

HOLDCROFT: Welcome to the General Affairs Committee. I am Senator Rick Holdcroft, representing Legislative District 36. And I serve as chair of this committee. The committee will take up the bills in the order posted. The public hearing today is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. Please, please move to the front row to be ready to testify. When it is your turn to come forward, give the testifier sheet to the page. If you do not wish to testify but would like to indicate your position on a bill, there are also a yellow sign-in sheets back on the table for each bill. These bi-- 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 of the bill, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the li-- yellow light comes on, you have one minute remaining. And the red light indicates you are done. Questions from the committee may follow, which do not count against your time. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process, as the senators may have bills to introduce in other committees. A final few items to facilitate today's hearings. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Props, charts, or other visual aids cannot be used simply because they cannot be transcribed. Please silence or turn off your cell phones. 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 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 in the committee statement. I

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will now have the committee members with us today introduce them-- themselves, starting on my left.

ANDERSEN: I'm Bob Andersen, representing District 49, which is northwest Sarpy County and Omaha.

DeKAY: Barry DeKay, representing District 40, which consists of Holt, Knox, Cedar, Antelope, northern part of Dixon, northern part of Pierce Counties.

J. CAVANAUGH: John Cavanaugh, District 9: midtown Omaha.

QUICK: Dan Quick, District 35: Grand Island.

CLOUSE: Good afternoon. Stan Clouse, District 37, which is Kearney, Shelton, and Gibbon in Buffalo County.

ROUNTREE: Good afternoon. Victor Rountree, representing Bellevue and Papillion, both in Sarpy County.

STORM: Good afternoon. Jared Storm, District 23: Saunders, Butler, Colfax County.

HOLDCROFT: Also, Senator Cavanaugh is the vice chair for this committee. Also assisting the committee today: to my right is our committee research analyst, Micah Chaffee; and to my far left is our committee clerk, Barb Dorn. Our pages for the committee today are Tate Smith of Columbus, a junior at the University of Nebraska-Lincoln, majoring in political science; and, and Arv-- Arvra [SIC] Rishi of Omaha, also a junior at UNL and a political science major. Today's agenda is posted outside the hearing room. With that, we will begin today's hearing with LB60. Senator von Gillern. Right? Did I get that right? LB280. Let's go with LB280. That's what it says.

von GILLERN: Well, you made me look. Good afternoon, Chairman Holdcroft and members of the General Affairs Committee. For the record, I'm Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I represent Legislative District 4 in Omaha. I'm appearing before you today to introduce LB8-- LB280, which I introduced this session on behalf of Auditor of Public Accounts Mike Foley's office. LB280 is intended to ensure that the state of Nebraska is receiving the full amount of gaming taxes to which it's entitled under state law. According to reports by the Nebraska Racing and Gaming Commission, the gross gaming revenues in Nebraska for January of 2025 alone totaled nearly \$18 million. Just off text-- or off script for just a minute. I

just looked at-- the last year in 2024, it was \$29 million for the entire year. So obviously, this is a pretty dramatic uptick projected. The 20% tax paid by operators on these revenues helps to fund cities and counties, assistance for addicted gamblers, the state General Fund, and the Property Tax Credit Cash Fund, to which the greatest share, 70%, of these taxes are dedicated. That translates to approximately \$2.5 million just this past January and more than \$12 million in fiscal year 2024. Given the sheer volume of money that Nebraska's gaming operators are handling on an annual basis, as well as the significant potential for property tax relief, it is imperative for us to ensure that all parties are living up to Nebraska's standards of propriety. Unfortunately, the Nebraska Racing and Gaming Commission simply does not have the resources to accomplish this effectively. The purpose of this bill is neither to denigrate gaming operators in Nebraska nor to allow the Auditor of Public Accounts to begin auditing private entities. LB280 requires casinos to submit audits for yearly review by the Auditor of Public Accounts, but this review only pertains to issues of mathematical and accounting accuracy. The Auditor will not be authorized by LB280 to investigate anything apart from whether or not the amount of tax on gaming revenue is properly calculated and successfully paid. With regard to the fiscal note, any expenditures associated with LB280 will be paid for out of the Racing and Gaming Commission's Racetrack Gaming Fund. So the General Fund is relatively unaffected. With that, I urge you to advance LB280 to help fulfill our promise to deliver property tax relief to Nebraskans. With that, I'm happy to take any questions.

HOLDCROFT: Are there any questions from the committee? Yes, sir. Senator DeKay.

DeKAY: Thank you, Chairman Holdcroft. Thank you, Senator von Gillern, for bringing this bill. You referenced the 70% of how the revenue is being spent. What-- could you tell me what the other 30% goes to?

von GILLERN: The state General Fund. Let me see. The-- assistance for [INAUDIBLE] state General Fund, Property Tax Credit Cash Fund gets 70%. I don't have a breakdown on the other 30% with me, I'm sorry.

DeKAY: I was just wondering if that goes to the--

von GILLERN: Happy to get that you.

DeKAY: --does part of it go to the cities and then part of-- plus goes to the counties I think that it goes to?

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von GILLERN: That's my understanding, yes.

DeKAY: OK. Thank you.

von GILLERN: Thank you.

HOLDCROFT: Any other questions from the committee? Yes, sir.

CLOUSE: Yes. Thank you, Senator Holdcroft. So the question or the reason for this bill is because the State Auditor is uncomfortable with, with what the casinos are doing or-- tell, tell-- explain more what things he's really looking at.

von GILLERN: It's, it's really a-- more of a reflection of the fact that this turned into a really, really big number really fast. And this, this scenario-- as, as statute currently stands, it's basically self-reporting on behalf of the casinos. And, and again, this is not meant to denigrate anyone. But when you get into numbers of those size, it's certainly worth having, having an audit and being performed in order to make sure that the numbers are correct.

CLOUSE: OK. Thank you.

von GILLERN: Yup. Thank you.

HOLDCROFT: Any other questions from the committee? Will you be here for closing?

von GILLERN: I've got a-- another bill I'm presenting in about 20 minutes but it will depend on how many testifiers there are. But if not, I will waive closing.

HOLDCROFT: OK. Thank you.

von GILLERN: Thank you.

HOLDCROFT: First proponent. Anyone speaking for this bill.

JEFF SCHREIER: Good afternoon, Chairman Holdcroft and members of the General Affairs Committee. My name is Jeff Schreier, J-e-f-f S-c-h-r-e-i-e-r. I am an audit manager for the Nebraska Auditor of Public Accounts, and I oversaw the audit of the Racing and Gaming Commission for the fiscal year ending June 30, 2024. I am here today on behalf of State Auditor Mike Foley to voice his support of LB280 and to thank Senator von Gillern for introducing this important bill.

LB280 could best be summarized by the words of President Reagan: trust but verify. The purpose of LB280 is not to cast aspersions upon either the gaming operators or the commission. It is simply to provide a vital extra process for ensuring the state is receiving the gaming tax revenues to which it is, is entitled. Like Senator von Gillern said, that's tens of millions of dollars that is primarily intended to provide property tax relief to the hardworking Nebraskans of the state. For the fiscal year ending June 30, 2024, the gaming tax amount was \$20 million. That ramped up to \$29 million and has significantly increased from there. During our audit, we found that the commission lacked the financial and auditing expertise needed to ensure that those amounts received from the casinos were correct. LB280 remedies this issue by requiring the casinos to submit annual audits to our office, who will then review them for errors in mathematics, improper accounting, or other deficiencies, especially any that impact the calculation of the gross gaming tax revenue. It should be noted that the commission's existing rules and regs already require each of those gaming audi-- gaming operators to have annual audits performed and to submit those reports to the commission. This bill would require that those reports also come to the APA for review, who has the staff with the necessary specialized financial and auditing expertise. During that initial review-- kind of the high-level review. If we identify anything that's concerning, the bill does allow us to examine or cause to be examined at our discretion the more detailed records pertaining to the annual gaming tax only. There's also a benefit to the fact that everybody would know our office will be looking at these numbers. It's prove-- historically proven that when people know we're looking, it eliminates or reduces the risk that there-- anything improper would happen from the get-go. LB280 is not a gateway to allow us to audit private entities. We have plenty of responsibilities as it is. This bill is only adding another mechanism to ensure the state is receiving a proper amount of gaming tax revenue. Adoption of the gaming--

HOLDCROFT: That's your time, Mr. Schreier. I see you only have about a paragraph [INAUDIBLE]-- so I'll let you go ahead and finish.

JEFF SCHREIER: Yep. Just kind of closing paragraph. Adoption of Nebraska's gaming tax was predicated largely upon the promise that the resulting state revenues would be sufficient to cause consequential property tax relief for Nebraskans. LB280 is nothing more than a mechanism for verifying that such promise is being properly for-- fulfilled.

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HOLDCROFT: OK. Thank you. Were there any questions from the committee? Yes, sir. Senator-- ooh. Oh. Senator.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Mr. Schreier. I did tell your boss you did a good job in the Government Hearing.

JEFF SCHREIER: Good. Good. Thank you.

J. CAVANAUGH: So my quest-- it sounded-- my understanding of what you just said is that there's already an audit being performed and they're just going to have to give that to you?

JEFF SCHREIER: Correct. So the commission has already-- their rules and regs that they've adopted already require these audits to be performed and they go to the commission. This would also pro-- have them provided directly to our office as well.

J. CAVANAUGH: So my-- that-- my understanding would be then there's really nothing more required of the casinos. It's just that that becomes available to the-- so why-- and this isn't you-- the Racing and Gaming Commission submitted a fiscal note of \$250,000.

JEFF SCHREIER: Yeah. I, I obviously can't speak to that. It does say that the, the commission will pay for our-- for us to do this review. I can't imagine it would be anywhere close to \$250,000. When we do full audits of county governments, for example, it's rarely over \$20,000. And that would be about-- around 400 hours of our staff time. I can't imagine this would be anywhere close to 400 hours.

J. CAVANAUGH: And your office submitted a fiscal note of \$2,500.

JEFF SCHREIER: That, that would be more in line with my expectation.

J. CAVANAUGH: OK. All right. Thank you.

HOLDCROFT: Any other questions from the committee? OK. Seeing none. Thank you very much, Mr. Schreier. Next proponent. Speaking in favor of the bill. OK. If-- oh.

PAT LOONTJER: Hi.

HOLDCROFT: Go ahead. Go ahead.

PAT LOONTJER: I'm Pat Loontjer, L-o-o-n-t-j-e-r. Do you want my address?

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HOLDCROFT: Nope. Just the name. That's fine.

PAT LOONTJER: And I'm the Executive Director of Gambling with the Good Life for 30 years. And we've been opposed to any form of expanded gambling. I just want to verify that we really believe that this should be put in the hands of, of somebody that's very capable of auditing. And it's already been proven that there's been mistakes made. And I think the Racing and Gaming Commission, who started with three person and now I understand there are over 30, that I don't believe that they're capable of handling this kind of a contract. I would like to see it be in the hands of, of Mike Foley, who's very capable.

HOLDCROFT: OK.

PAT LOONTJER: And that's it.

HOLDCROFT: Are there any questions from the committee for this testifier? Senator Clouse.

CLOUSE: Yes. Thank you, Senator Holdcroft. Pat, you mentioned that-- you just said that there's been other instances where it's been wrong. Can you expand on that a little bit-- or, errors.

PAT LOONTJER: I'm sorry. I didn't understand.

CLOUSE: When you, when you said that there a-- there's been instances where they've been errors in, in the gambling--

PAT LOONTJER: Yeah. I believe it was \$20 million that they were short when he caught it. The fact that-- and that it was repaid very quickly. But still, I think it just goes to show the, the Gambling Commission is not capable of doing that type of an audit.

