

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 10, 2026
Rough Draft

JACOBSON: All right. Well, I think we're going to go ahead and begin. We've got a couple committee members floating in here yet. Welcome to the Banking, Commerce and Insurance Committee. I am Senator Jacob-- Mike Jacobson from North Platte, representing the 42nd Legislative District. And I serve as chair of the committee. The committee will take up the bills in the order posted. The public hearing is your opportunity to be a 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 one of the green-- please fill out one of the green testifier sheets that are on the table, table in the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as, as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone and tell us your name and spell your first and last name to ensure that 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 anyone speaking in a neutral capacity. We will finish up 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, on the table will be green. When the yellow light comes on, you have one minute remaining. And the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This is-- has nothing to do with the importance of the bills being heard. It is just part of the process, as senators may have bills to introduce in other committees. A final-- a few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position statements on a bill to be included in the record must be submitted by 8:00 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 on the committee statement. I

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will now have the committee members with us introduce themselves, starting to my left.

RIEPE: Thank you, Chairman. Welcome. I'm Merv Riepe. I represent District 12, which is Omaha, Millard, and the fine, little town of Ralston.

von GILLERN: Brad von Gillern, Legislative District 4: west Omaha and Elkhorn.

HALLSTROM: Bob Hallstrom, Legislative District 1, southeast Nebraska: Otoe, Johnson, Nemaha, Pawnee, and Richardson Counties.

WORDEKEMPER: Dave Wordekemper, District 15: Dodge County, western Douglas County.

DUNGAN: George Dungan, LD 26: northeast Lincoln.

JACOBSON: Also assisting the committee today: to my far-- or, or, to my right, is legal counsel Joshua Christolear; and to my far left is our, our, our, our temporary committee clerk. Standing in today is Barbara-- Barb Dorn. Our pages for the committee are Jessica and Joel. I would also say-- with that-- they are both U-- students at UNL. With that, let's begin today's hearing with LB1118, Senator Bosn.

BOSN: Thank you. Good afternoon, members of the committee, Chair Bo-- Jacobson. For the record, my name is Carolyn Bosn, C-a-r-o-l-y-n B-o-s-n. I represent District 25, which is southeast Lincoln, Lancaster County, including Bennet. Colleagues, have you ever scrolled through social media and seen an advertisement that seemed too good to be true? Maybe someone offering guaranteed financial advice or a marketplace listing claiming a brand-new four-wheeler for under \$1,000 because their mother is moving out of town, quote, unquote. I know I've seen these ads, and too often they turn out to be scams. Fraudulent and misleading ads are everywhere online. They promise miracle cures, fake investment schemes, counterfeit products, and false information designed to manipulate, fear, hope, or urgency. These ads don't just waste people's money. They cause real harm. For individuals, the consequences can be devastating. People lose their savings to scams. Vulnerable users-- especially seniors, young people, and those in financial distress-- are targeted and exploited. But the harm doesn't stop with individuals. Misleading ads undermine public confidence in digital platforms as a whole. When users can't tell what's real and what's a scam, they begin to distrust everything they

see. That erosion of trust damages honest businesses, weakens public discourse, and ultimately hurts the platforms themselves. Some argue that removing these ads is either too difficult or too expensive, but the social media companies already use advanced algorithms to personalize content, to track behavior, and to maximize engagement. If they can target users with precision, they can also detect and remove deceptive advertising. That is not a question of ability. It is a question of priority. Others claim that stricter ad moderation threatens free expression, but fraudulent and misleading ads are not free speech, colleagues. They are deception for profit, full stop. Protecting users from scams does not silence voices. It safeguards truth. Removing fraudulent and misleading ads is not just good ethics. It's good business. Trustworthy platforms attract loyal users, reputable advertisers, and long-term success. Fraudulent and misleading advertising on social media has become a systemic problem. These ads promote financial scams, counterfeit goods, false medical claims, and disinformation designed to exploit consumers. These consequences are measurable and serious. They're financial losses for families, increased consumer fraud, and erosion of trust in digital markets. Existing consumer protection laws were not designed for advertising systems that operate at global scale, rely on automated targeting, and can reach millions within minutes. As a result, there have been enforcement gaps that have emerged-- gaps that bad actors exploit with ease. Without clear expectations and accountability, platforms lack sufficient incentive to proactively prevent harm. It is important to be clear. This is not a question of innovation versus regulation. Effective oversight strengthens markets by protecting consumers and legitimate businesses. Fraudulent ads distort competition, they reward deception, and they disadvantage companies that follow the rules. Social media companies already possess this technological capacity to identify patterns of fraud, verify advertisers, and remove deceptive content. They do-- they deploy sophisticated systems to maximize engagement and ad revenue. Applying similar rigor to consumer protection is both feasible and responsible. Nor does this issue implicate protected speech. Fraudulent and misleading advertising is commercial deception, not political expression. Governments have long regulated false advertising in broadcast, print, and physical marketplaces. Digital platforms should not be exempt from standards that apply everywhere else. Using the deceptive trade practices statutes to enforce provisions against fraudulent and misleading advertising on social media is both practical and effective for several key reasons. First, these statutes are already well-established and widely understood. Most jurisdictions

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have long-standing deceptive trade practice or consumer protection laws that prohibit false, misleading, or deceptive commerce-- excuse me-- deceptive conduct in commerce. Relying on these frameworks avoids reinventing the wheel and allows regulators and courts to apply familiar legal standards to modern digital marketplaces. Second, these statutes are technol-- technology neutral. They focus on the conduct-- the deception in commerce-- rather than the medium through which it occurs. Third, they align incentives without chilling lawful activity. Uniform statutes target objectively deceptive practices, not lawful speech or legitimate advertising. This clarity protects responsible businesses while placing clear obligations on platforms to prevent and respond to known harms. Fourth, using deceptive trade practice laws strengthens accountability without imposing excessive regulatory burdens. Platforms are already subject to these standards in other commercial contexts. Extending their application to social media advertising simply ensures that digital marketplaces are held to the same expectations of honesty and fairness as traditional ones. LB1118 would require social media companies to verify the identity of advertisers before allowing them to place ads on their platforms. It would also require companies to remove fraudulent advertisements once they have been identified. Failure to comply would constitute a deceptive trade practice under the Nebraska Deceptive Trade Practices Act, allowing the Attorney General to enforce these protections. I want to close by thanking the stakeholders who have reached out to share their concerns. I value that input, and I am happy to continue those conversations. I remain open to suggestions that would strengthen this bill while preserving its core purpose of protecting Nebraskans. Thank you for your time. And I'm happy to answer any questions.

JACOBSON: Thank you, Senator Bosn. Questions from the committee?
Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you, Senator Bosn. I appreciate you being here. We've talked about this a little bit. I just wanted to clarify one thing that I'm trying to understand in looking at the bill again. Is this pertaining to-- let me back this up. So, like, Instagram-- I'm scrolling through Instagram. There are ads that you get for things that you can buy. Some of those are fake. I know for a fact. There was a little TV that I got an ad for about this big and it played episodes of The Simpsons on repeat. And I was really excited about it and I tried to buy it. It was fake. It didn't exist. Are we talking about those kind of ads or are these, like, when on Facebook Marketplace I put something up that is not real or is

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deceptive and somebody else tries to purchase it? Are these for advertisers through the company or is this, like, peer-to-peer marketing?

BOSN: I, I, I think it's actually technically both.

DUNGAN: Both. OK.

BOSN: It would cover both of those circumstances. If it's considered misleading advertising and you're putting it on social media, they would be required to take it down if there has been a finding that it is false.

DUNGAN: OK. Because-- yeah. I was looking at the-- when-- the bill starts on page 6 and it says, with respect to a social media platform that accepts payment or any other form of compensation or thing of value for advertising on its platform. That's kind of the qualifier, but it would count too if you misrepresent or put up a fake ad on Facebook Marketplace that tries to deceive somebody else as well.

BOSN: Correct.

DUNGAN: OK. That's what I was just trying to understand, is who it actually applied to.

BOSN: Yes.

DUNGAN: Thank you.

JACOBSON: Other questions? All right. Yes, Senator Hallstrom.

HALLSTROM: Senator Bosn, you referenced misleading ads. Is it more an inability to address the problem or an unwillingness to do so, in your opinion?

BOSN: I think that probably depends on which company you're speaking to. I think there are companies who are internally making efforts to comply with this and this shouldn't be any additional obligations for them. This just sets out a very clear standard that-- and-- there is nothing in here that is difficult to comply with. Set a standard, have that standard. If someone reports it, this is the steps that you need to take. And it provides a consistent and clear way for them to be in compliance. But I think there are also bad actors who know that things are false and value profits over integrity. And so I think it's both.

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HALLSTROM: And, and do you find it ironic that the same companies that have brought us the cutting-edge technology that leads to these types of difficulties can't find it within themselves to solve the problems?

BOSN: It's not lost on me, the irony of that.

HALLSTROM: Thank you.

JACOBSON: Other questions? All right. Seeing none. Thank you, Senator Bosn. I would like-- if I could, can I get a show of hands of how many are here to testify on this bill? All right. That gives me some indication. Thank you. Appreciate it. And Senator Bosn, you're going to try to close-- stay to close. All right. Thank you. Let's have the first proponent testimony. Welcome.

PAUL BENDA: Thank you. Start?

JACOBSON: Go ahead. You just state your name and spell it and go ahead.

PAUL BENDA: Sure. My name is Paul Benda. That's P-a-u-l B-e-n-d-a. Chairman Jacobson, members of the committee, thank you for the opportunity to testify today. My name Paul Benda, and I serve as the executive vice president for risk, fraud, and cybersecurity at the American Bankers Association. And I also serve as chair of the International Banking Federation Scams and Fraud Working Group and sit on the advisory board of the Global Anti-Scam Alliance. Banks have long been on the front lines of protecting consumers from fraud. From chip-enabled cards to multifactor authentication, from AI-driven fraud detection to real-time alerts, the banking industry has invested billions to make our financial system one of the most secure in the world. And Americans recognize that effort. Surveys show that nine in ten consumers say their bank is taking proactive steps to protect them from scams. But criminals are innovating too. They've reinvested the \$300 billion stolen during the pandemic to build highly organized networks that now use deepfakes, spoofed caller IDs, stolen checks, and fake social media profiles to target Americans. This is where banks face a critical limitation. By the time a victim is ready to send a payment, they often believe they know and trust the scammer. Caller ID might display the bank's name. A text message might look identical to a legitimate fraud alert. A social media ad might appear to come from a trusted company. These are tools that banks do not control, and that is why banks cannot fight this battle alone. Other stakeholders must step up. In particular, social media platforms must

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do better at protecting their users. Several news reports from the Wall Street Journal to Reuters have reported that up to 10% of Meta's revenue, over \$16 billion can be linked to scam ads, that it can take anywhere from 8 to 32 strikes against an ad before it is taken down, and that users can see upwards of 15 billion ads a day focused on scams. These statistics aren't acceptable. Social media companies must do better and remove fake accounts and fraudulent ads more quickly. These promotions on Instagram and Facebook have reportedly cost consumers their life savings. Banks regularly flag these scams, but takedowns are slow and inconsistent. We urge this Legislature and others in the private sector to help close these gaps. We need to hold social media companies responsible by mandating quick, free takedown of impersonation accounts and impose liability if platforms knowingly allow them to remain. Banks are proud of the role we play in protecting consumers. We continue to invest, innovate, and educate. ABA, along with the Nebraska Bankers Association, has launched several antifraud campaigns, including Banks Never Ask That, and Practice Safe Checks to help people recognize scams, as well as Safe Banking for Seniors to help combat the ever-growing problem of senior fraud. But unless every player in the fraud ecosystem accepts their responsibility, criminals will continue to victimize America at an unprecedented scale. Fraud is not just a banking problem. It is an ecosystem problem. Until all parts of that ecosystem are equally committed to protecting consumers, the American public will remain at risk. Thank you. And I look forward to your questions.

