

Transcript Prepared by Clerk of the Legislature Transcribers Office

Business and Labor Committee February 24, 2025

Rough Draft

KAUTH: Welcome to the Business and Labor Committee. I'm Senator Kauth from Omaha, representing the 31st Legislative District. I serve as the 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 on the table at the back of the room. It's actually on the side of the room here. 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 the closing statement by the introducer if they wish to give one. We will be using a 3-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 1 minute remaining, and the red light indicates your time has 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's just part of the process as senators may have other bills to introduce in other committees for you. A few final items. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. If you don't have enough copies, a page will make enough for you. Please silence or turn off your cell phones. You may see committee members using their electronic devices to access more information. Verbal outburst or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. 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, acceptable method of submission is via the Legislature's 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 on

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the committee statement. I'll now have our committee members introduce us-- themselves, and we'll start on the right. Senator Raybould.

RAYBOULD: Good afternoon, everyone. My name is Jane Raybould, I am Legislative District 28, which is right in the center of Lincoln.

McKEON: Dan McKeon, District 41, central Nebraska. I have eight counties.

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

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

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

KAUTH: And Senator Tony Sorrentino is the vice chair of the committee today, and also assisting me to my right, legal counsel Thomas Helget; to my left, our committee clerk Julie Condon; and we have two pages today. Would you like to stand up and introduce yourselves?

EMMA JONES: My name is Emma. I'm from Ogallala, Nebraska, and I'm a junior at the University of Nebraska-Lincoln studying political science.

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

KAUTH: Thank you very much. And with that, we will begin today's hearing with LB477.

FREDRICKSON: Good afternoon. Good afternoon, Chair Kauth and members of the Business and Labor Committee. My name is John Fredrickson, J-o-h-n F-r-e-d-r-i-c-k-s-o-n, and I represent District 20, which is in central-west Omaha. I'm here today to introduce LB477, a bill that would update the Workplace Privacy Act. As we continue to see the advancements of artificial intelligence in various industries, we are witnessing a shift in how businesses operate. AI is driving efficiency, boosting productivity, and sparking innovation at a remarkable pace. However, like any transforma-- transformative technology, AI brings with it certain risks that must be carefully considered, especially concerning workers' rights and privacy. As AI systems are increasingly tasked with decision-making processes or even

judging the judgment of employee performance, these automated, automated systems could inadvertently make decisions based on flawed algorithms or data that fails to account for the nuances of individual experiences or the moment-- or in the moment decisions. An area where we are seeing is invasion of privacy already affects workers is in the world of delivery drivers. In recent years, Amazon and its delivery service providers, or DSPs, have utilized camera surveillance and artificial intelligence to dictate the best route for drivers and to track how long it is taking for a driver to make deliveries. This leaves the driver no room to stop to use the restroom, to take their federally mandated breaks, or even divert their route to avoid traffic congestion or an accident. Drivers are receiving violations based on this data and are even being fired for not meeting Amazon's delivery quotas. In fact, in 2023, Amazon drivers in Colorado filed a class action lawsuit alleging that they were forced to use the bathroom in the back of their vehicles, among other disturbing allegations included in the article I passed out, for fear that they would be faced-- they would face punishments or even lose their jobs. AI-driven monitoring tools used to track, used to track employee activities, performance, and even personal behaviors could easily create a culture of surveillance within the workplace. This constant monitoring could lead to a loss of autonomy and dignity, with workers feeling like they are constantly being watched. Another major concern surrounding AI in the workplace is the lack of transparency and accountability when it comes to the decisions made by AI systems. Unlike human managers, AI systems often operate in complex ways that are difficult to fully understand or challenge. If an employee is unfairly dismissed, denied a promotion, or discriminated against by an AI-driven process, they may have limited recourse for justice. LB477 updates the Workplace Privacy Act to state that outside of a state of emergency declared by the governor, no employee shall be required-- no employer shall require an employee to utilize an application or wear an electronic communication device used to track an employee's location or travel patterns. Employers would still be allowed to track the location of company-owned equipment or vehicles for security purposes, or even to collect productivity data, but that data could not be tied to specific employees. Since I introduced this bill, several organizations have reached out with information about how they use apps to track job-specific data, have employees clock in for their shift, and even service providers using apps to log notes for home business. Clearly, the use of artificial intelligence in the workplace is beyond what even I realized before I brought this bill. While it is not my intention to stifle the many uses of this important technology,

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clearly we need to take a deeper look at how it is being used and what parameters need to be set to ensure that we are protecting workers' privacy. I am committed to working on this with the committee and those in opposition, while fully recognizing that the bill before you today is not ready to be moved forward with at this time. Thank you for your time and attention to this bill, and I'd be happy to take any questions.

KAUTH: Thank you very much. Are there any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairman Kauth. Senator, is it your intention to go ahead with the hearing anyway or to put it on hold?

FREDRICKSON: Well, we're having the hearing, so that's the intention. But like I said, you know, my, my original intention with the bill was similar to what I described in my opening. And, you know, kind of to protect worker privacy. Since I've introduced the bill, I've heard from a number of folks, whether it was the trucking industry, you know, all, all sorts of different organizations that have helped educate me on different ways that they are using AI and some potential unintended consequences. So where the bill is currently, I don't think it's ready for prime time. It needs some work, it needs some amendments. But we'll continue to have the conversation and, and sort of where-- figure out where to go next.

SORRENTINO: Thank you.

FREDRICKSON: Yeah.

KAUTH: Any other-- Senator Ibach.

IBACH: Thank you. I just would say I appreciate your tenacity in bringing this forward, because I think it is a very important issue. And I think, as we go forward, knowing how to modernize some of those procedures is really important. And I really respect that you listen to folks. I had a bill as well that I ended up pulling before it got scheduled. So once these are scheduled, I know that there's protocol and we have to, to go ahead and hear them, but I really think that this is a valid issue. I will look forward to how you progress through the, the-- through the bill.

FREDRICKSON: Yeah. Yeah. Well, it's interesting. I mean, with AI, especially, things move very quickly and there's, obviously, really

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helpful uses of it. And then others that we have to consider for, you know, individual privacy as well, so.

KAUTH: For sure.

IBACH: Thank you very much. Thank you, Chair.

KAUTH: Senator Raybould.

RAYBOULD: Yes. Thank you so much for your testimony and working on this bill. It's, it's clear that Amazon has an issue with giving their workers additional time and breaks, that probably is a bigger issue to be addressed. But, yeah, I think, I think it is a very practical issue. I know that we had someone who worked for the University of Nebraska in Lincoln, and she was in charge of tracking UNL vehicles. And it was more of a safety thing for their insurance to, to make sure that they weren't speeding and that they were going to, like, their, their course of business that they were there to transact. And I know that we implemented it in our company, too. And it was really to make sure that those individuals in our company weren't speeding, because if they got a speeding ticket, that would certainly impact our insurance coverage for that individual. And if they had X number of speeding tickets and they-- we couldn't insure them.

FREDRICKSON: Sure.

RAYBOULD: So, I mean, there's some good things out there but, obviously, Amazon is something clearly bad. And so I'm, I'm really appreciative that you're working on this and so that we can, you know, fine tune it and make sure it has the appropriate uses and then call out the inappropriate uses.

FREDRICKSON: Sure. Absolutely.

RAYBOULD: So thank you.

FREDRICKSON: Yep. Yeah.

KAUTH: Thank you, Senator Raybould. I have one question myself. Are you intending to do a LR to study this further and then we'll hold the bill until you kind of--

FREDRICKSON: I haven't fully thought about that, so.

KAUTH: OK.

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FREDRICKSON: But, like I said, the bill in its current form is, is not quite ready. So whether I work on some amendment language, etcetera, it will kind of remain to be seen for that. Yeah.

KAUTH: OK. Awesome. Thank you very much. Any further questions? Are you saying to close?

FREDRICKSON: You know, I have a bill up in Business-- no, this is Business and Labor-- BCI, as well, so. Hopefully, I'll be here, but maybe not.

KAUTH: If not, thank you. First proponent?

JON NEBEL: Good afternoon, my name is Jon Nebel, J-o-n N-e-b-e-l. I'm here on behalf of the state council of electrical workers. I just want to thank Senator Fredrickson for bringing this bill back. Like he said, it-- I guess we're not doing a consent calendar with this bill. But as many of you know, sometimes the opponents don't necessarily show up until they think the bill's moving. And then they'll, then they'll express their concerns. So the intention here is we've had it out for-- this is the second session we've had it out. We've, we've met people where they're at and tried to find the solutions to, to work through it. It's never a known carve me out, it's how is this not going to work for your industry? Let's make it work. So a couple of instances where we did that were originally when the bill came out, it was just no tracking unless there's a, a-- the governor declared an emergency. So we found some industries that said, hey, we do need to track. Can we do it for person-- or for property of the, of the company? So we made that exemption that we can track for-- a, a company can track their property. They just can't associate it with the employee. One thing we do recognize here is that there's-- the manager-- we can never take away the ability for, like, a manager, a human manager to understand who-- let's say, if it's a, a, a service van is issued to a, to an electrician, the manager is always going to know who has that van. The system is only going to know that the van was this number and it's moving about this way as it's being tracked. So we understand the human element is necessary and that's, ultimately, what we're trying to retain here is that we're not governed by an AI. We're not governed by an algorithm or a problem-- or just a, just a project. It's more of a human interaction and a human decision that's going into the process. So that's where we met them at there. Also the rideshare folks said they, they have a bit of a concern with their platforms are designed for the safety of the public to understand, maybe you're delivering a kid from one parent to

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the next so you want to be able to track that kid. So we included a definition in there as to where the, the passenger would now be allowed to be tracked because they're signing up for it. What-- one of the main concerns about this tracking is there's no governing saying that an app-- all of us have apps on our phones where you can-- the apps ask you to, to cross-reference through other apps, track through other apps and things like that. So there's no governance saying that if one app is collecting this information, they can't turn around and sell it to somebody else. So I think of myself, like, I have a Runkeeper app, I like to track where I run, how fast I did it, and I, and I track that progress. But if I was to find out that the Runkeeper app was selling my data to people that wanted to know when I was not going to be home, I would just be able to quit that Runkeeper app. For the terms of employment, if the-- if I find out that the app that my employer is asking me to track or asking me to use to track when I punch in and when I punch out, if that app is then selling it, I would have to quit my job and, therefore, lose my income to do it. So we're trying to create that line of separation to where-- I know I'm out of time, so I will stop and wrap up shortly. But point being, we're trying to meet industry where they're at. We want this to work. We just want to make sure that for whatever reason-- today I'm saving middle management for whatever that reason is, but I, I believe they're necessary. I found the reason why they're necessary, and it's the human interaction to explain what data can be used for and against us. So that's that. Thank you.

KAUTH: Thank you very much. Are there any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairman Kauth. Just a couple of questions. We're only speaking about employees, not independent contractors. Correct?

JON NEBEL: Correct.

SORRENTINO: OK. Do you know-- I don't know if this is something-- are Amazon drivers generally under collective bargaining units or not? I don't know.

JON NEBEL: I'm not sure.

SORRENTINO: You're not sure. OK. How about-- we're talking about tracking the product or the package. In the case of law enforcement--

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again, I don't know-- they're tracking their spot cars, are they tracking that officer? Do you know?

JON NEBEL: I'm not sure. I know it was approached last session. There might be some considerations for first responders that might be a public interest to know where they're at.

SORRENTINO: I think--

JON NEBEL: I think they've signaled-- I don't want to speak for them this session, but I know the last time they signaled that they would probably be OK with an exemption to allow themselves to be tracked.

SORRENTINO: All right. Thank you.

JON NEBEL: Um-hum.

KAUTH: Other questions from the committee? Seeing none, thank you for your testimony.

JON NEBEL: You're welcome.

KAUTH: Next proponent? Welcome.

BRANDON BROWN: Good afternoon, Senator Kauth and members of the Business and Labor Committee. My name is Brandon Brown, B-r-a-n-d-o-n B-r-o-w-n. I'm the Vice President of the Nebraska Association of Public Employees. Our union represents more than 8,000 frontline employees who perform more than 400 jobs at 43 State of Nebraska code and noncode agencies in all 93 counties. I'm here on my own personal time today to testify in support of LB477 on behalf of our union. While our state employees have never been asked or required to place apps on their personal phones for work purposes, we represent a small unit of county employees who were asked to do so. This particular county initially told their employees that they would need to use a time clock app on their personal phones to record their time. In reviewing the terms of the app, we discovered the app would also track the employee's location. While the county may not have intended to use the app in that manner, employees' location data would have been available to the county and the app developer and all, potentially-- and all of it, potentially, to third parties. Because of our union contract, the county was not able to unilaterally implement the requirement for our members to use this app. In the end, it was a nonissue for our members because of their contract. But I'm here today to share that information with you as you consider this bill. We do

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not believe employees should be tracked by an app on their cell phones. Had our members not had a union contract, their location data most likely would have been transmitted. We certainly understand an employer's desire to track their property and their equipment. For example, most state vehicles are tracked by GPS, but we do not think a person should be tracked by an app on their cell phone as a condition of their employment. We would encourage you to advance this bill, but it sounds like it might be changed so, you know, we're, we're open to see what it looks like in the future.

KAUTH: Thank you very much.

BRANDON BROWN: Thank you.

KAUTH: Are there any questions from the committee? Seeing none, thank you for testifying. Next proponent? No proponents? First opponent?

RYAN McINTOSH: Good afternoon, Chair Kauth, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear before you today as State Director and Registered Lobbyist for the National Federation of Independent Business, to testify in opposition to LB477. I appreciate Senator Fredrickson's comments and, and his opening and his willingness to continue to work this out. There are serious concerns with employee privacy, but this bill is not the answer to that. We believe that LB477 is an intrusion of government into our member businesses. There are many, many very important reasons why employers need to know the locations of their employees. Senator Raybould mentioned safety, for instance. While this purports to exempt tracking of employer property, this exemption does little to make the law workable. You've heard throughout this session in this committee, death by a thousand cuts. And I think you'll hear that today with all five of the bills that are scheduled. Additional mandates on employers and additional benefits that must be paid to employees, I think that's the theme that you'll hear today. So I thank you for your consideration, I'd be happy to answer any questions.

KAUTH: Thank you for your testimony. Are there any questions? Seeing none,--

RYAN McINTOSH: Thank you.

KAUTH: --thank you. Next opponent?

TAYLOR COLLINS: Good afternoon, Chairperson Kauth and members of the Business and Labor Committee. My name is Taylor Collins, T-a-y-l-o-r

C-o-l-l-i-n-s. I'm the Senior Vice President of Talent at Farmers Cooperative. I lead the human resources and marketing teams for our organization. Farmers Cooperative is a member-owned agricultural retail cooperative offering products and services in grain, agronomy, energy and feed to our farmer owners. We have around 600 employees year round and operate 74 retail locations in southeast Nebraska and northeast Kansas. And we have employees located in Nebraska, Kansas, and Texas. I'm here today to oppose LB477 as it would have a negative impact on our organization. As part of my role in human resources, our goal is to provide great employee experience. Five years ago, we introduced a new payroll and timekeeping app to our employees called ADP. With employees located in multiple states, changing the rules for one of the states would make it very difficult to operate. Safety is also a key priority for my role, and we utilize a location services app at our corporate office in Dorchester, Nebraska that allows authorized employees to access entry into the building for security reasons by downloading the Alta Open app. Our payroll app provides employees with easy access to their work information such as pay stubs, tax documents, and benefit documents, and is extremely efficient payroll processing software. However, the most important feature of this app is allowing mobile clock-ins for their shift. With limited access to company computers, we wanted to use a tool that is easy to use. An employee downloads this app on their phone, and once they get to their facility, they can clock in and start work for the day. With multiple departments, we have truck drivers, other operations staff that begin their shift at different times of the day. The mobile clock feature allows employees the flexibility to start their day without needing to access a company computer or enter the facility. This is the most efficient way we have found to make sure employees are reporting to their designated workplace. The app requires the employee to have location services turned on, so when they get to their correct facility, they can clock in and out for their shift. The only activity we can see is the location they clocked in or out. Nothing else. If a workplace injury occurs, it allows us to see where the employee was clocked in at and identify any possible hazards at that facility. 99% of our employees have downloaded this app on their phone, 96 that are required to clock in and do so on the app. We do not see any other information on an individual employee, and no way could use this to spy on employees. It is simply an efficient and easy tool for our employees to use. And if this bill passes, as it is today, it would create an unnecessary burden on our employees and supervisors to accurately record times and get paid for

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their work performed. Thank you for allowing me to be here today. Are there any questions?

KAUTH: Thank you for your testimony. Senator Raybould.

RAYBOULD: Yes, thank you so much. I'm, I'm really intrigued by this app that you can put on your phone. However, are your employees compensated for using their private phone for the business. Meaning, do they get, like, a, let's say, \$40 a month for using their, their own private phone?

TAYLOR COLLINS: Currently, no.

RAYBOULD: No. OK. Thank you.

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

TAYLOR COLLINS: Thank you.

KAUTH: Next opponent?

ADAM FESER: Chairperson Kauth, members of the Business and Labor Committee, my name is Adam Feser, A-d-a-m F-e-s-e-r. I'm the Director of Cooperative Advancement for the Nebraska Cooperative Council. We are a statewide nonprofit trade association representing nearly all of Nebraska's supply and marketing agricultural cooperatives, as well as some rural electric and telephone cooperatives. You may notice we have a full room also. We have 10 members of our ground work program, which are young producers that are going to be future leaders in the cooperative, here learning about how the process works. So they're here as well. I'm here to testify on behalf of the Council in opposition to LB477. Our member cooperatives employ over 5,000 people at over 400 locations across Nebraska and other states. And they're not just at those locations. They offer services to farmers in fields. If you think about it, it's over tens of thousands of square miles that they're offering these services. This makes it important that employees know when they're on the clock and where they're at on the clock, both for payroll purposes but also for safety purposes. Like Taylor said, if something happens, it's important that they know where they were. Purchasing over 5,000 company phones for these employees is also very challenging, given that much of the work is seasonal, temporary. Much of it involves H-2A. There's a lot of turnover in the labor jobs that are required for harvest and things like that. It doesn't make the most sense to do that, whereas everyone pretty much

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has a phone that can use these apps on them already. We did reach out to our membership, 12 of the 14 co-ops that answered said they use some form of app or technology that we believe, after our conversations with Senator Fredrickson's office, would be illegal under this bill. That would be affecting nearly 3,000 employees. And that's just from the 12 that we heard from. There are others that, I assume, also use similar technology that weren't able to get back to us in time. And that kind of highlighted another issue is in conversations with some of those co-ops, we said would you be in violation? And they said, well, we use this app, we don't think so. And then we talked about it and I said, well, can you track their location? They said, well, if we wanted to, sure. I said, well, then I believe you'd be in violation as written. So I appreciate Senator Fredrickson's willingness to work on the issue. We just want to make sure any amendment that is drafted or any new language, or if the bill comes again, that the needs of our co-ops that are, you know, over tens of thousands of miles are taken into account because this is pretty important for them and an issue that they thought was very important. So anyway, with that, I will try my best to answer any questions you might have.

KAUTH: Thank you for your testimony. Are there any questions from the committee? Senator Raybould.

RAYBOULD: So I guess I'm going to ask you the same question. So do some of the employees-- I recognize that they're seasonal, but when they use their own phone for company business, are they compensated monthly for partial use of their own cell phone?

ADAM FESER: In my conversations with the members that I did have, I didn't ask them that explicitly. Some did say we have some company phones for certain positions, but obviously that doesn't work for everyone if they're in [INAUDIBLE] or wherever it may be. I could reach out and ask them all if they compensate if you'd like me to. I can certainly do that.

RAYBOULD: Yeah, that would, that would be great idea to understand. You know, certainly, if they're checking payroll, that's-- they're trying to check their own individual information. That makes it easy with the app. But if they're supposed to clock in, clock out and--

ADAM FESER: Yeah, because--

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RAYBOULD: --on, on, on that case, then it's really for company purposes.

ADAM FESER: Like, for some, for some examples, they might have a job that's scheduled or they might have work in a specific location that's not one of their main headquarters. So they can geo locate, are you actually at the site where you're supposed to be? That way, yeah.

RAYBOULD: And, oh, that was-- sorry.

KAUTH: Go ahead.

RAYBOULD: Another question. Do, do you use geo fencing around your particular site that they need to [INAUDIBLE]?

ADAM FESER: For some-- my understanding is some of the cooperatives for specific types of things do. They have had issues with that in the past of, you know, whether they're in the wrong spot. And, again, like I said, for safety purposes, knowing if you're out-- you get to rural Nebraska, you can be, you know, 30 or 40 miles from anyone, much less than a hospital. So it's important that you're able to find quickly if there are issues because any work is dangerous as we know.

RAYBOULD: OK. Thank you very much.

KAUTH: Thank you, Senator Raybould. Any other questions from the committee? Senator Ibach.

IBACH: Thank you very much. Do you have any employees complain about it or have issues with being tracked or do they see it as a security measure?

ADAM FESER: Taylor might have been the better person to ask since he's ahead of HR. I can-- that's another thing I can reach out to. We tried to get data pretty quickly. We didn't-- those are two questions I didn't ask. We can certainly raise that issue. Taylor didn't mention anyone complaining about it, and Farmers seems like an incredible place to work so I don't think so, but I can certainly ask.

IBACH: It's, it's more of a curiosity question than anything. I can't imagine in the safety--

ADAM FESER: My sense is at this point, most people are kind of accustomed to using apps for-- I have, like, six apps for my kids'

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sports teams, and I coach two of them. So I just think it's a part of life that people are kind of used to.

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

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

ADAM FESER: Thank you for your time.

KAUTH: Next opponent? Going once, going twice. Anyone here testifying in the neutral? Senator Fredrickson.

FREDRICKSON: I was able to stay. Well, I just want to say thank you to the testifiers who came in today. Both those in support and opposition. I'm also appreciative to the committee for, for hearing the bill. I think, you know, kind of getting back to the spirit of this is really about protecting worker privacy and ensuring folks are not being penalized for, for basically being human on the job. So clearly there's, there's a little bit of work to be done. Like I said in my opening, I'm, I'm really open to working with the opponents if there's language or tweaks that would help sort of refine this bill in the way that feels like it would still achieve its goal while, while at the same time not necessarily getting into the unintended consequences, and I'd be happy to do, so. Happy to take any questions from the committee.

KAUTH: Thank you. Are there any questions? Seeing none, free to go to your next bill.

FREDRICKSON: All right. Thank you.

KAUTH: Thank you very much. That closes our hearing on LB477. And we had five proponent letters and three opponent letters. Oh, and one neutral. Thank you. And do we have Senator Ballard here? There he is.

RAYBOULD: Say your name and you appear.

BALLARD: That's it.

KAUTH: We'll let everybody get in and get settled. OK. Good afternoon, Senator Ballard.

BALLARD: Good afternoon. And I will-- if I can get a page real quick. I just have an amendment. We'll talk some more later.

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KAUTH: And I'm, I'm going to make a quick announcement. If it gets too warm in here, please let me know and we'll lower the temperature again, because I, I have a feeling it may get a little stifled. We dropped it once, but.

RAYBOULD: Not that you're full of hot air.

SORRENTINO: Lost 4 pounds already.

RAYBOULD: We're, we're not singling you out.

KAUTH: You want it down further?

IBACH: I think it's comfortable.

KAUTH: Scott, can you drop it?

BALLARD: It's a little, a little warm in here.

KAUTH: We're going to be in here a while. OK. Thank you very much. Senator Ballard,--

BALLARD: Yes.

KAUTH: --would you like to begin?

BALLARD: All right. Good afternoon, Chair Kauth and members of the Business and Labor Committee. My name is Beau Ballard. For the record, that is B-e-a-u B-a-l-l-a-r-d, and I represent District 21 in northwest Lincoln, northern Lancaster County. This past November, Nebraska voters approved Initiative 436, which is known as the Nebraska Healthy Families and Workplaces Act. In short, the act provides a minimum paid sick leave benefit for private employees. Soon after this passage, businesses of all sizes raise important questions about how this should be implemented. In discussion with employ-- employment law experts and representatives of the business community and the Department of Labor, LB415 came together with the broad approach to try and resolve some of the compliance concerns under the act. It is paramount this Legislature fix these compliance issues and clarify the requirement while still maintaining the intent of the act. I would like to clarify that this is, in my opinion, is a cleanup bill trying to-- is a compliance bill trying to clarify some of, some of the, the ambiguity in the, in the, in the initiative. This is not previous bills that you heard previously in previous hearings. It is very technical. So I'm going to kind of go section by section. So bear

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with me as I outline some of these, some of these concerns. One of the most concerning aspects of the act is an unintended inclusion of independent contractors due to the broad definition of employee. It is standard to exempt independent contractors throughout Nebraska's employment statutes, as business and everyday Nebraskans alike would otherwise require to afford the benefit to an unrealistic large range of individuals who they do business with, including everyone from handymen to babysitters. Indeed, if uncorrected, regular Nebraskans could potentially be required to provide sick leave for the neighborhood kid who mows their lawn. LB415 fixes this problem by adding definitional clarification for independent contractors, as well as owner/operators and employees who work less than 80 total hours in a year. These clarifications prevent a sick leave benefit required under the act for being applied to individuals who both unrealistically provide benefit and against the intention of act to do so. For example, the original language of the act references the inapplicability until the employees reach 80 hours worked. This clarification just adds further definition to an employee. LB415 also seeks to preserve paid time off, PTO, benefits that-- many employees offer PTO plans, which combine various types and amounts of paid leave an employer would normally offer each employee into one combined, more generalized sum of paid leave, which can be used for various reasons, rather than designating specific allotments of paid leave for listed reasons. Many employees prefer such plans as increased flexibility and provide and provides-- allows employees to customize their usage of, of paid time off. PTO programs are popular among employees as long as a benefit can be used for sick time. And I think the, the intention of LB415 preserves that in the act as well. However, the Nebraska Healthy Families and Workplaces Act sets in place a requirement that employers must provide certain amount of paid sick leave specifically. This jeopardizes flexible PTO plans employees enjoy and have grown, grown used to implying the comprehensive PTO plans that do not satisfy these requirements. Thus, if unamended, the act could force employers to break up comprehensive PTO plans and traditional paid sick leave and paid vacation plans, limiting employees use of such valued flexible benefits. This is undoubtedly against the intention of the act and places additional strain on employers as they seek to conform to their paid leave provisions into compliance. Therefore, LB415 clarifies that paid sick leave already provided under combined PTO plans or other existing employer plans satisfy, satisfy the requirements of the act, if such leave is provided at or above the required amount, is essential to overcome this unintended consequence. LB415 also helps preserve existing PTO plans by addressing the act's ambiguity and

act-- on accrual caps. Many existing PTO plans cap their paid leave accrual annually and do not roll over from year to year. This helps employers keep these plans from becoming overly burdensome, while allowing employees do have preferred flexibility of their PTO plans. Therefore, ensuring employers are allowed to retain these caps and are not required to begin rolling over annually is vital to ensure that PTO plans remain viable. However, the act is ambiguous on these matters and is not specifically-- does not specify the attributes of these plans will remain permissible. This again jeopardizes existing PTO benefits and thus presents potential to undermine the best interests of both employees and employers. LB415's specifications that paid time off will not be required to roll over year to year and will be able to be capped annually addressing this problem. Again, this is still keeping the intent of the act, because these plans must offer the minimal time required by the act. Additionally, the act recognizes that employers can limit yearly in the amount of sick time afforded under the act. This clarification recognizes this concept and applies it equally to employers who prefer to satisfy the act in offering combined PTO policies. Finally, LB415 clarifies another ambiguity within the Nebraska Healthy Families and Workplaces Act. It is common for paid time off programs to be paid out upon separation of employment. The payout of sick leave, though, is usually done at the discretion of the employer and not statutorily mandated. Contrarily though, the act provides that accrued sick leave must be reinstated if the employer resumes employment with the same employee. This is paired with the ambiguity as whether the employer needs to additionally pay out the required sick leave upon separation from employment. In doing so, the act leaves the door open for an interpretation of both-- that both are required. This is an unintended consequence that leaves the possibility of extra undue burden to be placed on employers that attempt to comply with an unclear statute. LB415's explicit clarification that sick leave required under the act does not need to be paid out upon separation from employment resolves this ambiguity. Even in light of this clarification, paid time off programs used to satisfy the requirement of the act need to be paid out upon separation. This is merely recognizing the current law as it relates to sick leave, while still making PTO programs a workable method for the satisfaction of the act. The last thing I will mention, the, the amendment that you received, I did receive some concerns from a, from a trucking business in my district that they do not pay by the hour or by salary, they pay by the mile. And so they're just looking for some clarification on, on how to provide paid sick leave as well. So with that, I will-- I'll summarize, reemphasizing this is a cleanup bill.

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We've worked with the ballot initiative sponsors, as well as the business community in trying to address some of the concerns that businesses have, and making sure that employees and employers are still satisfied under the intention of what the voters approved this past November. So with that, I would take any questions.

KAUTH: Thank you very much, Senator Ballard. Any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Senator Kauth. Senator Ballard, thank you for bringing this. Can I ask, who asked you to bring this bill?

BALLARD: So I worked with the business communities. So from everywhere from--

SORRENTINO: I see a lot of business people out there, probably [INAUDIBLE].

BALLARD: Yes. From the chamber-- from the Lincoln Chamber, Nebraska Chamber.

SORRENTINO: This act, as it was passed, and this is just my personal opinion, but the Nebraska Healthy Families and Workplaces Act probably violates every tenet of 35 years of employee benefit law. There's probably not one thing even legal about it if passed. I've been spending my entire career on that. And it needs to be cleaned up. PTO plans replaced regular vacation, sick time plan a quarter of a century ago. And the bill, as written, made very little sense, there's more questions than answers. So I thank you for bringing this. It probably still has a ways to go, but it was nothing more than double jeopardy to employers. It's an awful bill. I'm glad you're cleaning it up.

BALLARD: Yeah.

SORRENTINO: And I look forward to talking to the proponents.

BALLARD: Yeah.

SORRENTINO: Thank you.

BALLARD: Yes, I appreciate it. Thank you so much.

KAUTH: Senator Raybould.

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RAYBOULD: Thank you, Senator Ballard. Have you heard from-- besides businesses, in general, have you heard from small businesses about trying to administer this type of plan?

BALLARD: Yes, I, I-- the small business, I hear-- they're, they're mom-and-pop shops, they're, like, how do we-- they don't have compliance officers. They don't have corporate lawyers per se. And they'll just have-- they have questions, more questions than answers. And we're just trying to work, provide some level of education that-- I mean, as you know, our business is if, if someone's sick, we'll work for them. Like-- and so how do we come into compliance? So making sure that owner/operator is taken out of this, this paid sick time. So that's kind of where I come from with small businesses.

RAYBOULD: So could you explain one other thing for me? When, when you say it, it doesn't involve an independent contractor or what was that word?

BALLARD: Yes. So independent contractors-- so, yes-- so, so the-- under the, the way, the way the initiative was written, if you hired a babysitter and they met the requirements, you would technically have to give them paid sick leave.

RAYBOULD: Oh, I see.

BALLARD: Yes.

RAYBOULD: Got it. Thank you.

KAUTH: Thank you, Senator Raybould. Senator McKinney.

McKINNEY: Thank you, Senator Kauth. I thought the initiative was a great initiative. I'm-- I was glad it passed. Have you heard any responses from the voters or, or people from the public about your bill and--

BALLARD: Yeah--

McKINNEY: --what's intended?

BALLARD: Yes, briefly. I think most, most of them realize it's, it's some cleanup to address some of the ambiguity. A lot of folks thought we're, we're tinkering with it to a, a different extent. But when they-- when we explain it to them, we say it's a lot of cleanup language, just providing definitions they understand.

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McKINNEY: All right. Thank you.

BALLARD: Yes.

KAUTH: Thank you, Senator McKinney. Any other questions? Senator Ballard, can we have a copy of your testimony?

BALLARD: Yeah, you asked for that.

KAUTH: That was very technical.

BALLARD: Yes.

KAUTH: I'd like to have that. Thank you.

BALLARD: Yes. My apologies for not bringing that. I will, I will get you one.

KAUTH: Thank you.

BALLARD: Thank you.

KAUTH: All right. Are you staying for close?

BALLARD: I'll be here.

KAUTH: OK. First proponent?

HUNTER TRAYNOR: OK. 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, as well as local chambers of commerce from Omaha, Lincoln, Columbus, North Platte, Fremont, Kearney, Cheyenne County, Broken Bow, Ord, as well as the Nebraska Grocery Industry Association, the Nebraska Hospitality Association, the Nebraska Retail Federation, and the Nebraska Petroleum Marketers and Convenience Store Association. We're also circulating an explainer, white paper to you all, upon which about 80 businesses across Nebraska, organizations and associations across industries have signed onto the efforts of LB415. Following the election in late November, as we were trying to get our head around how our members and how our employer community will comply with this, we started to notice some ambiguities and some confounding questions about what this would do to current PTO programs, what types of employment relationships this act covered, and just generally had questions about what this would necessarily mean for status quo as it

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relates to current employee benefit programs. And so we had conversations with various employment law experts around the state, as well as with staff from the Department of Labor, to try to get our head around that, like I said. And so what we came up with was, was LB415, which, as Senator Ballard artfully put, is a cleanup bill, focused specifically on compliance issues so that largely benefit programs that offer time that meets the floor of what the initiative requires satisfy the act's requirements without causing a whole cloth rewrite of employee benefits plans that, as Senator Sorrentino indicated, may have been on the books for the last quarter century. Additionally, it clarifies a handful of definitions. I think the independent contractor clarification is the most apt one, but also clarifies owner/operators and gives more specificity to folks who work under 80 hours in a given year. And then, lastly, on the point of PTO, I'll further state that this bill is especially necessary to give clarity as to accrual, annual caps, and payout. I'm sure there's probably some questions from the committee, but we see this of utmost priority for the Legislature because of its broad impact on the industries represented on that sheet I handed out. With that, I'd be happy to answer any questions. Thank you.

KAUTH: Thank you very much. Senator Sorrentino.

SORRENTINO: Thank you, Senator Kauth-- Chairwoman Kauth. Thank you for your testimony.

HUNTER TRAYNOR: You're welcome.

SORRENTINO: So I did a little math on my own. And I took my company, which we've, not very long ago, just sold. I had 200-- if you can find a question in here, good luck--

HUNTER TRAYNOR: Try my best.

SORRENTINO: --225 roughly employees. But the bill before amended does, is it, it guarantees the fact that everybody will be [INAUDIBLE]. We had a PTO plan, like most of our clients, and at the end of the day, I would have been faced with one choice. It was going to cost roughly, and you're guessing here, but about \$220,000 to implement this change. Now, I've got to go find \$220,000. So I would be forced-- I would probably change the level of my benefit plan-- medical benefit plan, not to be as good. I would reduce my compensation. I'd get rid of most benefits that I paid them a bulk of long-term disability, etcetera. I'd lower the calculation or, excuse me, lower the contribution for a

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401(k) plan. Most of the employees that I had were pretty conscientious. We had FMLA, they stored up their PPO, they could use it against that short-term disability. Not all cases, but in most cases we're killing a gnat with a sledgehammer and it's not necessary. And I think-- again, if you can find a question here, great-- this needs to happen, maybe even more down the road. I appreciate it.

HUNTER TRAYNOR: It sounds like your question was whether you know more about employee benefits than I do,--

SORRENTINO: No, that's not the question.

HUNTER TRAYNOR: --and I think the answer to that is very much so, Senator.

SORRENTINO: I'm done and I won't ask anybody another question.

HUNTER TRAYNOR: I think your point is well taken that for, for employers, you know, the benefit of-- or I suppose the intention of LB415 is to not put employees unnecessarily in a worse position relative to their benefits package that was achieving the intent of the initiative due to its passage, if that makes sense.

SORRENTINO: And I'm going to guess, not all employers, but we had people who became very serious and we worked with them and we just figured it out.

HUNTER TRAYNOR: I think that's the case.

SORRENTINO: Thank you.

HUNTER TRAYNOR: You're welcome.

KAUTH: Thank you. Are there any other questions from the committee? Thank you for your testimony.

HUNTER TRAYNOR: Appreciate your time. Thank you.

KAUTH: Next proponent? Good afternoon again.

RYAN McINTOSH: Good afternoon, Chair Kauth, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, appearing before you today as Registered Lobbyist on behalf of the Nebraska Bankers Association and the National Federation of Independent Business in support of LB415. I'll keep my comments very brief. What's being handed out in

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the written testimony is a lot of what you heard for LB698 with regard to NFIB's member poll and some of the facts and figures about small business in Nebraska. Both the NBA and the NFIB signed onto the white paper that Mr. Traynor referenced. We really do see this as a purely cleanup measure that really does need to absolutely pass to make the law workable for all businesses in Nebraska, not just small business, so. So I would say thank you to the Nebraska Chamber of Commerce and Industry for leading the discussions on, on this and putting this together, and as well as other stakeholders such as Nebraska Appleseed for their willingness to come to the table and work with us on this. With that, I'd be happy to answer any questions.

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

RYAN McINTOSH: Thank you.

KAUTH: Seeing none, thank you. Next proponent?

CARTER THIELE: Hi. Thank you very much, Madam Chair Kauth, members of the Business and Labor Committee. My name is Carter Thiele. That's C-a-r-t-e-r T-h-i-e-l-e. I'm here to represent the Lincoln Independent Business Association and express our support for LB415. We want to thank Senator Ballard for bringing this bill forward and reemphasize his own recognition that there was a lot of debate structured over LB698 back on February 3, that stewed more into the debate over changing the intention of the voters regarding Initiative 436, and that this bill, LB14 [SIC], doesn't so much go into that area so much as it does is making the administrative compliance for the businesses who will be subject to it easier. We did put out a, a survey to our membership several months ago to gage some feedback over how some of the business owners in Lincoln would feel about this initiative. And, surprisingly, along with the cost of the excess-- the cost per employee benefit, the, the biggest concern was actually the administrative burden, the extra time that it would take to comply. They were near equally palatable concerns. So we do appreciate that LB415 is part of a pragmatic solution that helps with our current situation. It recalibrates Initiative 436 with established employment statuses that protect our small businesses by clarifying the definition of employee to exclude owner/operators, independent contractors, and employees who work less than 80 hours per year, among several other cleanup items crafted to avoid exploitation of the initiative and excessive financial penalties. And with that, we would

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encourage you to advance LB15 [SIC] to the floor. And thank you very much. I would be happy to answer any questions.

KAUTH: Thank you very much, Mr. Thiele. Are there any questions from the committee? Seeing none, thank you for your testimony.

CARTER THIELE: Thank you.

KAUTH: Next proponent? Going once, going twice. First opponent? Hello again.

JON NEBEL: Hello. Good afternoon, my name is Jon Nebel, J-o-n N-e-b-e-l. I'm here on behalf of the state council of electrical workers. Just one issue, I'm passing around an amendment that, I think, it gets to neutral on this. For us, the intent was to get paid sick time. We don't currently have it in our industry. We're construction, and, and the section that clears up the, the payout is the problem that we have for our industry. For us, we're a multiemployer-signatory-contractor-based industry. So that means there's 130 different contractors that we work for and we work for who's ever busy. So that could mean we work for 1 contractor a year, it could mean we work for 10 contractors a year. If we don't have a payout clause, there could be-- I, I might never get to approve sick time, and I think that was the intent for us when we, when we were circulating the petition, when we are telling people to vote for this initiative, was that this is a way for us to get sick time. We would accrue it as we go. Section 10 effectively says that that's, that's gone. It effectively negates the look-back period. I think that was the, the teeth in the original initiative was if we can have a look-back period, we can come back and rightfully get the money that's owed to us. So it's nice that it's being cleared up, but it's being cleared up in the wrong way for us, so we'd offer an amendment that multiemployer contractors do-- are still involved in the payout upon separation or subscribed as the other sections doing that. But if we could get that carve out for our industry just because it's a little bit different and we do work on more of a temporary nature.

KAUTH: Thank you. Are there any questions? I actually have one. First, did you share this with Senator Ballard?

JON NEBEL: I didn't. I just-- we just got, just got a heads-up on the, on the whole process late last week, we came up with this over the weekend, so I have not. Apologize for that.

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KAUTH: No, I would just make sure you share it with him. And then can you explain what multiemployer means?

JON NEBEL: So, so I'm an electrician, I've signed up to work under a collective bargaining agreement with 130 different other contractors that have agreed, OK, we're going to work under this agreement. So multiple employers that can work for-- throughout-- under the same conditions and, and wage package.

KAUTH: OK. Thank you very much. Any other questions from the committee? Seeing none, thank you very much.

JON NEBEL: Thank you.

KAUTH: Next opponent? Don't be shy, come on up. Hi there.

KENDRA TRUMBLEY: Good afternoon. Senator Kauth and members of the Business and Labor Committee, I'd like to thank you for your time today. She is passing around a letter that I have proposed to all of you. I'm simply here representing myself, which is an owner of a salon here in Lincoln. And looking around at most of you, I'm sure all of you have visited a salon in your time, so this [INAUDIBLE] pretty deeply. I'm not going to go through and read the letter as a whole. I just really want to touch base on some things that I've heard already this afternoon that are causes of concern. When Senator Sorrentino was speaking earlier in regards to how this would affect--

KAUTH: Excuse me. I'm, I'm so sorry--

KENDRA TRUMBLEY: Yes.

KAUTH: --to interrupt you, can you say and spell your name.

KENDRA TRUMBLEY: Yes, ma'am.

KAUTH: Thank you.

KENDRA TRUMBLEY: First name is Kendra, last name is Trumbley. Spelling is in your letter, that is K-e-n-d-r-a, last name is spelled T-r-u-m-b-l-e-y.

KAUTH: There you go.

KENDRA TRUMBLEY: I could definitely relate to what Senator Sorrentino was saying about his business, because when this passed, I immediately

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was in contact with our attorney to get things in cover so that we would be in compliance with what would be coming down the pipeline, and also looking out for the best interests of our employer-- of our employees. Our employees are commission-based employees and all of you had heard Senator Ballard say that he had one person commit to him that said, well, our employees are paid by miles, my employees are paid by their services and the amount of money they do each week. In this bill, as it is, it was written that, you know, they would be paid based on what their hourly has been. What is that in my industry? Was it the hourly they made yesterday based on the commission they brought in, or the hourly that their average was based on 2 weeks ago? There's no clarification in this bill as far as what is their hourly when they're not a salaried or specific hourly employee. And that causes hardship to determine what that would be for those employees. You guys have also had in the bill that you have 1 hour that is earned per 30 in the bill. It also states that an average full-time hour workweek is 40 hours. So I guess my question would be why 30? And they're not, you know, if they're working 40, they're only having to work 30 to earn. You guys also have a loaning paid sick time in there. To me, that kind of runs in the area of similar to pay loan advance, you know, so you can loan out their sick time. What if they didn't work long enough to earn their sick time? Yet, companies are paying it out. And overall, to kind of sum up, this is costing small businesses like myself thousands of dollars. And I would love to communicate with Senator Ballard to see what he thinks and to give my input as a small business owner. To date, I've paid over \$10,000 to implement just this policy alone in my company and make sure that my employees are covered. Make sure that I have staffing. When you're sick, you're sick. But sometimes employees call in just to call in. And when I'm shorthanded, I need to hire more employees, which then drives up the cost of our services. So it's not just a cut and dry. There's a lot of, a lot of verbiage in here that I feel it needs to be revamped and taken a look at. I'd be happy to answer any questions and I appreciate you guys giving me this time.

KAUTH: Thank you very much. Are there any questions from the committee? I actually have one. So are you, are you testifying more in opposition to the ballot initiative or to the cleanup to the ballot initiative?

KENDRA TRUMBLEY: I think it's a lot of the cleanup.

KAUTH: OK.

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KENDRA TRUMBLEY: There are a lot of things that are contradictory in the verbiage that it is. And there are a lot of things that can probably save small business owners like myself clarification on how to pay their employees on what is required on, you know, what there is. But-- so I think it's a fine thing. I think it was better off not having it at all because businesses like myself, I could provide this paid sick leave as I wanted to, and if my employees didn't like it, they could go work somewhere else. But you know.

KAUTH: So thank you very much.

KENDRA TRUMBLEY: Um-hum.

KAUTH: Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. So to be clear, you know, the voters have voted on this here. You just think it needs more cleaning up, more clarification. Is that correct?

KENDRA TRUMBLEY: Oh, I think--

SORRENTINO: Your situation where you're not the everyday paying per hour.

KENDRA TRUMBLEY: Yeah, I, I think it definitely needs more clarification. I would rather there not be control over my private-owned business that I would be allowed to give my employees the benefits that they deserve, as I'm willing to afford for them. And if it wasn't sufficient for them, give them the choice to go work elsewhere. But--

SORRENTINO: I could almost categorize your testimony as a proponent. Thank you.

KENDRA TRUMBLEY: Thank you.

KAUTH: Thank you, Senator Sorrentino. Are there other questions from the committee? I would encourage you-- Senator Ballard is right behind you.

KENDRA TRUMBLEY: Yes, he is.

KAUTH: Please exchange numbers with him.

KENDRA TRUMBLEY: Thank you very much.

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KAUTH: Thank you very much. Next opponent? No other opponents? Is there anyone here testifying in the neutral? Go ahead.

JO GILES: 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 focused on economic security issues, recognizing that as fundamental to achieving gender equity. In addition to my role at the Women's Fund, I was proud to serve as one of the sworn sponsors of the Ballot Initiative 436, paid sick leave for Nebraskans. And we share this neutral testimony with a coalition partner, Nebraska Appleseed. Passed by nearly 75% of voters in Nebraska, including approval in every legislative district, the paid sick initiative allows workers to earn one hour of paid sick leave for every 30 hours worked. This ensures Nebraskans can care for themselves or their loved ones if they are sick. When voters approve a statewide initiative, it is common for the Legislature to make refinements to the newly passed measure. However, there are several clarifications in LB415 that support the intent of the paid sick leave initiative. For example, the provision that states that if businesses already provide equal to or more than the amount of paid sick leave required by the initiative, then those businesses have met the standard. Our organization is neutral on this change because it already exists in the initiative and is not necessary to add to LB415. The initiative intent was to set a floor for a minimum standard of paid sick leave in Nebraska. LB415 would also clarify the start of paid sick leave accrual for businesses to start implementing the initiative to January 1 instead of October 1. We support this provision since it could be easier for businesses to implement, and allows current employees the opportunity to begin earning paid sick time. Because new hires typically have a probationary period, we support the provision to require 80 consecutive hours of employment before starting to earn paid sick leave. However, since the 80-hour requirement is for all employees, we think there should be a delineation between full- and part-time employees. That's why our organization is testifying in neutral for that reason as well. If there is an amendment to require 40 hours of consecutive work for part-time employees, then our organizations would support this bill. We believe it would provide an opportunity for seasonal or part-time workers to earn paid sick time sooner. As we know, access to paid sick leave is critical for all working Nebraskans, regardless of industry, size, or age. And it's important for the recruitment and retention of workers in our state. The Women's Fund and Nebraska Appleseed respectfully ask this committee to

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consider advancing LB415 with an amendment for the part-time workers to have a 40-hour probationary period instead of 80 hours. Thank you. I'll be happy to answer any questions.

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

JO GILES: Thank you.

KAUTH: Any other neutral testifiers?

GUILLERMO PENA: This is regarding LB415?

KAUTH: Yes. Go ahead.

GUILLERMO PENA: Hi, my name is Guillermo. I'm LD35, Grand Island, Nebraska. G-u-i-l-l-e-r-m-o, Pena, P-e-n-a. I speak for my people of Grand Island. I administer apartment complexes, and I see firsthand how people need this. At the same time, I understand small business owners need clarification on how much time they're going to have regarding workers. But at the same time, I understand that if workers don't have a job, a good-paying job or get sick, they can possibly lose their home. So it causes a "catasmastic" effect of both for the owner of that said business, they don't have a worker, and, and landlords at the same time. So we, we-- it's a very, it's a very neutral thing. It's a very gray area. And I don't know how to state that this is needed for working-class people. My generation doesn't-- isn't here or have the time to speak because we're working two to three jobs. And, and that's-- but at the same time, as a business person, I just can't fathom to see people spend so much money on this bill. So there's not a lot of clarification regarding that. So that's my theory with it. But the people voted for this. This is what we want. My generation cannot be here. And I don't speak for all of them. But I do understand they have two to three jobs they're working for just to pay a health, health care bill they can't afford. And at the same time, business owners are hurting financially. So where do we turn? To you all. Thank you.

KAUTH: Thank you very much for your testimony. Hold on just a second. Are there any questions from the committee? Seeing none, thank you for being here. Any other neutral testimony? Seeing none, Senator Ballard.

BALLARD: Thank you, Chair. I'll be brief. I know you have a long day ahead of you. I'll just reiterate, I, I firmly believe this is cleanup language, technical changes, trying to add clarification to business

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owners, large and small, that, I think, satisfies the intention of the initiative. First of all, the salon owner, I think she left. I, I sincerely apologize to her. The amendment that I gave you does address commission as well. And so hopefully-- I, I will follow up with her and see if that can satisfy some of her concerns. And as far as the other opposition, I'll let legal counsel know that we, we based this off current case law, Fisher v. PayFlex Systems and Love v. World Incorporated [SIC], where they separate that vacation time has to be paid off or paid out, but, but sick time does not. And so that's kind of the, the current, the current case law, current-- the way the current statutes are written currently. So with that, I'd be happy to answer any further questions.

KAUTH: Thank you, Senator Ballard. Are there any questions from the committee? Seeing none, this closes the hearing on LB415. There were two proponent letters, seven opponent letters, and two neutral letters. Up next is LB397. Oh, there he is. Good afternoon, Senator Moser.

MOSER: Good afternoon. May I begin?

KAUTH: Yes, please. Thank you.

MOSER: Thank you. Good afternoon, Chairwoman Kauth and members of the Business and Labor Committee. My name is Mike Moser, it's M-i-k-e M-o-s-e-r. I represent the 22nd Legislative District. I present for your consideration LB397. This bill is brought at the request of the Nebraska Department of Labor. It seeks to remove a program that has not been funded for over 2 decades. The Nebraska Department of Labor requested this legislation to repeal Nebraska Revised Statutes 48-443 through 48-446. These statutes require employers to establish safety committees and creates the Workplace Safety Consultation Program. While well-intended at the time of its passing, this program has been unfunded since 2003, and without funding, the department has been unable to enforce the requirements of existing laws for over 20 years. This does not mean that workplace safety will not occur. Workplace safety exists with or without these statutes. The majority of employers in Nebraska are covered by OSHA and they must meet federal safety requirements. Additionally, the Department of Labor has a voluntary OSHA onsite consultation program that offers confidential inspections focused on finding and fixing hazards at no cost to employers. While the department works in coordination with the federal OSHA, it is a separate and distinct program. The Department of Labor has other existing funded and federal programs that enforce or promote

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worker safety. For example, requiring-- specific requirements for farm labor contractors. In short, because the programs covered by this bill have been unfunded since 2003, they have essentially become defunct. LB397 removes the unfunded program and statutorily-- and statutory references to it from the books. Members of the committee, I thank you for your time and I'll answer questions. Department of Labor will follow and be available to answer, probably in better fashion, questions that I may be able to answer. And thank you. And with that, I'd answer any questions if people have some.

KAUTH: Thank you, Senator Moser. Senator McKinney.

McKINNEY: Thank you, Chair Kauth. Thank you, Senator Moser. I guess my question, considering everything that's going on, on the federal level, and all the changes just happening with a lot of federal agencies, do you think it's a good time to eliminate the safety committee? I understand like it hasn't been funded, but the requirements-- just the requirement of employee-- employers to have a safety committee taking that away when there's so much uncertainty on a federal level with all these federal agencies, do you think it's a good time to take this out without waiting and seeing what are those actual changes going to be with the new administration?

MOSER: Well, this program hasn't been funded for over 20 years, and leaving it in place, I don't think is of any benefit that I could see. OSHA is still active. I know I've heard references to some businesses run by colleagues, acquaintances that have been written up by OSHA lately. One of them had an extension ladder leaning against the wall and didn't have it tied down. That was a thousand-some dollar fine just because of that. So, no, I don't think-- anytime we can get rid of laws that are not being used, I think is a good thing.

McKINNEY: No, I understand that it hasn't been funded, but the requirement to have a safety committee is what I'm more concerned of. And just taking that out when there's so much uncertainty. And I know OSHA is still active, but it's not a guarantee. There's a lot of stuff being cut, and I would rather wait to see what happens then to take this out and then be told that everything's falling back to the states, because that's part of the conversation as well.

MOSER: Well, I appreciate your question, and I respect your opinion. And I think most companies have safety committees just for the sake of liability and to make sure that they're taking care of their employees and having it in statute when it's not funded, I think is kind of

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hypocritical. I think it's better to remove those references to it. But that's just my opinion, so.

McKINNEY: My last question. Do-- I've, I've kind of assumed, but I'm probably not right, that it might not have been funded on the state level because of OSHA. But let's say OSHA is kind of deregulated or eliminated, there will probably be a more emphasis on the state to step up that enforcement. That's why I'm concerned taking out the requirement. That's all.

MOSER: OK.

McKINNEY: Thank you.

MOSER: Thank you. I understand.

KAUTH: Thank you, Senator McKinney. Are there other questions from the committee? Will you stay to close?

MOSER: Sure.

KAUTH: Thank you. First proponent? Good afternoon.

KATIE THURBER: Good afternoon, 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 LB397. I want to thank Senator Moser for introducing this legislation on behalf of the department. LB397 seeks to repeal a series of statutes administered by the Nebraska Department of Labor that have been unfunded by the Nebraska Legislature since 2003. Nebraska Revised Statute 48-443 requires employers to have safety committees that adopt and maintain an effective written injury prevention program. Sections 48-444 and 48-445 give the Nebraska Department of Labor an authority to enforce 48-443. Whereas, Section 48-446 creates the Workplace Safety Consultation Program. This program authorizes NDOL to conduct OSHA-style inspections of Nebraska workplaces, but it does not authorize the department to create or enforce workplace safety standards. This authority strictly lies with federal OSHA, administered by the U.S. Department of Labor. The majority of Nebraska employers are covered by federal OSHA requirements. Nebraska Revised Statutes 48-443 to 48-446, funding mechanism is fatally flawed and without General Fund revenues to subsidize it, and, consequently, even though employers are required to maintain safety committees under the existing statutes, there's no one to enforce the requirement due to the lack of funding. This program

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was closed down in April of 2003 due to the lack of funding, and no solution has since been passed. Part of the reason funding has been insufficient is there is a similar program that is free to employers. NDOL administers the OSHA 21(d) program. Under this program, employers may request NDOL conduct an onsite OSHA inspection that is confidential. This inspection is focused on getting employers in compliance with federal requirements. In calendar year 2024, the department conducted 197 inspections. This program is 90% federally funded and is not impacted by LB397. Additionally, other federal and state programs administered by NDOL have workplace safety components. For example, the Foreign Labor Certification Program requires housing inspections for temporary ag workers, the meatpacking workers bill of rights requires onsite visits. Nebraska's Farm Labor Contractor Program has employer licensing requirements, and the Wagner-Peyser system requires a complaint and investigation system for migrant seasonal farm workers. With this bill, NDOL is not trying to reduce existing workplace safety requirements. The provisions have been unfunded by the Legislature and unenforced for several years. That concludes my testimony, and I'd be happy to answer any questions you may have.

KAUTH: Thank you. Any questions from the committee? Senator McKinney.

McKINNEY: Thank you, Chair Kauth. And thank you for your testimony. The last part or the third, fourth paragraph kind of goes to kind of my concern with the changes with the new administration, they're cutting budgets and pulling funds back. Let's say, because things are happening rapidly, this 90% federally funded goes to 0% or a lower percentage, do you think it's wise that we're cutting this because we might-- the, the state might have to step up and figure out how to fund this to make sure we have these, these safety, safety committees in this program, if OSHA is somewhat deep, like, not funded, how it's been funded?

KATIE THURBER: So right now, the fed-- the federal law actually takes precedence over the state law. And we have to be careful not to enact standards that go against OSHA because we don't have a state certified plan. So there's two ways-- are you familiar-- I'm not trying to--

McKINNEY: No, no, I'm not. You can answer for me.

KATIE THURBER: OK. There are two ways that you can be set up. So you can be set up as a federal program, which is how Nebraska is set up, or you could be set up as a state-administered program. And so we're,

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we're set up as the federal program. We can't exceed their jurisdiction anyways. And so being able to have a separate program is a challenge.

McKINNEY: I guess my concern is the elimination of the program because they are eliminating things at a fast rate.

KATIE THURBER: I would say if OSHA is truly eliminated, the Legislature would want to look at what path they wanted to proceed with.

McKINNEY: That's my concern is doing this now without having-- without-- with all the uncertainty. That's, that's--

KATIE THURBER: I can tell, I can tell you we're still meeting with OSHA weekly. So they're definitely still in existence.

McKINNEY: Today.

KATIE THURBER: We have a few meetings with them at the moment, so they're definitely still there. So I'm not overly concerned about that, but I understand--

McKINNEY: Yeah.

KATIE THURBER: --what is being happen-- what is happening.

McKINNEY: Thank you.

KATIE THURBER: Thank you, Senator McKinney. Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. Thank you for your testimony, Ms. Thurber. Just two questions regarding elimination and safety committee. I don't see any direct and specific harm, but I'm sure there's going to be people who are proponents of this bill. So prepare me what I'm going to hear from them.

KATIE THURBER: I don't actually know. I haven't heard very much about this legislation. So a lot of times people will follow up with me. This one I haven't had any comments on that I'm aware of. But my thought is that you might hear that we're trying to eliminate safety, and I want to make it clear that's not the goal of this legislation. It's something that we can't enforce. It hasn't been enforced for some time, and there are other programs to provide for safety.

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SORRENTINO: Thank you. The other question was regarding the workers compensation insurance policy, providing notice. So by canceling the notice requirement and the cancellation is-- would be effective immediately, there wouldn't be a 30-day wait. Is that correct?

KATIE THURBER: I'm not 100% sure. The reason we canceled the notice language was because the safety committee wouldn't exist anymore, so there was nowhere to provide that notice. That's where that came in at.

SORRENTINO: I would just think if the notice was gone, which extended it 30 more days, and the 30 days is gone, too?

KATIE THURBER: I hadn't thought about that, but I'd be happy to work with-- if that's a concern.

SORRENTINO: If you could let me know, I'd appreciate it.

KATIE THURBER: Yes. Yes, most definitely.

SORRENTINO: Thank you.

KAUTH: Thank you, Senator Sorrentino. Other questions from the committee? Seeing none, thank you for your testimony.

KATIE THURBER: Thank you, all.

KAUTH: Next proponent? Go ahead.

RYAN McINTOSH: Good afternoon, Chair Kauth, members of the committee. Once again, my name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear before you today as a Registered Lobbyist for the National Federation of Independent Business and for Nebraskans for Workers' Compensation Equity and Fairness to testify in support of LB397. I think you've heard all the technical background to it that this is an obsolete program. We generally support doing away with programs that aren't being complied with or followed anyways. Senator Sorrentino asked about the accelerated termination language. That is something that, that caught our eye as well, that we will take a closer look at with the department. But with that, thank you for your consideration. And I-- as Miss Thurber noted, this does not do away with safety in Nebraska. Our members take safety of their employees very seriously. This is doing nothing to enhance safety of employees right now so we would encourage the committee to advance it. Thank you.

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

RYAN McINTOSH: Thank you.

KAUTH: --thank you. Next proponent?

ANSLEY FELLERS: Thank you, Chairwoman Kauth, members of the committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s, and I'm here on behalf of the Nebraska Grocery Industry Association in support of Senator Moser's LB397 to eliminate the workplace safety committee requirement. To be clear, hazard and risk mitigation is a priority for all of our members. There will be no impact on our employer's duty to comply with OSHA rules for things like sanitation, electrical safety, and injury prevention. I would also mention that the tort liability for failing to prevent injury and whether it's employees or customers is really damning in the U.S. So there is a huge incentive there for our employers to maintain these sorts of mitigations. And with that, we appreciate Senator Moser bringing the bill and we'd ask the committee to advance it. Thank you.

KAUTH: Thank you for your testimony. Are there any questions? Seeing none, thank you.

ANSLEY FELLERS: Thank you.

KAUTH: Next proponent? If there are no further proponents, first opponent?

GUILLERMO PENA: Hello. My name's Guillermo Pena. I'm from Grand Island, Nebraska, LD 35.

KAUTH: Spell it.

GUILLERMO PENA: G-u-i-l-l-e-r-m-o P-e-n-a. I come from a packer family in Grand Island, Nebraska. We've always been blue collar. I just didn't know that all my life. So our job got outsourced. Dickies factory got outsourced in Texas to Mexico. We lost all our jobs. So that's why we're in Nebraska. The great in Nebraska, the good life. But my concern is, why would you take away the founding blocks of safety if we are unknown time? It is horrible to think that we don't recall what happened in 2016 because my grandmother was airlifted to Omaha and she was saved on a ventilator. And it all goes down to workplace safety. And we're going to eliminate the founding blocks in our state instead of improvising and marrying OSHA. That, to me, is an

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attack to the American worker and my family. And I find that, I find that sad, too, that I have to come here, spend my time and day away from my tenants because they need me, believe me not, they, they need me, they're calling me to defend their right to work and to defend my business and my partner's business as a landlord. It is unfortunate. The working class people deserve safety and a safe environment. And to take away those founding blocks and to think about it, just to take them away because they're not used right now is unethical to me. The working people of Nebraska deserve an opportunity for success and safety in their environment. If you have further questions, ask me. But I come from, I come from a packer family and this, this hits home. I don't appreciate it, people from the third district don't appreciate it. And we're working-class people. We work with our hands. Thank you.

KAUTH: Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you for being here. Next opponent? Hello again.

BRANDON BROWN: Hello. Good afternoon again, Senator Kauth and members of the Business Labor Committee. My name is Brandon Brown, B-r-a-n-d-o-n B-r-o-w-n. I'm the Vice President of the Nebraska Association of Public Employees. Our union represents more than 8,000 frontline employees who perform more than 400 jobs at 43 State of Nebraska code and noncode agencies in all 93 counties. I'm here on my own personal time today to testify in opposition to LB397 on behalf of our union. Every worker deserves to go to work each day to earn a living and to return home safely to their families. Unfortunately, last year, three state employees did not return home to their families after they were killed in workplace accidents. These accidents were preventable and we must do everything we can to ensure it never happens again. Eliminating the requirements for employers to establish a safety committee and the Workplace Safety Consultation Program will directly lead to employees being less safe in the workplace. While our union has negotiated safety committees into our contract, not all employees have such a benefit. After the workplace accidents last year, our members work together with NDOT management to review safety procedures and retrain employees on safety procedures that, quite literally, are a matter of life and death. On behalf of frontline workers across Nebraska, we urge you to indefinitely postponed this bill so that each and every employee has a voice in workplace safety. Everyone deserves to return home safely to their family after each and every shift. Thank you for your consideration.

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KAUTH: Thank you for your testimony. Are there any questions from the committee? I actually have one.

BRANDON BROWN: Yeah.

KAUTH: Who were the employees killed and what was the, the three accidents?

BRANDON BROWN: It was the-- I don't know the names of the employees, but it was the Department of Transportation I've been working on.

KAUTH: OK. Was it construction related?

BRANDON BROWN: Yes. It was-- they were working on the road and they were struck by vehicles.

KAUTH: OK. Thank you very much and I'm sorry for your loss. Next opponent? Anyone here testifying in the neutral? And, Senator Moser, would you like to close?

MOSER: Thank you, Chairwoman and members of the committee. Appreciate the opportunity to come and talk to you today about LB397. In no way is it the intent of this-- removing this bill or removing this language in this bill to reduce safety. This statute has done nothing to affect safety for 23 years. It's just on the books. OSHA is a force to be contended with. Let me just tell you. And every employer takes safety very, very seriously. With that being said, I'm looking forward to having a discussion with the Department of Labor, see if there's any amendment or anything that they might consider that would simplify the law and still get rid of the obsolete references, but yet not affect safety. So that's the gist of my closing. Thank you.

KAUTH: Thank you. Are there any further questions from the committee? Seeing none, that closes testimony on LB397. There was one proponent and two opponent letters and zero neutral. Thank you very much. And moving onto LB573.

_____: Senator Guereca is on his way from downstairs.

KAUTH: Say that--

_____: Senator Guereca is on his way from downstairs.

KAUTH: OK. Can, can we take a 5-minute break? Everyone get up and move around a little bit.

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[BREAK]

KAUTH: [MALFUNCTION] on LB573 with Senator Guereca. Welcome.

GUERECA: Thank you, Chairperson Kauth. Handouts. Good afternoon, members of the Business and Labor Committee. My name is Dunixi Guereca, it's D-u-n-i-x-i G-u-e-r-e-c-a, and I represent District 7, which includes the communities of downtown and south Omaha. I stand before you today as representative of one of Nebraska's most important, yet, vulnerable sectors, our meat and poultry industries, which include both meatpackers and contract growers. These industries have a tremendous impact on Nebraska's economy. Some cracks have emerged, and I would like to see them patched up with LB573, the Meat and Poultry Workers and Contract Growers Protection Act. LB573 is a testament to Nebraska's commitment to not only sustaining, but also fortifying our agricultural backbone during times of crisis. This bill emerges from an urgent need to bridge meatpackers and agricultural production, while ensuring, even during unpredictable disasters, that a supply chain continues to function without interruption. My constituents are sick of the rising cost of eggs and asked what I can do to help alleviate these costs. My theory is that if we protect the workforce and supply chain, we can eventually restore access to affordable eggs. With the reemergence of bird flu and other super bugs, and considering Nebraska's historic weather volatility, it makes sense to take a proactive approach to head off any future issues. In return, we will both improve worker health and food security. LB573 is a comprehensive approach as I support and protect the most critical workforce during times of crisis. This bill is used in several key measures: One, disaster mitigation planning. We are introducing protocols for animal disposal and making emergency backup processes and strategies to tackle supply chain disruptions. This crucial-- this is crucial not for-- not only for natural disaster, but for all foreseen events like the avian flu. It surely can maintain livestock processing and any consumer demands without delay. Point two, inclusion of contract growers. For the first time, this bill will recognize contract growers alongside the meatpacking workers as an essential component to our workforce, providing them with essential protect-- necessary protections and compensation during disasters. Three, enhance worker protection. LB573 increases labor standards by including workers' compensation for all covered workers, whistleblower protection, and safeguard against discrimination. These measures are crucial for ensuring a safe and fair environment. Severance and revenue protection. This bill guarantees up to at least 12 weeks of severance pay for covered workers, and up to 180 days of lost revenue

compensation for growers impacted by disaster events. This financial support is vital for the stability and security of our workforce during disruptions. Legal and legislative-- and investigative support. We empower the Department of Labor to investigate and resolve violations associated with work protection provisions of this act, ensuring that rights are not only granted but also vigorously enforced. Task force for best practices. Finally, LB573 establishes a task force to ensure that good practices are maintained across the industry, but still attaining continuous improvement and adaptation to new challenges. By supporting LB573, we are championing a resilient agricultural industry, an industry ready to face present and future challenges head on, ensuring that Nebraska continues to feed and fuel not just the nation, but the world without interruption. Today, I urge my fellow senators and all stakeholders to recognize the significance of this bill. It's not just a legislative measure. It's a crucial safeguard for our people, our industry, and our future. If you have any further questions, let me know or feel free to contact a variety of experts following who would also be able to provide further clarity to outstanding questions.

KAUTH: Thank you very much. Are there any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. Thank you, Senator. It's a lot here, and I have to admit that isn't my specialty. But just a general question. As senators, we're here to protect citizens--

GUERECA: Sure.

SORRENTINO: --employees, and we're also here to protect employers because without employers, we don't have employees, so one has to serve the other. I noticed when I looked at the revenue or the fiscal note it's \$813,000 this year, \$824,000 next year, which would be the cost to the state. But my question is, when we go through, you know, the dozen or so things that would need to be done, those are done by the actual employers. And I'm wondering, do you know or have you given thought to there's the cost to the state, but what about the cost to these employers, whether it's meatpacking or whatever it is, do you have an idea of in order to comply with this, what it would either cost per employer, per employee, per employee, something, give me, give me an idea how we're impacting employers as well as employees?

GUERECA: You know, that, that's a good question. I-- I've had conversations with, with industry, but not specifically to that point.

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Just on the general concerns about the bill. But, you know, I think, is there going to be a cost associated? Absolutely. But it's, it's about being proactive now to head off any future disasters. We saw what happened during the COVID pandemic and the uncertainty to our food, to our food supply. Right? So it's about taking proactive measures that are they going to incur costs? Sure. But as to basic PPE. So we're just sort of expanding on things to make sure that when the next pandemic comes, when the next disaster comes, which it will, we're able to maintain that robust workforce, that robust industry and trade to face any challenges head-on.

SORRENTINO: Would the requirements of LB573 apply across the board to businesses that do not employ collective bargaining units and those that employ collective bargaining, it's both? Is there a distinction?

GUERECA: No.

SORRENTINO: There's no distinction. Thank you.

GUERECA: Yep.

KAUTH: Thank you, Senator Sorrentino. Other questions? Senator Hansen.

HANSEN: Thank you, Chair. Did you answer this question? Like, do you know how much it's going to cost the employer?

GUERECA: No.

HANSEN: OK. All right. I was, I was just curious about it.

GUERECA: Yeah.

HANSEN: Are there other industries where the state mandates the employer provider information on how to form a union besides meat-- besides this industry?

GUERECA: I can certainly look into it and get back to you.

HANSEN: I'd be kind of curious if this is, like, the first time we're doing this.

GUERECA: Yeah.

HANSEN: Or if this isn't, like, in, in some other industries, whether it's schools, or whether it's, you know, I don't know, medical doctors, or I don't know, that we, that we mandate, OK, now you have

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to provide information on-- tell your employers how to form a union. I didn't know if that was common.

GUERECA: There might be some folks behind me that can answer that question. But if, if, if they don't, I'll get you an answer.

HANSEN: OK. Thanks.

GUERECA: Yep.

KAUTH: Thank you, Senator Hansen. Senator Ibach.

IBACH: Thank you very much. I feel like some of this is already in place. Is, is there an overarching or a, a different group, for instance, dealing with animal disposal and emergency? I mean, I know that we kind of have the gold standard for some of those protocol already in place through the Department of Agriculture. Does this-- are there other instances that we're trying to mitigate or, or approach with this bill that aren't already in place?

GUERECA: I would have to check specifically to, to, to that point, Senator. But I think, holistically, we just kind of covered all that to make sure that these are key components that, you know, if shored up, should, you know, again, strengthen the industry. But specifically to animal disposal, I could certainly look into that and get you an answer.

IBACH: OK, great. Thank you.

GUERECA: Um-hum.

IBACH: Thank you, Chair.

KAUTH: Thank you, Senator Ibach. Other questions from the committee? Seeing none, will you stay to close?

GUERECA: Yes.

KAUTH: Thank you very much.

GUERECA: Thank you.

KAUTH: First proponent? Good afternoon.

EDISON McDONALD: Afternoon. Hello, my name is Edison MacDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d. I'm here today on behalf of GC Resolve.

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We're an organization that advocates for family farmers and impacted communities, and want to thank Senator Guereca for bringing you this bill. Today, I stand before you to discuss the imperative need for legislative action through LB573, the Meat and Poultry Workers and Contract Growers Protection Act. This bill is not just a piece of legislation, but a commitment to the heart and soul of Nebraska's economy, our agricultural community. In states like ours, agriculture is not just an industry but a way of life. The recent outbreaks of avian flu have not only threatened the way of life, but have also led to increased volatility in commodity prices, such as a significant spike in egg prices. Since January 1, we've seen an average national increase of 38%. This instability affects not just the farmers, but every consumer in our state. LB573 proposes critical planning and response mechanisms to manage such outbreaks, effectively, ensuring that our food supply chain remains robust and that public health is safeguarded. I'm excited, much like the farm bill, this brings together growers and packers, rural and urban, and ensures that we are bringing everyone together in a way that will focus on better protecting Nebraskans. These hardworking individuals face immense physical and financial risks every day by extending legal protections and ensuring fair compensation, especially during crisis, so we're not only supporting their livelihoods, but also reinforcing the stability of our agricultural sector. The protective measures in LB573 are about ensuring those protections and protecting whistleblowers. We want to make sure that we have sustainable, fair, and just agricultural practices. As a Nebraskan, we believe in the principles of fairness and justice and in protecting our rural communities. I want to lift up while we're talking a lot about avian flu, this isn't just about avian flu. First off, I talked last week to Alan Zavodny, the Mayor of David City, who expressed concerns, in 2022, when dead chickens were piled by their water wellhead. When he went to go and investigate and to ask state agencies, he couldn't find any clarity or direction or anyone who would address the issue. Second, you know, we see these issues with incidents like those that happened in Mead, when we have a crisis and nobody ends up being there to actually take responsibility and fix the issue. And then number three, on your handout, if you look at the second page, in April of 2022, we have compost sheds at Costco/Lincoln Premium Poultry's Wolfpack Farm in Butler County that were piled high with dead chickens, so high that the carcasses spilled over the wall. These are the types of incidents that we want to be prepared for and have a thoughtful, logical plan to address. I see I hit my red light, so I'll stop.

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KAUTH: You did. Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you for the handout. Next proponent?

ROBERT WALLACE: Hello. Thank you, Senator.

KAUTH: Welcome.

ROBERT WALLACE: Oh, thank you, Senator. I appreciate it. To the members of the Business and Labor Committee. Robert-- Dr. Robert G. Wallace, R-o-b-e-r-t W-a-l-l-a-c-e. I'm an evolutionary epidemiologist at the Agroecology and Rural Economics Research Corps. Over the past 10 years, I've committed myself to collaborating on projects dedicated to reorganizing Midwest agriculture. Why would an epidemiologist care about agriculture? Because most of the new human pathogens worldwide and here in the states are emerging out of agricultural practices and land use. In the course of industrializing agriculture, we have also industrialized the evolution and spread of its viruses and bacteria. Models and data show the pathogens are becoming deadlier to livestock and poultry. The more animals stuffed together and the less genetic diversity they share and the more stress that depresses animal immunity and the faster the flock throughput, then the greater the evolutionary pressure on the virus for increased infectiousness and deadliness. Indeed, the speed of pathogen evolution is getting so fast, and the geographic spread of infection is going so far that it is increasingly apparent that no biosecurity the food animal sector is willing to pay for is enough to end outbreaks in short order. According to Wall Street Journal reporter Christopher Leonard, for decades, the poultry industry knew about the epidemiological damage to their model of production causes. It's partly why the sector moved, growing out birds from off their balance sheets and onto contract farmers, so that those farmers can sop up the financial losses from these deadly outbreaks. We need a new plan to fix this mess, one that contributes to Nebraska's leading edge in agriculture, while preparing it for the demands of today and tomorrow. As part of a larger program, we need to reintroduce agrobiodiversity to act as a series of immune firebreaks against the evolution and spread of these deadly pathogens. To that effort, we need to return much of the control over what to grow and how back to farmers and farming communities, rather than solely in the hands of out-of-state input suppliers and end buyers. And to our business at hand here today, we need to pass the present bill, LB573. Contract farmers and meatpackers should be protected as valued members of our community. Full stop. That's reason enough. But in addition, they are essential in keeping Nebraska fed and its ag

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revenue in state. They shouldn't pay the economic and health costs for poor industrial practices. Finally, epidemiologically, contract farmers, farm workers, and meatpackers represent the conduit through which these new pathogens typically move into the general population, whether or not a new pathogen emerges from inside Nebraska. The provisions of this bill will, in the course of protecting farmers and meatpackers, help protect the whole of the state of Nebraska. And that's a win-win for everybody. Thank you very much for your time and attention. I'd be happy to answer any of your questions.

KAUTH: Thank you. And you slid that in right at 3 minutes. Well done.

ROBERT WALLACE: Excellent, excellent.

KAUTH: Any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman. I'm reading and listening to your testimony, and I'm reading, we have a statement of intent of the law, which is just a summary, and I'm trying to make the logical nexus how LB573 would protect us from bird flu based on some of the things I see in the bill. And I'll just-- including workers' comp for covered workers, provide at least 2 years of health care worker-- for covered workers, provides mechanisms for affected coworkers for civil rights, empower the Director of Labor, etcetera, etcetera. All fine and well, but I'm trying to make the logical nexus between those four or five things and protecting us from bird flu. Help me out.

ROBERT WALLACE: Sure, sure.

SORRENTINO: Thank you.

ROBERT WALLACE: No problem. Farm workers and meatpackers are essentially treated as just about subhuman in the United States by USDA policy, OSHA policy, they are basically-- lawyers are freer to treat these workers without the protections that are offered in other occupations and sectors. We saw this during COVID-19 when the President at the time permitted meatpacking plants to open up again during a COVID outbreak, and hundreds of meatpackers were killed by COVID that circulated into those meatpacking--

SORRENTINO: Sorry, hundreds of meatpackers?

ROBERT WALLACE: Meatpackers were killed, were infected by COVID and killed. So the refusal to treat these particular occupations with the, not just the dignity but the protections that are afforded other

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occupations, basically exposes them to dangers that are not presented to other occupations, so. A lot of the new infections are emerging out of livestock and poultry. That's not just here in the United States, but worldwide. And so when you have meatpackers and contract farmers taking care of the animals, they are often the first population to be infected, whereupon they serve as a conduit to be infecting the rest of the population. So what this bill does is basically say we're going to protect these workers in the sense of if one of them is infected, they get to go home, perhaps shelter in place, run through their infection, receive the health care they need that they do not have presently that will allow the infection to stop at that point, instead of being-- forcing them back into, back into the, into the plant or back onto his farm or taking it back into his community. And so you want to cut off the infection at this point in the early stages of an outbreak here in Nebraska.

SORRENTINO: Thank you.

KAUTH: Thank you, Senator Sorrentino. Senator McKinney.

McKINNEY: Thank you. Can you expand on what the impact of, like, future disasters might-- could be and what other states are doing to address it, or kind of be proactive?

ROBERT WALLACE: Yeah, that's, that's a very good question. I have to say that, presently, there are states around the, the country that have dedicated to regional food plans that are-- act-- focusing on the ability to produce healthy food and healthy ways. So that's on track. I can't tell you presently if Nebraska does that as well. So there are efforts in that direction to, to bring that about. You know, we're in a difficult moment. And this is for two, three administrations running where the federal government is presently moving away from a, not just the practice of public health, but public health as a concept. And this is a, a dangerous moment for the country in a way that unfortunately puts the states in the position to step up and having to fill in the gaps that now have emerged with-- and it's not-- it's multiple parties involved here, it's just not a, a attack on any one party. So this puts the states in the position of having to step up and fill in the, the holes that have been accorded by virtue of the feds basically backing away from their, what had been a long tradition of at least trying to develop public health and, and animal health. Does that address your question?

McKINNEY: Yes. Thank you.

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KAUTH: Thank you. Are there any other questions from the committee?
Seeing none, thank you very much--

ROBERT WALLACE: OK. Thank you

KAUTH: --for your testimony. Next proponent? Good afternoon.

PAM WAKEMAN: Good afternoon. My name is Pam Wakeman, P-a-m
W-a-k-e-m-a-n, and I live in District 32. As a Nebraska resident who
lives one and a half-- no, excuse me, one and one-fourth miles from
Lincoln Premium Poultry factory barns, I appreciate that LB537 [SIC]
has been introduced by Senator Guereca, and I'm also very pleased that
Dr. Wallace was able to testify today. I'm in favor of this bill, and
am most concerned about the mitigation practices that are available
right now and what will happen in the future. And that, that kind of
means what to do with the animals that are sick, and also what to do
with the animals who die because of a contagious disease, which right
now a lot of us are concerned about avian flu. And that's been found
in six Nebraska counties that I'm aware of to date. And, of course,
the concern is also that it can be passed on to humans and the impact
that that has on several different levels. In the subdivision where I
live, I'm not the only one that's living one and a fourth miles from
this factory barn situation, there were several people who were told
by, well, one in particular, who's a professor of physics in-- at UNL,
who has a lung condition, that if this were to go through, if they
were allowed to get the permit to build the factory barns, that he
should, on advice of his physician, just go ahead and move even before
they were built, because he was almost certain that there would be
some impact to this individual's health. There was another woman who
testified when there was-- the, the bill was-- the permit was being
set up whose child had had an open heart transplant, and that was not
taken into consideration. As some of you may have seen their-- Premium
Poultry's practice is to have a three-sided compost building with a
roof on top of it. And you may have seen, and it was spoken about,
that some of the birds have-- that were dead fall on the ground. I
would want you to consider how much opportunity that presents for the
spread of the disease by either migratory birds, other birds that
might be in the vicinity, the insects, the fox, duck, skunk, coyotes
that would scavenge for those dead bodies.

KAUTH: Can I ask you to wrap up and we'll have some questions for you?

PAM WAKEMAN: Yes. Yes. I-- my hope is, is that instead of having the
compost bin, that maybe there's a way to mandate that these dead

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animals that because of disease be incinerated or at least explore the best way to avoid any contamination.

KAUTH: Thank you very much. Are there any questions from the committee? I actually have one.

PAM WAKEMAN: OK.

KAUTH: How long was that-- so in the picture, it's pretty graphic, but how long was that in place? Do you know?

PAM WAKEMAN: No, I don't know. I just seen the picture. I'm not exactly sure where it's located and what year it was there, but this is something that has, you know, been on the Internet quite a bit, showing that this occurs in several different places.

KAUTH: And for you, if, if there was a policy in place where if there were animals that were identified as having an illness and they had to be called, immediate incineration would be better?

PAM WAKEMAN: To me, that-- I just think that that would be the best way to ensure that at least it was not being spread from that location at that time. That doesn't mean it's eradicating the disease, because they'd have to investigate how the disease got there, and it would be hoped that there would be some scientific type of looking into how we could eradicate that disease if there would be an inoculation for people as well as animals.

KAUTH: OK. Thank you very much for your testimony. I appreciate it.

PAM WAKEMAN: Well, thank you.

KAUTH: Next proponent? Good afternoon again.

GUILLERMO PENA: Hello again. My name is Guillermo Pena, LD 35, G-u-i-l-l-e-r-m-o, Pena, P-e-n-a. This is not the first time I talk about this bill. Senator Vargas spoke on this bill. I spoke with passion. And I remember fighting for my family, my American-immigrant family, just like everybody here, Senator, Senator [INAUDIBLE]. Yes, American working families. Yes, the people speak here today. I stand here before here covered in paint, as a working-class person, to talk about the strengthening about the American worker. It is undeniably a vulnerable state when immigrant children in meatpacking plants are being burned by chemicals. Families are broken in the last administration in '26 [SIC] and federally. We were nothing but

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disposable gloves to the agricultural industry, not just immigrant families, American hard-working families. Those are the families Senator Guereca is trying to protect. And I know, I know, my passion for the American working family is important. It is important because my family works there and continues to work there and contributes. And I feel it is important to pass this bill when our nation is in trouble, when our ag industry, poultry is in trouble, cattle is in trouble. Farmers are wondering, where am I going to sell my grain? That is the problem we're having. Yet, we don't want to strengthen the American worker. And excuse me if I tremble, but a woman told me even if I tremble, I should speak. But here I am. I fight for the American, American dream. My family came here to have a dream and we will succeed. And I know Senator Guereca's bill will succeed with that. I speak for those families that cannot speak English or can't be here because of legal statuses. I speak for them every single day. And I hope you approve this bill, because those families are the future of Nebraska. And by-- if you ignore me, so be it. But today I speak for them. I, I hope [INAUDIBLE] with dignity and respect for the American worker, which is Grand Island, Nebraska, my hometown. That's the town my family decided to settle. And nobody can take that away from me. Not even if you say no. We will continue to fight for workers' rights. And I dare to dream like Dr. King and the dreamers who have no papers, those undocumented status children, we dare to dream. Thank you.

KAUTH: Thank you very much. Do you have-- are there any questions from the committee? Senator McKinney.

McKINNEY: Thank you. And thank you for your testimony. What does those workers and workers in your family mean to the industry? And what, what would it mean if they were not protected?

GUILLERMO PENA: If they weren't protected, my family would inherently look elsewhere to go. We want to feel safe. And what do they mean to the industry? Well, they mean a lot. I know people here see dollar bills, but I see the face of humanity, the face of America. That's what it is. We are the workforce, and we are the blood that makes America go. That's what this packer bill does. It protects us, protects the American family. That's what it is.

McKINNEY: Thank you.

GUILLERMO PENA: You're welcome.

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KAUTH: Any other questions? You're good. Thank you very much. Next proponent?

NICK GRANDGENETT: Well, good afternoon. My name is Nick Grandgenett, spelled N-i-c-k G-r-a-n-d-g-e-n-e-t-t. I'm a staff attorney with Nebraska Appleseed testifying in support of LB573. So we appreciate this bill, LB573, because it creates a strategy to ensure Nebraska is better prepared for future disasters and holistically supports workers, producers, and entire Nebraska communities. We are particularly supportive of this bill because it would strengthen the ability of Nebraska to support meatpacking workers across the state. Our organization has more than 20 years experience with meat and poultry worker safety, and every year we talk with hundreds of meatpacking workers while providing worker health and safety trainings. Meatpacking is and continues to be one of the most dangerous industries in Nebraska. You can see that from the handout I'm sending around. Every year we hear comments from workers such as everyone who goes to the plant is risking their lives every day. The line, meaning the line speed runs so fast, it feels like it will kill you. In our department, they say the line kills people and it kills hogs because in the end you end up hurt. And a worker who spent years working long hours on a processing line said that he can no longer use his hands or even open a jar of mayonnaise because he was in so much pain. These dangerous working conditions continue to exist and are further exacerbated by disasters such as pandemics. In 2020, for example, there were about 1,100 workplace illnesses in Nebraska's meatpacking industry that led to a dramatic decrease in staffing ratios and an increase in the already dangerously fast work speeds. In 2020, there were also about 1,600 workplace injuries in the meatpacking industry in our state, and together, those injuries and illnesses led to more than 30,000 days of missed work in our state in the industry. Such a dynamic is bad for Nebraska's workers, their families, and employers. Again, the strength of LB573 is that it adopts a holistic approach to ensure our state is better prepared for disasters, and creates a plan to ensure workers, producers, and others can navigate any potential disasters and their after effects. Thank you and I'm happy to answer questions.

KAUTH: Thank you for your testimony. Are there any questions? Thank you very much.

NICK GRANDGENETT: Thank you.

KAUTH: Next proponent? Good afternoon.

NANCY MEYER: Hello. Hi. My name is Nancy Meyer, N-a-n-c-y M-e-y-e-r. For 25 years, I have lived in a beautiful rural area of Nebraska, just a mile and a half south of the Platte River. It is peaceful, clean, and a healthy place for me to have raised my children and to continue raising my own food. For me, it is exactly what makes being here in Nebraska the good life. With the recent increase in Confined [SIC] Animal Feeding Operations in this state, we badly need strong and enforceable regulations for CAFO operating procedures. The chicken versions of these facilities use uniform varieties of birds, a practice that favors the rapid spread of viruses like bird flu. Mr. Wallace testified about that. LB573 provides regulation of and oversight for animal disposal methods. These regulations protect not just the workers, but the local communities surrounding these facilities in two ways. First, the regulations safeguard human health for all community members. Bird flu is spread via feces and dead birds. A chicken CAFO operates just 3.5 miles from my home. When I see manure and dead birds spread on top of fields near my home, which isn't even knifed in, I wonder how much of that material contains an undetected infection of any kind, including bird flu. That infection can easily spread to my animals, the wild animals that visit my property, and to the neighbors in my community, whether or not they interact with the workers at that facility. Second, regulation and oversight for animal disposal supports local economic interests that depend on aggressive infection outbreak containment. These economic interests include rural livestock owners, as well as hunters and birdwatchers who make up a large portion of our tourism industry. The Platte River Valley is eighth in the nation for birdwatching, and upland bird hunting attracts 20,000 nonresidents to the state annually. Tourism is considered Nebraska's third largest industry, accounting for \$4.6 billion in revenue in 2023. Now, I mentioned enforcement a couple times, and I want to point out that I believe this is one of the most important provisions of the LB573 and that's because it creates a task force reporting to the Commission of Labor that is responsible for evaluating the effectiveness of the act and providing guidance on how to enforce it. In my opinion, the NDEE is inadequate for that purpose because that agency is overloaded and under-resourced. I also believe, to Senator Ibach's point, that regardless of the stringency of the Department of AG's procedures, I don't think they're being enforced. I don't think they're being followed. This is clear to people who live in rural areas. Like me, more than two-thirds of Nebraskans live outside or on the edges of the Omaha and Lincoln metropolitan areas. These are the people who this bill will affect most, and I urge you to think about the majority of

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your statewide constituents and support a strongly written LB573. Thank you for your time, for considering this bill, and how it will help preserve the health and economic well-being of Nebraskans.

KAUTH: Thank you very much, Ms. Meyer. Are there any questions from the committee? Seeing none, thank you for your testimony.

NANCY MEYER: Thank you.

KAUTH: Next proponent? Hello, Mr. Hansen.

JOHN HANSEN: Madam Chairman, members of the committee, good afternoon. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the President of Nebraska Farmers Union, the second oldest, second largest general farm organization in the state. And by virtue of the fact that I had this position for about 35 years, I've had the opportunity to see the difference between where we thought we were in planning and where we were in practice, and it was who would have thought we would have seen what we saw with COVID? But having been involved in that process, I, I would hate to guess how many thousands of meetings I've gone to in my lifetime, but I will assure you that there were never any meetings that I ever went to on a weekly basis that was more painful than those weekly meetings where we were struggling with our workers' health and well-being, as well as what do we do with this many animals that we do not have shackle space for? And what is the best and most humane way to try to dispose of this many animals? It would-- these were terrible, gut-wrenching meetings. And so one of the things I said to myself as a result of that was you really need to be more proactive. And so I look at this bill in, in a proactive way. At least ask the question, are we actually really doing all we should be to be prepared for the challenges that we face? And so here we are looking at an avian flu that somehow ends up with dairy cows, which sends questions out. And all of a sudden we're asking ourselves the question, what is the contamination rate between those dairy animals and human beings? And so are we actually really as prepared as we should be? When I have, when I have neighbors of CAFOs in Nebraska, they call me up and say, my hunting dog is not the world's best hunting dog, but he manages to bring home a dead chicken every day from the neighbor CAFO, which should never be the case. You know that we're not doing exactly all that we could be doing on enforcement. So I thank the senator for bringing this bill. And I think, at a minimum, this is always a good time to ask questions in a more proactive way, which is what can we be doing? Are we actually really as prepared as we should be? And however much the cost is to do

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those things, what we found out last time, having gone through COVID, is that we know for sure that the old saying an ounce of prevention is worth a pound of cure is, in fact, probably an understatement, because what that cost our workers and what that cost our industry was enormous. And there is a big difference of how it is that some of the packers treated their workers rather than others. And so is there room for improvement? Yes, there is. Thank you for your time and attention. I'll be glad to answer any questions if I could.

KAUTH: Thank you, Mr. Hansen. Are there any questions? Seeing none, thank you for your testimony.

JOHN HANSEN: Thank you.

KAUTH: Next proponent? First opponent? Good afternoon.

JESSICA KOLTERMAN: Chairman Kauth, members of the committee, my name is Jessica Kolterman, J-e-s-s-i-c-a K-o-l-t-e-r-m-a-n. I serve as the Director of Administration for Lincoln Premium Poultry, where I was hired as the first Nebraskan into that organization. Nebraska, or excuse me, Lincoln Premium Poultry is the largest poultry company in Nebraska, and we are a wholly owned subsidiary of Costco. We have about 1,200 team members and approximately 100 farm families in the region. Our operation has been open for about 5.5 years, and in that time has received dozens of awards and recognitions for the way we've handled our operation. We've actually become a thought leader in the industry, with people from all over the world coming regularly to visit to learn about our technology, the way we treat our people and our practices on our farms. I would list all of the people that have visited and all the many companies, but I would take up too much of your time. So I will summarize with two of our important visitors we've had, Secretary of Agriculture Sonny Perdue and National Farm Bureau President Zippy Duvall. Both of those individuals have been poultry growers themselves and have shared personally that they see our organization as revolutionary and that they see us as a leader that they would like many other companies to emulate. I don't think that the senator had any ill intent in introducing this bill. I think his, his motives are pure, and we support worker safety and worker protection. Our organization actually was recognized with a national award that was given by the American Democracy and Health Security Initiative, the Pandemic Collaborative, the Center for Strategic and International Studies, and the COVID Collaborative, and those organizations all pointed to us. There were 30 people recognized in the United States for how they handled COVID-19. Three of those were

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Nebraskans: Lincoln Premium Poultry and myself and then Dr. Anthone for the state of Nebraska and Dr. Gold from UNMC. All of us were invited to D.C. to share best practices of how we managed the pandemic. And I think we did an outstanding job. We did not miss any shifts. We did not miss any days. I could probably talk about what we did for COVID for about an hour and share lots with you, but I see that my time is up. We support the intent of keeping workers safe, but not the legislation.

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

IBACH: Thank you very much, Chair Kauth. Do you feel like you are partners with USDA and the State Department of Agriculture in your--

JESSICA KOLTERMAN: Yeah, I, I--

IBACH: --approach to your policy and how you react to different--

JESSICA KOLTERMAN: I think something that people are probably not aware of with emergencies on large agricultural farms. When those types of things occur, such as the avian influenza, we are actually not giving a lot of options about how we move forward with that. That is usually controlled by USDA, who works in collaboration with the local State Department of Agriculture. So those decisions that are made onsite on the farms are actually guided by the federal government, generally speaking.

IBACH: Can I follow up?

KAUTH: Yes, please.

IBACH: Just as a follow-up regarding employees, because I think this bill speaks to the treatment of employees and how you react. Can you just give us a really brief overview of your policy and how employees should react or be approached with any type of emergency situation? I mean, I'm sure you have policy in place.

JESSICA KOLTERMAN: Yeah. So a couple of things to share, as part of our organizational management of the, of the whole organization, we actually already have our emergency plans in place. They are predetermined written policies and procedures of how we would approach any given number of any type of emergency you can dream up. And the document, I did not bring it with me, but I believe it has about 15 or 15-plus different types of emergencies you could encounter within an

organization of our, our nature. In there is a pandemic plan. In there already exists a plan on how to handle like an avian influenza situation on a farm. All of that already exists and has already been played out in tabletop exercises and evaluated. So we believe we are prepared. And I think COVID-19 specifically was something so unique, I don't think anyone was quite ready for that. That being said, we actually started preparing for that in mid-February, which was quite a ways in front of when it actually kind of hit the United States. And, and as such, I believe we were well positioned. We actually brought in UNMC and asked them to help us and collaborate with them. They actually took many of the things that we came up with and implemented, and then they put that in their pandemic playbook for food processors that was used all over the United States. So I, I mean it sincerely when I say we're, we're a leader in this industry, and, and some of the things we're doing are very innovative. I, I will say, you know, we-- the gentleman that testified supporting the legislation, I empathize with his concern about people in our industry not being taken care of and not being valued. I can't speak for any company but ours, but I can tell you that I really see the people that work for us as extensions. I mean, we are a family and they're an extension of, you know, we're in it together. We're a team. And, and I think our people, if you would go talk to them, I think they would share that. They would say that they see that, they believe that, they feel that, that, that leadership is there for them and cares about them.

IBACH: Last question. Do you have a formal complaint protocol--

JESSICA KOLTERMAN: We have--

IBACH: --where if--

JESSICA KOLTERMAN: We have--

IBACH: --someone is nervous that they may be affected by the bird flu if-- because I'm sure you educate them on the what-ifs-- do you have a formal complaint process in place where they can actually voice their complaint or their concerns?

JESSICA KOLTERMAN: Any concerns. Yeah, we, we have many, we have many ways people can voice concerns within our organization. First of all, we have a, a hotline that they can call. We have an open-door policy. So any member of any level of the team can come talk to any member of leadership at any time. We have human resources. We have a, a comment box where people can leave, you know, anything that they want

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resolved. And members of leadership are regularly accessible by being present. It's not uncommon if you would come into the plant at night, you would find me walking around the cafeteria, talking to our team, checking in to see how they're doing. We, we try to spend as much time as possible with our rank and file, with the team members who are really, quite frankly, running the company. I mean, I, I share in, in our one on ones, which we do regularly. And we do town halls, and we do all these other ways that we try to keep in constant communication with our people that at the end of the day, those of us who are in an office are, are really there to support them. And if they don't feel like they're getting that support, we want to know. Because if there's a problem that we don't know about, we can't fix it.

IBACH: Thank you. Thank you, Chair.

KAUTH: Thank you, Senator Ibach. Any other questions from the committee? Seeing none-- oh, sorry. Senator Raybould.

RAYBOULD: I just thank you for providing your testimony. And I know you, you already stated that you have plans for all, you name it, whatever type of disaster comes your way, you, you are prepared for that. I know-- I believe in the bill, it also talks about sharing that or, or making sure that you are prepared for lots of disasters. And so I'm going to give you a quiz, just, just throw out what, what-- like, tell us what is your response when we have a drought situation and your processing plant can't process two million birds, where do the birds go?

JESSICA KOLTERMAN: I'm sorry, what kind of situation? A--

RAYBOULD: If we have a drought situation and--

JESSICA KOLTERMAN: A drought?

RAYBOULD: A drought situation and water is cut off to the processing plant.

JESSICA KOLTERMAN: Well, I-- oh, if the plant itself didn't have water?

RAYBOULD: Correct.

JESSICA KOLTERMAN: We would not be able to process that day.

RAYBOULD: OK. And so where do you bus the two million chickens?

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JESSICA KOLTERMAN: Well, we, we would have to keep them in the barns being fed until we had an opportunity to run the, run the operation and process them.

RAYBOULD: OK. All right. Thank you.

KAUTH: Thank you, Senator Raybould. Senator McKinney.

McKINNEY: Thank you. I know you said that you're prepared for a disaster, but if you could give me an estimate, where would you rate the industry as a whole as being prepared for a disaster?

JESSICA KOLTERMAN: Well, I believe that we are required by OSHA to have those disaster mitigation plans. So if they're in compliance with OSHA, I would assume that they all have them as well.

McKINNEY: Are you concerned with the liquidity of everything that is going on, on a federal level with all the different agency changes and throwbacks?

JESSICA KOLTERMAN: I, I think everyone's concerned because there's a lot of confusion that comes with it, and trying to understand all the many facets and everything that happens every day. So are you talking about am I worried about OSHA going away, specifically, or--

McKINNEY: OSHA or just different safety measures, things that have been in place and kind of being taken away because prior to the Biden administration, the Trump administration took out the, whatever it was, the pandemic, whatever that office was or that department was that looked at pandemics.

JESSICA KOLTERMAN: Yeah, I actually-- the groups I referenced in D.C., we actually met with-- I went to D.C. for the meetings, we actually met with the White House office of the pandemic. And so had a-- actually developed a really great working relationship with that office. I, I assume, I don't know, but I assume that many of those people are no longer in that same office. But I can also share that my conversations with them were that they believed there was always going to be some way to be involved in preventing pandemics, whether it was within the federal government or whether it was within private sector or nongovernmental agencies. And so many of the, the groups that I listed that collaborated with the office of the pandemic were all freestanding groups outside of the federal government. So I believe all those groups still exist and are still very much working in

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collaboration with each other to be prepared for a future pandemic, whatever that looks like.

McKINNEY: And I guess if it's outside of the federal government, where's the sense of security for the workers or the public?

JESSICA KOLTERMAN: I can say that, in my organization, I believe that the people that work for us know that we are there to look out for them and do everything we can to help support them in their roles. It's not uncommon when someone has a concern, no matter how minor, for them to bring it directly to myself and some of the other people that are in leadership, so we can try to course correct if there is a problem. I think we've developed that trust. I recognize that not every company does that. But, but I think, generally speaking, most of the people who work in our organization really do believe that we are there to support them and, and make sure they have a safe working environment, make sure that they get information, make sure that we're communicating regularly. Make sure that at the end of the day, they go home safe to their families. And I think if you go back and you look at our track record on health and wellness, if you look at our safety record, if you look at how we handled COVID-19, I think you would see that as well. We'd love to have you visit if you want to come.

McKINNEY: All right. Thank you.

JESSICA KOLTERMAN: Yeah.

KAUTH: Thank you, Senator McKinney. Any other questions from the committee? Seeing none, thank you very much.

JESSICA KOLTERMAN: All right. Thank you.

KAUTH: Next opponent?

RYAN McINTOSH: Good afternoon, Chair Kauth, members of the committee. Once again, my name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear before you on behalf of my clients, the National Federation of Independent Business and Nebraskans for Workers' Compensation Equity and Fairness in opposition to this bill. Just a couple of things I want to point out. I think that the definition of covered entity here is, is problematic when you look at it, it not only includes these slaughterhouses, packing plants with 250 or more employees, it covers any enclosed large CAFO and any entity required to have a, a NPDES permit. Just for reference, there's nearly 2,000 CAFOs in Nebraska, and over 500 NPDES permits, including many municipalities, which would

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be purported to be covered under this. So that's one problem. Another issue that we take issue with is in Section 4, the provisions that would purport to extend workers' compensation coverage for 2 years to nonemployees, that is a huge change in the history of workers' compensation and unprecedented. So we-- that would have an effect on workers' comp premiums for employers of all sizes all across the state. As I said before, we-- our members take workplace safety and employee safety very seriously and of utmost importance. It's one thing to require planning, mitigation disaster planning, it's quite another to have these significant changes in liability being shifted onto businesses that don't even employees-- employee some of these individuals. So with that, we'd ask the committee to not advance the bill. Thank you.

KAUTH: Thank you for your testimony. Are there any questions? Seeing none, thank you.

RYAN McINTOSH: Thank you.

KAUTH: Next opponent? Is anyone here to testify in the neutral for LB573? OK. Senator Guereca, would you like to close? And while you come up, there are 30 proponents, 5 opponents, and 1 neutral.

GUERECA: Thank you, Chairwoman Kauth, members of the Business and Labor Committee. A lot of good, robust discussion. Good conversation. Again, you know, I think for me it's about worker safety. It's about we as a society fortifying a vital, vital industry that is susceptible, as we've seen in the past and continue to see to disaster events. So they're going to [INAUDIBLE], having that discussion, having that debate and being proactive in how we look at these things and reinforce our, our food supply chain. I would take any questions.

KAUTH: Are there any questions from the committee? Seeing none, thank you very much.

GUERECA: Thank you.

KAUTH: And this closes our hearing on LB573. Moving onto LB258. Good afternoon, Senator Raybould.

RAYBOULD: Good afternoon, Chair Kauth and my fellow members of the Business and Labor Committee. My name is Jane Raybould, J-a-n-e R-a-y-b-o-u-l-d, and I represent Legislative District 28. And I'm here today to introduce LB258. There are 3 primary changes in the bill which I will address in the order they are drafted in the green copy.

I will also incorporate explaining the changes as seen in AM272, which has been passed out to you. The first change relates to a cap on the indexing of the minimum wage beginning in 2027. Since the passage of Initiative 433 in 2022, Nebraska's minimum wage has increased annually by \$1.50 per hour and will do so again on January 1, 2026, when the wage reaches \$15 per hour. Beginning the year after that, the minimum wage is set to increase annually on the 1st of January at a rate based on 100% of the Midwest CPI as of August of the previous year. I am not here to dispute the fact that the cost of living does increase year after year, and I do not argue that workers earning a minimum wage benefit from that wage growing over time. My intention with LB258 is to provide certainty to businesses across the state who are required to comply with this mandate. To accomplish that, LB258 would establish a cap on the CPI increase at 1.5%, 1.5%. Looking back, the average Midwest CPI over the last 50 years is 3.8%. The 5-year average is 4.1%. The increase in our minimum wage on January 1 of this year was 22.7%, while the Midwest CPI as of August of last year was 2.6%. So what I'm saying is that we're steadily seeing greater increases in the increase in minimum wage than what is the actual CPI. Now looking ahead on January 1, 2026, there will be an increase of 11.1%, followed by the annual CPI increase going into effect in 2027. If the minimum wage were to grow by the 50-year average, in 10 years the minimum wage would be over \$20 per hour, and in the next 10 would cross over the \$30 per hour. I think you all have a handout. I'm hoping this got handed out where you have a chart. So if you look at the chart starting on your left, you'll see the columns where it has minimum wage, 3.8% at the top and 1.5%. And it has the years going forward. So you can see at the bottom, 2025 at 3.8%, which has been the annual CPI over the last 50 years, it would be-- the minimum wage would be \$30.47. If you look at the column with the fixed 1.5% increase on an annual basis being proposed by this legislative bill, at 2025, it would be \$19.90. So it's a more gradual, more predictable increase. 20 states and the District of Columbia have or will soon have automatic increases based on indexing. Of those, Minnesota and California cap the increase. In 2022, inflation was the highest since it has been since the late 1970s and 1980s. Many states with wages tied to CPI increases had larger than expected increases to the minimum wage rates. So example, Maine experienced an increase of 300% larger than the previous year, and Ohio saw 400% larger increase than the year before. This was a significant outlier, and we are fortunate that the annual Midwest CPI is coming in near the midpoint. It's those unexpected jumps that have extreme impacts on employers. Most employers are-- hiring at or just above the minimum wage are in

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industries that operate on razor-thin profit margins. Increasing their costs forces these business to raise prices, reduce job and training opportunities, decrease benefits, or cut some of the services that they provide. In LB258, I have proposed a cap of 1.5% for a few reasons. First, Nebraska is an outlier in the Midwest, and in 3 years will have the highest minimum wage as compared to our surrounding states. You can see the states, in the other handout that I provided, that shows exactly what I'm talking about. It's this handout with the states. You can see that we are surrounded by 3 states, Wyoming, Kansas and Iowa, whose minimum wage is at \$7.25, which is what the federal minimum wage is. But you can see that Colorado, we have South Dakota, and then Missouri are inching up as well. But next year we should have the highest minimum wage rate compared to all of our surrounding neighbors. In LB25 [SIC], I have proposed a cap of 1.5%. Second, we all hope that the global COVID-19 pandemic was a once-in-a-lifetime event. We can also see that the sudden and sharp inflationary impacts as a result of the pandemic are diminishing. When looking at a snapshot of the Midwest CPI in August from 2010 to 2020, the mean or average is 1.9-- 1.49%. The median is 1.5% and the mode is 1.5%. So the cap as proposed in this bill as well, in line with those figures. Third, since the passage of Initiative 433 and when we reach \$15 per hour in 2026, the percentage of increase in the minimum wage over that 4-year period is 66.67%. These figures are included on the one handout in front of you, and you can see that the annual increase year over year has averaged 16.21%. Businesses have done and will do what they can to adjust to the increases, and we as policymakers can provide them with predictability year over year by capping the annual increase with LB258. The second change in the bill relates to the creation of a youth minimum wage. This would apply only to workers age 14 and 15, and would set that wage at \$13.50 per hour. Since the minimum wage will be increasing based on indexing, in AM272, I have included that the youth minimum wage rate should increase 1.5% every fifth year. And that's also in this handout. That's the column on the far right. You can see that they start out at \$13.50. But that increase will happen every-- every 5 years will be increased by 1.5%. And what I also want you to look at right below that are all the limitations of 14- and 15-year-olds on what they can do in the workplace, the limitations of the hours that they can actually work in the workplace. There are several very strict federal OSHA guidelines that if there is a violation to any of those, the penalties are quite severe. So we are wanting to point out that the 14- and 15-year-olds are there for entry-level positions. They might be fantastic hard workers, but there are so many things that they are prohibited by

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federal law from doing. It is imperative that we do what we can to ensure the economic viability of our small businesses, especially those that serve our rural communities. The significant increases that I've just shared with you have already impacted many mom-and-pop stores, and some are struggling and some have gone out of business. By law and in all occupations, 14- and 15-year-olds are limited in the following ways. This is just a few of them that this wage would permit. They only perform nonhazardous duties, may not clean or operate powered equipment used in baking or meat processing, including mixers and meat slicers. They may not operate paper box compactors, may not operate power-driven lifts such as elevators, and they're also limited in being able to load, operate, or unload power-driven balers and compactors. They're also limited in any duties that involve baking, may only work 3 hours per weekday outside school hours, may only work limited hours on nonschool days when school is in and out of session, and may not work in freezers or meat coolers. For these reasons, many employers resist hiring anyone younger than 16. As things currently stand, we are creating a financial hardship for many of our small businesses, including daycares, small rural grocers and retailers, and many more across our state. It also forces youth out of the labor market. These are both very poor outcomes, and I believe that LB258 strikes a balance in a very good way. The third and final change included in this bill is to the training wage. Currently in state law, and this is something that was not in the petition, currently in state law, the training wage for those under 20 is 75% of the federal minimum wage, which is \$7.25. So 75 cents-- 75% of that is \$5.44. So that is what is in current Nebraska state statute. That is something that we are also proposing to change. And that's in the middle column. So in the middle column, the training wages for those 16- to 19-year-olds, and a training wage is for 90 days, 90 days, it starts at \$13.50. And again every year in 2026 to 2027, etcetera, will have that 1.5% increase that mirrors the minimum wage increase. So keep in mind, once the training, the 90-day training is complete, that age group hops over to the standard minimum wage that we're talking about. Let's see, the training wage of at least 75% of the federal minimum wage. We talked about that, that comes out to \$5.44 per hour. This is what we're proposing to change as well, because we recognize that the language currently in statute is old and obsolete. And we know that the market really determines what you can bring on workers at and it doesn't make sense that we correct a lot of the things in this bill without addressing that as well. LB258 would increase the training wage to \$13.50 per hour through December 31, 2026. Additionally, it applies a training wage to those who are at least 16

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years of age. AM272 makes 2 additional changes. Number 1, it strikes younger than 18, as seen on page 3, line 19, and reinstates younger than 20. This makes the training wage applicable to those who are aged 16, 17, 18 and 19. Number 2, it strikes the language on page 4, lines 3 through the period in line 5, and adds language that the training wage increases annually by 1.5% beginning in 2027. Increasing the training wage would be something that we should all agree on. After the 90 days are up, the employee would then advance to at least the full minimum wage. I want to limit my opening to give time for some of the people here to testify on this bill, and can save my remaining remarks for my close. Before I do that, I do want to mention that one grocer out in Stromsburg was not able to join us today, but I did want to share her comments. She said my husband and I own a grocery store in Stromsburg, Nebraska and currently have 19 employees. 7 of these are high school students and are entry-level employees. We have not hired a high school student in over a year, a new one. This is a direct result of the minimum wage increase. Establishing a youth training wage would be an incentive for us to continue to hire young people. We always have high school students looking for employment. Working at a grocery store is a great first job for the reasons mentioned above, and we would like to continue hiring students. But if no changes are made, we plan to reduce the number of high school employees at our store. 2 years ago, we had 9 high school employees. So we, we strive to serve our small community of 1,170 people by keeping the store open and viable. We support the annual fixed rate of 1.5% for the minimum wage because it would give us some stability as we plan for our wage increases each year. And so at this point, I'm happy to take any questions.

KAUTH: Thank you, Senator Raybould. Senator Sorrentino.

SORRENTINO: Thank you, Chair Kauth. Thank you for bringing this bill. I have a question. I just want to make sure that I'm on the right page. And it deals with training language, so 16-, 17-, and 18-, 19-year olds. So currently or I shouldn't say currently, once this bill or if this bill is passed, the youth, the 16- to 19-year-old would still make 75% of the minimum wage, or \$7.25 per hour, for 90 days. Correct?

RAYBOULD: No. That's incorrect. This--

SORRENTINO: The bill automatically goes to this higher range.

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RAYBOULD: Yes. This replaces the language currently in the statute where--

SORRENTINO: So right now they make \$13.50.

RAYBOULD: Right now they would make-- well, when this goes into effect.

SORRENTINO: It's 2026.

RAYBOULD: Well, 2027, it would go into effect. In 2026, the rate goes up to \$15. Right now, it's \$13.50. 2026, it goes up to \$15. And in 2027, that training wage would be \$13.50 for 90 days. Currently, that training wage is \$5.44.

SORRENTINO: Say that again--

RAYBOULD: So--

SORRENTINO: --because something doesn't sound right.

RAYBOULD: This year is 2025 and the minimum wage increased to \$13--

SORRENTINO: I'm 16 years old and I get hired right now, I make how much?

RAYBOULD: If you're 16 years old and you get hired right now, it depends on the industry because a lot of people aren't paying the minimum wage of \$13.50, but--

SORRENTINO: But if they were paying minimum wage, it would be?

RAYBOULD: You would be making \$13.50.

SORRENTINO: OK.

RAYBOULD: And in 2026, the minimum wage increases to \$15.

SORRENTINO: Right.

RAYBOULD: And then in 2027, this is when LB258 gets implemented in those years. For the minimum wage, 1.5% increase at that point in time. Then it addresses the training wage that currently in statute says it's at \$5.44 for 90 days. This upgrades it to \$13.50 for 90 days for the training for those employers that choose to use that training plan. There's nothing that prohibits an employer from bringing on that

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16-, 17-, 18-, 19-year-old at any wage that that employer chooses to do so, just so long as it's-- it is at least minimum wage.

SORRENTINO: So I'm a new employee, I'm 17 years old, and I'm hired-- looking at your chart, I'm hired in 2028, what am I going to make?

RAYBOULD: You should make in-- for the training wage, it would be that--

SORRENTINO: Is it still the training wage for 90 days or is it gone? I didn't look it up.

RAYBOULD: In 2028, that training wage is in place and so it would be that \$13.50 with that 1.5% increase which would make it \$13.91. You said 2028?

SORRENTINO: Right. \$13.91 for 90 days?

RAYBOULD: For 90 days, and then it-- you automatically go to the minimum wage. But I'd like--

SORRENTINO: \$15.45--

RAYBOULD: Correct.

SORRENTINO: --in this case.

RAYBOULD: Correct. Yes, \$15.45. But what I want to also say, the market really determines a lot of this, as we all know.

SORRENTINO: Oh, I agree.

RAYBOULD: Yeah, I, I know, I'm probably preaching to the choir for some. So it's very difficult with a workforce shortage to be able to hire anyone at that minimum wage. And in many cases, the hire is usually above that minimum wage with increases after a probationary period. It depends on-- every employer is different. What we do know with the increase in minimum wage, we know that small businesses are struggling. We know that daycares are struggling to be able to attract and retain their workforce. We know that any of these cost increases or any minimum wage increase has to be passed onto those who utilize the services, just like parents and trying to find affordable daycare. A daycare center cannot sustain these costs and they have to pass them on. So, again, that-- the people that are suffering the most are families with small children. People who are on a budget and a fixed

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income. And we have seen over the last few years, inflation. And that is, is sort of a vicious circle that what we're seeing with a lot of labor cost increase, material costs increase. So it's like a perfect storm. And I know we heard testimony before about the paid sick leave. And so I'm sure, you know, we heard during testimony before that, that is also another cost that small businesses, midsize businesses are trying to figure out to be in compliance with. And that cost, typically, will have to be passed onto the consumer because that is not something that can be readily absorbed.

SORRENTINO: So I'll ask you one more question, because I introduced a bill about 3 weeks ago that was "countertive" what the voters decided back on November 5. And when I looked at your bill, they're alike, it's counter to what the voters voted in for the minimum wage rules. Right? And I think I looked at 45 pages. They were almost all like my, against mine, saying, hey, we voted this down. What are you doing? Why are you changing it? So your response as a senator is?

RAYBOULD: My response to that is that oftentimes on the ballot is limited to the language that you can use and construct to explain all the nuances of a piece of legislation. You know, we, we are not trying to undermine it. It is our role as legislators to find those fixes in the policy that need to be fixed, and to make sure that we are doing everything to implement it, as our voters have said. However, it is our job, and sometimes it necessitates us to clarify and qualify. Certainly, the first bill that we heard, or maybe it was the second bill with Senator Ballard, is that he was showing all the legal fixes that needed to be done with the sick leave policy that the voters also approved. We have done the same thing with the gambling initiative. We-- the Legislature was tasked with the job of clarifying and quantifying and, and fixing and doing all the technical, legal changes that needed to be made. We've done it with voter identification. I was on the Government, Military Affairs [SIC]. We worked very hard to follow the voters' instructions on making sure that no one was ever disenfranchised from casting a, a, a vote, but that took a lot of tweaking and changes on that one as well. And from what I understand, I think your bill, Senator, is on medical marijuana and, of course--

SORRENTINO: No, not mine.

RAYBOULD: Not yours?

SORRENTINO: There is one, but not mine.

RAYBOULD: There is one. OK. But, you know, so we're, we're going through the same process. We are not trying to negate the hard work and what our voters have said. But as policymakers, we have to sort of make sure all the pieces fit, all the legal language is adhered to. And what I'm saying with this, these are minor changes, and as you can see from the numbers, they're not dramatic alterations from what the voters have intended, but they are consistent language to-- that is more predictable for business-- businesses. That it provides more stability in-- when you do your forecast and projections, and it allows you to determine how you want to direct your business. I know in your earlier testimony you said you-- your company would probably look at changing the 401(k) plan, maybe reducing the number of new hires, and looking to ways to maybe modify their health care plan. These are what businesses have to do to stay in businesses. And I'm fearful that with both bills combined, we're going to see some of the small businesses, midsize businesses really struggling to be in compliance, not only from the financial component of it, but the administrative side of adhering to the, the wishes of the voter. But, unfortunately, the unintended adverse consequences is we are going to see some of these costs pass directly onto the consumers, particularly those who can least afford to pay for additional costs.

SORRENTINO: Thank you.

KAUTH: Thank you, Senator Sorrentino. Senator McKinney.

McKINNEY: Thank you. And thank you. I know you said that you're trying to implement this as the voters as, as said, but did the voters vote for a cap?

RAYBOULD: Did the voters vote for a cap? They did not.

McKINNEY: So why are you introducing this?

RAYBOULD: Because if you look at the charge, and I don't think anybody in their discussions with any of the individuals they asked to sign the petition had someone-- had something like this showing them so are you OK with in, in 2030 that it's going up to \$17.41? Are you OK with it, you know, going up in 2040 to \$25.28?

McKINNEY: But they were-- before you sign a ballot initiative, they have to explain what the initiative is. And then in that explanation it says it goes up \$1.50, and then it's indexed. So they were under, under-- the understanding of what they were signing, right?

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RAYBOULD: I would-- I would love to agree with you, Senator, but I think a lot of people back in 2022 or actually 2021 did not know what the annual CPI increased, nor did they know what the average of the annual CPI is for the last 50 years. Nor did they understand that this would have consequences on their family daycare, on their grocery bills, or, you know, a small grocer in a small community across the state of Nebraska closing. So I think oftentimes when we get these bills, it's up to us to do our job and figure out what are the-- how do we correct the unintended adverse consequences that would impact all of our fellow Nebraskans?

McKINNEY: But what about the unintended consequence of wages not keeping up with inflation since about the '80s? Because if you look at those projections, we should already be at \$20 an hour.

RAYBOULD: Well, you know, inflation-- in, in my closing remarks, I'll talk about this. Nebraska is ranked number 10 in the cost of living, 10th lowest, 10th lowest in all of our states for the cost of living. Yet, with this minimum wage increase that we voted for, we're going to be the 18th highest paid state for minimum wage when our cost of living is number 10, one of the lowest.

McKINNEY: But number 10 for who? Because--

RAYBOULD: Out of all the 50 states.

McKINNEY: But not every district is the same. I think that's the average, because if you think about my district, the cost of living is very high. You've got high poverty and low-- and, like, high unemployment and low wages. So I'm just trying to wrap my head around the voters voting to increase our minimum wage because, for whatever reason, wages were not being increased like they should have over time. And now you're bringing this bill which makes some changes, it caps it, and I'm just trying to understand that.

RAYBOULD: This is capping just the minimum wage. This is nothing to restrict employers from paying more than the minimum wage. We all know that there is a workforce shortage in our state of Nebraska. We have one of the lowest unemployment rates in the entire country. We know how difficult it is to attract and retain workforce, particularly entry-level workforce in our state. The market dictates what people will be paying, and certainly in the, the rural community, sometimes they have to pay a lot more than the minimum wage, because it's harder to find workers to do some of the service industries, to work in the

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processing plants. We have a workforce shortage, and I'll just, I'll just say, I'm one of the greeters for our executive team with new hires that come to our office. And the first thing I say to them, I say, thank you. Thank you for wanting to work for our company. You could go to any other retailer or any other industry, and you would be hired in a heartbeat because we compete so hard for workers and I say thank you. It's up to us and our HR team to demonstrate that we are one of the better companies to work for. And better companies that want to attract and retain their workforce, pay more than the minimum wage, and offer very competitive benefits. That's the name of the game.

McKINNEY: And last thing.

RAYBOULD: Yeah.

McKINNEY: How does it look like if this bill passes and people are looking to move into the state for it, for people to do the research and say, come to Nebraska where we're capping minimum wage?

RAYBOULD: Well, other states are looking at capping it at this point in time because at times they're very unprepared for the impact of the cost-of-living increases. Certainly, if we looked at 2023, the cost-of-living increases that year were 6.5%. So, so many businesses need to plan. They need to plan for the workforce that they want to attract and retain. There's nothing in this that says that employers won't pay more. This is the baseline that we're recognizing and it has annual increases.

McKINNEY: Thank you.

RAYBOULD: You bet.

KAUTH: Thank you, Senator McKinney. Are there any more questions? Senator Raybould, can we have a copy of your opening statement?

RAYBOULD: Yes, of course. I'll send it to you.

KAUTH: And you'll stay to close?

RAYBOULD: I will stay.

KAUTH: First proponent?

CARTER THIELE: Hello again. Thank you very much, Madam Chair Kauth and members of the Business and Labor Committee. My name is Carter Thiele, that's C-a-r-t-e-r T-h-i-e-l-e, and I am here on behalf of the Lincoln Independent Business Association with our strong support for LB258. First and foremost, LB258 serves as a crucial guardrail against the potential negative consequences of excessively high minimum wages leading into the future. The minimum wage is intended to prevent exploitation for positions that require the least amount of skill in the market. In most instances, as has been noted, the market itself dictates wages as seen in 20 states that do not have a minimum wage beyond the \$7.25 federal minimum wage, but see average, but see average wages for lower skilled positions well exceed that. Increasing minimum wages are concerning, as what is intended to serve as an, an exploitation guardrail within a free enterprise market is transformed into a safety net to provide a guaranteed level of income to the working class in minimum-skilled positions. Problematically, as automated services through artificial intelligence advance at a rapid pace and have become increasingly accessible, over the next several years, the wage required for minimum-skilled labor rising too quickly will lead to businesses being more inclined to turn to automation and displace human workers. This bill's measured approach to wage increases by capping at 1.5% starting in 2027 can help mitigate this risk and promote a balance between guardrailing against unfair compensation and protecting employment-based business viability. By doing so, LB258 aligns with free-market principles by matching wages to skill levels and experience, recognizing that workers vary in productivity they provide for businesses. The tiered-wage system proposed by LB258 reflects this understanding and supports a more nuanced approach to setting wages. This approach is crucial in maintaining a competitive business environment here in Lincoln, where the current employment market already exceeds the minimum wage considerably. In conclusion, we value LB258 and would encourage you to advance it to the floor as it aligns with LIBA's values and the needs of our member businesses moving into the future. Thank you very much and I would be happy to answer any questions.

KAUTH: Thank you, Mr. Thiele. Senator McKinney.

McKINNEY: Thank you, Chair Kauth. So if the employment market already exceeds the minimum wage, I don't understand your opposition.

CARTER THIELE: That's a very good question, and I thank you for answering [SIC] it, Senator McKinney. As I mentioned, the market here for Lincoln to hire employees, you can't be offering them \$13.50 an

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hour. It's going to take at least \$17, \$18 for these entry-level positions. Moving into the future, 2027 into the 2030s, if that rate over a period of time becomes \$30, then you're looking at advanced artificial intelligence capabilities compared to hiring somebody on for a, for a position that requires minimum tasks that are more likely to be automated. So while it might not be a problem now, we're looking into the future with this.

McKINNEY: That's not a guarantee.

CARTER THIELE: What isn't a guarantee?

McKINNEY: That the world is just going to shift to AI.

CARTER THIELE: I, I guess it's not a guarantee. I think it's a prediction many would hold.

McKINNEY: Yeah, but it's not guaranteed.

CARTER THIELE: That's fair.

McKINNEY: Thank you.

CARTER THIELE: Thank you.

KAUTH: Thank you, Senator McKinney. Other questions? Seeing none, thank you very much.

CARTER THIELE: Thank you.

KAUTH: Next proponent? Hello, Ms. Fellers.

ANSLEY FELLERS: Thank you. 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, and I'm here on behalf of the Nebraska Grocery Industry Association, the Nebraska Petroleum Marketing and Convenience Store Association, and the Nebraska Retail Federation testifying in support of LB258. I've also handed the committee testimony from Mat and Kyla Habrock, who run an independent childcare facility in Hastings, Nebraska. Thank you to Senator Raybould for leading this effort, recognizing the need to balance direct democracy with the reason we have a Legislature. The organizations I listed represent hundreds of small businesses who employ tens of thousands of Nebraskans. Many of these businesses operate in rural and/or lower income areas in super tight-- on super tight margins. They're investing in their employees and in their

communities in many ways. These are the businesses donating to food banks and sponsoring backpack programs that feed hungry kids on the weekends. These aren't wealthy, multinational conglomerates with high-paid CEOs removed from everyday work. I'm talking about people who are working, in many cases, 7 days per week to make all their ends meet. We understand why supporters of the minimum wage and CPI increases think these proposals make sense. But as I have stated previously, these wage and labor mandates don't really hurt businesses we often consider to be bad actors. Businesses who exploit labor, who short benefits or cut hours despite record profits. Those businesses will automate, they'll, they'll absorb the tighter margins and wait for their small- and medium-sized competitors to go out of business. As much as it's disappointing for consumers to lose access to, for instance, fresh food, it's also especially unfortunate to lose the valuable entry-level jobs. The jobs where you learn as you go and the ones where you work for really caring, creative, and flexible people. As you'll read in that testimony from the Habrock's. Those jobs are going to cease to exist, especially in our hardest to serve areas and in our most essential industries like grocery access and childcare. I wanted to mention the Nebraska Grocers committed tens of thousands of dollars to an education campaign through mail and our stores, alerting voters to the fact that hiking the minimum wage, especially in one of the highest inflationary years on record, could have unintended consequences. Our efforts were dwarfed by the more than \$5 million paid into this effort by the 1630 Fund, the Fairness Project, the Open Society Policy Center, as well as the Service Employees Union, all located in Washington, D.C. I wanted to also just quickly mention, because it's brought up a lot of, a lot of times by opponents, and Senator McKinney mentioned it as well, I do have a list, and I'm happy to share it with the committee after this hearing, of the 15 fastest-growing states by population and on that list from 2023 and 2024, 8 of the 15 or 53% are at the federal \$7.25 rate. 4 of the top 6 growing states are at that \$7.25 federal rate. And only 3 of the top 15 are at or near \$15. I also wanted to quickly read a state line headline that says low-wage states with cheap housing dominated the post-pandemic jobs boom. I'm happy to share that story as well. I also just quickly, sorry, Senator Sorrentino, to clarify the amendment, and I know I will be happy to answer questions if anybody has any.

KAUTH: Thank you for your testimony. Senator Sorrentino, do you have a question?

SORRENTINO: Thank you, Senator Kauth. Could you please finish that thought?

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ANSLEY FELLERS: Yes. Thank you. Sorry about that. The-- I think just when Senator Raybould was opening, you had some questions and it sort of sounded like maybe you thought the training wage was going to go up to \$15 and then go backward. And I just wanted to say that \$13.50 will apply to 14- and 15-year-olds and the training wage, the 16- to 19-year-olds. So they'll freeze at \$13.50 until 2027, at which point the training wage will go up by 1.5% every year from the \$13.50, not from the \$15, like the regular minimum wage. And then the youth wage will increase by 1.5% every 5 years, starting in 2030. So that was kind of the idea. We're not, we're not going up to \$15 on the training wage and then going backward. We wanted to point that out.

SORRENTINO: Or the CPI if it's lower.

ANSLEY FELLERS: Or the-- or lower, yes, exactly. It doesn't necessarily mean, yeah, 1.5.

SORRENTINO: Thank you.

ANSLEY FELLERS: Thank you very much.

KAUTH: Other questions? Senator McKinney.

McKINNEY: Thank you. And thank you. You mentioned those states that have \$7.25 as the minimum wage. Do you think people could survive on \$7.25 in this current modern economy?

ANSLEY FELLERS: Well, I think, Senator, you mentioned earlier that the cost of living varies widely, even across Nebraska. I don't think the average in Omaha is the average in places like Superior or Gothenburg, you'll hear in a few minutes. I don't-- I, I think \$7.25, again, in those states that have that minimum wage, I doubt there are a lot of people making \$7.25 as a living wage. And what we're talking about are people that might not have experience in the workforce or kids who are just trying to, trying to start out, not necessarily earn a living.

McKINNEY: All right. Thank you.

ANSLEY FELLERS: Thank you.

KAUTH: Thank you, Senator McKinney. Other questions? Senator Hansen.

HANSEN: Thank you. I thought Senator McKinney made a good point. I don't know if this is a good point. I mean, about it's not a guarantee, like people are going to lose their jobs, but it's almost a

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guarantee more people are more likely to lose their jobs as minimum wage goes up, exponentially, according to CPI. Wouldn't you say?

ANSLEY FELLERS: Yes. I--

HANSEN: Because this is-- that's economics 101, right? The more the cost of labor, the less likely we are to hire, the more likely we are to find automation or somebody else to-- one person do multiple jobs.

ANSLEY FELLERS: Correct.

HANSEN: So. OK.

KAUTH: Senator Ibach.

IBACH: Thank you very much. I'm a combination of both of their questions. So we have such a diverse requirement or request for workers across our state. And this does not prohibit someone from paying \$15 or \$18 or \$20 an hour if they want to, like in the fast food industry. But with, with like the Habrock's childcare, rural grocery stores, detasseling, those types of jobs, this just maybe incorporates a path forward to take care of those jobs?

ANSLEY FELLERS: Thank you. Yes, we've-- I think when we started down this path, when we knew the minimum wage was coming, we look at it in terms of flexibility, which is why-- you mentioned, you know, the youth and the training wage-- we brought that portion to provide people a little bit of flexibility in their workforce. Again, I, I remember in the last hearing-- I'm not going to opine on this, I promise-- but in the last hearing someone said, you either need workers or you're laying them off. It can't be both. And my point has always been, it absolutely can be both. You can need the workforce, but you also might be forced because of the cost to lay them off. And in some of these cases, that means your store is just open fewer hours or, you know, you are just offering fewer services. You know, all of those things, those things can be true at once. So that, that youth and training wage is to offer people a little bit of flexibility in hiring and training people. The 1.5% cap is to provide certainty. So I think those are two really good fundamental things we should be asking from the state in, in terms of minimum wage and paid leave.

IBACH: Thank you.

ANSLEY FELLERS: Thanks a lot.

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IBACH: Thank you, Chair.

KAUTH: Senator McKinney.

McKINNEY: Thank you. All right, two things I'm trying to wrap my head around. So the cost of living, yes, it's different across the state and probably different in, in different areas, but we do also know that more individuals are moving from western Nebraska to the eastern side. And a lot of it has to do with jobs and looking for higher pay. So I guess what I'm trying to understand is, is to me it's clear that the voters-- and there, there has to be some disconnect voting for this because there was-- there's a clear issue with pay and the need for increased pay across the state. Because I don't think they would have voted for it, if they didn't feel like that. So-- and we also wouldn't have migration to the eastern side of the state because of pay.

ANSLEY FELLERS: I would argue, Senator. Not argue, that's not the right word. I would, I would contend that some-- yes, the migration is certainly there. And I would say that I 100% agree that it might be for jobs. I'm not sure it's for higher pay. In some cases, I think people choose a way of life in rural areas, things that you can do and, and opportunities you're offered in some of those places that aren't just about the amount you're getting. It's about, you know, how you raise your kids, how you-- you know, how you have access to the outdoors. Maybe you're a hunter, maybe you're a farmer. I don't know. I think there are lots of things that determine whether or not somebody stays in a rural area. I will tell you that as wages and labor requirements go up, we are going to continue to lose employers, especially in rural areas, and that's going to continue driving that migration as well.

McKINNEY: All right. Thank you.

ANSLEY FELLERS: Thank you.

KAUTH: Thank you, Senator McKinney. Other questions? Seeing none,--

ANSLEY FELLERS: Thank you.

KAUTH: --thank you very much for your testimony. Good afternoon.

DEREK RUSHER: Good afternoon. Chairperson Kauth, members of the committee, my name is Derek Rusher, D-e-r-e-k R-u-s-h-e-r. I am the President and CEO of the Kearney Area Chamber of Commerce. I also

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serve as the chair of the Nebraska Chamber Small Business Policy Council. I also appear, I also appear on the-- any chamber's behalf as well as our local chamber. I'm here to express my strong support of LB258. LB258 is a critical piece of legislation that provides much-needed predictability in wage increases for Nebraska employers. Predict-- predictability also allows businesses to plan for the future, allocate resources more effectively, and maintain stability in their operations. For small businesses, in particular, this predictability is essential for growth and sustainability. Let me share a story from our community. The small business owner in Kearney recently approached me to express concerns over unpredictable wage increases. This business, a locally owned retail shop, has been a cornerstone of our community for over 20 years. The owner wanted to hire more young people from our local high schools, not just to support her own growing customer base, but to provide valuable job opportunities for students. However, the uncertainty surrounding wage increases made it difficult for her to budget for additional hires. She shared that, she shared that the fluctuating costs left her choosing between maintaining her current staff or risking the financial instability to bring in new employees. She wanted to give young people a chance to learn customer service skills, time management, and financial responsibility, skills that would benefit them throughout their lives. Yet, the unpredictable wage increases were a barrier to providing those opportunities. Additionally, LB258 supports youth employment by allowing a training wage. This provision is vital for encouraging businesses to hire young people who are just entering the workforce. By reducing hiring costs, employers are more likely to invest in training and developing young talent, giving them the valuable, valuable skills that need to succeed in their future careers. LB258 also recognizes the challenges small businesses face with rising labor costs. By allowing for a more gradual increase in wages, small business owners can better manage their budgets and remain competitive in the marketplace. This approach strikes a balance between fair compensation for employees and the economic realities of running a small business. As chair of the Small Business Policy Council and President of the Kearney Area Chamber, I am committed to supporting policies that promote economic growth, job creation, and community prosperity. LB258 achieves these goals by fostering a business environment that encourages investment, supports youth employment, and provides wage predictability. I respectfully urge this committee to advance LB258. Thank you for your time and consideration. I'm happy to answer any questions that you may have.

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KAUTH: Thank you very much. Are there any questions from the committee? Senator Hansen.

HANSEN: Thank you, Chair. So representing the chamber, has the chamber done any polling with their members who own businesses, saying, what's the likelihood you're going to layoff employees or not hire or do a hiring freeze or change their services based on minimum wage?

DEREK RUSHER: Locally, we have not polled our employees or surveyed them, but we have had-- I've had multiple conversations, actually, two, two this morning before I came here. The YMCA, they're concerned about hiring officials, referees. They're trying to keep their price point for youth sports low entry for-- so families can come, their kids can come enjoy soccer and volleyball and all the sports. They're concerned about that wage increase eventually, and, and how they're going to price out some families that might be able to have that opportunity. Another one, a young entrepreneur runs a lighting business where they do permanent lighting on the outside of commercial buildings or houses. And he is a young entrepreneur, likes to hire young individuals, employees, and they've got the same concern. Even \$15 next year is concerning for them and how they're going to perhaps have to automate or do something different with some of their employees. But right now, he has a fairly large workforce and a very successful business. But the wage increase definitely is that way. So those are just two examples that happened this morning, but we have not polled or surveyed our entire membership, no.

HANSEN: I'm surprised. I think the state would do something like that just to kind of see where everyone is at just for pure statistical knowledge.

DEREK RUSHER: Yeah.

HANSEN: Has a common-- if I can ask-- oh, where's the chair?

SORRENTINO: I'm over here. We switched. Go for it.

HANSEN: All right. The teacher is out of class. OK. So has, has, has there been a common theme among members of the chamber of business owners about the use of AI or automation? I, I ask that not just because of minimum wage because I think that's going to make a big, big difference, the higher this goes up, the more likely you're gonna start turning towards automation. But we just had somebody in the Blair Chamber come and talk about AI and the use of it in business,

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and how it's replacing a lot of employees. And they're almost, like, encouraging it, because obviously it saves the business owner money, but also because they can't afford minimum wage as much as they used to. Have you seen that, has there been a common theme you've been hearing among, like, your colleagues in the chamber?

DEREK RUSHER: Not in, not in the small business world particularly, I would say that our business community in Kearney and, and, and the Kearney area is still learning maybe how to effectively use AI.

HANSEN: Yeah, for marketing purposes.

DEREK RUSHER: Correct. So like even at my-- even, even at our chamber, my marketing director uses a all the-- AI all the time and actually hired another part-time intern through UNK to come help us. And what they're doing is they can just do more now. And so we're not actually cutting an employee, we're embracing it, and we're able to do more than we used to using AI.

HANSEN: Yeah.

DEREK RUSHER: So I don't know, in general, if the business community is going to, going to replace it. I know automation has done that like in manufacturing and other things, but our manufacturers are paying more than \$20 an hour anyway.

HANSEN: So you would have went to, like, a marketing specialist to maybe do your brochure or the printer or whatever, like, to, to, to make that, but now you don't have to anymore, you know, because of AI. Right?

DEREK RUSHER: Perhaps. Yes.

HANSEN: And so-- I, I find it-- I did some of the numbers, too. I know Senator Raybould did. But I can't imagine-- I'm just trying to picture 10 years from now paying somebody \$21 an hour minimum wage, and then in 20 years paying them, like, 20-- \$29 an hour. I think 20 years ago, it was 2004, that doesn't seem so long ago to me.

DEREK RUSHER: No.

HANSEN: I'm 45, you know, maybe it's a long time, but I think in 20 years from now, you know, paying somebody \$29 an hour minimum wage, I can't even imagine how a business owner can even afford that.

DEREK RUSHER: No. And I even think of, like, our own nonprofit, other nonprofits in our community, small businesses, I have a high school intern as well, and we love to get entry-level people. Working for the nonprofit industry, you learn a lot of leadership skills. You meet a lot of people. It's a great stepping stone. And to pay that, I wouldn't be able to do that either, and I'm sure a lot of our small businesses and nonprofits for sure would not be able to.

HANSEN: Yeah. Well, thanks for your help. Appreciate it.

DEREK RUSHER: Yeah.

SORRENTINO: Are there any further questions? Yes, Senator Ibach.

IBACH: Yeah. Thank you. Thanks for being here, too. I think you have a great take on businesses in Nebraska. So looking at this graph, I mean, I think we have, we have a lot of reasons to move to Nebraska. And one of our goals is to grow our population so that we can offset a lot of other things. And we always typically-- and I know you've used this, too, you know, we have great water, we have cheap electricity. We have reasons to come to Nebraska. Do you ever have people say we have a really high minimum wage, let's go to Nebraska? Or is there something that would qualify this scenario-- is there something that would make us more attractive from a wage perspective than our surrounding states?

DEREK RUSHER: Not that I am aware of and I don't, I don't have that graph or that graphic in front of me, but I would say that we typically hear, especially in the Kearney area, that it's clean, it's safe. It's-- it, it revolves around quality of life is why people move to Kearney. And we are growing. We're one of the fastest counties growing in Nebraska and especially west of Lincoln. And so that's the narrative that we have is, is this quality of life. It doesn't have to do with wages. Now, Kearney is very competitive wage wise, too, especially in certain industries. Right? But we don't hear anything about necessarily the minimum wage. I think this is really looking at how we can support our nonprofits, small businesses, and advocate for, for them because, again, things are getting tight. And then I think the, the consequences of having minimum wage increase so much-- again, I want to be able to send my children to the YMCA to play the youth sports. Well, those, those are going to-- those fees are going to increase more than likely if they're having to pay their employees more. Right? And this is-- I mean, then that would be one example.

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IBACH: And, and like I mentioned before, this-- Senator Raybould's bill really just gives us a, a platform or a, a framework to work within. We're not forcing anybody to stay within that framework. We just think that that's a great starting place. And then if businesses choose to pay more or want to think outside the box, they can. This is just a great framework to start from?

DEREK RUSHER: Yep.

IBACH: OK.

DEREK RUSHER: That's the way I see it.

IBACH: Great. Thank you. Thank you, Chair-- Vice Chair.

SORRENTINO: Are there, are there any further questions? If not, thank you for your testimony. Oh, I'm sorry. Senator McKinney.

McKINNEY: Thank you. Has your chamber ever considered the impact of slow wage growth over the years and not keeping up with inflation?

DEREK RUSHER: Well, in, in Kearney area-- in the Kearney area we really haven't had slow-wage growth, we're definitely keeping up, we're, we're competitive, especially certain industries. I think some of the minimum wage, they're starting at \$22-plus an hour. And so depending on the skill level and, and the industry, they're, they're for sure competitive and keeping up. So I don't think that's a concern at all. I think the concern revolves around the, the being able to find workers, maybe a high school student. Like this retail shop, this one that's been known to hire high school employees and train them and get them a great experience and teach them customer service skills. They, they can't, they can't afford a \$20 employee, though, but they can afford one that's, you know, \$13, \$15 and keeping up with minimum wage, they can continue to do that. They also want to keep their competitive advantage of keeping their prices low for their retail store.

McKINNEY: OK. Also, have you considered polling the, the greater Kearney community and asking them, do they think something like this should happen?

DEREK RUSHER: Like I, like I said to Senator Hansen, I-- we have not done that locally. We've had a lot of face-to-face conversations with them, but that's something definitely to consider.

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McKINNEY: OK. Thank you.

DEREK RUSHER: You bet.

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

DEREK RUSHER: Thank you.

KAUTH: Next proponent? Good afternoon.

MICHAEL PETERSON: Senator Kauth, members of the committee, thank you for the opportunity to come and speak with you today. My name is Michael Peterson, M-i-c-h-a-e-l P-e-t-e-r-s-o-n. I'm the General Manager of Fresh Seasons Market in Gothenburg, where we proudly employ 43 individuals, including 10 high school students who are just beginning their journey into the workforce. Before entering the business world, I spent a decade as a high school teacher. During that time, I recognized the critical importance of instilling work ethic and responsibility in students. I believe that even more today, as I manage a small business operating on extremely thin margins in a tight-knit community. In Gothenburg, our connection is to the citizens, especially through hiring young workers. This is essential for us. We even offer a scholarship program for students heading to college or vocational school. That said, much of what we do as employers for our youth is to teach. As we adapt to the state's minimum wage standards, small business owners seek clarity about the long-term implications. Youth workers face restrictions on hours they are able to work, and tasks they're allowed to handle. In small communities like Gothenburg, it is becoming increasingly difficult to justify hiring young people at \$13.50 an hour and it will be even more challenging at \$15 an hour with the added weight of the paid sick leave. An often overlooked aspect of minimum wage increases is that you do not only raise pay for minimum wage workers, but also this compels us to raise wages for the rest of our dedicated adult staff. Those cashiers, stockers, and deli workers who've been with us for years, this creates a ripple effect that complicates our ability to manage payroll while remaining adequately staffed. In this environment, hiring across all age groups slows down, leading to more frequent understaffing. To encourage the hiring of young people, I'm in support of establishing youth and training wages. This adjustment would provide a much-needed incentive to-- for businesses to continue employing students and those entering or reentering the workforce, including individuals with disabilities. It's important to remember

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that when voters supported the minimum wage increase, they did not intend to jeopardize the livelihoods of local grocers, restaurants, childcare providers or retailers. However, businesses need flexibility and certainty, especially when navigating government mandates. Without commonsense adjustments, we risk making it more difficult for employers to hire young people and other vulnerable groups. Capping annual minimum wage increases would offer small businesses a degree of predictability and help prevent overwhelming year-over-year hikes, especially considering that the consumer price index has surged by as much as 8% in the last 3 years. In conclusion, I deeply appreciate your time and consideration, and I urge you to forward LB258. And I'm happy to take any questions.

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

IBACH: Thank you very much. Thanks for coming in today and testifying. I think you testified last year in a couple committees, too, and I appreciate your approach to running your business. How many youth do you have right now that work in your store?

MICHAEL PETERSON: I currently have 10 high-school-age students and 3 under the age of 20 that are out of high school, but still working for me, 18 and 19 years old.

IBACH: And you provide a really flexible schedule around their activities?

MICHAEL PETERSON: You absolutely have to. If you want to employ, basically, anybody at this point, flexibility is one of the perks of what we're able to provide.

IBACH: And assuming you pay them the \$13.50 an hour, do they complain about that? Do they have comments about--

MICHAEL PETERSON: Nobody-- I've never heard a complaint about where the minimum wage is. In fact, I never really heard much even before that. The interesting thing about the increase in minimum wage over the last 3 years is, you know, we, we were already having to compete. We-- you can't offer-- 3 years ago it was \$9 an hour and didn't start people at \$9 an hour. We started higher than that because we have to compete against other businesses, especially larger industries. We got a McDonald's across the street and they're offering more, and so we have to be able to match that. And so, like, what's interesting is the

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minimum wage mandates really haven't affected us until this year, but they'll really affect us next year and then the subsequent years.

IBACH: Won't the price of eggs come down before then?

MICHAEL PETERSON: We need more chickens, I think.

IBACH: Thank you very much.

MICHAEL PETERSON: Thank you.

KAUTH: Senator McKinney.

McKINNEY: Thank you. Was it a government mandate or was it a voter-approved initiative?

MICHAEL PETERSON: I guess it was a voter-approved initiative. However, you know it-- I guess my-- the language on there could be adjusted to that. One way or another, we were compelled to do it. We had to make that adjustment. And it's the people have spoken and we're going to go with it. But there are a lot of questions moving forward, and predictability and being able to see what's coming is really important for us. Also being able to hold onto employees and at this point where when we lose people, we're not replacing anybody. We're just moving on with less. And so, yeah, hope that answered your question.

McKINNEY: Thank you.

KAUTH: Thank you, Senator McKinney. Any other questions? I actually have one. You had mentioned wage compression. So because the minimum wage moves up, everybody who is slightly--

MICHAEL PETERSON: Right.

KAUTH: --higher now all of a sudden you have to increase. How much are you having to increase everyone's wages now?

MICHAEL PETERSON: We, we basically increase by the amount of increase that we do on the minimum wage. So for example, this year, this January went from \$12 to \$13.50. So an employee who was making \$15 went up to \$16.50. And then by default, employee making \$22 goes up to \$23.50. We're able to weather the storm now and we are anticipating in the future-- we're, we're, we're hoping that we're able to continue, but we're already-- loss a meat department employee and we didn't

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replace him. Lost a deli employee, we didn't replace her. Because it is, it's more beneficial for us to do more with less at this point.

KAUTH: OK. Thank you very much for your testimony. Any other further-- any further questions? Thank you.

MICHAEL PETERSON: Thank you.

KAUTH: Next proponent?

BRENT LINDNER: Good afternoon, Chairwoman Kauth and the members of the committee. My name is Brent Lindner, B-r-e-n-t L-i-n-d-n-e-r. I'm testifying in support of LB258 on behalf of the Nebraska Hospitality Association, of which I am the president, of which we represent hotels, restaurants across the great state of Nebraska. I'm also the founder and president of the Ohana Hospitality Group that operates food and beverage operations in Grand Island. The hospitality sector, that most of you know, is one of the largest employers in the great state of Nebraska. It's a cornerstone of our economy, employing thousands of hardworking individuals across the state, contributing significantly to our state's tourism and service industries, where rising labor costs present a critical challenge to all of our businesses, especially small and family-owned establishments, which make up a significant portion of our industry. We recognize the importance of fair wages, and we urge the Legislature to consider operational realities that all of our businesses are facing in the hospitality section. With labor costs already representing one of the highest expenditures in our business for restaurants and hotels and other service businesses-- service-based businesses, rapid wage increases can lead to reduced hiring, increased automation, and at the end of the day, which we all see, is higher prices for the consumers. Without these caps, the minimum wage increases going forward, labor costs, we are concerned with business closures in our industry. We feel the youth minimum wage that was brought up by Senator Raybould and the trainee wage provisions offer some relief, ensuring that younger workers can gain valuable experiences within our industries at a sustainable cost to the business owners. The Nebraska hospitality industry thrives when businesses can afford to hire and train and retain employees without facing undue financial burdens. By working together, we can find solutions that support both workers and employers, ensuring that our hospitality sector remains strong and vital in Nebraska. And that is it. I don't ask questions, I did want to comment on Senator Hansen, just some of the things I've seen. I know the National Restaurant Association-- food and beverage hotel--

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Show in Chicago, third week in May, and over the last 2 to 3 years, we have really seen prolific number of booths and sales people in the AI and automation trying to figure out these next steps from the staffing shortage, which we've seen across the country. So which is very, very interesting. But, anyway, if there's any questions, I'd be happy to address.

KAUTH: Thank you very much. Are there any questions? Seeing none, thank you for your testimony.

BRENT LINDNER: OK. Thank you, Senators.

KAUTH: Next proponent? And can I have a show of hands, how many more proponents there are? Is Ryan the last one? OK.

RYAN McINTOSH: Good evening, Chair Kauth, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear before you today as a Registered Lobbyist for the National Federation of Independent Business and the Nebraska Bankers Association in support of LB258. Now, you've heard from me enough today, so I'll try to keep my comments brief. But just to be clear, as the minimum wage approaches \$15 an hour next year, this will absolutely be the, the largest issue facing NFIB's members. We've already-- I have-- I do have some polling data from when this first passed, Senator Hansen, but I suspect it's very inaccurate, as would be today, because going from \$9 an hour a few years ago to \$15, I think is probably extremely difficult for employers to, to really see how much of a crunch that is going to be on their businesses. We do have recent polling data from the paid sick leave initiative that we did just last month, and 50%-- exactly 50% of our members said that they will be suspending their hiring plans or laying off employees as a result of the paid sick leave. So this is the, you know, death by a thousand cuts. We have paid sick leave mandates. We have minimum wage that's, that's going up and up and up. Our businesses need, need relief. Businesses-- you've heard a lot about the youth training wage, I absolutely believe-- I have a just turned 16-year-old at home, had a lot of, had a lot of struggle finding jobs because once he's at work, he can't drive anything. He can't do many of the things that Senator Raybould mentioned during her opening. Now that he's 16, he has more job opportunities. I believe that if we had a youth training wage, it would have created some of those opportunities for him to have. Trying to see-- Senator Sorrentino, you had asked about balancing between the will of the voters and, and this.

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SORRENTINO: Right.

RYAN McINTOSH: As I said on my testimony during LB698, the voters were given both this and the paid sick leave ballot initiative on a take-it-or-leave-it basis. They didn't get to vote whether CPI is the proper measure of, of increase moving forward, they didn't get the opportunity to weigh in on whether or not we should have a youth wage. They were not given the opportunity to weigh in on whether we should have a training wage, so. I do believe it is incumbent upon this Legislature to act to not only preserve our small businesses, but also to preserve jobs for, for youth. So with that, I'd be happy to answer, answer any questions.

KAUTH: Thank you. Senator McKinney.

McKINNEY: Thank you. And I know you kind of keep saying, like, this is death by a thousand cuts. What I'm trying to understand is where is the disconnect between your industry and the voters. Because it's clear the voters felt like wages should have been increased for whatever reason, whether they, they understood it or didn't understand it, they thought wages should have been increased. So what was your industry doing to be more proactive so voters didn't go to the ballot and sign their signatures to, to put this in place? Where's that-- I, I, I feel like there's something missing in the middle.

RYAN McINTOSH: Well, I-- my, my personal belief, I suspect that many of those that voted for it are not employers. They're not the ones that are, that are being imposed upon paying higher wages, being told what they can and can't pay their employees, what kind of benefits they can and can't negotiate with their employees. So majority of Nebraskans are not business owners, they're employees.

McKINNEY: I know, but that's my point, what-- where is-- maybe I'm not ask-- asking the question correctly, but there's, there's a clear disconnection between, let's say, employers and workers,--

RYAN McINTOSH: Sure.

McKINNEY: --and workers feeling that they needed to, to vote for a ballot initiative to get an increase in wages. So what I'm trying to understand is, was there a possibility prior to, for your industry to do something that would have made this not-- for us not to be here today?

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RYAN McINTOSH: Yeah. So I, I was not, I was not the state director for NFIB at the time so I can't speak much about what was being done at the time, as Ms. Fellers mentioned. They did spend tens of thousands of dollars, only to be met with nearly \$5 million in out-of-state spending, the same thing with the paid sick leave initiative. We don't have \$7 million lying around to, to, to try and educate voters the other way. And even if we did, I think-- I was, you know, shocked, I think when, when's the last of the-- one of the initiative petitions failed this year? It's-- if you look back when things get on the ballot, they pass; the death penalty reinstatement passed. When things get on the ballot, and there's the money behind to get the things on the ballot, they tend to pass. So we, we just do not have the funds to compete with the millions of dollars in out-of-state spending on these ballot initiatives.

McKINNEY: I, I understand that, but I'm talking about before the thing gets on the ballot, what was being done to, I guess, suffice the workers to feel like they didn't have to go to the ballot to, to push for increase in wages?

RYAN McINTOSH: I would, I would argue that, that it was not the Nebraska's employees and Nebraska voters that, that were pushing for this. Of course, when you get to the ballot, you have the option to vote on it. But, but by and large, it was not Nebraskans that were pushing this.

McKINNEY: But Nebraskans, but Nebraskans had to put their-- sign their signatures.

RYAN McINTOSH: Sure.

McKINNEY: Right?

RYAN McINTOSH: Yes. I, I--

McKINNEY: I mean, you could-- yes, you could say people from out of state paid for it. But there was a bunch of ballot initiatives that people from out of state paid for, whether we like them or dislike them. Some I dislike that people from out of state paid for too, but at the end of the day, Nebraska still had to put their signature for those things to get on the ballot. So still Nebraskans still were in support of putting that on the ballot.

RYAN McINTOSH: Yeah, I, I think it was one of the previous testifiers stated. I just don't think the voters understood the repercussions and

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the effect that once it go-- gets up to \$15 an hour, the effect that that will have on both the number of jobs available and cost to consumers and the increased cost of goods. I, I just don't-- I think that there was a disconnect there and, unfortunately, we did not have the money to educate voters on that fact.

McKINNEY: All right. I don't know, I just think there is a disconnection of, like, workers feeling like they needed to increase the wages, just being on the ground, so.

RYAN McINTOSH: I, I agree there was-- there is, there is, there is a disconnect there.

McKINNEY: All right. Thank you.

KAUTH: Thank you, Senator McKinney. Senator Hansen.

HANSEN: Thank you. The disconnect, I think, is real that Senator McKinney is talking about. But I think the disconnect about the CPI portion that you're talking about, I think is real as well. I don't mean overly simplistic, but I feel like if somebody comes up to me with a ballot initiative and I'm an employee and they say you want to pay me \$15 an hour, I'm going to sign it. If it's \$20 an hour, I bet you most people will still sign it. It was \$25 an hour, probably most people would still sign it. Maybe not. I don't know how high they would go. Right? And so I, I think it's just the fact that they're going to get paid more. I feel like that's, that's-- I don't know if, if you, you see that or what, what, what your members think of, you know, the, the ballot initiative and if that's, if that's the case or not, or they expect something else coming down the road.

RYAN McINTOSH: Yeah, I, I fully agree. And I think it's, it's not, not readily apparent to voters when they're in the voting booth or when they're signing a petition that somebody's going to have to pay for this. And at the end of the day, it's going to be consumers. I mean, should, should everyone have paid sick leave? Yeah, that's, that's terrific. But who's going to pay for it? Should everyone have, you know, make \$25 an hour? That'd be terrific. But somebody's got to pay for it. And I, I, I do think that there's a disconnect in putting the second and third [INAUDIBLE] effects on that. I, I, I do fully agree with Senator McKinney on, on the disconnect.

KAUTH: Thank you, Senator Hansen. Any other questions?

RYAN McINTOSH: Thank you.

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KAUTH: Seeing none, thank you. OK. Are there any more proponents? First opponent? You've been waiting all afternoon. Thank you. Welcome.

REED HEATON: Hello there, my name is Reed Heaton, R-e-e-d H-e-a-t-o-n, and I represent the students of Elkhorn, Nebraska, and I'm here in opposition of LB258. To put it simply, this bill is going to hurt students and families across Nebraska. It hurts the people, not the companies. It will lower the income of families where they need their kids to help them make ends meet. And it will lower-- and it will hurt family-- it will hurt kids who are trying to save for college while balancing school and a job with having to work more hours. It will hurt rural families when they're trying to leave farm lives and go to college because they will have to work harder and longer to make this money. It will hurt small towns where the majority of consumers are kids. It hurts me and my classmates by taking our hard-earned money that we use for our car payments, and our gas, and it hurts everybody when you tell them that their labor is not worth the bare minimum wage. It goes further than just taking money, it reopens up child labor and exploitation. We make up 10% of labor force. If you want to cut our wages, we will not work and we deserve our equal pay if we work the same job. Our labor is not less because of our age. For the sake of the kids out there where every cent counts for their livelihood and success for them and their families, we urge you to reconsider this bill. Thank you. Are there any questions?

KAUTH: Thank you very much. Are there any questions? Seeing none, thank you for your testimony.

REED HEATON: Thank you.

KAUTH: Good afternoon.

RENE CARRILLO: [INAUDIBLE]

KAUTH: Sorry. Thank you.

RENE CARRILLO: Yeah, absolutely. Hello, everyone, Chairperson Kauth and Business and Labor Committee members. My name is Rene Carrillo. That's R-e-n-e C-a-r-r-i-l-l-o. Pronouns are he/they. I am testifying in opposition to LB258, the proposal allowing for a subminimum wage for underage workers. While I understand the rationale that may be presented, arguing that it creates job opportunities for young people or fosters their work experience, let us take a moment to examine the broader implications of such a policy. First and foremost, we must

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consider the principle of fairness and equality in our labor market. Allowing subminimum wages for underage workers inherently creates a hierarchy of value in the workforce, suggesting that because someone is younger, their contributions are less worthy of fair compensation. This sends a damaging message that the worker of young individuals is less valuable than that of the older counterparts. Instead of empowering our youth, we risk devaluing their efforts and reinforcing a societal norm where financial exploitation is permissible based on age. Furthermore, we must not overlook the potential impact on education, many young workers balance part-time jobs while pursuing their studies. By insinuating or instituting subminimum wage, we place unnecessary financial strain on these individuals. They may find themselves working longer hours to earn what little they can, which may ultimately detract from their academic performance and personal development. It is simply not fair to ask them to sacrifice their education for the sake of a discounted wage. Additionally, the argument that subminimum wages create more job opportunities is fundamentally flawed. History has shown us that lowering the wages does not necessarily lead to increased employment. Instead, it may lead to a race to the bottom where employers opt out of cheaper labor or opt for cheaper labor without creating sustainable job growth. A well-compensated workforce is a motivated workforce. When we value our young workers appropriately, we are encouraging them to invest their roles and contribute meaningfully to the economy. There's also a critical aspect of social responsibility that we must address. Allowing subminimum wages for underage workers continues the normalizing of a culture of exploitation. It sends the message that is acceptable to undercut fair labor standards for profit or convenience. We should strive to cultivate an environment where all workers, regardless of age, are respected, valued, and compensated fairly for their contributions. In closing, I urge you all to reflect on how we as a society define the worth of work. Let us not perpetuate a system that diminishes the value of labor. Instead, we should champion a fair wage for every worker, ensuring that even our young individuals can thrive not only in the workforce, but also in their education and personal growth. Thank you for your time and consideration. And I ask for you to support in opposing this harmful proposal. I'm free for any questions.

KAUTH: Thank you very much. Are there any questions? Senator McKinney.

McKINNEY: Thank you. Did you sign the ballot initiative?

RENE CARRILLO: I did. I actually collected signatures.

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McKINNEY: Did you understand what you were signing?

RENE CARRILLO: I did. And very similar to the paid sick leave one, there were very few people that asked any questions. There were maybe two or three that asked specifically about small businesses. And to address that, I would say if small businesses are having a hard time compensating their workers with paid sick leave or minimum wage that we all voted for, then maybe they need to readdress their business plan and look at the cost of materials, not the workforce that's actually making them the money.

McKINNEY: Do you think the people who were signing understood what they were signing?

RENE CARRILLO: Absolutely.

McKINNEY: All right. Thank you.

RENE CARRILLO: Um-hum.

KAUTH: Thank you. Other questions? Seeing-- oh, sorry. Senator Ibach.

IBACH: I will-- this is just a curiosity question,--

RENE CARRILLO: Sure.

IBACH: --more than anything. Do you think there will be a time when we need to revisit child labor laws as they're listed? I mean, because right now, I mean, youth are not allowed to do a lot of, of the tasks that, that we're paying them for?

RENE CARRILLO: Right.

IBACH: Is it something that you, because you would maybe see it more than me, and trust me, my kids are farm kids, they grew up--

RENE CARRILLO: Yeah.

IBACH: --in a horrible environment as my kids would say. But is there going to be a time when we have to reclassify or revisit some of those laws?

RENE CARRILLO: I would say most likely. And there's nothing stopping other legislative bills from being brought up or other amendments being added in. I have a son that just started working. He's working at Culver's. All he's doing is running food to people, cleaning

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tables. I mean, he's not doing much, but he's working. If he weren't there, someone that was 21 or someone that's 25 would be doing the same thing but be getting paid more. So I don't understand why we are OK with paying someone less for doing the same task. I myself have, like, worked since I was, like, 14. I went and painted sidewalks doing the numbers for houses. I was kind of an entrepreneurial-like person off the get-go. I started roofing. I'd mow lawns, so I don't know if I would have got in trouble for doing some of that stuff.

IBACH: Right. Hindsight.

RENE CARRILLO: It was in New Mexico at the time. But, I mean-- sure, I mean, we probably ought to look at some of that or maybe some instances where some kids are perfectly fine doing more intricate tasks or dangerous-type tasks where other kids would not be OK with that. I don't think it's a good thing to just have a blanket statement saying that all kids are OK to do whatever. I think it's better to keep everyone safe and, and keep that thing in place.

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

KAUTH: Thank you, Senator Ibach. Senator Hansen.

HANSEN: Thank you. You're an engaged citizen, and I appreciate that.

RENE CARRILLO: Oh, thanks.

HANSEN: And you seem like an intelligent fellow. So I'm not concerned about you maybe understanding what the ballot initiative was about. And even the implications of what you were signing. And I don't think the-- I think the voters knew exact-- I think they knew what they were signing for, too, when it came to the \$15 an hour. Do you think most people who signed that understood CPI and, like, the inflation rate and in 10 years minimum wage will be \$21 an hour, and in 20 years it's going to be almost \$30 an hour? Do you think most people knew that when they were signing that?

RENE CARRILLO: I felt that, like most of them, knew that their life was getting more expensive. Whether or not they knew the intricacies of CPI or anything else in that nature, I think they knew that where we are nationally should be more than \$7.50. I think they're happy with getting up to the \$15. A lot of them in Lincoln and Omaha were in the same boat, that \$15 is not quite enough in a lot of instances, because it's hard to live off of that. Even though they're making that \$15 at a minimum wage job, whatever, they may have to find side work

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or side hustle to, like, pay their car payment or, like, make sure they had enough money to pay their, their insurance bills and stuff like that. So maybe they didn't know all the details and stuff like that, but--

HANSEN: I, I don't know either. I can't speak for the voter, I can only assume, and that's why I think you'd have probably a better pulse on them on this initiative and what, what was going on with the people than I, than I would. So that's why I was asking you, so I appreciate you telling me.

RENE CARRILLO: Yeah. Um-hum.

KAUTH: Thank you, Senator Hansen. Any other questions? Seeing none, thank you very much for your testimony.

RENE CARRILLO: Yeah. Appreciate it.

KAUTH: Next opponent?

GUILLERMO PENA: I know, you're going to get tired of seeing my face.

KAUTH: You have made the most of today. I will tell you, that's all I'll hear.

GUILLERMO PENA: Hi, my name is Guillermo Pena, G-u-i-l-l-e-r-m-o, Pena, P-e-n-a, LD35, Grand Island, Nebraska. I'm so sorry to tell you, senators, you're out of touch with my generation. We cannot have the same buying and spending power as your generation did. We don't have it. And we're-- you're scaring us off. You're really scaring us off. Whether it be through federally, and I'm not going to get into that, with the workforce, with the people of cardboard color like me, or you're scaring other youth, the youth that stays behind from families, multiracial families that stay throughout the state. You're scaring them to other states. You're making us leave. We don't want to be in places where we don't get paid a fair wage. How can you say you know us when you don't even ask us? Now, as a landlord and tenant administrator that I do for my partner, my business partner, I have seen firsthand that I have to keep my rents low. There is no excuse for landlords out there to not lower their rates. I can lower my rates. I also do "hoteling" so I can lower my weekly rates. There is no excuse. There's either an up or a down in this economy. I'm going to choose to walk the other way. I'm going to lower my rates because I know if I have a full house and full, full of people that have a good-paying job, they're not going to want to leave Grand Island,

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Nebraska. They're going to stay in my building. Cheap rent, higher wages. Why not Nebraska? That's where we're at. That's where you're disconnected. Affordability. You are disconnected in my generation with the affordability. What can my generation afford? We can't afford a home. We can't afford an apartment. We can barely afford our dogs. We are broke. Broke. Broke. Broke. This generation does not know wealth. All we know is work and we're tired. And maybe that's why we voted, Senator, maybe, just maybe, we voted for ourselves. We voted for ourselves. We-- this generation want a brighter future. We want the American dream Dr. King wanted. And, boy, do we want it. And we will fight for that right to work at a fair wage. Thank you. Any questions regarding tenant and landlord stuff, ask me. I've seen it all. I've had to evict people because they lose their job every single minute. Every single minute. If it's a hospital bill, I have to face that. I have to wake up every morning and think about that. It's a "strainfull" job. I have to kick people out of their home because they can't afford it. They can't and will not afford it. I am trying to keep my fucking, excuse me, excuse me, my language, my freaking rents at \$550 as much as I can. I cannot be more stressed out. I'm in a financial strait as a business person as well. My business partner is arguing with me to increase rates. If I increase the rates, I will lose customers. If I decrease the rates, I will surely get more customers. And that's what I've shown that it can be possible. Any questions regarding that?

KAUTH: Thank you. Senator Sorrentino.

SORRENTINO: I have one question. Thank you, Chairwoman Kauth. Thank you for your testimony. You used a term that I'm not familiar with. I'm familiar with landlord-tenant.

GUILLERMO PENA: I was trying to say a--

SORRENTINO: Hoteling?

GUILLERMO PENA: I do hoteling.

SORRENTINO: Is that the same or-- I've never heard that term.

GUILLERMO PENA: Hoteling, I do, I do apartment management and hoteling.

SORRENTINO: Hoteling meaning renting homes or apartments?

GUILLERMO PENA: I do both.

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SORRENTINO: OK.

GUILLERMO PENA: I do hoteling and apartment management.

SORRENTINO: I just hadn't heard that term. Thank you.

GUILLERMO PENA: Thank you.

KAUTH: Thank you, Senator Sorrentino. Senator Hansen.

HANSEN: Thank you. We sometimes get bills or laws put in front of us to determine what you can charge your customers for rent. Right? Especially during COVID, we had a lot of those. And so if you knowingly had to raise your rents to afford property taxes, to afford staff, to afford your standard of living, but the government told you you couldn't, would you be in favor of that?

GUILLERMO PENA: If my rates are low enough as they are now, it does not affect me. So it is-- it's, it's something called greed. It's-- what are we trying to do? To be honest with you, I'm a small business. It's-- I'm a small corporation, and I don't need that many workers. So it's just me and my business partner. We do it all. I'm, I'm always pulling myself by the bootstraps, maybe those bootstraps are just broken, and I can't answer you that. But I do know my, my standard of living is almost as the same as my tenants, because I know, I know they deserve a home, too. Nebraska people deserve a home, and that's where I'm at. It's whether we want to do it and work with the tenants. Tenants and landlords must work together to find common ground. And that's the disconnect we're having. The senators here are putting us against each other. We're not talking to each other. We must find a solution. We're not-- it's affordability. It comes back to us, and it does affect me. But I'm willing to take that right now because it is unfair that my generation doesn't have a home. And the homeless population not only increases, it causes fire on property and break-ins. It puts people in jail. It's just a whole effect down the chain if we don't have the wages we need as a generation.

HANSEN: Well, you seem passionate about what you do.

GUILLERMO PENA: I am.

HANSEN: And you care about the people you take care of.

GUILLERMO PENA: I do.

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HANSEN: So I appreciate that. Thank you.

KAUTH: Thank you, Senator Hansen. Any other questions? Thank you very much. Have a good evening.

GUILLERMO PENA: Thank you for having me.

KAUTH: Next opponent?

ANAHI SALAZAR: Good evening, Chairperson Kauth and members of the Business and Labor Committee. My first time here. My name is Anahi Salazar, A-n-a-h-i S-a-l-a-z-a-r, and I am one of the policy coordinators for Voices for Children in Nebraska, here to oppose LB258. Every child in Nebraska deserves the opportunity to thrive. It is well established that increasing the minimum wage leads to happier and healthier children, with a much better chance of economic security in adulthood. A family's financial well-being impacts children in obvious ways, such as the ability to put food on the table and access safe, affordable housing. Unfortunately, the current conditions of our economic well-being have been significantly impacted by the increasing rates of inflation and cost of living in our state. A dollar doesn't go as far as it used to, even 1 year ago. For, for these reasons, Voices for Children in Nebraska strongly, strongly supported the initiative to raise minimum wage in 2022. We are here today to voice our opposition to LB258, because we are concerned that it would negatively impact young workers and, in particular, young parents who are seeking to sustain and provide for their children. Employers want young workers to act like adults in terms of hours and efforts, but then try to justify paying lower wages on the basis of age. Teenagers' labor is not worth less to employers and our economy, and wages should reflect this reality. Most young people we interact with are working a job to help pay for groceries, transportation, housing, and other necessities, some for themselves as their caretakers might not be able to, but others for their families as well, such as siblings, caretakers, and seniors. Young people in Nebraska are not only working to be able to purchase things that they want, such as books, clothing, and gadgets, but also to survive. We cannot forget that there are teenage parents raising children in our state, young parents who are responsible for the well-being of their child, and that includes providing all the basic needs. Take, for example, housing, full-time minimum wage workers cannot afford a one-bedroom rental. A minimum-wage worker would need to find housing around \$600 a month, but at a fair market rent average in Nebraska, it's almost \$900, meaning a parent would need to hold 1.4 full-time jobs to afford the

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rental. Parents would still need to factor in the rising cost of groceries, transportation, whether that's a car and gas or bus fare, and unexpected costs that come, come their way regarding health care. Under LB258, young workers would make even less. This leaves young, young parents in difficult predicaments, where they cannot spend that valuable time and energy with their little ones, but instead creating stress on the family. Finally, and crucially, LB258 does not reflect the will of Nebraska citizens who voted overwhelmingly to step-- to stepped increases to minimum wage over the next few years without age-based carve outs. All families deserve the opportunity to thrive, and in Nebraska, we want to ensure that every young person is set up for success. Economic security is imperative in mitigating the risk of generational poverty for Nebraska families. For all these reasons, we would respectfully submit opposition to LB258. Thank you for your time and attention.

KAUTH: Thank you very much. Senator Hansen.

HANSEN: Thank you. I'm, I'm trying to narrow down people's opposition. It sounds like, per your testimony, you're opposed to the age change, right?

ANAHI SALAZAR: Yes.

HANSEN: That would be yes. What about the 1.5% increase, because you didn't mention anything about that, like, are you against that?

ANAHI SALAZAR: Like after--

HANSEN: Instead, instead of going by cost of living or CPI, changing it to 1.5% increase per year. Are you against that part?

ANAHI SALAZAR: I mean, I'm not, I'm not against the parts where we're increasing. I think that we have to take into account the CPI because that is the-- what is the cost of living that is currently.

HANSEN: So you're in favor of just keeping the cost of living--

ANAHI SALAZAR: Yes.

HANSEN: --increased?

ANAHI SALAZAR: Yeah.

HANSEN: OK. I just want to be sure about this.

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KAUTH: Thank you, Senator Hansen. Other questions? I actually have one.

ANAHI SALAZAR: Yeah.

KAUTH: So I'm not as familiar with your organization, how, how are you guys funded? Is it grant funding? Is it philanthropy? What's-- I don't know much about your organization.

ANAHI SALAZAR: Yeah. Well, we're a nonprofit based here in Nebraska. I, I want to say grants and philanthropy, but I am not the executive director, so I, I don't do all of that fundraising work. But I'm sure that our executive director could let you know.

KAUTH: OK. Thank you very much.

ANAHI SALAZAR: Um-hum.

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

ANAHI SALAZAR: Thanks.

KAUTH: Next opponent?

ERIN FEICHTINGER: Chair Kauth, members of the Business and Labor Committee, my name is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy director for the Women's Fund of Omaha. The need to grow Nebraska's workforce and reverse the persistent negative trend of brain drain are both problems that are facing this committee and this Legislature. 43% of Nebraskans are working age, and more of those workers are in low-wage than high-wage jobs. We supported the minimum wage effort because women are disproportionately impacted by both low wages and cost of living increases. Women still make less than men for the same jobs, though not in the Legislature since you're all paid the incredible salary of \$12,000. In 2020, 94% of occupations paid women 83 cents on the dollar. Women with children made even less at 74 cents on the dollar. And that disparity grows for black mothers, Native American mothers and Latina mothers. Working women in Nebraska 60 years and older have the third highest employment rate in the United States, at 62.6%, and 33.2% of women currently work in low-wage positions and rely on them to support their family. Low-income families, particularly those headed by single mothers as well as black and Latino families, are more greatly impacted by economic crises and inflation. Additionally, young people in Nebraska are as deserving of the economic stability afforded by a living wage as adults. The

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negative consequences of restricting the earning power of young people in Nebraska will reverberate throughout their families. I won't repeat what other folks have so eloquently said before me, but when this bill was heard in 2023, a young person who testified said that I have adult responsibilities, I deserve an adult wage. And that has stuck with me, obviously, through to now. So we would respectfully offer our opposition to LB258, and I am happy to answer any questions to the best of my ability.

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

McKINNEY: Thank you. Thank you. What do you think the disconnect is between the voters and, let's say, the industry?

ERIN FEICHTINGER: I think that there's-- and, obviously, this is the purview of this committee as well. Like, you're constantly trying to find a balance, right, between business and labor. And I think what was said earlier about, you know, folks understood that what they felt was that their life was getting more expensive and it was harder to make ends meet. To the questions about the specificity of the language and whether or not they understood it, again, I think we-- I appreciate that employers might be in a tough position. I also did not hear a lot about how employees, you know, are struggling to make ends meet. You talked about your district. I know a lot about low-income women, particularly single-women head of households. And, you know, when they sign the petition, when they think about their wages increasing, they're thinking, oh, gosh, it's going to be easier for me to put food on the table for my kids. It's going to be easier for me to pay for my day-to-day cost of living. You know, it's put gas in my car, afford the doctor, all of those things. So I appreciate that there is a balance and I don't know what the disconnect is, but I do know that people in Nebraska, you know, 60% of them felt like, you know, I, I should make more and my life should be just a little bit easier with that minimum wage increase.

McKINNEY: Thank you.

KAUTH: Thank you, Senator McKinney. Any other questions? I have one.

ERIN FEICHTINGER: Yeah.

KAUTH: What are some of the other ways you could earn more money at a job?

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ERIN FEICHTINGER: I mean, that's a great question. I-- my first job as a young person was as an umpire at Suburban, which you might be familiar with. And I also worked in the Snack Shack to make extra. Right? There are, obviously, more ways, but I think particularly when we're talking about women, like single women who are ahead of households, you can find other ways to make money, but at the expense of losing time, you know, quality time with your kids, that kind of thing. Or maybe I'm not understanding your question.

KAUTH: I mean-- well, in a job, doesn't the employee always have the ability to ask for more responsibility to take on different tasks, to ask for more training, to, to have themselves actually grow in that position and become more valuable to the employer without having the government and, in this case, the people telling the employer what they have to pay?

ERIN FEICHTINGER: Yeah, I can appreciate that. And I think that, that would again be dependent on the employer being able to offer those opportunities. You know, it's still, again, that balancing act. So even if there are going to be situations where even the employee is going to want to grow in a position, but there just isn't that opportunity or there isn't, you know, an employer that's offering, you know, here is money for training, right? We subsidize, I don't know, a class at Metro Community College, right, to, to train up or skill up. So, again, that's going to be not universal, but certainly there are ways to grow.

KAUTH: OK. Thank you. Do you have-- OK. Thank you very much. I appreciate your--

ERIN FEICHTINGER: I thought you were going to give me a hard time.

KAUTH: I, I thought he--

SORRENTINO: No, I just-- the Suburban.

ERIN FEICHTINGER: We all know it well. Thank you.

KAUTH: Thank you. Next opponent? Don't all race up here.

IBACH: Yeah, please do.

KAUTH: Yeah, move to the front, the sun is fading quickly. Good afternoon again.

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BRANDON BROWN: Hello again. Good evening, Senator Kauth, members of the Business and Labor Committee. My name is Brandon Brown, B-r-a-n-d-o-n B-r-o-w-n. I'm the Vice President of the Nebraska Association of Public Employees. Our union represents more than 8,000 frontline employees who perform more than 400 jobs at 43 State of Nebraska code and noncode agencies in all 93 counties. I'm here on my own personal time today to testify in opposition to LB258 on behalf of our union. In 2022, the people of Nebraska overwhelmingly voted in favor of an increase in minimum wage, including increases tied to inflation, in part because wages simply haven't kept up with worker productivity and the ever-increasing cost of living. This bill ignores the will of the voters and replaces our judgment with that of Senator Raybould and business interests. Government employees are exempt from the provisions of the Wage and Hour Act that were passed by the voters. And during contract negotiations last year, the State of Nebraska proposed paying less than minimum wage to certain state employees. Through negotiations, our union was able to ensure that our members working for the State of Nebraska will make the \$15 an hour minimum wage that will take effect on January 1, 2026. But for these negotiations, the state was willing to pay less than minimum wage simply because it could. These types of actions by employers highlight why minimum wage laws are necessary, and why the people of Nebraska overwhelmingly support them. \$15 an hour is not an extravagant wage. A full-time employee earning \$15 an hour makes an annual salary of \$31,200. Depending on an employee's family situation, a full-time employee making minimum wage, \$15 an hour, may qualify for economic assistance benefits. No one working full time should have to rely on government assistance to make ends meet. And, in fact, it ends up costing all of us more. We urge you to indefinitely postpone this bill, listen to voters of Nebraska, and give the working people a shot to earn a living to support their family.

KAUTH: Thank you very much. Are there any questions?

IBACH: I have one.

KAUTH: Senator Ibach.

IBACH: Thank you. What-- this is totally philosophical. I shouldn't ask questions like this. What do you think it is that draws folks in your union to their jobs?

BRANDON BROWN: I know it's-- at one point, government was a safe haven. We were the leaders in wages. We're not that way anymore. Some

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are drawn by their philo-- philosophy. You know, some, some believe that it is a noble calling. I myself, I enjoy the work that I do. I enjoy working with people. I think that's a lot of what the people that work in the union or work in, in government do. It's not for the wages anymore, you know. When we were younger, it, it was always said, hey, there's a state worker. That's a good job to have. If you get a job anywhere, get a job with the state. People aren't saying that anymore, and we're losing people because our wages aren't keeping up either.

IBACH: So to your point, because I'm very rural, so I have a little different perspective on it. But if you, if, if, if your passion or you want a career in daycare, are you really not going to take a job in daycare because it doesn't pay as much as you-- or even to refrain that, are you going to take a job that isn't what you really-- your heart wants you to do because you-- it pays more? I'm just trying to figure out--

BRANDON BROWN: Yes, I, I, I actually, I actually do think so. I think people will give up on their passion because it doesn't pay.

IBACH: OK. Thank you. Thanks, Chair.

KAUTH: Thank you, Senator Ibach. Any-- oh, Senator Sorrentino.

SORRENTINO: Not so much a question, but we've talked a lot about that wage. And I think it's fair to say that if somebody does make \$30,000 a year, roughly, there are a lot of aid programs. I mean, health insurance is basically subsidized on the marketplace for almost free, state and local assistance program, earned income credit. It is not a high wage, but in the interest of [INAUDIBLE], there are a lot of other assistance programs. Just wanted to point that out.

BRANDON BROWN: Yes,--

SORRENTINO: OK.

BRANDON BROWN: --but in the end it ends up costing us all more--

SORRENTINO: It, it does.

BRANDON BROWN: --in terms of, you know, running those programs as well. So, you know,--

SORRENTINO: Thank you.

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BRANDON BROWN: --taxes go up that way as well.

KAUTH: Thank you. Any further questions? Thank you very much. Go enjoy the sun. Next opponent?

DIANE AMDOR: I think we're in good evening territory, not good afternoon. Good evening, Chairperson Kauth and members of the Business and Labor Committee. My name is Diane Amdor, D-i-a-n-e A-m-d-o-r, and I'm a staff attorney at Nebraska Appleseed. You're receiving written testimony from Ken Smith, who is sick and couldn't be here today, so you get me instead. Nebraska Appleseed is a nonprofit law and policy organization that works for justice and opportunity for all Nebraskans. Nebraska Appleseed opposes LB258 for two main reasons. One, it would allow wages across the board to once again fall behind the cost of living in Nebraska, contradicting the clear will of Nebraska voters who passed the law. And, two, it would carve out exemptions that would harm young workers and their families. LB258 would allow wages across the board to once again fall far behind the cost of living in Nebraska, a primary purpose of the voter-approved initiative was to ensure Nebraska's minimum wage keeps pace with increases in the cost of living. LB258 defeats this purpose. Several proponents talked about the need for predictability for business owners, but also it's more to consider the need for predictability for low-wage workers. Who can, can weather that unpredictability better, consumers and businesses or low-wage workers in Nebraska? When nearly 60% of Nebraskans approve an initiative measure, the Legislature should honor the will of their constituents. The question put to Nebraska voters in 2022 was very simple. Should we gradually raise our minimum wage to \$15 per hour over the next 4 years and provide cost of living adjustments after that? In Nebraska, we often hear that our Unicameral system, the people make up the second house. Consistent with that, our state constitution reserves for the people the power to propose and pass legislation through the right of the initiative. This committee and this Legislature should not disregard the clearly expressed will of the people by unwinding and rewriting laws passed by voter initiatives. Additionally, LB258 would functionally establish a subminimum wage for certain youth workers in Nebraska. Adopting this proposal would harm thousands of young and adult workers alike and cause harm to low-income families, who young people are often working to support. Carving out the subminimum wage for young workers would be particularly harmful to people from low-income households, whose earnings are critical in helping their families make ends meet, as well as students who are working hard to save for furthering their education. Proponents of this legislation have argued that a lower

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minimum wage for young workers is helpful in incentivizing employers to hire teens, despite their limited work experience. However, rigorous research that has compared teen employment levels across states with different wage floors shows that a higher minimum wage does not cause employers to hire fewer young workers. The main beneficiaries of a subminimum wage for young workers are low-wage employers, not young workers. Very few employers would see any benefit whatsoever, because less than 4% of Nebraska's workforce are youth workers. While the harm to thousands of young Nebraskans would be significant, the benefit to our business community at large would not be. I see that red light is on so I will stop talking. I'm happy to answer any questions to the best of my ability.

KAUTH: Thank you very much for your testimony. Senator Ibach.

IBACH: Thank you very much. Thank you for coming in. I know you guys have so much data because you always testify. Studies show it seems like. I don't, I don't think we have a, a blatant disregard for what the voters voted for. I don't think that that's the issue at all. I think it's we're, we're just trying to take steps forward. Do you, do you think that when voters voted, did they think to themselves when the cost of goods go up commensurate with wages, I'm OK with that?

DIANE AMDOR: What I know from my experience gathering signatures for this, both as a little bit of paid time, but mostly as a volunteer in addition to my paid work, so many of the people who I talked to, the first question was, wait, the minimum wage isn't already \$15? The next question was, wait, didn't we just do this a couple of years ago? Which, yes, they did. And the next question was, oh, so this-- the whole indexing to, to, to the CPI-- I guess, the CPI wasn't in the ballot, the sublanguage, their next comment was, oh, this means we won't have to keep doing this year after year. Multiple people, that was one of the top things that they commented on when signing the petition. I don't, I don't know if the people understood all of the intricacies to this. I don't think that every senator understands all of the intricacies of every single bill that you vote for.

IBACH: Yes.

DIANE AMDOR: That doesn't mean that you don't know what you're doing, though, and that doesn't mean that the voters didn't know what they were doing. They absolutely understood that piece.

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IBACH: But do you think that cost-- the increasing cost of goods will be-- will, will the voters say, oh, it's OK, cost of goods are going to go up, but minimum wage is \$15? I didn't phrase that very well, I apologize.

DIANE AMDOR: I-- or do mean, like, are people thinking that this-- oh, this is going to cause inflation--

IBACH: Cost of goods to go up.

DIANE AMDOR: --this will cause an increase in my cost of living for myself personally.

IBACH: Because don't you agree that if you build in wage increases, you've got to, you've got to build in higher cost of goods to commence-- or to offset that?

DIANE AMDOR: Yeah.

IBACH: Yeah.

DIANE AMDOR: I know there's interplay there, but-- and I'm not going to pretend to be as well-versed in the research on this piece as Ken Smith is. So sorry that he's not here to answer this more clearly.

IBACH: It's OK.

DIANE AMDOR: But I, I do know that there is quest-- there is-- there are some questions in the research around that relationship between minimum wage and inflation, and that for a long time that there was an assumption that, of course, minimum wage goes up, inflation is going to increase and it's going to go like this forever and ever. But I do know that there is a body of research that dispels that myth and tells us the relationship is not as direct as that previous assumption had stated. Does that answer your question--

IBACH: Thank you.

DIANE AMDOR: --at all?

IBACH: Kind of.

DIANE AMDOR: I hope so.

IBACH: Thank you.

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KAUTH: Thank you, Senator Ibach. Any further questions? Thank you for being here today.

DIANE AMDOR: Thank you.

KAUTH: Next opponent? Good evening, Mr. Eickholt.

SPIKE EICKHOLT: Good evening, Chair Kauth and members of the committee. My name is Spike Eickholt, S-p-i-k-e E-i-c-k-h-o-l-t. I'm appearing on behalf of the ACLU of Nebraska in, in opposition to LB258. I did mention to Senator Raybould, I think, last week that we would be opposing. And I'm sorry, I don't have a printed, prepared statement. I'm sort of covering for somebody else who had to go back to the office. I don't want to duplicate the points that have been made, but I wanted to say a couple of things. What you're being asked to do with the bill is that no matter how you sort of characterize it, you're being asked to undo what the voters did. You simply are. The reasoning for the rationale, the justification, however you say it, seems to kind of be the theme of they didn't know what they were doing. The voters don't understand CPI. They don't know what the cost of living means. They don't know. I would respectfully suggest that's not necessarily accurate. If you look at the-- the ballot was-- the ballot initiative was LB-- was Initiative 433 in 2022. For all ballot questions, the Attorney General, according to the statute, writes a 100 word or less object statement, sort of summarizing what this does. It's in a readable format. And the people who put things on the ballot or, or oppose things on the ballot can argue and even litigate what the 100 words or less says. But it's pretty clear. And when-- it just basically says, quote, The object of this petition is to amend the Nebraska as minimum wage law to increase the state minimum wage from \$9 per hour to \$10.50 per hour on January 1, 2023. I won't read everything, but does the step up. And then when it gets to the cost of living, it says, quote, to be adjusted annually thereafter to account for increases in the cost of living, end quote. And then that object statement explained what it does. And then you have the actual ballot language that follows. Senator Raybould mentioned earlier that doing this is sort of doing, like, what the Legislature did with voter ID. It is absolutely not. The voters use the power of initiative to write a statute themselves. They didn't delegate anything to the Legislature. They wrote the law themselves. If the Legislature were to amend, repeal, modify, or impair the law that people pass, and that's what this is doing, you're amending it, you're modifying it, you need a supermajority to do so. You need 33 votes. That's what our constitution provides. I don't know if anyone mentioned that earlier.

I was late to the hearing, but I want to mention that because that's what you need, not to stop a filibuster, but you need the actual supermajority according to our constitution. So I wanted to put that on the record, because what you're asked to do is not an easy step. The voters didn't delegate anything to you. They wrote the statute. And I would respectfully suggest the reason they wrote it is because, and I was here lobbying, because this body didn't act on statutory changes to the minimum wage. And at some point the people will just do it themselves. And that's the prerogative of the second house. And so it doesn't necessarily explain what the best policy is, but your hands in some respect are tied. And I'll answer any questions if anyone has any.

KAUTH: Thank you very much. Are there any questions? Seeing none, thank you very much for coming in. Are there any more opponents? Anyone testifying in the neutral? Senator Raybould, would you like to close?

RAYBOULD: OK. Well, first of all, I do want to thank everyone for coming out today to testify on this important issue. But I do want to close with some final thoughts on why I think it is important that we pass LB258 with AM272 this year. We've heard a lot of words like guardrails, flexibility, certainty, predictability, reliability, stability. But I'd like to think that our job as the Legislature is to provide that balance of interests of both sides of our workforce so we do the best thing for the majority of Nebraskans. And sometimes it's not easy. Sometimes it's not-- sometimes it's super challenging and we deal with the petitions and the will of the people. But also we are another, we are another part of our constitution permits us to make these changes. It does require 33 votes. After listening to all the businesses that it would impact, I don't think when people voted the way that they did, they didn't come to the conclusion that, oh, my gosh, this is going to raise my, raise my daycare costs, or some of the testifiers today said, oh, my gosh, you know, how are we going to pay for the referees to, to coach basketball and other sports activities that our children love to participate in, which means the parents have to pay more? I think, Senator Ibach, you were going in that direction that those costs get passed onto the consumer and the consumers are impacted by this work. You know, this is intended to be a minimum wage. And it's, and it's not-- we're not saying that it's a living wage, but we're also saying that if there are opportunities for folks to improve themselves to, to learn the work that they do to make advances, ask for more responsibilities and to grow in the company that they're working in and to earn more money for the work that they

do. The truth is, minimum wage is being capped. It's being capped in Minnesota and California. And one part of the bill that wasn't discussed is that it doesn't impact emancipated youth. Emancipated youth are completely exempt from this and can work at the minimum wage or higher. It just depends on their drive, their goal, and what, what they want to do with life. No one is, is limiting anyone in that way or fashion. Again, I mentioned before, Nebraska ranks 10th lowest in our nation for cost of living. Our neighboring states of Kansas sit at 11th, Iowa at 5th, South Dakota at 4th. At the same time, we have the 18th highest minimum wage in the country. I'm glad this puts our state in a competitive position, but we need to be very careful that it isn't creating more harm than good. The 66% minimum wage increase over a 4-year period is absorbable by larger businesses, but many other small- and medium-sized businesses that you've heard from testify today, daycare centers, nonprofits, the majority of those businesses in our state have no choice but to raise prices and pass that cost onto their customers, creating a vicious cycle. We already hear about food deserts across our rural counties. The people in those counties cannot afford for their small town grocery stores to have to close their doors, forcing them to drive dozens of miles further for food. We have had numerous bills and interim studies on the cost of childcare. It is a crisis now and will only get worse for parents, as operators have to continue to increase their costs to operate. LB255 [SIC] isn't a bill intended to weaken our wages or, or workers. It is intended to find a reasonable balance that ensures that businesses have predictability and can stay in businesses to be able to provide basic needs and beyond for Nebraskans everywhere. Thank you all again for putting in the time today, and I urge the committee to adopt AM272 and advance LB258 to the General File. Thank you all so much.

KAUTH: Thank you.

RAYBOULD: Does anyone have any further questions? Senator--

KAUTH: Senator McKinney.

McKINNEY: Thank you, Chair Kauth. Thank you, Chair-- Senator Raybould. First, isn't it our job to adhere to the will of the people?

RAYBOULD: I think it is our job to adhere to the will of the people. But as lawmakers and policymakers, we still have the opportunity to make changes. And certainly we have been doing that with other pieces of legislation, gambling. We have done it with other, other legislations, and I know we're working with medical marijuana on that.

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We did it with the voter identification, and this is something that we have the right to do and to make changes, listening to all people in our state and the impact that it will have on them, their businesses, their operations, their ability to hire and retain individuals, young people and people of all ages going forward.

McKINNEY: And you talked about consumer impact and potential impact on workers, but where are the workers at saying if we don't make these changes that the implementation of the increase in minimum wage is going to harm them?

RAYBOULD: Senator McKinney, I didn't quite understand your question.

McKINNEY: Where are the workers saying that if we don't pass LB258, the increase in minimum wage and the increase with the cost of living is going to negatively impact them going forward?

RAYBOULD: I'm, I'm still not quite getting your question. You're saying they--

McKINNEY: What I'm saying is, where are the, where the workers or the people-- like, if, if we're working on the premise that we don't pass this bill, workers are going to lose jobs, there's going to be negative impacts because of that, where are they at saying, we need to pass this, because if not, there's going to be negative impacts on us?

RAYBOULD: I'm, I'm not sure we've, we've heard from workers to that specific point, but we've heard from businesses try to address that point. And, you know, being honest, you know, the-- Roni Branting mentioned out of Stromburg, you know, they're not hiring as, as many young people because they just-- it's something they can't afford. And so if they can't afford it and if they-- if it's a service that they have to provide, then they'll pass the costs on. That's pretty standard.

McKINNEY: I guess it's, I guess it's my point that--

RAYBOULD: Yeah.

McKINNEY: --we're hearing from the businesses that all this pretty much fearmongering, in my opinion, is going to happen, but we're not hearing from the workers that it's going to happen. And I'm just-- I was just wondering where they're at. And my last thing, you talked about emancipated youth--

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RAYBOULD: Yes.

McKINNEY: --being kind of exempted, but the honest truth is, it's a lot of kids who live in low-income families that are working jobs that are going to be negatively impacted, they're not emancipated, they're living with them. I, I know kids personally that are working jobs to take care of their families. They're not emancipated, but they're working to take care of the household. And if this passed, it would negatively impact on those families.

RAYBOULD: I, I don't, I don't see your viewpoint, Senator, because currently those-- the youth and training wage is \$5.45-- \$5.44 right now.

McKINNEY: But they're not in training.

RAYBOULD: What happens is if they have the 90 days of training, then they bump into the minimum wage. And, and at the same time, they are earning money for their families, for clothing, for books, or whatever. They are earning money right then and there, and then they advance to the minimum wage like everybody else.

McKINNEY: But what I'm saying is they're, they're currently not in training, they're working. And if this passes, they wouldn't make \$15. They were making under the, the minimum-- they would be making under \$15. That, that's what I'm saying. It would impact their wage, potentially.

RAYBOULD: Yeah, but if they're a new hire they would come in-- in 2028, is the year that we're talking-- I'm sorry, 2027, that is when that-- the youth and training wage starts.

McKINNEY: I get that, but--

RAYBOULD: And then--

McKINNEY: --I'm talking about the non new hires that are currently working.

RAYBOULD: Well, they're not going to be demoted or downgraded in their wages that they earn.

McKINNEY: But, yes, because they would be youth.

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RAYBOULD: No, it's currently anyone under 20 years of age in our current books and statutes if they're being trained. The training wage for 90 days for that group of young people currently in our books is 75% of the federal minimum wage. That's \$5.44. That's what an employer can pay them right now. What we're doing is raising that to something that is more reasonable, instead of \$5.44, that's for the 16-, 17-, 18- and 19-year-olds in 20-- starting in 2027 for all new hires in that age group. For 90 days only, Senator, 90 days, and then they bump up to the regular minimum wage. Am I--

McKINNEY: I know what you're saying, but--

RAYBOULD: OK.

McKINNEY: --a 19-year-old-- like, when I was 19, I wasn't living with my mom. Like, I, I-- it's just-- I struggle with that. A 19 year-- like a 18-year or 19-year-old is an adult. A 18- or 19-year-old could go to the military. Like, it's--

RAYBOULD: And this is, Senator, this is a minimum. This is, like, the threshold and the bar is being set here. You as a 19-year-old, no business-- I mean, businesses can offer you more than the minimum wage. And I think you've heard that from some businesses that it's competitive. Wages are competitive. Our shortage of workforce is creating more competitive wages in order to attract and retain our workforce. But in many cases these are entry-level jobs where people are being trained on the job, certainly, with a big emphasis on certainly, is our young people. We see so many young people come in and they have no skills. They've never had to, to clean a bathroom or mop a floor or do a lot of the work that is required of them. They learn, and I can have testimonials from so many young people in the grocery industry who say that they've learned how to work from working in a grocery store. So it doesn't-- the minimum wage is just that low bar, that is a low bar.

McKINNEY: I probably have more questions, but, but thank you.

RAYBOULD: We can talk more offline.

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

RAYBOULD: Thank you.

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KAUTH: And this closes LB258. And we have 5 proponent letters, 296
opponent letters, and 1 [MALFUNCTION].