HOLDCROFT: Any other questions from the committee? Yes, Senator DeKay.

DeKAY: Thank you. Thank you for being here. When they caught that deficit, was there any-- besides paying back, was there any fines levied on top of that or no?

PAT LOONTJER: Not that I heard of.

DeKAY: OK. Thank you.

HOLDCROFT: Any other questions from the committee? If not, thank you very much, Ms. Loon-- Loontjer. Next proponent.

NATE GRASZ: Good afternoon, Chairman Holdcroft and members of the committee. My name is Nate Grasz, N-a-t-e G-r-a-s-z. And I'm the Executive Director for Nebraska Family Alliance. NFA represents a statewide network of thousands of individuals, families, and faith leaders who advocate for public policies that strengthen and protect Nebraska families and children. This includes opposing the establishment and spread of gambling due to its destructive impact on families, businesses, and communities. While we oppose the expansion of gambling, we are in support of LB280 because when voters approved casino gambling at our licensed racetracks in 2020, they did so with the promise of property tax relief. By requiring annual independent audits to be filed with our Auditor of Public Accounts, we can ensure greater levels of oversight, accountability, and transparency of the gambling industry in our state. Given the serious social and economic consequences that casinos have, we welcome these updates and the requirements that the bill provides and respectfully would encourage the committee's support to advance LB280. Thank you.

HOLDCROFT: Thank you. Any questions from the committee? Seeing none. Thank you--

NATE GRASZ: Thank you.

HOLDCROFT: --Mr. Grasz. Next proponent. Anyone speaking in favor of the bill? If not, opponents. Any opponents?

LYNNE McNALLY: Hello. Lynne McNally, L-y-n-n-e M-c-N-a-l-l-y. Representing WarHorse Casino. There have been several errors and misstatements today already. Number one, very much love and respect Senator von Gillern, but this is not self-reporting. They have full access to our entire gaming system at any time, 24 hours a day, 7 days a week. They have an on-site person with the NRGC that monitors everything. If they want to pull the amount of money that has been put into a particular machine, they can pull it that moment. They have complete access. Number two, there, there was an error made. It was not on behalf of the NRGC. It was the Auditor. They incorrectly calculated that WarHorse Casino owed them more money because they improperly calculated food and beverage in with the gaming tax. Food and beverage is not taxed at 20%. It's taxed at a different rate. The NRGC knows what they're doing. They have, they have a high level of expertise in this area. That's all they do. They have auditors that

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only audit the casinos. That is their entire purpose of working. This would result in a triple audit. We already pay for two audits. We pay for the NRGC to do an audit. We pay for our own audit. The chief financial officer of the parent company of WarHorse is here today, and she will explain. But they're doing a great job. And the, the Auditor misunderstood the process by which they calculate taxes. That's the bottom line. There was a big article splashed on the front page of the paper about how we underpaid. That's not true. That is not true. So. Little upset about the, the, the numerous misstatements that have been made today. And if you don't believe me, ask the NRGC. You know. I-- there might have been a small correction after they audited our numbers, but it, but it was probably an error-- a rounding error or something like that. But it wasn't anywhere near the miscalculation that was portrayed by the Auditor's Office that, not coincidentally, was on the front page of the paper.

HOLDCROFT: OK. Thank you, Ms. McNally. Are there any questions from the committee? Senator Cavanaugh. Oh.

J. CAVANAUGH: I'll go first. Thank, thank you, Chair. Thanks for being here, Ms. McNally.

LYNNE McNALLY: Thank you.

J. CAVANAUGH: I appreciate the enthusiasm. My first question I was going to ask you is, does this amend any of the ballot initiative from the original ballot initiative?

LYNNE McNALLY: No. It, it amends the, the statute that requires us to submit information for an audit for the NRGC, and then requires us to do our own independent audit. This would add to that.

J. CAVANAUGH: OK. I was just curious if this would be a-- held to a higher standard of votes in the Legislature as a result.

LYNNE McNALLY: I don't know. It would be a statute change.

J. CAVANAUGH: OK. And-- so you already do two audits. Is-- I mean, not fully understanding of everything that's going on here.

LYNNE McNALLY: And a, and a bunch of other steps that I don't understand either, which is why Angel Derochie's here.

J. CAVANAUGH: Well. I guess my question is, would-- is there a version of, you know, one of these two audits you already performed, is it OK to turn that over to the Auditor?

LYNNE McNALLY: I don't have a problem with it, but it sounds to me like they want to do their own review. Then on top of that, that-- you know as well as I do NRG's not going to pay for. We're going to pay for. They'll do-- they'll pass the cost along.

J. CAVANAUGH: The fiscal note says they're going to pass \$250,000 on to you.

LYNNE McNALLY: That's pretty scary and, and unnecessarily expensive. I thought we were trying for smaller government here. I mean, didn't Governor Pillen tell everyone that we're trying to have smaller government?

J. CAVANAUGH: In some respects.

LYNNE McNALLY: OK. Not this one, apparently.

J. CAVANAUGH: Thanks.

HOLDCROFT: Any other questions?

ROUNTREE: And I'll waive. He answered my questions.

HOLDCROFT: OK. Any other questions from the committee? Thank you, Ms. McNally.

LYNNE McNALLY: Thank you.

HOLDCROFT: Appreciate it. Any other opponents? Opponents.

ANGEL DEROGHIE: Angel Deroghie, D-e-r-o-c-h-i-e. Mr. Chairman and committee members, I'm here on behalf of WarHorse Gaming, a division of Ho-Chunk, Inc. I currently serve as their chief financial officer. I hold an active gaming license and an active CPA license. I comply with all ethical, educational, and reporting requirements to maintain good standing with those licenses. My experience spans 24 years in both public accounting and private industry accounting. I have done audits of many organizations, and now I'm responsible for the financial systems and financial reporting that are being audited. The foundation of our data starts with a very strong gaming system and a lot of cybersecurity. We build internal controls that limit access and

establish procedures over that data. We've established compliance departments, internal audit functions that are both separate and independent, and we hire an independent CPA firm that has to issue opinions on both the financial statements and AUPs established by the NRG. Our compliance department helps us to protect our establishment against criminal activity and corruption within our casino. They audit daily activities of employees and players. Our revenue audit team audits daily the cash, drop and count, slots, table games, sports wagering, and food and beverage purchases. This team also provides weekly tax reports to the NRG as prescribed in rules. Not only do we provide those tax calculations, but we give our full gaming system reports that have been audited daily for accuracy. Our internal audit function is contracted through a third-party CPA firm. They are on-site quarterly performing internal compliance audit procedures as defined by the NRG mix. The NRG rules also require an AUP audit. They require this to be done by an independent CPA firm. That CPA firm must be approved by the NRG. And they are on-site quarterly. They perform defined procedures by the NRG. And then lastly, we have an annual financial statement audit. For efficiency, we are allowed to use the same CPA firm that does the AUP reviews. That quarterly work helps support their risk assessment in their annual audit requirement. All these final--

HOLDCROFT: That's your time. Is there-- are there any questions from the committee? Senator Clouse.

CLOUSE: Thank you, Senator Holdcroft. So you're talking about the, the WarHorse procedure. Is that standard on all casinos or--

ANGEL DEROCHIE: Yes.

CLOUSE: So all the controls and everything you put in, you're using--

ANGEL DEROCHIE: Yeah. They're very similar. Yes.

CLOUSE: OK. Thank you.

HOLDCROFT: Senator DeKay.

DeKAY: Senator-- thank you. Senator Clouse kind of asked my question too. But going off of that. So if you do two audits, is it the same software, same--

ANGEL DEROCHIE: Same data, same system, same people.

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DeKAY: So you basically are filling out two forms. So if there's a third audit that comes in, is that the same type of forms or--

ANGEL DEROCHIE: Yes.

DeKAY: --software used? Thank you.

HOLDCROFT: Senator Storm.

STORM: Thank you, Chair. Were you finished or did you need to finish more?

ANGEL DEROCHIE: I was just going to comment that the-- those separate CPA firms all submit their reports directly to the NREG.

STORM: OK. And it was-- is this your point too that the, the, the mistake that was made was by the Auditor in the last-- like we just heard?

ANGEL DEROCHIE: Yes. I would stand by that testimony as well.

STORM: OK.

HOLDCROFT: Any other questions from the committee? Yes, Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Ms. Dero-- Derochie?

ANGEL DEROCHIE: Derochie. Yes.

J. CAVANAUGH: Derochie. I-- my handwriting's so bad, so. With-- so I asked Ms. McNally about the-- is there a problem-- since you have these audits and you're providing them to the, the, the Racing and Gaming Commission, could we not just share those with the Public Auditor? Or is, is there something that prevents that currently?

ANGEL DEROCHIE: I guess I don't understand the inner workings of the agencies and departments of how that information gets shared.

J. CAVANAUGH: But would it be pro-- if there is a prohibition in law currently on the Auditor reviewing the audits you've provided, would there be a problem with removing that prohibition?

ANGEL DEROCHIE: No.

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J. CAVANAUGH: Because it sounded to me like they, they just want to be able to look at these audits. Because I'm just relooking at the bill, and it just says that you shall cause an audit to be performed at your expense by an independent auditor. And then share it, which sounds like you're already doing.

ANGEL DEROCHIE: I'm just concerned, will they require another one done separately? Do they select the CPA firm? Do we get to use the one we've selected? What, what will the rules be around them saying we get to ask for our own audit?

J. CAVANAUGH: Well-- and I guess my question would be, is the problem having them involved at all or is there a version we could clean up the language in this bill to make it clearer that the audits you are already performing would service that and to eliminate those kind of hurdles? Is that-- is there a problem with the Auditor being involved, or is there a problem that it's just sort of unclear of whether you'd have to do a third audit?

ANGEL DEROCHIE: Correct.

J. CAVANAUGH: OK.

ANGEL DEROCHIE: So if there's a way procedurally to clean up sharing of information across the agencies and departments, it should be done that way, rather than requiring additional audits with different guidelines and standards that could be set by another agency. Like, these rules and regs within the NRGC are defining these requirements. Does the State Auditor now get to define their own requirements, which then we're stuck providing a third audit because the guidelines are different.

J. CAVANAUGH: OK. All right. Thank you.

HOLDCROFT: Any other questions from the committee? Thank you, Mrs.-- Ms. Derochie. Opponents. Next opponent.

KORBY GILBERTSON: Good afternoon, Chairman Holdcroft, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. Appearing today as a registered lobbyist on behalf of the Nebraska Society of CPAs. I think this is the first time in 35 years I've ever testified in front of the General Affairs Committee for the CPA, so. But the CPA Society has some concerns with this legislation based in two parts. Number one, if you look at the statement of intent and secondly if you look at the fiscal

note, both would infer that somehow there are CPAs that are acting in nefarious manners and/or don't know accounting or not doing appropriate audits. More than 40,000 federal single audits are provided-- are performed annually on states, local governments, and not-for-- not-for-profit organizations. And the vast majority of those are performed by CPA firms. The Nebraska Society of CPAs formed back in 1928, and today they represent nearly 2,600 CPAs that practice in private industry, public practice, including the Auditor's Office, education. They have members in 35 different states and are employed by more than 500 different firms and companies or governmental entities. It's important to recognize that the value of a certified public accountant is-- brings to the table. CPAs must undergo-- undergo rigorous educational preparation and continuing education. They have to pass national entrance exams and adhere to high ethical standards, the American Institute of CPAs and Nebraska Board of Public, Public Accountancy. These standards are designed to ensure that auditors maintain independence, objectivity, and commitment to the public interest regardless of whether they are in part-- public practice or are employees of an agency such as the State Auditor's Office. So that's what the concern from the CPA Society comes from. This is unfortunately not the first time we've seen either statements or a piece of legislation that have somehow impugned the ability of CPAs to perform audits correctly. And they-- we would maintain that this is not a problem with audits that are being performed for the casinos, but this must have some other reason behind it. So with that, I'd be happy to answer any questions.

HOLDCROFT: Are there any questions from the committee? Thank you very much, Ms. Gilbertson--

KORBY GILBERTSON: Thank you.

HOLDCROFT: --Ms. Gilbertson. Next opponent. Any opponents? OK. Anyone speaking in the neutral? OK. Well. Senator von Gillern waives his closing. There were 6 proponents, no opponents, and no neutral. With that, that'll close our hearing on LB280. And we will start our hearing on LB60. Senator Quick. Whenever you're ready.

QUICK: All right.

HOLDCROFT: Quick.

QUICK: Yeah. Thank you, Chairman. Holdcroft and members of the General Affairs Committee. My name is Dan Quick, D-a-n Q-u-i-c-k. And I

represent District 35. I'm here today to introduce LB60. LB60 makes a simple change to the language in the State Lottery Act. If passed, it will allow Nebraska Lottery tickets to be sold by vending machines. I was approached by the Nebraska Retail Federation and Nebraska Grocery Industry Association to introduce this bill to bring attention to the committee and the Legislature the national trend of self-checkout and point out the Nebraska Lottery is lagging behind other states. Of the 45 states with lotteries, Nebraska is one of two, including North Carolina, that does not offer lottery ticket sales by vending machine. Unlike other vending machines, lottery vending machines are standalone and secure. They are age-- they are age controlled and require a valid driver's license with a brought-- with a barcode to be scanned to verify the player's age. Unmatched by competitors for the gaming dollar, the Nebraska Lottery has dist-- distribut-- distributed over \$908 million in qual-- in quarterly transfers since it began operation in 1993. At the direction of the Nebraska voters, these funds are going to education, as directed by the Legislature, Nebraska Environmental Trust Fund, Nebraska State Fair, and Compulsive Gamblers Assistance Fund. As you, as you are no doubt aware, self-checkout has been gathering momentum over the years. Retailer after retailer, even many of who, who position themselves as se-- as sel-- service oriented are now offering the self-checkout option. The pandemic has accelerated this dramatic growth even faster as it's become-- as it has instilled a strong desire in shoppers to avoid as much interaction with others as possible. This trend is expected to keep growing. In addition to the potential increase in sales and beneficiary perceed-- proceeds over time, the change can help retailers who are dealing with staffing issues and working to respond to customers' demand for increasingly, increasingly convenient means of transacting business. LB60 would allow self-- self-- self-checkout through age-restricted vending, vending and locations where alcohol cannot be consumed. A very modest and logical update. Thank you for your time. And I'm happy to answer any questions.

HOLDCROFT: Are there any questions from the committee? I have one. You mentioned age restricted. How would you restrict the age for the--

QUICK: I think there's somebody coming behind me that could probably answer that question, but I know it comes through the, the barcode. They said you would scan your license, but that's just to the best of my knowledge.

HOLDCROFT: OK. Thank you. Are you going to stick-- going to-- are-- you'll be sticking around for closing, I'm sure. First proponent who speaks for this bill. Welcome.

NATHAN BRTEK: Hello, senators. I'm Nathan Brtek, N-a-t-h-a-n B-r-t-e-k. From Lou's Thrifty Way in Norfolk. We're a grocery store. As a lottery retailer, I'm here to voice my support for LB60. These last few years have been very challenging in every aspect of business, labor being the top one. Staffing has been difficult, and the Nebraska Lottery at its core is a service we provide. There's really no profit in it with-- you know, before factoring in labor. Along with the continuous rise in minimum wage and all the other business factors, we've con-- contemplate of getting rid of the lottery altogether. These machines would help us as far as cutting labor, allowing us to give our customers a little more service. They have two things. One, they check our-- check the IDs when you scan them. Our cashiers are instructed to obviously card everyone when they buy lottery tickets. I cannot check every single employee and make sure they're doing it all the time. I'm not everywhere all at once. But these machines would not allow the sale to go through unless you scan the ID. The second thing is the machines are bilingual, just like our self-checkouts. We have a large Hispanic population in Norfolk, and there's a language barrier, barrier a lot of the time. The machines will translate in Spanish, and it helps us greatly, especially with the lottery. I'm happy to answer any questions if you have any.

HOLDCROFT: Are there any questions from the committee? Yes, sir. Senator Clouse.

CLOUSE: Yes. Thank you, Senator Holdcroft. Mr. Brtek, so the way this would work, you still have-- so-- the lottery, is that, like, a keno thing or is, is-- what is it?

NATHAN BRTEK: No. I believe these machines are just the scratch tickets.

CLOUSE: Just the scratch tickets.

NATHAN BRTEK: And, and, and your Powerballs as well.

CLOUSE: So it would be similar to pickle cards?

NATHAN BRTEK: I believe-- I know there's different restrictions on pickle cards versus these ones, but it would be just the scratch

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tickets, your Powerball, your Mega Millions, your Nebraska Pick 5s, the Lotto Americas, and the MyDaYs.

CLOUSE: So-- OK. I'm just trying to think what that would look like. So you'd have-- it'd be just a scratch ticket instead of waiting for the number to come out or--

NATHAN BRTEK: No. So the--

CLOUSE: --you scratch that and then wait for the numbers to come--

NATHAN BRTEK: So it's the same tickets that we currently sell. It just right now our tickets that we sell are at our customer service counter where we have to man it. This would be a standalone unit, just basically a large vending machine that you could scan your ID, punch in which one you want, and then it would print out the ticket for you and you would pay, I believe, also at the vending machine.

CLOUSE: OK. OK. Sorry. I'm a little confused on that.

HOLDCROFT: Senator Rountree.

ROUNTREE: Thank you, Chairman Holdcroft. Yes. I'm, I'm not familiar lot-- with a lot of the dispensing and so forth. But as far as having this vending machine, would there be a maintenance tail that comes with that, maintaining that machine? And then how often is your restocking and replenishing of this machine? And then with the scan, is there any information that's going to be retained? If I scan it, they see my age. Is there any information about me that's going to be retained by the machine [INAUDIBLE] privacy purposes?

NATHAN BRTEK: Yep. So as far as the machines, I'm not sure on that. But, like, our registers, we scan the IDs for tobacco. We don't sell alcohol, but our tobacco-- we scan the backs of the IDs. The only thing it retains in our register is the date of birth. It-- with the barcode on the back of the ID, it just relays the date of birth and our registers will OK the sale.

ROUNTREE: All right. Thank you so much.

HOLDCROFT: Any other questions? Senator DeKay.

DeKAY: Thank you, Senator Holdcroft. Thank you for being here. How-- what's the largest amount that you can redeem on a lottery ticket?

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NATHAN BRTEK: We are allowed to re-- or, dispense up to \$500 for winners. Anything over that has to go to the local lottery office. Anything over, I believe, \$10,000 has to come to Lincoln.

DeKAY: So if, if you had these machines to dispense these tickets, would it act almost like an ATM then to redeem the winning tickets or do they go to come to the counter to redeem that?

NATHAN BRTEK: I, I believe they do not dispense cash. They would still have to come to us, to anyone at the registers. But I don't know that for a fact. I know there's a few different variations of them.

DeKAY: Thank you.

HOLDCROFT: Yes, Senator Andersen.

ANDERSEN: Thank you for, for being here and testifying. Maybe you're the wrong guy to ask: when it talks about the-- where the funds go, where is that articulated? How does that determined? Is that--

NATHAN BRTEK: That would be with the Nebraska Lottery in the regular-- it's-- to my knowledge, it wouldn't be any different than where the current stra-- scratch ticket prof-- proceeds go.

ANDERSEN: All right. Thank you.

HOLDCROFT: Any other questions from the committee? Senator Storm.

STORM: Thank you. Yeah. One question here too. So right now, you have to be how old to get a lottery ticket?

NATHAN BRTEK: 19 in Nebraska.

STORM: 19 in Nebraska? So this would just be an ID that they have to put in a machine?

NATHAN BRTEK: Correct.

STORM: And then put money in?

NATHAN BRTEK: Mm-hmm.

STORM: So a minor could get his parents' driver's license or-- can you do it that way and--

NATHAN BRTEK: In theory, yes. I can't say for certain that, you know, our cashiers couldn't also have the same mistake because, like I said, we scan the backs of the IDs. There could be a, you know, human fault as well by not checking the front. And so it's, it's not foolproof, but it is--

STORM: Right. But the cashier can look at the person buying the tickets--

NATHAN BRTEK: Correct.

STORM: [INAUDIBLE] draw it--

NATHAN BRTEK: Yes.

CLOUSE: --so. OK. Thank you.

HOLDCROFT: Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. And thanks for being here. On-- to that, that question, it-- I think Senator Quick said that we're one of two states that don't have some version of this. Are you aware of any other states how-- if they've had problems with young folks taking somebody's ID?

NATHAN BRTEK: I have not. I know I've seen them in Missouri and Iowa. They're usually right up front near the traditional cashiers. So I would assume that there would be a little oversight. It's not like we're going to tuck it back in the corner, you know, all by itself. It will be, you know, under camera and, you know, up around people. It would just be a little more self-service.

J. CAVANAUGH: OK. And not that you asked this question, but the apportionment for how the money is apportioned comes out-- when the ballot initiative passed to legalize charitable lottery games-- I think it was 1990-- in the Constitution. That's where that apportionment part comes out of.

NATHAN BRTEK: Gotcha.

J. CAVANAUGH: So we're required by Constitution to put it the way it's--

NATHAN BRTEK: OK.

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J. CAVANAUGH: Thanks.

NATHAN BRTEK: Yeah. Thank you.

HOLDCROFT: Any other questions from the committee? Yeah-- oop. Senator Clouse.

CLOUSE: Yes. Thank you, Senator Holdcroft. OK. So I, I just need to be clear on this. So you have the machine sitting there. And you would go up to it, you enter-- you put in your driver's license.

NATHAN BRTEK: Correct.

CLOUSE: And then you would-- then you put the money first or you--

NATHAN BRTEK: You would select the ticket you would like to purchase, and then it would tell you total. You would then swipe your credit card. I don't believe they take cash, but I'm not sure on that.

CLOUSE: So-- I mean, that seems pretty risky to me, to put a credit card and a driver's license in the same slot, but.

NATHAN BRTEK: The, the ID would just scan. It just has a barcode reader on the back of it. You would just tap it up against the scanner.

CLOUSE: Thank you.

HOLDCROFT: Senator Storm.

STORM: One last question here.

HOLDCROFT: Sure.

STORM: Thank you. So let's say someone does-- say a minor does go there, has their parents' driver's license, put it in, and they win. They go to your-- now to your counter to reimburse their money. And you could tell it's not the same person. What do you do then? Or who's liable?

NATHAN BRTEK: So we've actually had that-- so we also check IDs on payouts.

STORM: Right.

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NATHAN BRTEK: And so we would confiscate the ticket. And then I believe we call the lottery and the police department. And-- because it's, it's unlicensed-- it'd be like a minor having tobacco on them, or alcohol. It's an unlicensed product, so they can't legally have that.

STORM: So they get cited for that?

NATHAN BRTEK: I believe so.

STORM: OK. Thanks.

HOLDCROFT: Any other questions from the committee? Thank you very much, sir.

NATHAN BRTEK: Thank you.

HOLDCROFT: Appreciate it. Next proponent.

ANSLEY FELLERS: Thank you, Chairman Holdcroft and members of the committee. First, I would like to apologize. I should have jumped in the chair before Nathan and taken some questions. Thank you so much. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s. I'm here on behalf of the Nebraska Grocery Industry Association, Nebraska Petroleum Marketers and Convenience Store Association, and Nebraska Retail Federation. Testifying in support of LB60. Thanks a lot to Senator Quick for introducing this bill. LB60 makes only one change: it allows Nebraska Lottery tickets to be sold in vending machines. First and foremost, as you heard from Nathan, our members support this legislation for purposes of freeing up staff. Allowing customers to purchase lottery tickets saves their time as well as the time of the other nonlottery shoppers. This is especially true when we have a Powerball line that extends outside the building. Senator Quick also mentioned that we are one of only two of the 45 states that sell lottery that doesn't have vending machines. All of the states bordering Nebraska allow vending machines. Senator Quick also mentioned these machines require a valid driver's license with a barcode to be scanned. Currently, Nebraska-- to Senator Clouse's question-- Nebraska currently allows pickle cards to be sold in vending machines and age verification is not required. This change will help retailers who are dealing with staffing issues and working to respond to customers' demands for increasingly convenient means of doing business. LB60 would allow self-checkout through age-restricted vending in current lottery locations. Retailers want to consinue te--

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continue selling these tickets, but we don't want it to be a burden. We think this is a win-win for the beneficiaries, retailers, consumers, and Nebraska Lottery. I know behind me there is at least one beneficiary, and I see Mr. Rockey from the Department of Revenue who would be able to answer some of the other questions that came up, I think. But I am happy to try. Thanks again. And appreciate the committee's consideration.

HOLDCROFT: Thank you. Sen-- Senator DeKay.

DeKAY: Thank you. Thank you for being here. Do you think by having machines like this that this will enhance and-- you will be able to sell more tickets that way and basically have more tax revenue?

ANSLEY FELLERS: I think-- yes. I think it's a boost to the beneficiaries because I think a lot of people-- so I mentioned the Powerball lines. Especially in communities, I-- it's, it's everywhere. It's even in Omaha. You know, a big Powerball number can generate a lot of interest. And when there's a long line, a lot of people just turn away. They don't-- they won't stand there and wait.

DeKAY: Well, I kind of concur because just from personal experience, when you stop in a convenience store or something, buy a coffee to get back on the road and you wait for people to go through 30, 40 tickets at the same time. A little bit frustrating.

ANSLEY FELLERS: Yeah. Thank you, Senator. And just really quickly, I would just also mention-- you know, Nathan talked about these being sold at the customer service counter. And there are a variety of other things that happen at the customer service counter. So there might be people that are trying to buy a money order or need some help with a return or something. And those people are waiting for people that are trying to buy lottery.

HOLDCROFT: Senator Andersen.

ANDERSEN: Thank you, Mr. Chairman. And thank you for being here. I'm not sure if you're the right person to ask this question to, but these machines only accept a driver's license? Is that right?

ANSLEY FELLERS: Correct.

ANDERSEN: What if somebody has an out-of-state driver's license, like military people and all that?

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ANSLEY FELLERS: Yep, I believe that's OK. Just like now. If you-- you can go-- I can go to Iowa and buy a lottery ticket in Iowa. And somebody from Iowa can buy a Nebraska Lottery ticket with their ID.

ANDERSEN: What about state-- any other state-issued ID or-- at that point, do they need to go to the counter and talk to somebody or--

ANSLEY FELLERS: You know, that's a good question. We can find out and go back. And maybe Mr. Rockey might know that too, another type of ID. Yeah. Good question.

ANDERSEN: Thank you.

HOLDCROFT: Any other questions from the committee? Thank you very much.

ANSLEY FELLERS: Thank you.

HOLDCROFT: Next proponent. Welcome back.

KORBY GILBERTSON: Thank you. My name is Korby Gilbertson, spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today on behalf of the Nebraska State Fair Board in support of LB60. I'm going to try to answer a few of the questions because I think-- our support should be obvious why. The State Fair is one of the beneficiaries of the lottery funds. And as Senator Cavanaugh said, this was due to a constitutional change back in 1990. And so that's, that's where-- determined where all the different funds go and continue to go. To try to answer the question about the license th-- I might be over my skis on this, but I think this is-- was a statute, and I think it's federally done the-- through a compact or something else that the back of your-- it's the new type of dru-- driver's licenses all states use. And I think a part of it came in place after 9/11 so that everyone had the same kind of IDs so that they can be scanned to check for the age and thing-- stuff like that on the back of them. And then to-- and to also point out that, yes, this only does have to do with sales of tickets. It does not have anything to do with dispensing any of the winnings. So I'd be happy to answer any questions.

HOLDCROFT: Any questions from the committee? Senator DeKay.

DeKAY: I just have to ask: now that you're a seasoned veteran, does it feel any different testifying in front of General Affairs than it did the first time?

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KORBY GILBERTSON: Than it did-- you mean today or--

DeKAY: Yeah. I'm good.

HOLDCROFT: Any other questions from the committee? Thank you very much, Ms. Gil--

KORBY GILBERTSON: Thank you.

HOLDCROFT: Next proponent. Anyone speaking in favor of the bill? OK. Then we'll move to opponents, those speaking against the bill. Any opponents?

AL RISKOWSKI: Good afternoon, Senator--

HOLDCROFT: Afternoon.

AL RISKOWSKI: --Holdcroft-- thank you-- and the committee. Al Riskowski. It's A-1. And it's Riskowski, is R-i-s-k-o-w-s-k-i. It's basically representing myself. But one thing for sure, if you put this type of machine in, it changes the, the dynamics of purchasing a lottery ticket because instead of going up to the counter to verify who you are, you can do it, in a, in a, in a bit of a way that no one knows who you are. And so I was looking up in various states, they have a number of restrictions that they place on these type of machines because of the ability to buy lottery tickets illegally. And one of the areas that I thought was really important was they require the machine to be placed in a line of sight so that in those businesses they can observe what is going on at that machine [INAUDIBLE] somewhere-- like in some places, they sit there by the restroom and no one can even see what is happening at that machine. The other thing that they do-- in some of the states, they have a deactivation device that is a remote-controlled, where they can shut down the machine if they observe something happening that seems to be illegal or improper to investigate what is happening. Some states have cash limits that you can purchase at any one time. But I think one of the biggest concerns is the underage purchasing at these machines. And I looked-- in the state of Florida, they did an investigation to fi-- try and find out if that was really a problem and discovered that it truly was. They observed a number of places, 13-, 14-year-old boys were in there buying these tickets and no one paid any attention to them whatsoever as they did that. So I think it's very important to take into consideration what this change will do and can do and the

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restrictions that need to at least be put in place to assure-- and a better way that it's not abused. So thank you.

HOLDCROFT: Are there any questions from the committee for this testifier? Senator DeKay.

AL RISKOWSKI: Yes, sir.

DeKAY: Thank you. So if they don't observe them buy-- 13-, 14-year-old kids buying-- purchasing those tickets, can they catch it and stop it when they go to redeem those winning tickets or not?

AL RISKOWSKI: They can. However, they did in Florida as well investigate some of that. And they purposely put some winning lottery tickets in a 13-year-old's hand. And he went and cashed it. So I think it's important to have some sort of penalties in place so that if a business is caught of being that lax in doing something like this, even today, they should be held responsible.

DeKAY: So would that fall more on human error rather than a machine error and that--

AL RISKOWSKI: I don't know about human error or human-- being lax.

DeKAY: Negligence.

AL RISKOWSKI: Yeah.

DeKAY: Would that-- so they could be negligent in selling the tickets in the first place too, could they?

AL RISKOWSKI: They can. I think you-- often-- it's much more intimidating to go up to a counter and try to impersonate that you're older than it is to go-- certainly to a machine and then perhaps win something.

DeKAY: OK. Thank you.

HOLDCROFT: Any other questions from the committee? Seeing none. Thank you very much.

AL RISKOWSKI: Thank you.

HOLDCROFT: Our next opponent. Speaking against the bill. Opponent. Welcome.

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GLEN ANDERSEN: Glad to be here. Glen Anderson, 1-- 12778, County Road 30, Blair, Nebraska.

HOLDCROFT: OK. Could you spell your name, please?

GLEN ANDERSEN: Oh. G-l-e-n A-n-d-e-r-s-e-n. I have a whole write-up here, but I'm going to take out most of it here. I-- and I will admit, I'm hardly an expert in this area. I bought my first lottery ticket, like, last week. But it occurs to me that the lottery does take ca-- take advantage of lower income people and very few people in Nebraska. A very, very small percentage of the people in Nebraska. And I would say that using vending machines to sell tickets to make this form of gambling easier, quicker, faster won't make it better. Now, I have some questions here, and it's brought up by listening to what's going on here. I, I notice that the bill does not address a lot of issues that we brought up. How is-- how are they going to be addressed? How do you secure the lottery vending machines so underage individuals do not buy a ticket? How do you do that? Should that not be in the bill? Or is it-- is that going to be delegated to the Nebraska Lottery Department? Also, credit card purchases should not be allowed. And I think that should be agreed on, and it should be stated in the bill, should it not? And the penalties. That's yet another issue that the-- that I have not seen anything in writing that it-- that we handle it with. And I don't know whether you put this in this bill or do you delegate it to the Nebraska Lottery Department. I think these things need to be addressed before going too far-- too much further.

HOLDCROFT: Is that your--

GLEN ANDERSEN: Thank you.

HOLDCROFT: OK. Any questions from the committee for this testifier? Yes, sir. Senator Rountree.

ROUNTREE: Thank you, Chairman Holdcroft. And mine is just an observation. I've heard all that you've expressed today. And you said just last week you bought your first lottery ticket. Just for my-- I want to understand-- I want to know what prompted you to be able to go out and spend money on a lottery ticket [INAUDIBLE].

GLEN ANDERSEN: I will be happy to tell you.

ROUNTREE: Yes, sir.

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GLEN ANDERSEN: It happens that there's someone in the audience whose 80th birthday just occurred last week. So I had to get something appropriate for Pat Loontjer.

ROUNTREE: All right. Thank you.

GLEN ANDERSEN: Thank you for the question.

ROUNTREE: And secondly, you said it only affects the lower income and a small number of people in Nebraska. About-- on a scale of about how many people are we talking about--

GLEN ANDERSEN: OK. Well--

ROUNTREE: --populationwise?

GLEN ANDERSEN: I have-- I'm ju-- this is personal judgment.

ROUNTREE: That's all right.

GLEN ANDERSEN: And I don't think-- I doubt that there's any statistics that will tell us what percentage of the people actually use the lottery. You know, we, we-- I don't, I don't think we have any way of tracking that. And-- nor do we have a way of tracking who-- how many are heavy users of the lottery. But, you know, just purely off the top of my head and-- I would say that it has to be a low percentage of people that do that, that participate in the lottery.

ROUNTREE: All right. Thank you so much. I appreciate it. I understand [INAUDIBLE] the purchase.

HOLDCROFT: Any other questions from the committee? Seeing none. Thank you very much, sir.

GLEN ANDERSEN: Yeah. Thank you.

HOLDCROFT: Mr. Andersen. Any other opponents, those speaking against the bill? Welcome back.

PAT LOONTJER: Thank you. I'm Pat Loontjer, Director of Gambling with the Good Life. And I was the recipient of, of two lottery tickets for my birthday, which I couldn't figure out how to work. I-- they're still laying there. But I just wanted to reiterate what Mr. Andersen said, is that there-- the questions that we raised before as far as putting some restrictions on these things, it, it, it doesn't say that

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it, it happens. It doesn't say that it's part of the bill, and it certainly needs to be. Because if there's going to be an age requirement, if they're going to be able to use credit cards, et cetera, it needs not to be left up to the lottery. It needs to be left up to the, the committee and, and to the whole-- body as a whole.

HOLDCROFT: OK. Any questions from the committee? Thank you very much. Next opponent.

NATE GRASZ: Again, Chairman Holdcroft--

HOLDCROFT: Welcome back.

NATE GRASZ: --members of the committee. Thank you. My name is Nate Grasz, N-a-t-e G-r-a-s-z. I'm testifying in opposition to LB60 on behalf of the Nebraska Family Alliance. Similar, similar legislation to LB60 has been introduced the last several years, most recently by Senator Dungan in 2023, and it has been rejected by the Legislature each time because while the change this bill seeks to make is simple, it's eliminating an essential consumer protection: in-person, human interaction. Rather than protecting the best interests of the public, the primary focus of state-sanctioned gambling is to maximize profits, and the lottery is no different. It is designed for people to lose money. And the primary players and losers of the state lottery are the poor. Studies show that the poorest third of Americans buy more than half of all lottery tickets, which is why states advertise so aggressively in poorer neighborhoods. According to our own State Gamblers Assistance Program, lottery advertising often attracts the people who can afford it the least. And a study by Cornell University found that state lotteries get a disproportionate number of sales from the poor because those in poverty look to the lottery to improve their lives and help them escape poverty, resulting in a reduction in savings and spending on key household items. With these facts in mind, it is likely that the change this bill seeks to make will result in lottery ticket vending machines being densely and disproportionately populated in our poorest neighborhoods and communities. This bill will expand gambling and make it easier than ever for the lottery to cause more people to lose more money more easily, especially the poor and financially desperate. And for those reasons, we encourage the committee not to advance LB60. Thank you.

HOLDCROFT: Thank you. Any questions from the committee? Thank you, Mr. Grasz.

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NATE GRASZ: Thank you.

HOLDCROFT: Any fur-- other opponents? Opponents. OK. Anyone testifying in the neutral? Mr. Rockey.

BRIAN ROCKEY: Good afternoon, Chairman Holdcroft and members of the General Affairs Committee. For the record, my name is Brian Rockey, B-r-i-a-n R-o-c-k-e-y. And I serve as the Director of the Nebraska Lottery and the Charital-- Charitable Gaming Division of the Nebraska Department of Revenue. In the interest of time, I, I won't go through everything on my prepared testimony. And I, I obviously would be happy to answer questions that I know-- I'm sure you have. Just a few things to point out from the original testimony. The machines can be configured to accept cash, debit card, credit cards, whichever we prefer-- the Legislature prefers. There are, are no specific locations planned for lottery vending machines at this time. We wouldn't put devices on every street corner or in, in every lottery retailer for that matter. There would be criteria created to establish proper locations for device placement. I would estimate that over time we would probably have not more than 20% of our retail network with lottery vending. Right now, we have just about 1,200 retailers. So 200, 250 vending devices, probably-- vending machines. Any retail establishment can be considered to become a lottery retailer if they submit an application to the lottery. Vending would be placed based on criteria, including traffic, security, and visibility, retailer staffing resources, and overall appropriateness of the location. Vending machines are procured or would be procured through our existing contract with our vendor service, and inventory management would be handled through the vendor. It wouldn't be put on the backs of, of retailers, is, is a question that was raised earlier. And we would anticipate that locations with vending would probably produce about half of the average sales of standard retailers. So at that level, if 50 new locations were to come online-- for example, there's a-- one retailer chain in particular that would like to sell lottery, but only through vending. If 50 no-- new locations were to come online, estimated annual sales would be between \$3 million and \$4 million, producing about \$800,000 to \$1 million for the beneficiary funds. I'd be happy to answer-- happy to answer questions.

HOLDCROFT: Thank you, Mr. Rockey. Senator Clouse.

CLOUSE: Thank you, Mr.-- or, Senator Holdcroft. Mr. Rockey, the question I would have is-- when you-- is this addressing the things that Mr. Riskowski mentioned, some of those controls, is that

something we should do by statute? Do we-- that we could address this? Or is that a policy thing that you put out on-- or are you going to do a cash only [INAUDIBLE] that, you know, those types of things. Is that a policy thing?

BRIAN ROCKEY: Either way, we have a set of operating regulations that apply to the lottery and things that are specified in the original lottery act that, that direct us to create regulations for. We could certainly incorporate into, into the legislation itself.

CLOUSE: Thank you.

HOLDCROFT: Any other questions from the committee? Thank you very much, Mr. Rockey. Oh. Was there one? Senator DeKay.

DeKAY: Thank you. Is there a licensing fee to put those machines in the retail stores or--

BRIAN ROCKEY: No, sir. Retailers don't pay a fee to become a retailer. They receive a commission of about 6% of the sales of tickets. And then the lottery-- and the vendor provides the equipment and tickets are delivered and that sort of thing. So there would be no fee to the retailer for the devices. The, the, the vending machines are fairly expensive, so we would be understandably fairly selective in where they were placed. And, and-- sorry.

DeKAY: No. OK. Appre--

BRIAN ROCKEY: I, I know the question of age verification came up, and it, it's accurate, it's true that the, the barcode on the back of your driver's license is read by the terminal. The, the vending machine would do the same thing. It does not retain the information. It merely reads the encryption on the barcode. The device's machines can be configured with a kill switch. And, you know, it would be the lottery's intention that if a vending machine is placed somewhere, it would be placed in a prominent location so that the clerks on staff could see it and obviously that the customers could see it.

HOLDCROFT: Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Mr. Rockey. So my first question is, 45 other states already have this. Is-- do they have a problem with underage people being able to access their lottery?

BRIAN ROCKEY: Not that I'm aware of. And I'm sure the Florida story is, you know, not an exception. But on the whole, lotteries are not as flashy, if you will, as other forms of gaming, sports betting, or whatever the case might be. Our experience in Nebraska, there-- I can remember one case-- and it's been-- probably at least 20 years ago-- of a, of a minor being-- getting charged or being accused. And actually, it was a situation where it was just a, a teenager that was a carryout at a grocery store. And one of the checkout folks was short a dollar for a lottery ticket. And so he gave it to her and she bought the ticket. And-- so that-- the, the-- it was, it was assumed that, you know, he was doing that with the intent to play. It never went-- it never-- the case didn't go any further than, you know, the original. But we haven't, in my recollection, really seen issues. The question was asked earlier also about redemption. The tickets have to be redeemed at retail, at, at the counter. Prizes up to \$500 can be paid by the retailers. Anything above that have to come to the lottery. Anything above \$20,000 actually has to come to Lincoln. So between \$500 and \$20,000, they would go to field office-- the Department of Revenue field offices to be-- to claim it.

J. CAVANAUGH: And then we heard some folks talk about the need to put restrictions on credit cards. Can you currently buy lottery tickets and, and scratch offs with a credit card?

BRIAN ROCKEY: You can. The way the Lottery Act reads is it says that they can't be sold on credit. So it's-- I always liken it to the-- and this shows my age-- the Wimpy from the Popeye commercial-- or, cartoon. I'll gladly pay you tomorrow for a hamburger today. As long as there is a payment mechanism involved, it is possible to use a credit card. But it's up to the retailer. And, and many retailers won't accept credit cards because of the processing fees. So for the most part, it's a cash business. Some peop-- some, you know, retailers use-- will accept debit cards.

J. CAVANAUGH: And there was some conversation about penalties for not enforcing-- if you go and buy it from a person and you don't check their ID and they're underage, you'll be subject to penalty, right?

BRIAN ROCKEY: There are-- yes. And-- I'm sorry. I didn't mean to--

J. CAVANAUGH: Well, I-- just-- how is that-- is, is the store going to be liable or responsible for underage people successfully using someone else's ID to buy?

BRIAN ROCKEY: Sure. They would. Because retailers have a contract with lottery now. And in that contract, they agree to abide by the act and conduct themselves according to sort of the prescriptive measures that the lottery sets forth in merchandizing and displays and, and, and paying prizes and that sort of thing. And there are penalty provisions in the, in the Lottery Act that would extend to any sort of validat-- violation of the act on paying prizes or allowing minors access to it.

J. CAVANAUGH: OK. Thank you.

BRIAN ROCKEY: You bet. Thank you.

HOLDCROFT: Any other questions from the committee? Thank you very much, Mr. Rockey.

BRIAN ROCKEY: Thank you.

HOLDCROFT: Any other neutral testif-- testifiers? Neutral. OK. As Senator Quick comes up to close, we had 3 proponents, 10 opponents, and 1 neutral letter.

QUICK: Thank you, Chairman. And thank you, committee. And I also want to thank the testifiers who, who came up here. You know, one of the things is with the age verification-- I know there's some issues-- making sure that we don't have children buying these lottery tickets. But I think with the-- it's more or less like a dual verification. So even if you happen to buy the ticket through the vending machine, there's going to be a double ver-- verification when you go up to turn your ticket in for-- to receive that-- whatever prize that you would have won. So I think that should hopefully-- would, would prevent that from happening for-- from a, from a child from-- or a juvenile from actually going through with the whole process. There is a selfish reason that I proposed this, this bill too, and it was brought to me because we have the State Fair in Grand Island. And I believe the State Fair would benefit from this. People are buying those-- the tickets and, and-- but if it helps on the revenue side, I think anything we can do to help the, the State Fair out-- and especially all the other opportunities that the, that the-- those lottery revenues provide across the state. I guess the only other thing I would add is that, you know, I can-- I know when I go to a store or-- to a convenience store and sometimes I'm just there to buy a pop or pay for-- if you're paying for your gas inside and sometimes you're waiting in line, it, it-- you know. You're waiting for people to buy their lottery tickets. And it's-- that's-- shouldn't be the whole

reason for this bill, but I know it becomes a, a problem once in a while. And it would help the retailers out as well. So thank you for your time. And I hope we can pass this bill out.

HOLDCROFT: OK. Are there any other questions for Senator Quick? Is that a yes or no? Thank you very much. That concludes our testimony on LB60. And now we will take up LB635. Senator Hansen. Welcome to your General Affairs Committee. Whenever you're ready, Senator Hansen.

HANSEN: Well, good afternoon, Chairman Holdcroft and members of the General Affairs Committee. My name is Ben Hansen. That's B-e-n H-a-n-s-e-n. LB635 authorizes the regulation of professional bare-knuckle mixed martial arts, amateur kickboxing, slap fighting, and MMA on ice in the state of Nebraska. I also have AM228 for you as a white copy amendment that adds both professional and amateur Muay Thai as well. While specific sports were suggested by the combat sports community, the State Athletic Commissioner was also part of the conversation to ensure the proper terminology was used. In a broad sense, the Athletic Commission exists to regulate combat sports in Nebraska. Each sport under its jurisdiction is specifically authorized by legislation. The Athletic Commission then oversees the sporting events to ensure they are safe, fair, and competitive. They do this by approving matches based on skills and records, setting medical requirements, and assigning officials to each event. The combat sporting events regulated by the Athletic Commission usually hosts thousands of people in the stands, with many more watching on pay-per-view. So far, these events have been held in Omaha, Lincoln, North Platte, Kearney, Scottsbluff, South Sioux City, and other cities, profiting the economy and bringing revenue to both the state and local businesses. The regulation of combat sports is beneficial for two reasons. One, the Athletic Commissioner has demonstrated that combat sports can be conducted safely, but to get there certain protocols in place must be enforced. And two, promoters usually won't conduct combat sports events in a state where there is no legal authority to do so or where the legal situation is ambiguous. So having combat sports specifically authorized by the state protects these promoters from charges such as mutual combat or disturbing the peace. This is why I have been asked to update the state statute with more options for combat sports that are becoming popular in the sporting arena. Statute specifies these sports regulate athletes who are 16 years and older. This does not reach into the jurisdiction of high schools, colleges, or milita-- and the military or recognize amateur associations for contestants under 16 years of age. By embracing these emerging sports, Nebraska could become a

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leader in our development, leveraging the existing sports culture and infrastructure to capitalize on the growing demand for high-energy, alternative combat sports. As we continue to explore new ways to boost our sport and, and, and entertainment industry, these present a unique opportunity to attract fans and create job opportunities. The legalization of professional bare-knuckle mixed mo-- martial arts, amateur kickboxing, slap fighting, MMA on ice, and Muay Thai could provide significant economic benefits to Nebraska in the form of event tax revenue and the growth of local businesses while offering an exciting opportunity for Nebraskans to engage various forms of entertainment that dis-- that attract diverse audiences and increase tourism. I do have information on the spe-- specifics of each sport mentioned that I handed out. And testimony will be following if you have any further questions. I'd like to thank-- I'd like to thank Philip Henderson for all his help on this, as well as the expertise from Athletic Commissioner's Office. With that, I ask for your support for LB635. Thank you, Mr. Chair.

HOLDCROFT: Thank you, Senator Hansen. Are there any questions from the committee? Senator Clouse.

CLOUSE: Thank you, Senator Holdcroft. What, what-- is-- and the amendment-- maybe it's in here somewhere. What's the difference in the amendment and the bill?

HANSEN: What was the question?

CLOUSE: The, the amendment. You've got an amendment here. Is that correct?

HANSEN: Yes. The amendment added Muay Thai and amateur Muay Thai as well.

CLOUSE: That's what it added?

HANSEN: Yeah.

CLOUSE: OK. Thank you.

HANSEN: That one by far is pro-- probably the most pop-- most recognized, I would say, next to some, some of the other ones, but Muay Thai's a pretty popular one.

CLOUSE: Thank you.

HOLDCROFT: Senator Andersen.

ANDERSEN: Thank you, Chairman. And thank you, Senator Hansen, for being here. Pardon my ignorance, but can you explain what mixed martial arts on ice is?

HANSEN: Yeah, that's, that's one of the more interesting ones. I handed out-- the handout-- the other one I handed-- explains it more in detail. What I do have here, in essence, competitors will be in full hockey gear with the exception of MMA gloves instead of hockey gloves. Even the MMA gloves that they wear-- if you've ever seen mixed martial arts, like UFC-- I believe these are a little-- even more padded. You know, protect their hands from the, from the opponent wearing a helmet. The bout consists of two-minute rounds with a 30-second overtime in the case of a draw after the two rounds. In the case of a knockdown, a competitor will receive a ten-count to get themselves back up to a standing position like boxing. So it's very similar to boxing except they're wearing ice skates and they're dressed in hockey gear.

ANDERSEN: But it is on ice. Literally.

HANSEN: Yeah. Yeah. Synthetic ice. Yes.

ANDERSEN: Synthetic.

HANSEN: Yes.

ANDERSEN: Thank you.

HOLDCROFT: Any other questions from the committee? Yes, Senator DeKay.

DeKAY: Thank you, Chairman Holdcroft. Thank you, Senator Hansen, for being here today. With all these sports that are listed here, how many participants are there within the state? Or do a lot of participants come from out of state that help generate revenue to the state of Nebraska?

HANSEN: Well, I'm assuming-- again, testimony behind me can, you know, explain it further-- but most of them are going to come from out of state. But as you legalize these, like we saw with bare-knuckle fighting that we passed that about, I think, in 2021. That's Senator Wayne's bill. The popularity has grown in that exponentially. And I know people now in the state of Nebraska are being trained and doing it themselves in Nebraska, but it still draws a lot of outside crowd.

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Muay Thai might be a pretty-- that's, that's almost, like, a global sport. And they draw crowds from all over the globe to these events.

DeKAY: With that, do the participants-- do they got to sign a waiver so it releases liability issues in case something does happen?

HANSEN: From my understanding, yes. There's an extensive kind of protocol the fighters have to go through, not just liability issues, but also making sure that they healthwise are able to do the sport, make sure that they're competitive enough to do the sport, make sure that the two fighters are of equal-- they could-- they, they're very similar in their ability to do the sport, right? You don't have a professional who can beat the crap out of someone who's just doing it for the first time, right? They're not going to allow for something like that. And that's part of the Athletic Commissioner as well. We've been work-- we've been working closely with the Athletic Commissioner's Office and also promoters and, and, and also people who actually do the sport to craft this bill.

DeKAY: So-- I mean, I don't have to go through every sport, but how ma-- how long have these sports been in existence? Are they a spin-off from--

HANSEN: The people behind me might be able to answer that better. I know Muay Thai's been around for a hundred, if not longer, years, you know. And slap fighting is one of the more recent ones. But it's been growing in popularity quite a bit. You might see them on social media posts and other kinds of things, people standing across from each other, slapping each other in the face. You know what I mean? Who am I to say no? If that's what they want to do and people want to pay money to watch them, I mean, let them compete. We do that with anything else, whether it's football or basketball or anything else. The-- MMA on ice is also kind of a, a new one that's been coming up recently. Wyoming and Florida have recently passed legislation to allow them to be legal in their sport-- in their states as well.

DeKAY: OK. Thank you.

HOLDCROFT: Any other questions from the committee?

HANSEN: I like these questions, by the way. These are great. This is, this is my favorite bill, I think, the most.

HOLDCROFT: Senator Hansen, will you be here for closing?

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HANSEN: Yes.

HOLDCROFT: Thank you. First proponent.

HENRY EMS: Thank you, Senator Hansen. My name is Henry Ems, H-e-n-r-y E-m-s. I am currently the matchmaker for Dynasty Combat Sports. As of 2014, we booked-- I myself was responsible for booking 76 amateur and professional mixed martial arts bouts. For the most part, I can take a lot of the questions that-- Senator Hansen did a great job answering, but any specific sport questions I'd be willing to offer. So in 2021, as discussed, I was here for LB70 legalizing bare-knuckle boxing in the state of Nebraska. Since then, we have done five events at the Liberty First Credit Union Arena, specifically Ralston Arena as some people might know it in Omaha. Each one of those selling out-- to a near sold-out crowd. Since then, not only did we get tax dollars from the event itself, from several fighters which came into town, about half the card is local itself. Those fighters themselves were able to bill themselves to the point that one recently fought in London as of last week. So they have grown themselves in this sport since then. Bare-knuckle MMA, while relatively still new, is just a small hop, if you would say, from boxing, which would include wrestling, grappling, striking and other arts-- a little easier for the grappling perspective because you do not have gloves. As far as the ice wars, we're essentially taking the best part of hockey that we all love, doing it safely. Similar with headgear, gloves, things like that. Similar with slap fighting. While new to the sport, I myself am working with Mr. Tilley out of Missouri, who was responsible for getting that sport legalized in California, Nevada, and Missouri and has been successful in running promotions safely since then, roughly around COVID times. Each one of these events, for the most part, would be overseen by the Athletic Commission or some kind of sanctioned body. As far as the Athletic Commission overseeing it, there would also be a licensed physician nearby to check on any fighters. They go through bloodwork, physicals to make sure that they are healthy and willing to essentially be able to get through the event itself, so.

HOLDCROFT: OK. Are there any questions from the committee? Senator DeKay.

DeKAY: Thank you. How do you pronounce that? Is that May Thai or--

HENRY EMS: Muay Thai. So, sir, that-- so the sport itself originates from Thailand. It was often used for defending themselves. Now, that sport has been around for hundreds of years. But as far as gaining in

popularity you've seen around the last 20 years, all that is is from kickboxing. It's just a slight change in rules, allowing knees and elbows. However, it's very popular, especially in gyms in Omaha area have been training and sending combatants to Iowa and Minnesota. Now, those have gone through to, to multiple day tournaments. And with the ability to bring in sanctioning bodies, whether it's the state or another sanctioning body like Thai Boxing Association, we would be able to host those tournaments here. Not only would that be a one-day revenue, but you would have multiple days of events. You'd have hotel revenue, you'd have venue sales, all kinds of things, let alone just giving these athletes that have spent the last 20 years competing outside of the state, give them an opportunity to compete safely in front their families and friends. And that's really what they're asking.

DeKAY: So this would be considered more of an aggressive form of martial arts rather than in a defensive mechanism like some martial arts are?

HENRY EMS: At the end of the day, sir, a lot of martial arts are meant for defending yourself, sir. They don't really teach you. Most of it's for restraint. I myself have trained since I was five years old. It helped me to honestly get my doctorate in engineering. The discipline that I learned through that. I myself have never been in a street fight, nor have I had to use my skills for advancing. These are all-- like I said, we are doing these in a sporty manner. They're not meant to, to teach kids aggressively. They will give you confidence that you-- if you need to defend yourself, you can. But for the most part in real life, they are defensive. And then in sport, there, there are aggressive tendencies to it.

DeKAY: Thank you.

HOLDCROFT: Any other-- yes, sir. Senator, Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Mr. Ems. I'm just looking through the bill. It loo-- it really looks like we're just adding these to the list and they'll be held to the same standard we're already holding these other--

HENRY EMS: Yes, sir. And, and don't get me wrong, these are, these are combat sports. These are not-- as Dr.-- as Senator Hansen referred to, these are consenting adults or children with waivers-- not children, but 16-, 18-year-olds with waivers. These are insured events. Every--

all fighters are insured medically for \$10,000 in case of any injury. EMTs are on site in case of any kind of real emergency. Physicians are there-- specifically, our three physicians we use. One of the top orthopedic surgeons in Omaha, trauma ER surgeon, and then a neurosurgeon from Bryan East-- or, no, St. Elizabeth. My bad. So we really do pride ourselves on having medical professionals there to evaluate people between times. Slap fighting is a dangerous sport. But we, we just want to take this in to the point that it is regulated, that we have the things that are there safely to compete, and that we can be in the forefront of sports. Like I said, [INAUDIBLE] to the states like Nevada and California, which are often kind of your top tier in sporting capabilities.

J. CAVANAUGH: Thank you.

HOLDCROFT: Senator DeKay.

DeKAY: Thank you. So with this, you would have, like, professional and amateur statuses so that people are going against--

HENRY EMS: Yes, sir. So currently working with the Athletic Commission. So if we're bringing in another organization to do-- for youth sports because the state does not sanction youth sports at this time-- but there are varied distinctions between amateur and professional. For the most part, you have to earn your ability to turn professional. Those guys are more experienced, more combative, better, better at their events. So that really does keep us from mismatches. We look-- specifically myself, I look into detail as far as previous training. I look into, what has this-- what has they con-- accomplished in other sports? For instances, I get all kinds of fighters that go from walk-ons for Division I football, former-- I'm at this point looking to match a Division I national wrestling champ. So I have to take into account what, what they are coming from and then kind of adjust accordingly to an opponent that, that does that. But I have 12 years of experience in, in business and mixed martial arts, let alone the 29 years in martial arts in general.

DeKAY: And then these athletes, they have, like, an official or a referee in the ring so when a guy's in a compromised position that they're not going to be able to overcome, that's when the match is called?

HENRY EMS: So, yes. Every, every one of these sports that are being suggested has a referee in attendance. For the most part, they have

judges which score rounds. But not only that-- so the referee itself is there for initially stopping the bouts. However, at any point, if the residing physician deems a fighter incapable of fighting-- a cut, which may mess with your vision, maybe you get a little swelling, starts to close up your eye. At any point, they can say that the fight is over and a de-- and a decision will be made. So we have medical personnel that are also responsible for deeming somebody unfit to fight.

DeKAY: All right. Thank you.

HOLDCROFT: Any other questions for this testifier? Yes, sir. Senator Storm.

STORM: Thank you, Chair. Thank you. I stepped out for the restroom, so I just-- maybe we already answered these, but so are-- would you say these are probably the top of the tier most violent sports offered out there today?

HENRY EMS: These sports in general, sir, are, are-- like I said, any combative sport is, is violent. And anything-- given anybody's ability in this, it's the ability to, to regulate it, to make it as safe as possible for people to compete in the sport. I mean, football is violent depending on what pads you're using and who's hitting you and the size of the opponents-- or, the opposition. So just because these might be considered the most violent sports does not necessarily make them unworthy of being sanctioned. Honestly, I'd put bull, bull riding up there too. So. I'd rather stand across from a male than stand on top of a bull.

STORM: Yeah. And then-- so, like, on-- we'll take slap fighting for-- how many states offer that now?

HENRY EMS: Currently, they're trying to-- it's-- at this point, it's currently being worked through. But I can tell you, legally speaking, California and Nevada have already legalized this. It's been going on in-- specifically in Las Vegas. It has also been going-- it's regulated in Missouri, specifically around Branson area to work. It is a emerging sport, as opposed to Muay Thai, which has hundreds of years and, and really does have kind of a background. And that-- it's-- in regards to that, we're way behind. I guess-- a few other sports-- the ice wars, bare-knuckle MMA, and slap fighting we would be more on the forefront.

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CLOUSE: OK. Thank you.

HOLDCROFT: Senator DeKay.

DeKAY: Can you describe to me how slap fighting works, where they can strike, or [INAUDIBLE]? Is it--

HENRY EMS: So at this point, you are not allowed to strike basically anything that's not the jaw. So you're not allowed to go to ear, any ba-- anything back of the head, anything deemed that way can be a disqualification. Typically going against the jaw, open hand. They go round by round. Again, it's-- make no mistakes. It's not the safest sport. However, we-- like I said, we bring in physicians that at any point can deem anybody not fit to fight, not fit to do this. There are waivers. There are insurance to cover these. It is a combative sport, sir.

DeKAY: So it's like in the cheek area? Can it go--

HENRY EMS: Mostly for--

DeKAY: --above the ear or--

HENRY EMS: No. You're-- for the most part, regulated to the cheek area, not behind to the ear. You want to stay away from the eardrum. You are typically having ear plugs to keep from any kind of eardrum issues that can happen, essentially boxing the ears for that proponent. But it is-- you are supposed to aim specifically towards the jaw.

DeKAY: So is it kind of like boxing then? Do they just kind of--

HENRY EMS: Yes. However, you are going one for one, sir.

DeKAY: So it's one for one?

HENRY EMS: One for one. Yes, sir.

DeKAY: OK. Thank you.

HOLDCROFT: And other-- further-- yes, Senator Rountree first.

ROUNTREE: Thank you so much, Chairman Holdcroft. And thanks so much, sir, for coming and testifying today. So we're looking at legalizing all of these here in Nebraska. Are you aware of any-- of these gatherings going on on the back side? [INAUDIBLE]. You know, like, you

might have an unsanctioned event or something like that popping up and we're looking at keeping all of our things legal here in Nebraska.

HENRY EMS: So to-- right now, the thing that has worried me is, is there has been a gray area specifically with kickboxing and Muay Thai. And looking into semi-contact things. We-- in the past, there was a kickboxing that was going on. It was sanctioned by an outside organization, which we'd be welcome to. At that point, we just want to get something on the books so that it's a little easier for us to work with the Athletic Commission to hold these events and hold them safely and with regards to safe as far as the state is concerned so that no one gets in trouble.

ROUNTREE: OK. All right. Thank you so much. Appreciate it.

HOLDCROFT: Senator Quick.

QUICK: Yeah. Thank you, Chairman Holdcroft. My question is-- I know, like, at the event and, say, someone has a concussion or, or-- they'll stop the fight and that person-- but, like, in future events, would there be protocol for concussions or for brain trauma where they would say you can't fight, like, for so much time?

HENRY EMS: Excellent question, sir. So at any point, given if a-- let's say a combatant competes-- whether this is bare-knuckle, kickboxing, slap fighting, regardless-- they are all reviewed by the doctor at the end of the fight. Now, that doctor at any point can put what is deemed a suspension by the state. Now, that can be anything from 30 days to six months to indefinite, depending on concussion. At least 30 days. Going to have to get-- and often it states also to get the suspension lifted, you have to submit a doctor's note that you have gone in and seen a doctor that has cleared you since that date. So you'll get a minimum suspension, and then it continues on until you have that doctor's clearance. We've done the same thing for, say, a hand injury or leg injury. You will be suspended for a certain amount of time that's deemed to heal that injury. And at that point, you need to see a licensed physician to get medical clearance, submit that to the state. They lift that suspension. The nice thing about that is we have a registry full for each state that if a fighter is suspended in one state they are not allowed to come across the border and compete for us, say, two weeks after they've been knocked out. So that really does help us to kind of keep-- not only it's safe in our state, but help other states to be safe too because now they can look at this and say, hey, they were injured at this point. They need to get clearance.

For example, I have a fighter who injured his hand that will [INAUDIBLE]. He has healed his hand, but he is currently in the process of submitting his paperwork to state of Minnesota to get clearance, which he has. And we're working through some wording, but it just really keeps these guys from-- they want to compete, and we're just trying to help them to stay as safe as possible.

HOLDCROFT: Senator DeKay.

DeKAY: Thank you. The slap fighting's got me intrigued a little bit. Not that I want to participate in it, but how do you come about who-- do you have a coin flip who gets to slap first or--

HENRY EMS: Yes. And I'm not going to lie, I don't want to be the person that loses the coin flip. But yes, sir. There is a coin flip to determine who goes first.

DeKAY: OK. Thank you.

HOLDCROFT: Any other questions from the committee? Thank you ver-- very much, Dr. Ems. Next proponent.

ANDREW SOMMERS: Afternoon, senators. My name is Andrew Sommers, A-n-d-r-e-w S-o-m-m-e-r-s. I'm the owner of VFL here in Lincoln. But here-- more I'm here today more as a coach. I also own Calculated Violence gym here in Lincoln. We're an MMA gym. With that though, we compete in all of these sports. That's why I'm here. These kids, they put in a ton of training. It's just like any other sport. I come from a sports family. My grandfather was a Husker. He was a football coach at Lincoln High. He was the athletic director in Lincoln High. He raised me to be a football coach. I ended up in this area. So I try to take that team sport approach to this area to make it-- because we are-- that's what all of us are trying to do, is make it more of a sport, not, you know, kids getting in trouble outside. Making it an actual sport. So with my kids, the big thing of keeping them involved and interested is keeping them competing. If you were on a football team and you're learning football in eighth grade, it's hard to keep a kid to go to practice all year without competing in a game. That's kind of where we're, we're at with a lot of these kids and young, young adults. I, I say kids a lot. A lot of times it's young adults-- you know, the 20 to 30 age. So that's where we're at right now, is just trying to get them as many possibilities as possible. I take a lot of these kids out of state on a regular basis. We go to Minnesota. We go to Chicago. We go to Denver. We go to Des Moines. We go to a

bunch of small towns around that all have amateur Muay Thai, amateur kickboxing, pro cards also for those-- where these kids can get-- go get more experience. And when you brought up, you know, how violent these crimes are, with-- or, vi-- crimes-- how violent these sports are, to me they're less violent than football. I mean, I'm 43 years old and I still go practice with my guys. I get in there every night with them. No way I'm getting back on a football field, 200-pound guy running full speed and leveling me. Not happening. Now-- but I can go in there and control and spar with my guys and do all that. So the big thing with this is just getting them more opportunities. Like I said, y'all heard about the promotion part. That is a big part of it. We bring-- we'll bring in a lot of kids. Like I say, I travel about every month. I'm going to Scottsbluff next month-- or, next week-- North Platte a month after that. And then my show's April 12. That's big on keeping these kids busy and it-- and like they brought up before, it's nice for them to fight at home, you know, fight in front their friends and family, show them what they work every day for, because these kids put a ton of work into doing this. And then they get their family and everything. We're-- a lot of times, you know, we go to Chicago and everything. We're lucky if they have, like, a live stream or whatever so family can see it. This would bring it to the towns. But, yeah. So. Thanks for your time. If you have any questions on the coaching aspect, I'd answer that too.

HOLDCROFT: Thank you, Mr. Sommers. Any questions from the committee? Senator DeKay.

DeKAY: Thank you. I notice in the ice wars, they-- the participants wear helmets. Do any of these other sports wear headgear like they would in Olympic boxing or anything like that?

ANDREW SOMMERS: That I'm not sure that-- the commission would handle once this is done. Like, with amateur kickboxing and Muay Thai, states handle that differently. I know, like, when we go to Colorado, we don't wear headgear. And then, like, with the elbow and knee pads-- which, you know, we don't wear any of this in MMA. And, and those-- it's a thing where they let the opponents choo-- both people have to choose not to wear if you don't want to wear them. But, yeah. With that-- with-- it's not going to be more of a helmet though. It's gonna be a padded-- like box-- like boxing has. And, and really, it, it, it's going to be more of headbutts and take away from that. But, yeah. That-- the states kind of decide that, whether they have-- the-- what gear they use. Like I said, with Muay Thai and kickboxing, it'd be like a much-- it'd be a less aggre-- to me, a less aggressive version

of MMA. MMA's got to be tough for those. We have smaller gloves. Like, in kickboxing and Muay Thai, you're going to have bigger gloves. You're not going to have the small MMA gloves. In some instance, you'll be wearing shin guards, depending on what-- like I said, depending on what the opponents want. And the other reason I like it for my athletes is when we do a MMA fight, a lot of times they're out for a while after that, recovering and everything. Where a lot of these Muay Thai, kickboxing, and boxing events, you go to it Saturday and you don't sustain any real damage, you're back at practice Monday. So it is a lot less intense than the MMA part of it.

HOLDCROFT: OK.

DeKAY: Thank, thank you.

HOLDCROFT: Any other questions from the committee? Seeing none. Thank you, Mr. Sommers.

ANDREW SOMMERS: Thank you.

HOLDCROFT: Next proponent.

ZACHARY HUGHES: Yes. Hello. My name is Zachary Hughes, Z-a-c-h-a-r-y H-u-g-h-e-s. I am one of the few people that have actually already competed in the sport of ice wars. I'm here to just try to clear up any questions because it is a newer sport. Not many people have heard about it. And I'd like for it to be able to participate and compete here in Nebraska. Sorry.

HOLDCROFT: Finished? Are you finished?

ZACHARY HUGHES: Yes, sir.

HOLDCROFT: OK. Any questions from the committee? Yes, Senator Rountree.

ROUNTREE: Thank you, Chairman Holdcroft. Thank you so much for coming in and telling us about the sport. So a little bit about you then. Are you-- were you an ex-hockey player or--

ZACHARY HUGHES: No, sir. I was a MMA competitor. I've been competing in mixed martial arts as an amateur and a professional since 2011. Most of my bouts were right here in Nebraska. During that time, I did start playing the local adult league hockey. And because of my experience from mixed martial arts, I was approached by ice wars to

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compete as a fighter on ice. And in doing so, using both aspects of combat sports and hockey playing.

ROUNTREE: OK. All right. Thank you so much.

HOLDCROFT: Yes, Senator Storm.

STORM: Thank you, Senator Holdcroft. Thank you. So I may have missed this too, but are you on skates when you do this on ice?

ZACHARY HUGHES: Yes, sir. We're on regular ice skates. It's hockey skates. We provide our own gear. The ice itself is either synthetic or real ice.

STORM: Do you have sticks with you?

ZACHARY HUGHES: No, sir. There, there's no actual hockey in play. It is just-- we are just there to have our bout.

STORM: So you just skate out there and have a fistfight basically?

ZACHARY HUGHES: Yes, sir.

HOLDCROFT: Senator Clouse.

STORM: You have headgear on that, though, right?

ZACHARY HUGHES: Yes, sir. We have to wear helmets. And if the helmets come off somehow, somehow during the exchange of punches, there's a stoppage in time. We put our helmets back on and then we continue.

STORM: Is there rounds involved or is it just--

ZACHARY HUGHES: Yes, sir. The fo-- the bouts are normally two one-minute rounds. And after the two rounds, if it is tied on the judges' scorecards, we do a 30-second overtime.

HOLDCROFT: Senator Clouse.

CLOUSE: Thank you, Senator Holdcroft. Yes. So it-- is it like in a cage or you're out there on, on the--

ZACHARY HUGHES: No, sir. There are-- there's no cage, but there is a barrier that we call boards. It's very, very similar to if you just go to a normal ice rink. The surrounding boards of the ice cu-- of the ice rink.

CLOUSE: The skates are just as sharp as hockey and--

ZACHARY HUGHES: Yes, sir. And I get that that is a worrisome issue for a lot of people. But when you do see the big cuts in the sport of hockey, a lot of times that is done by, you know, the advanced speed. Somebody slipped, fell, and then slid into somebody and their skate made contact. With a hockey fight, it's very rare that the skates even come near each other.

CLOUSE: Thank you. And, and then my, my friend, Senator Rountree, I, I had you pegged for a hockey player and not, not a figure skater.

ZACHARY HUGHES: Yes, sir.

HOLDCROFT: Any other questions from the committee? Thank you, Mr. Hughes. Appreciate--

ZACHARY HUGHES: Thank you, sir.

HOLDCROFT: --testimony. Any other proponents? Welcome.

TIM SERETTA: Good afternoon, everyone. My name's Tim Seretta, T-i-m; last name, S-e-r-e-t-t-a. I'm here primarily for the Muay Thai, kickboxing portion of this bill. I have been training in Muay Thai for over 15 years. I currently coach over 30 athletes. In the past year, we have traveled the entire Midwest to compete. We would love to be able to do that here in our state of Nebraska. I recently returned from a trip to Thailand, where I spent two weeks as part of the Thai Boxing Association that was previously mentioned by Dr. Ems. Not only do we promote the sport, we promote-- it's actually an art, is what we call it, the art of eight limbs. We promote being humble, being respectful, being a good person. We teach that from our youth program all the way through the adults. Last year, we took almost 15 competitors to a tournament in Des Moines. And so we went-- we stay at a hotel for five days. There were over a thousand fighters over that, that course. And it is really close to Nebraska. We were able to get them that sanctioning body that I'm also a part of and affiliated with. We were able to get them to Council Bluffs recently. So super close to getting them here into the state. It is an extremely safe sport. To answer a few of the questions that have been asked, there's actually-- under the Thai Boxing Association, there's classes even for amateurs. So there's a class where there's 0 to 3 fights, there's a class 4 to 10 fights, and then a class of 10-plus. So the C class, your, your very first fight, you wear headgear, you wear shin guards,

you wear elbow pads, you wear gloves. The glove sizes are dependent on the weight. If you are over 179 pounds, you wear a 12-ounce glove-- so a bigger boxing glove. The smaller weights wear 10-ounce gloves. But that is, that is by weight. So those are safety precautions that are put in as you're new and learning. Obviously, you want it to be as safe as possible for you as you try it. Maybe it's not for you. And then when they get to the B class, they are able to usually only remove the headgear for a title fight. And then A class will fight without shin guards. Even in those earlier fights or a B class fight, if one competitor is feeling that they want to wear headgear, the other competitor has to wear headgear. So it always takes the safest option. I have been doing this, like I said, for over 15 years, and I am blessed to have never had any of my athletes or anyone that we've competed against be significantly injured. You know, last year we went to Minnesota. We were able to bring a title back to Nebraska. And my first call was to, to Henry and Pip [PHONETIC] and to say, hey, we need to bring this back here because I want guys to be able to compete here and bring it to Nebraska and let them see that there's several fantastic Muay Thai gyms in the Omaha area. And we've been doing it for a long time. And I think we could make the state proud by being able to get that sanctioned. Thank you very much.

HOLDCROFT: Thank you. Senator DeKay.

DeKAY: Thank you. So you're, you're wearing the equipment?

TIM SERETTA: Yes, sir.

DeKAY: What's the target area in kickboxing? Anywhere from ankles up to--

TIM SERETTA: Correct. So-- obviously, groin strikes are illegal.

DeKAY: Right.

TIM SERETTA: You can-- you cannot knee the head as an amateur. So in amateur MMA in Nebraska, kneeing the head is legal. In Muay Thai, it is not until you get to that A class, that higher echelon where they're obviously a lot more seasoned, they know how to defend themselves. With the sanctioning, if it's the Thai Boxing Association, every year or two, they have to go through a two-day course, any officials and judges, to make sure that they're keeping athlete safety at the forefront. So, yes. You can, you can knee, kick everything obviously outside of the groin. Obviously, back of the head, the spine

is not a legal target as well. But there is no kneeing to the head illegal because you are allowed to clinch and, and, and control through that. But you can't pull your opponent's head down or, or knee them in the head intentionally.

DeKAY: And, and those athletes are barefoot, right?

TIM SERETTA: So in the, the C class, that-- early on, they wear a, a full shin guard. So it's just below the knee. It goes down the front of the shin. And there's a padding on the foot as well. And then B class and up, it's dependent on if they agree that they want to wear those or not. It always goes to the safer option. So if the athlete says yes, then the other athlete would have to wear that.

DeKAY: And then the headgear, when they're wearing that, that'd be basically like Olympic boxing, a soft, padded--

TIM SERETTA: Yeah. That's correct. So the USA Boxing, there's a Sting headgear that's fairly popular, but it has to be an approved set of headgear. The Thai Boxing Association actually has about 15 that they recommend or prefer. Those are checked and verified. So if for some reason that headgear is not in compliance, they either have to change that or they would be disqualified from that bout for safety.

DeKAY: All right. Thank you.

TIM SERETTA: Yes, sir.

HOLDCROFT: Any other questions? Yes, Senator Clouse.

CLOUSE: Thank you, Senator Holdcroft. When, when you go to Des Moines for five days, how many bouts does one of your athletes have?

TIM SERETTA: So the most one of my athletes has had-- so it's all weight bracket. It's very similar weights to boxing, if you're familiar with that. So last year, the biggest bracket was 24, so it would have been five bouts over the weekend for that weekend, which then obviously moves them up to, to a higher level. There are only maybe five or six weight classes. It's usually kind of, like, 140 to 165 that that happens. It's kind of that, that middle ground for folks. A lot of the lighter folks might get two heavier folks the same way just because there's not as many competitors at that weight class.

CLOUSE: Thank you.

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HOLDCROFT: OK. Any other questions? Yes, Senator DeKay.

DeKAY: Thank you. Sorry--

TIM SERETTA: No, that's OK. I love the questions.

DeKAY: No, when you-- when you're talking, like, five bouts--

TIM SERETTA: Yeah.

DeKAY: --are those-- are-- those are set up like tournaments, right?
So--

TIM SERETTA: Correct. Yep. That's just a tournament style.

DeKAY: So those are single elimination--

TIM SERETTA: Correct. And they're also, as mentioned before, as far as safety goes, we had a competitor last year that won his bout, took some significant damage to the leg. I looked at it, did not think it was safe. I did-- I pulled the athlete myself. I went down to the doctor. They verified. We pulled that athlete. They gave medical care on site. It was some swelling. Luckily, no major damage. But they are assessed at the end of every fight. And then if they get in limping, obviously same thing there. But most, most of the events are one night. So it would be, I know I'm fighting you; you know you're fighting me. We would do that. But then there's a significant amount of tournaments that are happening here in the, in the Midwest. And then there's a-- not state sanctioned, but it would be under the Thai Boxing Association. They have YDLs similar to boxing, where, where younger athletes are able to compete with no head contact at all just to get them some experience and see if that's something they'd be interested in doing as part of their martial arts journey.

HOLDCROFT: OK. Any other questions from the committee? OK. Thank you very much, sir. Appreciate it.

TIM SERETTA: Thank you very much, sir.

HOLDCROFT: Next proponent. Any other proponents? Any opponents? Anyone testifying in the neutral? OK. As Senator Hansen comes up, we had 2 proponent letters, 2 proponent letters, no opponent, and no neutral.

HANSEN: Sounds like a consent calendar bill. And my legislative aide, Ellie, reminded me that, yes, Senator DeKay, you can be a ref for slap

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fighting. I'm sure many of our constituents would love to see slap fighting brought to the Nebraska Unicameral.

DeKAY: That may have happened in a basketball game or two.

HANSEN: Yeah. Unsanctioned. I appreciate the testifiers that were in front of me. They did bring up a lot of the technical aspects, and I appreciate the questions that you had of them, because a lot of this is technical. This is technical fighting. This isn't just two people without rules beating e-- beating each other up. There's-- this-- there's a lot of training that's involved with this stuff and technical aspects and safety issues and safety concerns. So I appreciate the questions. This bill, as much as this might bring people from out of our state into our state from a tourism and revenue aspect, this bill was actually brought with Nebraskans in mind. As some of the testifiers mentioned, there are gyms currently doing many of these sports already. And so there's a lot of people in Nebraska who want to be able to compete in their own state and bring people here and show them what we're made of, show them what our state is about. From a tourism aspect. Senator Storm had a good question about slap fighting, which states are legal-- and I think some people mentioned that-- but it's Nevada, Colorado, Texas, Florida, Oklahoma I think right now. Senator DeKay, I do have rules of slap fighting, all eight pages of them. There's a lot of rules that are involved with it. Doesn't seem like there should be, but there is-- technical aspects about where you can hit, where you can't hit. You know, training. All that kind of stuff. Bare-knuckle mixed martial arts is legal in over 30 states. Again, a pretty popular one, one that's been around for a long time. And also a lot of people right now in the state of Nebraska were training for it. Muay Thai. I'm glad that somebody brought up that previously. I believe the world championship was in Des Moines. Yeah. Yeah. So that's a-- that's a pretty big thing. And even-- [INAUDIBLE] being in Des Moines, the world championship for Muay Thai, bringing in people from all over the globe there with, you know, a thousand athletes. And I believe the pri-- they had a prize over \$1 million too. And so, you know, if we're looking for some unique tourism aspects, you know, as opposed to just the, the freedom and the liberty to allow some of these people to perform the, the sport that they want to I think will be a pretty big thing. And I think there are right now over 1,700 Muay Thai centers and schools in the U.S. And it's about a 1-- \$1.5 billion industry right now in the U.S. And from my understanding that it-- there is the possibility that will be in the Olympics in 2026, Muay Thai. They're going to have that in there too, so. All these sports I brought for specific reasons. I-- like I

said, some are unique. Some have been around for a long time. Some have a lot of tradition. Some have a lot of people who want to practice it in the state of Nebraska. So I really appreciate you moving this through committee and we can discuss it on the floor and allow people to do the sport that they want here in Nebraska. Give them the freedom and liberty to do that, so. Thank you, Mr. Chair.

HOLDCROFT: Thank you, Senator Hansen. Are there any questions for Senator Hansen? I have one. Isn't this really about increasing your chiropractor business?

HANSEN: No. I'm busy enough the way it is already, so.

HOLDCROFT: OK. I just want to get that for the record. OK. With that, that'll close our hearing on LB635 and our hearings for today.