JACOBSON: Questions for the committee? Yes, Senator Hardin.

HARDIN: You, you gave us an impressive packet. Would you summarize it briefly on the microphone to kind of describe what's in here?

PAUL BENDA: Sure. Sure. So what we've tried to do is lay out how big is the fraud problem in America, how big is the scam problem in America. The FTC estimates, due to underreporting, it could be as high as \$196 billion. We don't know the exact number, but we do know both the FTC and FBI have said that fraud and scams are increasing at a 25% to 30% cliff. So even if it's at a \$90 billion rate, we're seeing losses go up 25% to 30%. What we're seeing is the criminals have harnessed technology on a scale never before that we-- known to humankind. The amount of ads that are being posted, multiple articles-- and you'll see-- I think other proponents will give you some Reuters articles, articles from the Wall Street Journal-- has shown from internal documents the scale of fraud that's out there and the lack or inability or tha-- frankly, lack of desire for Meta

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specifically to act on these ads and allow them to go forward and frankly the billions of dollars that they make off these scam ads and, again, their continued resolve to not do anything about them.

HARDIN: Thank you.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony.

PAUL BENDA: Thank you.

JACOBSON: Next proponent.

MICHAEL RUDOLPH: My name is Michael Rudolph, M-i-c-h-a-e-l R-u-d-o-l-p-h. Thank you for the opportunity to speak today, Chairman. My background, I sit at an interesting cross-section between banks, consumers, and law enforcement. So personally, I've assisted probably about 200 cases and been exposed to subpoena data that exposes both the communications companies and the threat actors' platforms that attacks Nebraskans and, and everybody here in America. So I work closely with FCC, FTC, FBI, DOJ, Department of Homeland Security, you know, trying to stop Americans from getting victimized by fraud. I'm going to try to paraphrase the statement which is, is-- which is being passed around to everybody here. But today's fraud isn't driven by bad a-- or-- sorry-- by isolated bad actors. It's organized criminal groups, both domestic and foreign. Right? So we'll have foreign bad actors who pretend to be Americans advertising on the social media platforms. We'll also have partners here who are domestic individuals who will set up advertising accounts and relay those advertisements that you're seeing. What's really insane today is just how powerful the social media platforms' marketing engines are. Right? You would think, hey, this-- these tools exist to make it easier for Nike or Gatorade to make you feel like you're thirsty or whatnot. But those same tools that can micro-target you, make you feel like your-- FOMO, fear of missing out-- in the hands of bad actors, those are extremely powerful to, to micro-target specific people, right? Think about criminals who can target people with Alzheimer's, dementia. Those tools exist, right, to victimize people. Very, very scary, right? What's also, I think, noteworthy is local Nebraskan businesses have to compete with the criminals to utilize these tools. Who's-- who-- whoever the highest bidder is, right, to get your eyeballs to see those impressions is going to win. And if it's a criminal, they can afford to pay more than a corner dry cleaner. So I'd like to just reinforce that most of the platforms today also are omni-channel,

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meaning that they can reach you through multiple mediums. And the criminals employ those same tactics. Right? So the criminal organizations, the deceptive telemarketers, they'll set up the websites. They'll run the banner ads. They'll run the ads in, in your feeds, like in Instagram. They understand-- hey, you've got a virus, when you don't. And they're trying to get you to install malware. They'll contact you by text and phone call impersonating a bank. So they're utilizing the same playbooks that very rich, very advanced marketing teams use. So again, my punchline here is today's-- we don't have a future risk. This is mature, scalable, criminal, deceptive marketing technology utilized today. By focusing-- which this bill does-- on that gatekeeping moment when a platform could decide to accept payment to give this powerful tool to somebody, that's where this friction's necessary, right? I partner with a lot of folks in federal and state enforcement. They don't have the manpower to chase everything. So a little bit of friction on these platforms can go a long way. And if you think about that, right, your local corner dry cleaner here in Nebraska who wants to advertise on Instagram, if they have to wait an extra day to run their marketing campaign, that's, like, a very small price to pay to have that extra day to understand if this virtual private network connection from a foreign country should be running very targeted ads against Nebraskans. So I would very much support a little bit of friction in the social media platforms so that they have to really vet and understand those advertisers, make sure it's a good advertiser, and-- it doesn't matter what they're saying. If they're-- if the advertisement's-- hey, you've got malware. Hey, there's files waiting for you to download-- those are, those are clearly deceptive and shouldn't be allowed on these platforms. So in conclusion, although we commonly think of these as social networks, that's how maybe the consumers think about them. The folks that typically run these platforms, they're marketing engines, right? Most of their R&D will go to making it more powerful as a tool for the paying advertisers. That's the real software solution out there, the platform for advertising.

JACOBSON: I'm going to have to ask you to wrap up.

MICHAEL RUDOPHL: Yep. And so that level of power demands proportional responsibility from those platforms.

JACOBSON: Thank you. Questions? Senator Hallstrom.

HALLSTROM: Do these companies have ways to identify or measure fraudulent ads and if they're deriving significant amounts of revenue

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therefrom to turn a blind eye and just continue to allow them to occur?

MICHAEL RUDOPHL: So having assisted many investigations in the communication platforms, many of them have a knob that they can turn to hit a revenue target for the quarter. And so they, they do have a conscious decision about how much-- how strict should we be on creating back pressure or friction-- friction into our cu-- our customers-- the paid advertisers in this case-- and then still hit kind of those, those revenue goals. So they, they all have-- as you've heard before from the other folks who have testified-- very advanced technology to decide what gets through and what doesn't.

HALLSTROM: Thank you.

JACOBSON: Senator Hardin.

HARDIN: Are some of these sophisticated businesses cartels?

MICHAEL RUDOPHL: Ye-- absolutely.

HARDIN: Thank you.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony. Next proponent. Welcome.

KRISTY BARTAK: Hello. Can you hear me? Good. Good afternoon, Committee Chair Jacobson and members of the Banking, Commerce and Insurance Committees. For the record, my name is Kristy Bartak, K-r-i-s-t-y B-a-r-t-a-k. I am the chief financial officer at Nebraska State Bank and Trust Company in Broken Bow. And I am here today in support of, of 11-- LB1118. Thank you for the opportunity to testify. I have worked in the banking industry for 20 years, and I have never seen a greater increase in fraud than in the past few years. This matters to Nebraskans because social media advertising and platform controls are increasingly being exploited by fraudulent actors. Social media platforms are no longer just forums for speech. They are commercial actors that sell advertising, promote content through algorithms, and monetize user engagement. I would like to share an example from our bank. A customer in his 70s, recently widowed, was searching online for a customer support number to resolve an issue with his television service. One of the first results he saw was a phone number that appeared legitimate but was later discovered to be a paid advertisement. When he called, the individual on the line claimed to be technical support and told him his internet connection and his bank

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accounts had been compromised. Over the course of six days, this customer made up various stories for his reasoning and withdrew and sent \$55,000 to the fraudster in an effort to secure his accounts. When he finally realized he had been scammed, he came into our bank deeply embarrassed and in tears. In hindsight, the fraudulent phone number appeared prominently because it was a paid advertisement designed to mimic legitimate customer support number. Unfortunately, the-- these losses are not limited to large dollar scams. We see countless smaller frauds originating from spe-- social media advertisements. These include customers paying for products that never arrive or receiving goods that bear no resemblance to what was advertised. One of the most disheartening situations we see involves customers who are targeted with fraudulent loan offers on social media. These customers submit personal and, and fina-- financial information, pay an origination fee that appears legitimate, and then they never hear back from the supposed lender, leaving them even-- in an even worse position. While each loss may be relatively small, together they accumulate into millions of dollars in losses across Nebraska that likely go unreported. A recent Reuters investigation found that a significant number of ads on Meta's platform were scams promoted by the company's own algorithms. Meta was aware of the issue yet projected approximately \$16 billion in revenue tied to these ads. These victims are our customers. They are Nebraskans, and they deserve reasonable protections. In closing, LB1118 modernizes Nebraska's consumer protection laws to reflect today's digital marketplace and is a targeted step to help prevent fraud before it reaches Nebraska families. For these reasons, I respectfully urge the committee to advance LB1118. Thank you for your time and service. And I would be happy to answer any questions.

JACOBSON: Committee questions? All right. Seeing none. Thank you for being here.

KRISTY BARTAK: Thank you.

JACOBSON: Thank you for sharing the story. Next proponent.

JOYCE BECK: Chair Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Joyce Beck, J-o-y-c-e B-e-c-k. And I am here today in support of LB1118 on behalf of AARP Nebraska, where I serve as a volunteer state president. And I have been actively involved in fraud prevention with AARP, including efforts addressing cryptocurrency fraud in Lincoln, Omaha, and Grand Island. Online scam ads have become increasingly sophisticated and widespread. Criminals

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now routinely exploit advertising on major social media platforms to target older Amer-- older Americans. Gaps in advertising verification and platform oversight have allowed fraudulent impersona-- impersonation-based ads to flourish, causing devastating financial and emotional harm. Through AARP's fraud watch network, we constantly hear from victims whose first contact with a scammer began with a social media ad. These scams often sound familiar-- fake ads for puppies, ver-- vehicles, investments, or, or services. And even after they have been reported, many ads remain online, continuing to deceive others. The impact is staggering. According to the FBI, Americans lost \$785 million in 2024 to nonpayment and nondelivery scams alone. Victims over 60 average about \$83,000. The Federal Trade Commission reports that fraud losses among adults 60 and older quadrupled from 2020 to 2024, rising from \$600 million to \$2.4 billion with investment scams-- often initiated through social media-- accounting for the most significant losses. AARP analy-- analysts also show that scams are evolving rapidly. In the coming years, we expect increase in fake government payment plans, bogus health insurance plans, fraudulent job offers, and increasingly sophisticated AI-generated scams that will be difficult to detect. LB1118 addresses how fraud actually reaches older Nebraskans today through paid digital advertising, which requires platforms that profit from these ads to implement reasonable protections. This is a proactive, consumer-first approach that helps prevent harm before it happens. Thank you for the opportunity to testify. We respec-- we respectfully ask you to support and advance LB1118 to General File. I'd be happy to answer any questions.

JACOBSON: Committee questions? Ms. Beck, I, I appreciate-- always appreciate you coming and testifying before our committee.

JOYCE BECK: Thank you.

JACOBSON: You represent a, a group that are extra vulnerable and easy targets, it seems. And so we, we routinely get bills that are here to try to protect seniors. So thank you for what you do.

JOYCE BECK: Thank you for what you do. Thank you all.

JACOBSON: Next proponent.

MICHAEL DECHELLIS: Hello. My name is Deputy Michael Dechellis. I'm a full-time financial crime investigator with the Douglas County Sheriff's Office.

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JACOBSON: Can you spell your name?

MICHAEL DECHELLIS: D-e-c-h-e-l-l-i-s. Some of the people who testified prior to me already hit the, the bullet point numbers, that being \$16 billion in profit for Meta in one year, 10% of their total revenue. Meta, by the way, now constitutes Facebook, Instagram, and WhatsApp. WhatsApp is the scammers' favorite communications app because if you're in Africa and you want to defraud somebody in Nebraska, what better way to anonymously do that than WhatsApp? So rather than beating the same horse, I'll point out some things that I did not hear the-- my predecessors say. Amongst the internal documents that Reuters uncovered, they found that Meta, when they suspected that an ad was fraudulent, didn't take it down. They charged the scammers a premium price. They made more revenue off of them, claiming that that would be a disincentive for the scammers to use their advertising services. Really doesn't make much sense when you're somebody who is collecting money and delivering no service. An extra \$50 or \$100 probably isn't going to stop you from committing those crimes. But that was Meta con-- Meta's justification for that business practice. I'll just say that Meta is not responsive in a timely fashion to law enforcement requests. If I send a search warrant for a criminal Gmail account with massive amounts of data associated with it that they respond to me, Google will get that back to me in-- generally within three weeks. If I send a single-- a, a subpoena asking for maybe two to three pages of just user data to Meta, I can wait three months before I find out any information about that scammer or that person selling stolen property. It's too late. One of the things I like is-- in this bill is the reporting mechanisms. And I'll say that all of these tech companies already have law enforcement portals set up. I log in, that's how I serve them with subpoenas. That's how I serve them with preservation requests and with search warrants. It-- just put one more tab on there and I can report-- here is the link to the ad that's fraudulent. Here's the person you're doing business with that's fraudulent. And then they should be able to flag IP addresses and stop doing business with that person. It's really a question of business practices favoring profit over customer protection, user protection. It's a choice, and I think that regulation is the way to make them have a different choice. I'm open to any questions.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you for being here. Next proponent. Hi there.

DEREK SMITH: Hey. My name's Derek Smith, D-e-r-e-k S-m-i-t-h. Thank you for having me. Pleasure seeing you, Senator Jacobson. I offer

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these comments on behalf of the Family Focus Federal Credit Union, where I serve as the chief information officer. And on behalf of the Nebraska Credit Union League, representing 50 not-for-profit member-owned credit unions and their 570,000 members, I want to thank Senator Bosn for introducing LB1118. Family Focus has served the employees of Omaha's Metropolitan Utilities District and their families for 95 years. Throughout nearly a century, our most valuable asset has been the trust we have built in-- within our community. While our credit union has fortunately not yet been the victim of a coordinated social media impersonation campaign, we are here in proactive support of this bill. We see the rising tide of sophisticated fraud and a significant threat it poses to our members. For many of the families we serve, living paycheck to paycheck is a reality that must be delicately managed. When a fraudster impersonates a trusted institution, they aren't just attacking a brand. They are stealing the funds a member has painstakingly set aside for a mortgage or rent payment, their children's school supplies, weekly grocery budget, or gas money required to get to work. This theft causes immediately crisis for this-- for these affected and triggers a cycle of financial hardship that has long-lasting repercussions as they struggle to recover. We support LB1118 because we believe in addressing these vulnerabilities before they result in life-altering financial crisis for the families we serve. As a small credit union, we do everything within our power using limited tools and resources available to us. We monitor, report, and assist with recovery-- recovery in the wake of these threats. However, we cannot secure the digital landscape alone. We need the commonsense safeguards in LB1118, such as advertiser identity verification, to level the playing field against increasingly sophisticated bad actors. Even a single successful fraud campaign using our name could cause a degradation of trust that would take years to repair. More importantly, that loss of trust represents a member who may no longer feel safe using the financial system to manage their household budget, further destabilizing the financial health of the very constituents this bill seeks to protect. We believe that social media platforms which profit from advertising revenue should share the responsibility of maintaining a safe environment by establishing a clear duty to detect and mitigate fraudulent impersonation. This bill helps ensure that we can continue to serve our members safely for another 95 years. I respectfully request the committee's support in advancing LB1118 to General File. And thank you for your consideration. And I'd be happy to answer any questions.

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JACOBSON: Thank you. Questions? All right. Seeing none. Thank you for being here. Next proponent. Anyone else speak-- wanting to speak as a proponent? If not, I would enter-- invite the first opponent to step forward. And there are three seats up front here, so if you're going to speak as an opponent, if you want to move forward, we can kind of keep the process moving.

MEGAN STOKES: Chair Jacobson and members of the committee, thank you for the opportunity to testify. My name is Megan Stokes, M-e-g-a-n S-t-o-k-e-s. I represent this Computer and Communications Industry Association. And we respectfully oppose LB1118. CCI members take fraud seriously and invest heavily in protecting users from scams and deceptive advertising. Platforms work closely with law enforcement, financial platforms, and then participate in information-sharing programs and remove millions of pieces of harmful content each year, both through automated and human review. These efforts are ongoing, adaptive, and risk-based. Unfortunately, LB1118 would undermine some of these efforts. The bill imposes rigid prescriptive mandates such as requiring platforms to investigate and act on allegedly fraudulent ads within seven days regardless of complexity or cross-jurisdictional issues, and that would incentivize over-removal of lawful content that harms legitimate businesses, legitimate advertisers, especially small businesses who-- and limits con-- consumer access to lawful products and services. An amendment that allows platforms to remove fraudulent content as soon as practicable is preferable to ensure quality and fairness and enforcement and would allow for an advertiser to respond to an accusation of fraud. The instant takedown provision is also a concern. Once a decision is made to remove advertising-- a decision to remove advertising content is made, it takes time for a takedown order to move through the necessary technical and operational flows. Removal involves multiple steps, including possible notifications to law enforcement, system updates, and cross-platform coordination. To ensure transparency with users, platforms may also notify advertisers that their content was removed either pursuant to a government request or because of a violation of content standards. Finally, online fraud is an interstate problem best addressed through coordinated federal action and involving both banks and payment processors. Targeting a narrow slice of online advertising will not stop bad actors. It will simply push them elsewhere. For these reasons, CCIA urges the committee to reject LB1118 and pursue collaborative, flexible approaches that protect consumers without harming innovation or small businesses. Thank you.

JACOBSON: Questions? Go ahead, Senator Dungan.

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DUNGAN: Thank you, Chair Jacobson. Thank you for being here. Are there portions of this bill that you find more objectionable than others?

MEGAN STOKES: The seven day requirement is a concern because there's billions of content that's moving through these platforms. And so we're looking at just a ton of data. So seven days is, is tough. And then the instant takedown. So if we did an amendment that would be something along lines-- lines of this-- as soon as practicable for removing I think would be helpful, especially wi-- if law enforcement is gathering information or-- let's say the Attorney General's Office is pulling information for their own actions there. That would be helpful. And then the instant takedown is just technologically really tough.

DUNGAN: I mean, it's-- it sounds like to me then that most companies, based on the prior testimony we've heard and just the research that we've done, already meet a lot of these requirements that are contained with regards to the identity verification for advertisers, having impersonation detection mitigation programs. I mean, all of those that are sort of outlined in that subparagraph (a) seem like they're already met. So if there were to be a negotiation or a conversation about the length of time with regards to the requirements after it's been reported either by a user or law enforcement, that might get you to a place where you'd be more OK with the bill?

MEGAN STOKES: I'd have to check in with members, but I think that would. There's lots of-- if you look at sort of the things that have to be placed into the system already, you know, having your unlawful-- the detection program, you know, automated manual fraud detection. That's something that's already in place lots-- lots of platforms. Now, the identity verification, some platforms are requiring that automatically. If you were doing a paid advertisement, you must provide identity. Other platforms are required IDs for election ads, political ads, social issue ads. And so they're collecting it there but maybe not elsewhere. And then on the online, like, marketplace, your organic "I'm selling my car," that's a different story. That's where-- that, that would be a new process.

DUNGAN: OK. Thank you. I appreciate it.

MEGAN STOKES: No problem.

JACOBSON: Other questions? Senator Hallstrom.

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HALLSTROM: I think you referenced billions of transactions. Is-- it-- it's not a problem from a timing perspective to get them all up and running, but it's more of a problem to take the, the fraudulent ads down?

MEGAN STOKES: And to make sure that they are actually fraudulent ads. We have seen ad-- sometimes someone gets upset at a business, a company and they'll do sort of a mass report. Sometimes it's not necessarily the ad themselves. They're mad at the language that's in the ad, especially when it comes to, like, political issues, social issues. So we'll see mass reports there. So in terms of making sure that content is not being removed inappropriately, there is sort of a-- the two-step process. We have the automatic-- things have been flagging, hey, this is a bad actor, this is a, a bad thing. And then you would have the human review as well.

HALLSTROM: Is there any way to put a pause on those while you're taking your time to figure that process out?

MEGAN STOKES: So that's our worry of the seven days, is that if you're doing something-- we've seen some platforms do what they call sort of like a, a, for lack of a better term, shadow ban, where the ad gets sort of just paused and placed offline. And so it's there, but then you now have to work with the, the advertiser and say, OK, we had to place you offline. Here's why. We need you to fill out information to explain-- are you fra-- are you fraudulent? Are, are you-- you know, what's happening here? And then maybe put you back on and [INAUDIBLE]. So it's-- [INAUDIBLE] into contracts and--

HALLSTROM: And would you agree time is money for those that have been scammed in terms of being able to recover if possible?

MEGAN STOKES: Yes. Absolutely. And time is money for the business who, who was lawfully advertising and they're not fraudulent but now have to be pulled off.

HALLSTROM: And I asked a question earlier. Di-- does your company have a sliding scale for risk tolerance?

MEGAN STOKES: We're a trade association, so-- we have multiple members. I'd have to talk to them directly and see--

HALLSTROM: You, you don't know independently whether--

MEGAN STOKES: Not independently, no.

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HALLSTROM: And somebody earlier said that they, they have a way of measuring fraudulent ads based on revenue. Are you familiar with that process?

MEGAN STOKES: I am not.

HALLSTROM: OK. Thank you.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. To help us in our, our going through a number of bills, does your trade association-- have they identified specifically the issues that they take ex-- exception to in LB1118? And if so, then what they would do so that we don't just get a concern, we get a suggestion in terms of what make a-- mi-- might make an improvement?

MEGAN STOKES: Sure. Absolutely. And happy to work with the sponsor on some amendments. We talked yesterday about LB1119. And so something along the lines of-- sort of the seven-day takedown be as practical-- I have the language in my comments-- as needed. So I'd be happy to share. And if that's of interest to the sponsor, if there's something--

RIEPE: Do you permanently-- in your trade group association, do you permanently disqualify-- I know it would be hard to identify who those individuals would be. Is there a way to identify the bad players and, and ban them for life?

MEGAN STOKES: From our trade association?

RIEPE: Yeah.

MEGAN STOKES: I don't deal with our membership, but--

RIEPE: No, I'm not talking about the membership. I'm talking about the bad players that come to you, to your organization.

MEGAN STOKES: We have turned down companies that have come before us before.

RIEPE: OK. Thank you, Chairman.

JACOBSON: I actually have a question on a, a, a couple of issues. A little bit to Senator Hallstrom's piece. I, I do get a little

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concerned when I listen to law enforcement talk about-- we have Meta and Google, and one can work almost instantaneously and the other one you might need three months. Is that a-- does that concern you at all?

MEGAN STOKES: I don't know their internal processes enough to be able to say--

JACOBSON: Well, I know you don't, but does that-- on the surface, does that concern you at all?

MEGAN STOKES: Of course. Yes.

JACOBSON: OK. I mean, you understand that that's why we get bills like this, because of the irresponsibility of these online players to not take scammers seriously. I've been in banking most of my life, and we do a lot of-- we have a lot of regulation, but we also self-police a lot because we make sure that our industry doesn't-- we clean up some of our own bad actors. And I look at that testimony and I think about the AARP members that are getting scammed every day and we're going to say, we're going to take down this information as soon as practicable. Who's going to make that determination? I mean, the-- we, we can't immediately take it down and put it on a pause. We gotta let them get more scammed-- we have-- we gotta have more people get scammed before we're actually gonna do anything if we do anything at all. That, that, that really bothers me. And so I-- I'm just telling you that, that a perspective is, why can't you do more? As an association with your members. Why can't your members collectively do more to self-police themselves and to clean up some 16-- is-- \$16 billion? \$16 billion from fraudulent activity. And, and we're not being proactive to fix it. That, that perplexes me.

MEGAN STOKES: Understood, Senator.

JACOBSON: Do you have any thoughts on that?

MEGAN STOKES: I have plenty of thoughts. And this is why I'm not allowed to go out and testify often. They don't want to send me out. No. I, I actually have plenty of thoughts. And the-- something that the-- we have seen our members come together and collaborate, especially around creating something that, in, in the words in-- that was used earlier about portals that law enforcement can use to report something or to say, hey, there's an issue with a, a deepfake or whatever it might be. There's been a lot of collaboration that comes together about how to make this move quicker, how to make sure that

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they can be responsive when there is something that is violating the law. So there has been collaboration before. I'm sure there will be collaboration going forward.

JACOBSON: Well, I-- thank-- I appreciate that. I, I just tell you that these bills come because-- unfortunately, AARP could probably spend here-- spend the rest of the day telling us story after story after story of their members getting scammed. And nothing happens. And, and it's frustrating. And, and more bills like this will come until the industry decides to [INAUDIBLE], so. Thank you. Senator von Gillern.

von GILLERN: Yeah. Thank you, Senator Jacobson. Similar question to Senator Jacobson. I, I just-- I find it fairly incredulous-- and that's probably the kindest word I can use-- to say that these companies can instantly change their pricing for-- and we got a-- the bill up after yours was with regards to surge pricing. We had a bill on the floor this morning to talk about that. I can go on and check an air-- a flight on one airline, go to another airline, and then come back and check the flight on the, on the first one, and the price has already gone up. That happens instantaneously. Hotel rooms, flights, concert tickets. I can be talking about a particular brand of wine that I like, and then I open up my Facebook app and there's an ad for the wine. Those are all-- those all happen instantaneously. But you need seven days to take down a fraudulent ad?

MEGAN STOKES: We'd make sure that it is considered fraudulent and actually--

von GILLERN: To make sure-- I'm sorry. What?

MEGAN STOKES: Make sure that is actually is a fraudulent ad--

von GILLERN: OK.

MEGAN STOKES: --to investigate it.

von GILLERN: And, and would, would it not be prudent to take it down at least in some time frame-- maybe not instantaneously, but-- you've got the data. You've got the tools to determine-- is it more than 50% likely that it's fraudulent or 75% or some-- set some threshold, take it down until you can verify it.

MEGAN STOKES: Sure.

von GILLERN: Is that--

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MEGAN STOKES: And I can talk to the platforms to-- individually to see how-- what, what their threshold is on-- if it's so many alerts within a certain period of time, I can look into that for you. I can also say that personal experience I had. You know, I was on a social media site, and I saw a-- I have a 7-year-old and a 12-year old. So I saw an ad for a Lego set. Too good to be true, right?

von GILLERN: We-- we've all been there.

MEGAN STOKES: Reported it. And within, I think, 20 minutes, I got an alert-- not an alert, but, like, like, a message pop up that said, hey, thank you for your report. This ad has been removed. So that was able to be done in 20 minutes. So we're not just saying, hey, the-- we have to have seven days or more. It is that sometimes there more complex issues and the-- and then it will take longer. But other times, it can be--

von GILLERN: I'm just saying the level of effort that these companies put into selling stuff is not anywhere close to-- does not appear-- I should clarify that because I don't-- I'm not on the inside-- does not appear anywhere close to the level of effort that they're putting into protecting consumers, so. And to-- again, to Senator Jacobson's point-- it, it kills me to agree with him on something, but I'll do it here. To, to his, to his point, it-- if, if-- you guys need to fix it on your own or we'll just keep bringing bills. And you do not want us to fix this situation. It won't be good, so. Thank you.

JACOBSON: Senator Hallstrom.

HALLSTROM: And does your company-- or, your trade association represent both Meta, Meta and Google?

MEGAN STOKES: They do.

HALLSTROM: And so-- you're, you're not suggesting to us that we go to the lowest common denominator, given the wide stretch of, of approaches that the companies have currently in place?

MEGAN STOKES: No. And I, I think a lowest common deni-- denominator is having nothing in place, where you're not having anything going on. But when you put in-- some of this is something where it makes a lot of sense. You want to have the machine learning review. You want to make sure you have the human review as well. You want to make sure that there's a, a standard around how to detect fraud, right? Those are all things that are in the bill and I think are mak-- make a lot

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of sense. We also see things where the platforms have ad libraries, where the ads are kept up there. You can go-- and if, if, if it's for, like, the political issue I mentioned earlier or some of the social issues, you can go and see, hey, who bought this ad? How much did they spend? What was their reach? You can see lots of information about that. And those ads, I believe on one platform, is-- they're kept for seven years even though they're no longer active. But you can back and look. And if you ha-- or, have an active ad, you saw it-- that looks scammy to me, but you didn't flag it right away, you can go into that ad library, type in keywords around it even if you don't remember who was kind of bringing it forward, and you can then say, hey, no, that was scammy, and then report it from that direction too. There's different options to be able to do that. But yeah, there is different ways. I just-- from my experience, within 20 minutes, I had a fraudulent ad removed. But there's gonna be some cases that probably are gonna be more complex and might need more time. So--

HALLSTROM: It seemed to me that best practices would be better than lowest common denominator.

MEGAN STOKES: Always. Aspirational and then your floor and you want to hi-- you want to mandate the floor but not the ceiling.

HALLSTROM: Well, an aspiration. We hope this is inspirational to get the industry to come forward.

MEGAN STOKES: Understood.

JACOBSON: Other questions from the committee? I, I would just have one last question. I, I, I continue to look at-- you made a comment about political ads. Well, that, that-- that's a whole different deal. I-- I'm more concerned about the ads that are truly deceptive. Here's this product. Somebody buys the product online, receive it, and it's a piece of crap. It's not anywhere as close to what they advertised it to be. Tell me why those can't be shut down instantaneously.

MEGAN STOKES: Then that would be something where you could go do the report. If you don't have the ad in front of you, you can go back to that library and say, report, and you can explain, hey, I ordered whatever it was, a teapot, and I got something that was honestly for, like, a Barbie dollhouse, right? It's inappropriate. It was not what was advertised, and the-- then report it there and that can be shut down. But that's going to be you having to have that extra step of going and find the library and put it--

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JACOBSON: So, so is there a list of the types of ads and types of things that can fit the instantaneous category? I mean, this idea, "as soon as practicable," just doesn't make me feel real warm.

MEGAN STOKES: Yeah.

JACOBSON: OK? That, that we're gonna get the kind of response we want. So I think about Senator Bosn, who likely did not have a lot of conversation with you before today--

MEGAN STOKES: Not on this bill, no.

JACOBSON: That-- all right. And, and so having that information and truly a collaborative interest in working to fix the problem-- I don't think any of us bring bills because we want to pass bills. We bring bills because we want to fix problems. And if we can fix it without a bill, that's great. And so I-- I'm just thinking that having a collaborative attitude with bill sponsors to figure out how we can improve your bill would also be something that I'd highly recommend. Thank you for your testimony.

MEGAN STOKES: Thank you.

JACOBSON: Anyone else wishing to speak as a opponent? All right. If not, how about any neutral testifiers? And surely there's somebody out there probably that's gonna be neutral on this. All right. Seeing none. Senator Bosn, you're welcome to come back for your close. And I would mention that we had 10 online proponent letters, 1 opponent letter, 0 neutral testifiers, and we had no ADA testimony.

BOSN: Thank you, Chairman Jacobson and members of the committee. Thank you to everyone who came in and testified. And I want to be very clear, I shoul-- have no frustration or ill will towards Ms. Stokes. I think it's unfortunate that her company's main goal is to send someone with just enough information to answer why they're opposed but the inability to tell you what steps each individual company is taking. And none of them bothered to show up in their individual capacities to tell us why the concerns that each of you raised were not adama-- or, adequately being addressed by those companies individually. And that certainly isn't her fault or her responsibility. The concern I have with this-- I'll be really honest, in the original draft of this bill, I had a three-day reporting requirement and kind of felt like, OK, three days-- gosh, if you get it on a Friday, then you're set with trying to fi-- get-- ta-- get it taken down over the weekend. I don't

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know if they work weekends. I work weekends, but we'll se-- we'll give them seven days. I guarantee it doesn't take them seven days to approve an ad to put it up. And so my concern is, is while we're giving-- there's no time needed to say yes to putting these ads up. Those are just instantly added to the algorithms. But the requirements to take it down is just too onerous and too cumbersome, and we just can't do it within seven days. So that would be my only initial thought, but I'm happy to hear her out or any of the other opponents to see what we can do. But colleagues, waiting for them to address this problem on their own is, is silly and disingenuous for us to believe that they're going to. Because so far, that hasn't been what we've all seen. And it is a growing problem. You didn't hear from these number of individuals who genuinely came in-- no in-- no personal motivation at all. These are organizations they represent, individuals that they've had real life experiences with. This is a problem. It's not going away. It is increasing, and it's only getting worse. And that is the sole function of the Legislature, is to-- when we hear about a problem, come up with a solution. And so that's what I've presented to you. And I would certainly ask for your green vote and support of this bill out of committee. Happy to take any questions.

JACOBSON: So you wouldn't really be open to changing your seven days to as soon as practicable?

BOSN: I don't know that you can put a ti-- I mean, it might be pra-- practical to take a year to do it, so.

JACOBSON: I, I think it's laughable that that is a suggestion [INAUDIBLE]. I-- but I was just curious--

BOSN: I'm open to the conversation of a time frame, but I'm not open to a-- an--

JACOBSON: Indefinite, open-ended--

BOSN: Correct.

JACOBSON: --take your time. Gotcha. Other questions? Senator Hallstrom.

HALLSTROM: I was just thinking along the same lines as you are, Senator Bosn. There's, there's trade associations like AARP that come in and provide cover for their members in a good sort of way. And then we have the other trade association that comes in and provides cover

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for the bad actors. And, you know, maybe this is more of a comment than a question or maybe there's a pony somewhere in here, but Google should be in here pounding their chest to say, we have the best practices in the industry. It's a competitive advantage for them to trumpet that. And instead, we get a trade association that comes in and provides cover for the worst of the actors. Would you agree? There's a question.

BOSN: The-- question mark. Yes. I, I agree with that. I will also tell the committee that, since filing this bill, my office and I have received a number of emails from individuals that have explained stories that they've had similar to this or falling scam to things online. And they're heartbreaking to hear. And they're not lying. They're not making those up. That's-- there's no toy at the end when you get scammed. It's embarrassing. It's heartbreaking. It's oftentimes all of your life savings, especially if-- in the example I provided you, the individual who's 80 years old and lost their life savings-- they're not going back to the workforce, right? These are individuals whose life savings is gone. And what I'm asking for is a process. If it's not fraudulent, leave it up. If it's fraudulent and you don't know it, leave it up. If it's fraudulent and you're aware of it, let's all sing from the same sheet of music and let's take it down.

JACOBSON: Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you, Chair Bosn. I appreciate your passion for this. I think it's really important. I hope the passion for consumer protection continues all through today's bills. That'll be nice.

BOSN: This is my only one.

DUNGAN: I know.

BOSN: I don't make appearances in Banking very often.

DUNGAN: There's some bills after you that also protect people. So this is great. These are all in the same vein. One of them is mine. Full disclosure.

BOSN: I'm shocked.

DUNGAN: Legitimate question, though, about some of the enforcement mechanisms in here. I appreciate the civil penalties, and that's all

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kind of established already through the Deceptive Practices Act. So it seems like a lot of those are currently in place. With regards to the necessity that the provider or the social media company could be in violation if they fail to investigate and determine if such advertisement constitutes a fraudulent advertisement, is that just determined by the AG in the event that a complaint is lodged, whether or not they properly investigate it? I, I just don't know what internal reporting mechanisms they have. So does that loop back then to the first part, where they have to have that in place and then reference it to law enforcement? Or how does that work?

BOSN: Sure. So the answer, I think, to your question is yes. The first part, (26) (i) (A), talks about you have to have a process, right? You have to have a division that will actually investigate these. And I think you'll hear from every opponent that they have these, so this shouldn't be difficult. But what, what the-- essentially the new obligation is, is that once you receive the report, you have investigate. And if you don't investigate, yes, the AG under the UDIPTA could pursue action. If you investigate and you determine that it's fraud, then you have to remove it from the platform. And if you don't do that, the AG could investigate under UDIPTA.

DUNGAN: Got it. And I'm just trying to make sure I understand what the mechanism is for ensuring the investigation happens, right? So, like, the report comes in, can-- you know, whatever company-- I'm not going to insert a company's name here, but whatever company. What do they have to do in order to, like-- we've investigated? Like, do they just say they've done it? I mean, let's say you make a report that an ad is fraud or fraudulent. And then under this, they have an obligation then upon that report to investigate that. Do they report the investigation then? I'm ju-- I'm just trying to figure out, like, what, what is the reporting mechanism to determine whether or not they've actually done what they're supposed to do.

BOSN: Sure. I, I don't know the answer to-- I don't believe that there's some report then they have to file on every ad they investigate. But I can get back to you. If that's a concern that you have and you want something reported of their findings, this-- their investigation yielded it was not fraudulent, I'm happy to consider that. I think the opponents of this bill might think that's more cumbersome than not.

DUNGAN: Right. And that's kind of what I was getting at, I think, is I-- what I appreciate about what you're working on here is-- you look

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at the opponents. There's the one submitted testimony that talks about compelled speech. And you and I had a lot of conversations last year on the floor of the Legislature about what is or what isn't compelled speech with a social media company. I think it's always a fine line, and I think the Supreme Court case law is evolving. But ensuring that there is some consumer protection while simultaneously ensuring editorial control of what is or isn't published is always an interesting dance. And so I'm just trying to better understand what is and what isn't required to be reported with regards to that information. So I think you've answered that. I appreciate it. And I think that it's just a difficult process to balance that consumer protection with First Amendment rights that are evolving through case law.

BOSN: So-- and to that point, where this is different than compelling speech is you're accepting payment for this-- you're advertising something for the purposes of accepting payment, and that is where you remove some of those concerns that we got to debate ad nauseam last year. Additionally, I would highlight there are no new penalties in this. And I know that's a big thing in this Legislature. So there are no new penalties created in this.

DUNGAN: You love to see it. Thank you.

BOSN: Still some work we can do.

DUNGAN: Appreciate it.

JACOBSON: And hence it landed in this committee.

BOSN: Well-- right. Right.

von GILLERN: Still time.

BOSN: I could bring another amendment if you're interested.

JACOBSON: Any other questions? If not, Senator Bosn, thank you for bringing the bill. Thank you for your time today. And this will conclude our hearing on LB1118. And we'll move to LB1006. She hasn't completely cleared the room, just so you know, Senator Guereca. Go ahead.

GUERECA: Good afternoon. Thank you, Mr. Chairman, members of the Banking, Commerce and Insurance Committee. My name is Dunixi Guereca, D-u-n-i-x-i G-u-e-r-e-c-a. I represent District 7, which includes the

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communities of downtown and south Omaha. I'm here to open on LB1006, which would create the Protecting Consumers and Jobs from Predatory Pricing Act, which aims to safeguard Nebraska consumers from predatory pricing practices, including dynamic surveillance and personalized algorithmic pricing that uses consumer-protected class data. Grocery chains across the country are rapidly rolling out electronic shelf labels, ESLs-- essentially digital price tags that can change in an instant. Large grocery chains already using ESLs across the country. Wal-Mart has announced it brings ES-- it will bring ESLs-- 2,300 of its stores by 2026. Kroger began using ESLs in dozens of states in 2018, expanding to 500 by 2023. With the help of AI, ESL systems can pull in massive amounts of personal data and open the doors to, quote, surveillance pricing, or changing different cons-- customer-- or, changing different customers' different prices-- charging different customers different prices based on who they are. This can mean a future where factors like race, gender, and financial circumstances could influence how much you pay at checkout. With electronic shelf labels, companies would change the price of an item at the drop of a hat and without warning. Prices could spike at peak hours when companies know that the store will be full of customers looking for a, a-- shop quickly. If it's a hot summer afternoon, a company could increase the price of ice cream or lemonade. Or if it's raining, the price of an umbrella could rise. Everyone pays-- everyone deserves to pay the same price for the same product. Charging different prices to different people is discrimination, plain and simple. With the cost of living continuously rising, the last thing families need is price gouging in the supermarket. More than 47 million Americans are food-insecure. And since 2020, price in the grocery stores have gone up almost 30% for families. And we don't need new technologies increasing that price more than ever. These technologies threaten to worsen the affordability crisis and usher in a new era where the price of the item you pick up from the shelf can change by the time you walk to the register. ESLs also threaten grocery stores' livelihoods. These systems can replace the skilled work of a, of a grocery clerk or at very least leave them explaining a company's actions to rightfully angry shoppers. This legislation will protect consumers as well as the hardworking grocery store workers who help pu-- families put food on the table each time they visit their local grocery store. This bill would require groceries-- or-- to use clear printed shelf prices that everyone can see and trust, ban, quote, surveillance pricing so no one is charged more based on who they are, and give the state's Attorneys General the power to enforce and use-- and enforce these rules and let consumers take legal action

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when stores break them. We are seeking to ban the use of electronic shelf labels because food is a necessity and the price should be clearly understood. This technology is so dangerous that even well-meaning regulations, consumers will still be able to, you know, see the cost of, of their food increase. While it may sound like a dystopian future, we're much closer to this reality than we think. We must protect consumers and workers from the overreach of these technologies and the threat they pose on family budgets.

JACOBSON: Thank you. Questions from the committee? Go ahead, Senator von Gillern.

von GILLERN: Well, first of all, you're scaring the hell out of me, but. The-- so electronic shelf labels have been around for a long time. I mean, I, I did a retail project for a big retailer 20-plus years ago and they, and they were using them. But they had to physically walk around and change the la-- it was, it was basically an electronic readout. What you're talking about is, is basically a data reader-- it presents pricing, but it also is a data reader. Is it, is it picking up, like, geofencing on your phone while you're there to learn data about you? I--

GUERECA: So thi-- again, this--

von GILLERN: I don't know very much about this, so.

GUERECA: This is a-- and we had a great conversation in my office about, like, who's using them in Nebraska. So this i-- this is not necessarily the technology that's, that's being used but what could be, right? So we're talking about kind of looking forward a bit to see what-- potentially coming down the pipeline when it comes to consumer protection and having that conversation of what that looks like, what it could potentially evolve to. You know, AI is this-- I mean, we weren't talking about AI three years ago, really, right? And that-- so I think having these conversations now, taking a look at what can be I think is a, is a worthwhile time in this Legislature to ensure that our Nebraska families are protected.

von GILLERN: And forgive me for not looking deeper into the bill, it-- the actual bill itself. The-- does this only-- your-- does your bill only address grocery stores?

GUERECA: I think it's a little more broad than that, but I think that's sort of where we were looking at, yeah.

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von GILLERN: OK. All right. And then my last comment. Targeting people-- different people differently-- I wrote a note somewhere-- targeting different people differently is not the same as cir-- targeting circumstances differently. So targeting you differently-- pricing you differently than me is not the same as umbrellas go up because it's raining outside. I mean, I, I literally walked into a restaurant one time and watched them-- it was a chalkboard pricing and-- changed the pricing on the chalkboard because of who we were in a place where we weren't normally. So, so anyway, that, that-- anyway, it, it-- it's happened for a long time. We're just talking about a different form of it. But, but the data gathering is what is concerning to me, at least.

GUERECA: Yeah. And again, that-- that's part of a, you know, ongoing, greater conversation. But yeah, with that, you know-- the-- these-- you know, a, a lot of these stores, not just grocers, but, you know, almost every business you look into has, you know, pers-- they're, they're gathering our data. Right? We have these profiles. You go on X, you know, retail store and you could sign in, and they have your information, learn your shopping history, and all the consumer data that's out there.

von GILLERN: I don't think you have to sign in. I think they know, they know you're there.

GUERECA: While you were talking about the previous bill, you mentioned a wine label and, and then it's popping up on, on ads. Right? There's a lot of information out there. So we just want to, you know, keep an eye forward, seeing what's, what's coming down the pipeline.

von GILLERN: Thank you.

JACOBSON: I'm a little curious. I, I, I know-- I see the Retail Federation's here and likely going to testify, probably not as a proponent, but I'm gathering there-- [INAUDIBLE] going to be speaking for grocers as well. But I'm, I'm still trying to understand-- as, as a general rule, if I'm running a private business, I'm, I'm little offended when people are telling me when I can change my prices and how I can change my prices. But I am concerned that if tho-- if that, if that practice would be discriminatory or would somehow-- I'm gonna pick up this-- these beans or these bananas and they cost this, and by the time I get to checkout, they're higher. That, that would be a problem. OK? And I'd be kind of curious just to know how that correlation works. I, I do know that-- I'm sure as you well

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recognize-- that with minimum wage raising-- rising, paid sick leave, all of the other benefits, every business is trying to eliminate employees. They're trying to become more automated and try to automate everything they can because that automation has a fixed cost that will have some inflation, but it's not going to rise as fa-- as far, as fast as the cost of hiring employees and dealing with all the costs that go with that. So, so I'm, I'm anxious to hear how this testimony goes and really how this process works and what the electronic labeling-- what they're really trying to accomplish with that and how we safeguard against people that are making a purchase at one price and being charged another. I think that would be a concern.

GUERECA: Right. And, and, and, and I think you're absolutely right the-- to, to-- with respect to, you know, not wanting to tell businesses how to, you know, set their pricing. But, you know, I think it's-- and that's why, you know, I, I want to have this conversation, is, how do we strike that balance? Because, you know-- again, a, a lot of times when I present legislation, it's looking at the bad actors, right? And, you know, as technology evolves, you know, could there be a potential for abuse? Is it worthwhile having that conversation now to understand what the landscape is, where we're at now, understanding what technology's coming out of the pipeline, and what it can be?

JACOBSON: Right.

GUERECA: Right. So--

JACOBSON: I've, I've got the same concern. I'm, I'm curious to hear the answers to that.

GUERECA: Absolutely, yeah.

JACOBSON: Thank you.

GUERECA: Yeah.

JACOBSON: Senator Hallstrom.

HALLSTROM: Just had-- Senator von Gillern, before you were in here in the prior bill, mentioned I look-- he looks at, at airpa-- airfare. And I go to another airline and I come back and they know I've been there, they know I'm interested, and so there's a surge in pricing. And Uber and Lyft do the same thing. And Superbowl tickets for Husker basketball this year compared to-- pick a year, almost any year before this. Tho-- those prices are set by the marketplace and-- you know,

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i-- is it simply a matter of-- more similar to the airfare situation, that they are gathering data through one form or another about you and that's what's driving the change as opposed to higher Uber prices when College World Series is in town?

GUERECA: And, and-- you know, again, that's I think having-- I see what-- I understand what you're saying. And then-- I think having that conversation to see how that, that interaction occurs, right? This is all sort of new realms that we're kind of venturing into, right, seeing how that, how that could apply, you know, for-- at the consumer level at, like, a box store, whereas, you know, online sort of you expect it, right? Just seeing how those-- how that interlace can occur and whether or not we have to move things around in legislation, but.

HALLSTROM: OK. Thank you.

GUERECA: Yeah.

JACOBSON: Other questions? All right. Thank you. You gonna stick around for your close or you got--

GUERECA: I believe so. I think, I think my-- literally-- it was literally a simultaneous--

JACOBSON: You've had enough fun just on the open. Gotcha.

GUERECA: No, I'll stick around for a [INAUDIBLE].

JACOBSON: All right. Thank you. We'll ask for proponents of the bill. I'd ask for the first proponent to step forward. OK. One. All right. Good afternoon.

JEFF STRIZEK: Good afternoon. Thank you, committee members, for letting me speak. I want to apologize in advance. I will not be as well spoken as many of the people have been through here. I am not a professional lobbyist. I am a citizen of this--

JACOBSON: --spell your name. That's be great.

JEFF STRIZEK: Sorry. My name is Jeff Strizek, J-e-f-f S-t-r-i-z-e-k.

JACOBSON: And you're sounding just fine, so go ahead.

JEFF STRIZEK: I am here to se-- testify in support of LB1006. I live here in Lincoln. I grew up just outside of Lincoln on a dairy farm. I

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have been around agriculture and the food business my entire life. I think-- you know, growing up, we had to have a set contract of what our milk got sold for. Our cattle raisers and agricultural people have set prices for what-- they have stuff. It is fluctuated by the market, but does not change day-to-day depending on who you are. They don't pay one guy less because he produces more milk than another guy. I've seen a lot of changes in Nebraska in the last 50 years. I raised my family here. I raised my wife here-- or, my-- married my wife and raised my children here. My children are out of the house, but they're struggling to pay their bills. And I don't think they should walk into a grocery store and see one price and when they get to the checkout it'd be a different price. In an agricultural state where everything depends on food, a huge part of our market is food, food processing. The union I represent represents a huge number of food processors in the state. And I just don't think we should see negative changes. We can only control so many things. I understand every business has a right to set their prices and that is going to de-- be determined by the market. But it should be an even market for everyone. It should not change depending on who you are, what day of the week it is, what time you're able to go into the store.

JACOBSON: I am-- I'm curious. So, like, being a milk producer, would you agree that if you've got a producer or a dairy that was three times the size of the other dairies-- so you could go fill the truck and, and not have to make three stops or four stops to fill it that it might be worth more price to them--

JEFF STRIZEK: Yes.

JACOBSON: --simply because of quantity?

JEFF STRIZEK: Yes.

JACOBSON: Got it.

JEFF STRIZEK: Yes.

JACOBSON: And so, so you would agree that there would be some cases where--

JEFF STRIZEK: There is. My experience is when you, when you got your contract, you got a contract and it was set and this is what the price is. It didn't change. And yes, large dairy with a thousand head--

JACOBSON: Right.

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JEFF STRIZEK: --might get a little bit more than-- I grew up on a very small farm. We had 60 head.

JACOBSON: Yeah.

JEFF STRIZEK: However, we knew going in what our price was.

JACOBSON: Right.

JEFF STRIZEK: It didn't change week to week. Or if it did change, it changed based on market value, not just because, hey, like, you know, we, we, we see you're struggling. You had a sickness come through, you lost part of your herd, we're cutting your price in half.

JACOBSON: Yeah. No, I, I understand that, but that would be handled in your contract. I'm just--

JEFF STRIZEK: Correct.

JACOBSON: --looking at when you're setting the contracts up to begin with.

JEFF STRIZEK: Yes.

JACOBSON: You don't believe that actually everybody has to be treated the same--

JEFF STRIZEK: No, no, no. I understand everybody has their own contracts.

JACOBSON: Great. Thank you.

JEFF STRIZEK: Absolutely, sir.

JACOBSON: Appreciate it. Questions of the committee? All right. Seeing none. Thank you. Thank you for your testimony.

JEFF STRIZEK: Thank you, sir.

JACOBSON: Are there proponents?

RYAN BAKER: Good afternoon, committee. My name is Ryan Baker, R-y-a-n B-a-k-e-r. I'm here to testify to support of the LB1006. I currently live in Nebraska City, Nebraska. And I work at Cargill meat processing plant there in Nebraska City. I, I feel-- I, I do enjoy where I work. Just give that sense of purpose knowing that I am

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contributing to help bring meat, you know, on, on the food-- on the table of families. So that gives me a good sense of purpose. I do work on the maintenance side as a parts room attendant. So I-- my, my sole job is to be able to give motors, tools, nuts, bolts, stuff like that to keep on production going and, and be able to ship out those meat procens-- I'm at-- this-- the meat and on trucks and up to the storefronts. I am also a member union in the Local 222. And this is, this is one thing that we do talk a lot in, in the factory or-- in, in my town. Just the price of living going up, you know, just, just everything. As a, as a young individual coming up with a five-year-old, if you all had kids on your own, you know how, how, how five-year-olds love to eat because they're growing and they need all those extra calories and, and, and, you know-- but everything else, you know-- the price of rent has been going up. You know, just the-- everything. Just the economy. We're-- we all know we're not in, in the right, good place like it was 20 years ago, living at my mom's, you know, as a kid. You know, and, and-- I-- you know, from the middle class, you know. Everything felt like it was OK. But me going older, it's, it's a lot harder nowadays. And, and this is why I want to talk about the 10-- excuse me-- LB1006, LB, just the dynamic pricing. I mean, we've all had dynamic pricing already before, such as Senator Gillern was talking about, the dynamic price of just the data ca-- the data algorithms of just clicking on a, on a plane ticket and you going back and looking at another one, going back and you get the same fixed price that you looked at the expensive one. That's funny because I've, I've dealt with that before, and it's a, it's a shame. And it, and it isn't-- it-- it's, it's-- and now it's from using our data on clickbait from online stores to make us have to pay the highest price. Well, now they're trying to use that algorithm of AI and of the price tags. And I would never, ever said that, you know, I shoul-- I'm, I'm going to have to be racing down the aisle just to beat the price tag. But no, it's trying to beat the, the AI algorithm that's in the price tags, which--

JACOBSON: I just-- got your red light.

RYAN BAKER: I, I just want to say that I think every Nebraskan deserves the same food price as everyone else, especially coming from-- midday to late-night shoppers. Everybody should have a fair price because we all are working on a fixed budget. That's all I got.

JACOBSON: Thank you. All right. Any questions for the testifier? I appreciate having back-to-back testifiers that have grown up with

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understanding what a work ethic's all about, because you guys certainly have done that. Thank you.

RYAN BAKER: Thank you, committee.

JACOBSON: Other proponents?

RAY OCEGUEDA: Good afternoon.

JACOBSON: Hello.

RAY OCEGUEDA: My name is Ray Ocegueda, R-a-y O-c-e-g-u-e-d-a. And I'm here to testify in support of LB1006. I live here in Lincoln, and I work at Nestle Purina as a K-Tron operator. I have been working here for four years but enjoy the work I do. I get to operate specialized equipment and learn about safety and different types of substances and chemicals. Being a union member of Local 222 here in Nebraska means we love Cornhusker football. I deal with dangerous equipment and chemicals in my daily job, but let me tell you, though, there is nothing more dangerous coming between a Nebraskan and their steak and beer, especially on Cornhusker game days. With this technology and pricing practices, Nebraskans can be charged more for beer and steaks during the Cornhusker games. This is simply unfair. Every Nebraskan deserves the same price. Thank you for the opportunity to testify today.

JACOBSON: Thank you. Three in a row. Hello.

ROBERT LOPEZ: Hello. Good afternoon. My name is Robert Lopez, R-o-b-e-r-t L-o-p-e-z. I am the deputy legislative director for UFCW, the United Food and Commercial Workers, the three gentlemen with the very hard work ethic who just came before us. Thank you, Chair Jacobson and members of the Unicameral Committee on Banking, Commerce and Insurance. I'm here to testify in support of LB1006. This is an enormal-- enormously important issue for consumers. There are new technologies in grocery stores that threaten family budgets and everyone's individual privacy. UFCW Local 22IN represents 6,000 hardworking men and women that work in meat and food processing plants here in Nebraska. This wo-- work puts food on the table for Nebraska families. And unfortunately today, putting food on the table in Nebraska is more difficult than it has ever been in a long time. U.S. food prices rose by nearly 24% from 2020 to 2024. In Nebraska, over the 12-- over the past 12 months, food prices have risen 5.6%. And incor-- and according to U.S. census data, the average weekly grocery

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bill here in Nebraska is \$235 a week. This means Nebraska families are pla-- are paying nearly \$13,000 a year to put food on the table. This is unsustainable. And now there is new technology being introduced that would make this problem worse. Grocery retail chains across the country are rapidly rolling out electronic shelf labels-- essentially digital price tags. The average grocery store today in America has 31,000 products on, on their shelves. I can talk to you ad nauseam of how we got to this point. But, you know, a long time ago, re-- grocery stores didn't have 31,000 items. I'm going to try and answer a few of the questions that were asked of the committee before. I don't think this-- in this bill, no one is saying that we-- that you can't change your prices. We have a system now with paper price tags and a barcode system. Before that, we had-- I don't know how old you are-- I'm not that old-- but probably before-- when my parents grew up, each item in the grocery store itself had a price on it-- a sticker price on it. And we are adapting that system to this system that we have now. [INAUDIBLE] paper tags and a barcode system. This, this next system that we have now is what we're trying to talk about. So with ESLs, there's no way to know when you're getting a deal and when the store is squeezing you for every dollar it thinks it can get. ESLs are essentially cloud-connected devices that can deploy the use of customer data and surveillance technology to set different prices based on a multitude of factors. This new pricing system will eventually replace traditional paper tags and barcodes. And the public should be concerned. This technology is being intro-- introduced at a time when Nebraska families are struggling to feed-- or-- when the-- when working families are trying to feed their families. This bill addresses a concern at the nexus for two things people hate: being spied on and scammed. Thank you for the opportunity to testify today.

JACOBSON: Thank you. Questions from the committee? I, I would just maybe kind of comment or ask you a question that the-- would you agree that when it comes to food costs that there's a lot of players?

ROBERT LOPEZ: Yes.

JACOBSON: I mean, you've got the producers. I know there's a big, big conversation now in terms of meat prices that a lot people are blaming the cattlemen who have been for years struggling to make their operations work. And now with a decrease in herd sizes, we've seen significant increase in calf prices, which has increased the price of feeder cattle. And consequently, we've had beef-- had-- have had beef prices that are through the roof. They're going to packing plants who

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used to be making great margins and now are struggling to make ends meet. Hence we, we see the closure in, in Lexington because--

ROBERT LOPEZ: Yeah.

JACOBSON: --the, the pan-- packing plants cannot make money at these prices. And then you get to the grocers, who probably would argue they're making some of the thinnest margins--

ROBERT LOPEZ: Sure.

JACOBSON: --of anybody in the business. And they're just struggling trying to make it spread. And then we can talk about labor. And labor's played a role in this too. I mean, we passed a minimum wage bill in this state that is just beyond my imagination, that the minimum wage is \$15 an hour. Minimum. Plus paid sick leave and all those things. Would you agree that all that contributes to the food cost as well?

ROBERT LOPEZ: I, I woul-- I would agree that it contributes, but I would also agree with the caveat that, without labor, you-- you know, labor's an essential input.

JACOBSON: It, it to-- it absolutely is. But do you-- would you agree that it contributes to the cost of food with those costs of, of wages and benefits going higher?

ROBERT LOPEZ: Yeah. I, I would agree that it, it attributes to it, but I would also point to my comment in the testimony that food prices have been going up since even bef-- the, the paid sick leave and the minimum wage ballot that passed was 2023 or is it 2024 that passed?

JACOBSON: It, it-- it's just past here, yes, last year.

ROBERT LOPEZ: OK. So I, I would say yes, that is a, a factor, but I'd also point to the caveat that I pointed out in, in my testimony that, even before these regulations on the businesses, food prices were going up.

JACOBSON: But, but I-- would you also agree that, that all of this has been contributing forever, that we've always had labor, we've always had cost of goods, we've always had all these other costs that go into it. And every bus-- every segment of the food processing business has seen margins expand and contract.

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ROBERT LOPEZ: Yes.

JACOBSON: Grain farmers right now would tell you that they were seeing \$8-- over \$8 a bushel for a bushel of corn. Today, it's under \$4. And so their margins have gone all over the board. And so the-- there's-- the, the concern is when you're in private business and you're trying to make ends meet, you-- you're constantly looking at ways to get that extra dollar. That-- that's just-- you have to.

ROBERT LOPEZ: Yeah.

JACOBSON: And-- so I'm, I'm not sure that I'm seeing that how we run the labels as being the villains. I-- I'm just-- I, I think that--

ROBERT LOPEZ: I, I, I, I don't think villain is the word I would use. I think scrutinize is the word I would use, and I think that's why we're all here, to talk about it.

JACOBSON: Yeah. I-- and I guess-- I, I would specifically ask, so how is that, you believe, having an, an impact on-- negative impact on food prices?

ROBERT LOPEZ: Well, I, I, I think the thing that this committee should think about-- the, the way I think about it is food prices have been going up since 2020. We can talk about that and all the other multitude of factors. I think what we're here for today and what we want to talk about is the new technology and how it's being used as an input for these prices and how it-- the technology's being utilized. And we can point-- I can point to articles that have been written about this. I can point to a FTC 6(b) report that was published. But I think, you know, that's not-- this is not the time and place for that. But it's just something that we want to consider as we move forward, so.

JACOBSON: Oh, I-- and I hear you. I, I, I guess-- fundamentally, I look at private business as they have a lot of, lot of things piled on them right now. And now we're saying-- we're going to tell you how you can price your product.

ROBERT LOPEZ: I understand.

JACOBSON: Thank you.

ROBERT LOPEZ: Yeah. Thank you.

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JACOBSON: Other questions? If not, thank you. Anyone else wishing to speak as a, as a proponent? All right. If not, how about an-- any [INAUDIBLE] proponents? Yes. How about opponents? Hello.

JESSICA VITTORIO: Hello. Dear Chair, members of the committee, my name's Jessica Vittorio, spelled J-e-s-s-i-c-a V-i-t-t-o-r-i-o. I'm senior vice president of Legal Risk and Compliance for VusionGroup Inc. We are a publicly traded company that produces ESLs primarily. We produce them for a variety of retailers of various sizes and retail types across the United States and across the globe. I'm appearing today in opposition to LB1006 but also to provide some technical context on how modern retail pricing systems operate and critically how they don't. There's a couple of, of issues that I've heard brought up that I want to address head on. And the first thing that I think it's critical for us to have a collective understanding of is that there's a lot of systems at play here that are being kind of singularly referred to as ESLs. There is a, a background pricing software. There is the digital display. There is a point-of-sale system. And all of those collectively form maybe the solution that we're referring to in this bill. However, they are all separate companies, separate technologies, and generally they do not communicate-- little to-- if at all, in the background with each other. So electronic shelf labels improve how price is displayed, but I want to be clear: they do not use cameras, facial recognition, or biometric identifiers. We do not ingest personal data or demographic information. Prices displayed are uniform for all customers at the same time, just as with paper labels. And I think that's critical, because we've heard it repeated a couple of times. There is no use case from a business perspective for a price to be displayed differently for two customers walking down the same aisle. It is not currently technically possible to do that. And to be frank, we haven't gotten requests from anyone in retail to make that use case a reality. There are very real power constraints on the systems that we use, very real solution and technical constraints, and that's never been something that we've been asked to solve for. Surge pricing is also not a feature of the platform. Retail prices are often set in advance, days and weeks ahead. Prices change infrequently, not dynamically, and ESLs were designed with those pricing cycles in mind, not with immediate price changes. Additionally, I just want to highlight that federal technical standards recognize ESLs as a compliant and consumer-friendly pricing tool. In fact, as, as late as 2025, the NIST unit price working group not only acknowledged that ESLs were one of the best consumer protection tools available for pricing transparency

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and consumer protection but that they were the recommended technology for ensuring consumer protection in retail settings. I'm happy to answer any questions that y'all have about the technology. I-- we've talked about a lot of technology in a variety of bills today, and I think there's concept of our technology being a black box. I work for the company that produces these. I have a significant amount of technical information. And I'm more than happy to answer any questions that y'all may have about the technical details of the software.

JACOBSON: So I asked this question at the beginning, and I-- I'm just curious because I think you'd be the person to answer it. So if this price changes and I'm in the store shopping and I've already picked up an item and the price has gone up since I picked it up, what am I going to pay at the cash register?

JESSICA VITTORIO: I would say that that is dependent on retail policy just like if you were to--

JACOBSON: So it is possible that I could-- the price went up after I pulled it off the shelf, but if I haven't paid for it yet, I'm paying a higher price?

JESSICA VITTORIO: Well, respectfully, that's possible with paper tags as well. Paper tags are being updated all day throughout the course of operational hours because of the amount of time it takes to effectuate those updates. So whatever the retailer policy is for price discrepancies within their own system-- but I want to be clear: the point-of-sale system and the tag do not speak to each other. So you could go back-- and actually, the ESLs pro-- provide a better mechanism for dealing with those kinds of disputes because-- let's say that you picked up a bag of chips, you walked around for a little while, get to the cash register, and someone has updated the paper tag on the chips. There's no way for them to verify what the price was when you picked those chips. With our systems, you have an opportunity to verify that because we have data and records that show when the price was actually changed.

JACOBSON: And the time in which it changed it.

JESSICA VITTORIO: Correct.

JACOBSON: OK.

JESSICA VITTORIO: So consumers would be--

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JACOBSON: So otherwise, you just eat the bag of chips and throw it away before you get to the cash register.

JESSICA VITTORIO: Well, that would be a different system, probably, but.

JACOBSON: Thank you. Other questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here. I appreciate your expertise on this. It, it seems like to me, if I'm-- can summarize your testimony-- and if I'm incorrect, please tell me.

JESSICA VITTORIO: Of course.

DUNGAN: Any sort of, like, perceived negative impact or disparate impact on different populations of people or anything, anything we're talking about with the ramifications is due to the practices of changing prices not the ESLs themselves. Is that what you're saying?

JESSICA VITTORIO: Correct. Yes. I think we have to decouple the idea of pricing strategy from the technology that is displaying the pricing. The tags themselves have no compute power to identify or calculate a price. So they have no means of engaging in the type of calculations contemplated by any of the pricing algorithms here. There is a cloud system. I want to be clear about that. They are connecting to a cloud system. But the easiest way to think about it is when our customers go in to design that tag front, they're basically just designing an image. Our systems will show a box for the price, but our background cloud systems do not have access to the price data. So if you were to go and look in our backend, I cannot tell you what the price was at any given time. I can tell you the image was updated. I can tell you there was a box for the price, but the price itself is encrypted on the retailer's side. So our systems that are addressed and banned by this bill don't even have access to the types of data that you all are afraid-- is it going to be manipulated by the systems.

DUNGAN: Does your-- do your systems or does the company you work for aggregate data with regards to the influx of items that are purchased? Like, are they able to say like, oh, it's 6 p.m. on a Tuesday. People bought way more groceries versus 1 p.m. on a Friday or something like that. Does that information get collected as well?

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JESSICA VITTORIO: So in, in the interest of transparency, we have multiple products that do a variety of things in retail operations. The ESL system does not have access to any of that sort of data, does not collect any of that data. It is essentially a display mechanism only. We have inventory management technologies that may have information related to on-shelf availability and stock inventory. None of our systems communicate with the point-of-sale system. And what you're talking about in terms of we know that they have an increase in sales at 6 p.m. is point-of-sale information. We do not sell any point-of-sale infor-- we do not sell any point-of-sale systems. And I'm not aware of any of our competitors that sell point-of-sale systems either.

DUNGAN: OK. And that's helpful to understand because I think, to Senator Jacobson's point, the concern is the ease with which the ESLs allow for the shift in pricing. And so in the event that there's an operator, for example, who does have their own POS system that aggregates this data, by virtue of then also utilizing the ESL, they can use that data to, for all intents and purposes, increase pricing for a short period of time-- maybe when more people are in the store or whatever-- in order to get more money off of that. So they-- that-- that's the nexus between the two. So you're saying your company doesn't do the backend of that with the POS but can be utilized for broad swaths of price increase over an easy-- a perio-- you're right. You could do it with paper.

JESSICA VITTORIO: Yeah.

DUNGAN: But it just-- the ESL makes it easier to do quickly.

JESSICA VITTORIO: Well-- and I think there's two thi-- two pieces of information that are important for that particular question. One is kind of technical capabilities. So if a retailer were to use our tags for that sort of pricing scheme, the battery's going to run out significantly quicker. I'm not aware of any company in our industry that has priced their business and economic model on the purchase of the system using that model, meaning your battery's going to wear out quicker, your component parts on the hardware is going wear out quicker, because that's not what we built the hardware to facilitate. So could you do it? Absolutely. Are you going to make the ROI on your purchase of the system in that use case? Highly unlikely. Additionally, it takes time to coordinate all of that in the background. It's not as simple as, you know, an associate can press a button at the store level and suddenly two tags change prices.

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DUNGAN: That was my next question, is what it actually looks like to change prices.

JESSICA VITTORIO: Yeah. So there's a couple of factors that have to go into that. And I want to be clear: I, I can speak only for my own company, which is Vusion. We have a variety of competitors. We don't have a trade association. We have no industry representation. So I'll speak to what our products are capable of and what that process looks like. So there's a couple things that have to happen in the background. First of all, you have to have the design of the image, and that has to be done in advance because the update has to have an image file can pull from. That image file has to be linked to the background data files that tell it what to fill those boxes in with. So if you have a pricing file that is supposed to fill in the box for price and you want to change that, you have to have multiple files attached in the background that will tell it which file to reference at which time. So you have to have a lot of data in the background to support that. You also have to schedule that push. And then it takes, you know, a couple of minutes for the actual act of the tag to update its front facing. After that, you'd also need to separately update your POS system so that those two items and systems match. So it-- it's a very comprehensive process to facilitate that. It is significantly quicker than doing it by paper-- I don't want to be misleading in that-- but it is not 30 seconds worth of work.

DUNGAN: Thank you. That's helpful. I appreciate it.

JACOBSON: So if I'm a grocer and I come to you and say, tell me why I should install your product in my store, what would be the benefits to me? I-- I'm assuming, number one, instantaneous price changes so I'm not having to employ people to go out and make the changes and, and go back to the old days when-- remember when they had the-- [INAUDIBLE] the thing you pull out and stamp on the, on the, on the [INAUDIBLE] every can had a stamp on it. Yeah.

von GILLERN: She doesn't remember.

JESSICA VITTORIO: I can nod like I remember.

JACOBSON: Yeah. Remember people telling you stories about [INAUDIBLE].

JESSICA VITTORIO: Yes. I've heard the lore.

JACOBSON: Pictures in the archives. But I'm just thinking-- tell me why I'd buy an ESL.

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JESSICA VITTORIO: Yeah. The two main drivers are the labor component and the ability to, in a lot of our grocers especially, better price perishable goods. Right now, what we hear from retailers is-- it all comes back to economics, right? If they have a perishable good or a section of perishable goods that they know are getting ready to go bad or have a very specific sell date--

JACOBSON: Downprice them.

JESSICA VITTORIO: Yeah. They wanna be able to downprice them. But if they have to send labor over to do it, that's an economic question at the end of the day. So they have to pay that labor to devote itself to that activity. And then, are the numbers working so they're saving enough to, you know, pay for the labor to justify the decrease in price? So that's one. There's a big food waste and perishable goods component. The second is labor, like I said. You know, the-- I disagree with the premise that the tags replace labor, because the store associates that we have worked with and interacted with perform a large variety of tasks. They have a ton of stuff that they have to do in the course of a day. The systems replace one specific manual task that they generally engage in. In addition-- so there's the cost savings of them not having to manually update the tags. In addition, it gives them access to a wider labor force to be able to perform these activities, to be frank, because I normally have a tag with me, but it-- I-- if you were to look at a tag, there's a light in the corner that flashes. The purpose of that light is so that if you're picking an online order or you're restocking a shelf, that light will flash in a certain pattern to tell a store associate what they need to pick or what they need to restock. The ability to do that significantly broadens their potential workforce because it allows individuals with disabilities, it allows individuals with literacy struggles, it allows individuals who have English as a second language who may not be able to as effectively operate with goods by reading labels or reading tags to perform those activities. And so expansion of their potential labor force is critical for them, the cost savings of not having to spend the hours manually updating the tags, and then also the perishable goods.

JACOBSON: Thank you. I-- I'm just-- I'm thinking about-- my wife likes to order groceries and have them delivered.

JESSICA VITTORIO: Yes.

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JACOBSON: I'm kind of an in-store guy. And the reason is because-- we get the bananas. OK? They're, they're a little-- first of all, the little, tiny bananas. They're not the big bananas. You get the little, tiny ones.

JESSICA VITTORIO: Always.

JACOBSON: And, and, and they're, and they're the ones that, that are, that are definitely getting close to ripe.

JESSICA VITTORIO: Yep.

JACOBSON: Let's get those out the door. Let's take them to [INAUDIBLE]. People that come in and are, are more discerning in store, they're going to want better stuff, so. But that, that also helps you in terms of, of what [INAUDIBLE].

JESSICA VITTORIO: Well-- and helps hopefully ensure that you get the right items, because there's nothing more frustrating than when I order one particular good and somehow end up with another one. And often it's because things on the shelf have looked very similar. So the technology helps ensure that you as the consumer are getting the goods you actually intended to get, which increases consumer happiness, at least for me, because I'm with your wife. I prefer to buy online, so.

JACOBSON: I hear you. All right. Thank you. Other questions? All right. You, you, you really enlightened us. I, I-- that's one thing I like being on the committee is, you-- it's amazing the things you'll hear. So thank you.

JESSICA VITTORIO: I appreciate that, Senator. Thank y'all.

JACOBSON: Next opponent.

RICH OTTO: Chairman Jacobson, members of the committee, my name is Rich Otto, R-i-c-h O-t-t-o. I'm here today on behalf of the Nebraska Retail Federation and the Nebraska Petroleum Marketers and Convenience Store Association in opposition to LB1006. Retailers value customer trust above all else. Retail is one of the most competitive industries in our economy, and consumers can choose where to shop with just a few taps on a phone. That competition keeps prices fair. Retailers consistently review pricing to stay competitive, and consumers routinely-- routinely compare prices across stores, websites, and apps. The retailers that deliver value, transparency, and consistency are

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the ones that earn long-term customer relationships. LB1006 attempts to address concerns about pricing practices but does it by placing broad restrictions on way-- what we call digital pricing in everyday pricing technology. Retailers have always adjusted prices based on inventory, demand, supply costs, and competition. Today's pricing tools simply allow those decisions to happen faster, more consistently, and with human oversight. These tools keep shelves stock, reduce waste, and deliver more deals to Nebraska consumer-- consumers. Digital pricing benefits consumers because it enables data-driven discounts-- the same types of loyalty offers, coupons, and promotions that shoppers already expect. In most cases, the base price is the same for everyone. And technology helps retailers deliver savings more efficiently. Research shows consumers support these tools when they are transparent and clearly labeled as discounts. This bill also limits electronic shelf labeling and other pricing technology, which would increase labor costs, reduce efficiency, and make it harder for retailers, especially grocers, to quickly lower prices when inventory needs to me-- needs to move. Just as the previous testifier alluded to, those typically are perishable goods. It is also important to recognize that retailers already operate under strong state and federal laws that prohibit deceptive pricing, discrimination, anticompetitive conduct. Adding overly broad restriction risks duplicating existing protections while creating confusion and unintended consi-- consequences. The policies as written may actually offer a consumer less discounts, less transparency. Small and medium-sized retailers who rely on affordable pricing technology would especially be impacted. We would look for a better path forward. If transparency, fairness, and predictability are what we want to ensure, we don't see this bill as providing those as the end result. Happy to answer any questions you may have.

JACOBSON: Thank you. Any questions? All right. Seeing none. Thank you. Next opponent.

NATHAN BRTEK: Hello.

JACOBSON: Hello.

NATHAN BRTEK: My name is Nathan Brtek, N-a-t-h-a-n B-r-t-e-k. I'm store manager of Lou's Thrifty Way in Norfolk. I'm here on behalf of the Nebraska Grocer-- Grocery Industry Association, testifying in opposition of LB1006. While we share the intent to protect Nebraska cons-- Nebraska consumers, we respectfully oppose LB1006 as it's currently drafted. By prohibiting grocery stores larger than 10,000

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square feet from using electronic shelf labels, also called ESLs, LB1006 would ban technology that many stores-- like mine-- have invested in to improve efficiency and improve accuracy. ESLs allow centralized updates in pricing in products-- product information across thousands of SKUs, freeing up staff from manually entering and changing paper tags. I can tell you firsthand our independent store, which operates on aggressively thin margins, saw a dramatic reduction in labor hours spent on pricing updates, allowing employees to focus on consumer-- customer service, safety, stocking, and other value-added tasks. Additionally, automated pricing updates minimize mismatch between our shelf tags and checkout systems. They allow us to update promotional pricing and other things that our warehouse, AWG, will send down from them for weeks or month sales at a time. Grocery-- grocers take privacy and discriminatory pricing very seriously, but LB1006's sweeping pro-- prohibitions could extend to benign practices that do not involve personal data collection or surveillance. Not all digital retail pricing is intrusive or predatory. Many retailers use technology to offer promotions and other discounts. Finally, we believe that there are consumer protections in place federally and at the state level which would cover the concerns of LB1006 seeks to address. We're concerned passage of this bill risk penalizing legitimate business operations that do not harm consumers. So we'd ask the committee not to advance LB1006. Thank you for your consideration. If you have any questions, I'd love to answer them.

JACOBSON: Committee questions? Senator von Gillern.

von GILLERN: Not a question, but I love your store.

NATHAN BRTEK: Thank you. I appreciate that.

von GILLERN: We go up to Lewis and Clark Lake and come through Norfolk. And, and my wife always wants to pop in and--

NATHAN BRTEK: Right on the highway.

von GILLERN: --a couple things on the way up, so. Anyway, great store.

NATHAN BRTEK: Well, thank you.

von GILLERN: Thank you.

NATHAN BRTEK: I appreciate that.

von GILLERN: Love the independent grocer.

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NATHAN BRTEK: Thank you.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony.

NATHAN BRTEK: Thank you so much.

JACOBSON: Next opponent.

DREW AMBROGI: Good afternoon, Chair Jacobson, members of the committee. Drew Ambrogi. For the record, D-r-e-w A-m-b-r-o-g-i. I'm here on behalf of Chamber of Progress. We are a tech industry association working to ensure all people benefit from technological advances. While our members do include e-commerce platforms and other tech companies, they do not have a vote or veto on our positions. I'm here to respectfully urge you to oppose LB1006. Specifically, I'd like to highlight just how extraordinarily broad this bill is and how that might impact consumers. Because at a time when cost of living, as you've heard today, is the number one issue facing American families, this bill asks Nebraska to ban a speculative, unproven harm while putting real consumer savings at risk. Despite years of evi-- of hea-- headlines about surveillance pricing, price gouging, dynamic pricing, there is no conclusive economic evidence that this practice is being used to raise prices in a way that harms-- systematically harms consumers. But this shouldn't be a surprise, because retail is fiercely competitive. It is not a viable business strategy to target a consumer based on their personal characteristics and raise prices for them. That would just drive competition to a rival. What con-- companies are actually using data for is to compete harder for your business through loyalty rewards, targeted coupons, and personalized discounts. Some of the things that would be targeted by this bill because it does not exclude discounts and promotions are things like senior and student discounts that are verified through an app, a grocery store sending you a coupon on a cereal that you buy weekly, a small brand on an online marketplace trying to build a following by offering a discount if you place an item in your cart and didn't complete the sale. This bill's definitions are so broad that any use of digital data in a pricing decision creates liability. The consumers are not cheap. 91% of Americans say they are willing to share personal data in exchange for discounts and rewards. Research shows that the families who use and rely on these savings the most are low-income families, particularly those with children. These are the people who stand to lose the most if this bill passes. Similar bills have been introduced across the country, and all of them have stalled or failed

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because legislators who look closely reach the same conclusion. You cannot ban algorithmic pricing without also banning the savings that families count on. If LB1006 becomes law, Nebraska would be the first and only state where consumers are unable to access the personalized deals and tailored discounts that the rest of the country uses to stretch their budgets. Thank you. And I'm happy to answer any questions.

JACOBSON: Thank you. Questions? Senator Dungan.

DUNGAN: I know. I haven't asked a question in a while. I know.

JACOBSON: I thought [INAUDIBLE] besides yours, so. Go ahead.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here today, sir. I appreciate it. Zooming out a little bit and talking about algorithmic pricing, I know there's been, as you said, pieces of legislation across the country that have been proposed talking about this. I know it's a relatively new subject, so there's not been a lot of legislation that's been passed. But we've seen legislation in other states being proposed from the West Coast to the South to the East Coast, all over the place. So it seems like it's becoming more of a topic to talk about. Are you aware of any of the lawsuits that have been brought about algorithmic pricing and specifically how they pertain to essentially violations of antitrust law by virtue of the fact that companies or industries coordinate with one another to share algorithmic-pricing information, thereby effectively setting prices in a way that would otherwise be banned through antitrust? I, I know there's been cases. I don't-- I legitimately don't know the outcome of all of them, so this is a real question of, do you know what the outcome of that legis-- or, litigation has been? And have there been findings by courts that the sharing of a lot of this algorithmic pricing data is an antitrust violation?

DREW AMBROGI: Sure. I mean, I do know that-- I appreciate the question. I think this-- the, the concept of algorithmic pricing is very broad and brings in a lot of different concerns. My focus has not particularly been on the competitive aspects of that. And I know that has been a, a more front of mind concern, especially in the rental market space. And I know that courts are, are sorting that out now. But I do think that that is not a practice that is targeted by the bill, right? I mean, as, as far as I understand, this is about banning, you know, what economists would call price discrimination.

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And, and discrimination obviously carries connotations in this context. It means a very specific thing.

DUNGAN: Right.

DREW AMBROGI: So, you know, I would look to-- I think if that is a concern, we'd be happy to talk, you know, about what-- how legislation could address that. I don't think banning the technology, banning the entire practice is an effective instrument for, for, for getting at those cost-- concerns.

DUNGAN: OK. Thank you. I appreciate it.

JACOBSON: Other questions? Seeing none. