everything down, so I think that statement--

SUSAN MARTIN: They paid--

KAUTH: --is erroneous.

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SUSAN MARTIN: --they-- the employer applied for funds--

KAUTH: Right.

SUSAN MARTIN: --to reimburse them. Whether they did or not, I don't--
I can't answer that.

KAUTH: OK. So that may have been a little bit of a--

SUSAN MARTIN: Yeah.

KAUTH: --misleading statement.

SUSAN MARTIN: Yeah.

KAUTH: OK. Thank you. Any other questions? Seeing none. Thank you for
your testimony. Next opponent.

CORRIE DAY: Good afternoon, Chairwoman Kauth, the rest of the Business
and the Labor Committee. Thank you all for staying so long; I know
it's getting late, so I'll do my best to keep this short. My name is
Corrie Day, C-o-r-r-i-e D-a-y, and I'm the policy and compliance
senior manager at the Nebraska Civic Engagement Table, informally
called the Nebraska Table. We are a statewide, nonpartisan nonprofit
that works to ensure communities are connected and engaged with key
civic engagement issues [INAUDIBLE]. This means not only being
involved and voting, but how to be active in your community, using
your voice to help others, and advocating for what you care about. We
strive to make the political process accessible. We are here today to
oppose LB698 on the grounds of respecting the wishes of the Nebraskan
voters. This changes-- these changes to the law, which were supported
by nearly 75% of voting Nebraskans, undermines the will of the people.
The response to this ballot initiative by Nebraskans was nothing short
of monumental, with each district seeing more than 50% of votes in
favor of paid sick leave. When constituents choose to vote an
initiative into law, what they vote for is what they expect to be
implemented, not a law that is passed with a series of caveats that
exclude their fellow Nebraskans. By choosing to change what Nebraskans
have voted into law, this impacts voters' perceptions of the political
process, and contributes to the mounting distrusting and apathetic
attitudes many hold towards voting in the United States today. Why
would an individual want to vote for a ballot initiative that they
know will be altered in ways that they would not be able to predict
when they could simply not vote at all? It's key to uphold the wishes
and expectations of Nebraskan voters by honoring what they have

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overwhelmingly supported, and implementing the original language of the ballot initiative. For this reason, and those previously discussed, the Nebraska Civic Engagement Table asks the business and labor community to not advance LB698. I also give a breakdown at the bottom, but I think Ms. Giles's was far more robust, so you can probably just ignore that. But-- thank you.

KAUTH: Thank you very much. Any questions? Seeing none. Thank you for your testimony.

CORRIE DAY: Thank you.

KAUTH: Any other opponents?

JON NEBEL: Thank you for having me. My name is Jon Nebel, J-o-n-N-e-b-e-l, representing the Nebraska State Council of Electrical Workers, 5,000 union members in Nebraska. OK, so, we're-- I voted for this. I voted for paid sick time. I voted-- I knew I was voting for more paid sick time if I worked for a larger employer. I thought that was fair to the small businesses that maybe couldn't afford it. I voted for the look-back part where I could then use that to get my money that was rightfully owed to me, if I was found to have an employer that wasn't doing this. And I think what that is going to end up looking like is not people going to court over it; I think what it ends up looking like is maybe a strongly lettered-- or, a strongly penned letter from an attorney saying, "Hey, I think you owe this. If not, maybe we should talk about going into a lawsuit for it." So I don't think it's going to be an exorbitant amount. I think it's just going to be holding employers accountable. If we take it away, we take away the ability to do the enforcement. I think what the unintended consequence of that is, is that we end up in a place where we're encouraging-- or, punishing the good employers, because nobody's going to go after a good employer for complying with the law. But if we can't go after the bad employers, I think we're going to be at a point where they're just going to look at it as a what's the cost of doing business here? They've done the math; they know how much it's going to cost to implement it, and they've also probably done the math to say it's going to be \$500 to \$5000 max, if I just go ahead and hope that nobody finds out I'm doing this. So, I think that's an unintended consequence. Another part of the unintended consequences that we've had here by not doing paid sick leave is the fact that I got to wait until I get off work to take my kid to the doctor. I got to go to the emergency room, instead of setting up a doctor's visit. That's costing me more money. Another one is that I'm going to show up sick. I

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remember an employer once told me-- we were talking about having paid sick leave-- this was over a decade ago-- and he said, "I'm not going to give you sick time, because you're going to be sick." That's pretty ridiculous, that-- that that was the mindset of the employer, of as soon as I give you a benefit, you're going to use it, even if you don't. Some of this, in the law here, says I don't have to be the one that's sick; it's my kids that are sick, it's a family member that is sick, it's me taking care of sickness in the household. That's what we voted on. That's what we should consider here, and if it's not working for certain industries, that's OK. But we definitely shouldn't be creating a lower-class employee just because it didn't work for some business plan, so. I'm almost out of time. Let me see if there's anything else that I thought of. That was it. Available for any union-friendly questions.

KAUTH: Thank you for your testimony. Are there any questions? You're off the hook. Thank you for being here.

JON NEBEL: Thank you.

KAUTH: Next opponent. Any neutral?

ANDREW FOUST: Good evening, Chairwoman Kauth, and members of the committee. My name's Andrew Foust, A-n-d-r-e-w F-o-u-s-t. I represent SMART-TD, it's an organization repres-- representing railroad workers, conductors and engineers in the state. We range from Omaha all the way up to South Morrill, Nebraska. I'm here as a neutral because Senator Strommen added railroad workers into this bill to be an exempt from receiving sick-- paid sick days. Later in my testimony, I'll, I'll tell you the story about how we got them and when we got them. I'm here today to provide a neutral testimony on LB698. While I appreciate Senator Strommen's effort in introducing this bill, I have concerns regarding the management of the votes cast by the Nebraska citizens and the potential modifications or omissions in the bill's language. Why disregard-- why disregard the will of the voters? An overwhelming majority, 89 out of 93 Nebraska counties, supported this proposed language. This issue transcends political, regional differences within Nebraska, and even union involvement. To answer Senator Hansen's earlier question, 10% of Nebraskans are union. It is fundamentally an-- about honoring the voice that-- of the hardworking people, and promoting a healthy workforce in Nebraska. Given the record low employment-- unemployment rate in Nebraska, it is crucial for employers to prevent employees from coming to work while ill. This precaution is necessary to protect the health in the entire workforce,

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as evidenced during the COVID outbreak. In my 20 years working for a railroad company that provided-- that did not provide work-- paid sick days until 2023, which led to the United States Senate and the United States Congress voting to require the railroads to negotiate paid sick days, my coworkers and I often had to work while sick or find alternative ways to care for our family members due to restr-- the strict attendance policy. If I were to offer a suggestion to Senator Strommen, I would recommend adding the following language: "Paid sick days are personal leave days, and should not be counted together with any attendance guidelines or policies." I am open to engaging in discussion with Senator Strommen and members of the committee on this bill. My aim is to reach a consensus and draft a bill that respects the November vote and is agreeable to all parties involved. And I would also like to add-- I would like-- just because we have paid sick days doesn't mean that we need to take the paid sick days. I would recommend drafting language to provide a cap for that, that sick day-- those sick days, and allow the, the employee to carry them over. What we-- sorry. Red light.

KAUTH: That's OK. Do you want to wrap up that thought?

ANDREW FOUST: Yeah. I'll be happy to answer any questions that the committee might have.

KAUTH: Thank you very much. Senator Hansen.

HANSEN: Trying to figure out-- when you said he included railroad employees, I'm assuming you wrote-- you're referring to, on Section 2, line 13, where it's already currently in statute that employees defined as-- who is subject to the federal Railroad Unemployment Insurance Act?

ANDREW FOUST: Yes, that's correct.

HANSEN: So--

ANDREW FOUST: That gives the definition of the railroad worker

HANSEN: So you're recommending he scratch that part out, so--

ANDREW FOUST: No. That's why I came here as a neutral, because we're already-- all I can-- all I can offer the committee is my, my experience with dealing with negotiating paid sick days.

HANSEN: OK.

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ANDREW FOUST: What we found-- this last year-- we, we got them in 2023, at the end of 2023. In 2024, everyone was saving them. And so, then everybody-- we had a mass layoff. Or a, a-- not a layoff, but people taking the sick days, like, in December--

HANSEN: Yeah.

ANDREW FOUST: Because they're not able to carry them over. Well then that was-- then the railroad was like, "Wait, why are you guys taking them all in December?" Well, because we'd like to take them. We don't want them paid out. So, if they-- if-- I would suggest to, to Senator Strommen to amend that language and allow people to carry them over and then there wouldn't be the effect of small businesses.

HANSEN: Well, I think the way it's laid out, though, is if they don't take them, then they get-- it gets paid out.

ANDREW FOUST: Yeah.

HANSEN: [INAUDIBLE] So I would-- of course, it's up to the employee, but I would think if they don't-- if they didn't want it, they would rather-- much rather get it paid out for them than just taking days off that they-- you know what I mean?

ANDREW FOUST: Yeah--

HANSEN: So, instead of carrying over, they're going to get paid it out at the end of the year anyway, so.

ANDREW FOUST: Yeah, I just have-- I have an example. A family member of mine works for the state, and they're able to accrue hours of sick time and hours of vacation, and then there's a cap on the vacation-- or on the sick time, and then it goes back over to vacation if they don't take it. I'm not saying that that's feasible for the small businesses, but if there wasn't a cap, like-- I don't know who it was, Senator Ibach said that we don't take sick days. She's right. She's 100% right. People take their job seriously in this state, and they don't take them unless they are-- really are sick, or have a sick family member.

HANSEN: OK. Thank you. I just wanted to get your persp-- perspective about the railroad stuff, and you, you cleared it up for me, so--

ANDREW FOUST: Just--

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HANSEN: Appreciate it.

ANDREW FOUST: --that's was--

KAUTH: Any other questions? Senator Sorrentino.

SORRENTINO: Thank you, Chairman Kauth. I, I want to make sure. Did you say that, that this bill changes the current exemption for rail workers? Is that what you said earlier?

ANDREW FOUST: We aren't included in--

SORRENTINO: I just stepped out for a minute, I apologize.

ANDREW FOUST: We aren't included in the-- rail workers are not included in this bill. They're exempt from the bill, if I'm wording that right.

SORRENTINO: OK. Thank you.

KAUTH: Thank you, Senator Sorrentino. Seeing no more questions, thank you.

ANDREW FOUST: Thank you.

KAUTH: Any other neutral testimony? Seeing none, Senator Strommen, are you ready to close?

STROMMEN: Can't even talk. Yeah. I just want to clarify what Andrew was saying, that railroad workers are and have been exempt on this. So, we can talk about that after, but I just want to-- I just want to reiterate what we talked about at the beginning of this a couple of hours ago. Sorry to keep everyone here so late. I just want to make sure that we all know that we're not doing away with the will of the people. We're just trying to clean up and protect our most vulnerable employers and our most vulnerable employees. It's our responsibility as a body to look out for the best interests of our constituents and protect those that are most vulnerable. And I think that it's incumbent to us-- on us to make sure that, that we do what's right for them, especially when you have some, some of the-- some, some of the language that's detrimental to small businesses, I haven't heard a single small business owner in my district anywhere that thinks that this is a good idea. So I'd, I'd, I'd love to hear-- I'd love to hear who these small businesses are that thinks-- that think that this is going to be a positive for their employees. And, to Tony's point

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earlier, we are going to find ourselves in a situation where there are going to be tough choices made, whether we're going to have to pass these costs on from a cost of goods sold perspective, which will become difficult with our smaller businesses, or, if we're going to have to start letting people go. And I don't think we want to put either our employees and our employers in that situation. So that's, that's all I have to say to wrap this up.

KAUTH: Thank you very much. Are there any questions? Seeing none, that closes our hearing on LB698. There were 9 proponents, 294 opponents, and 0 neutral letters. Thank you, everybody, for your patience this evening.

STROMMEN: Thank you very much.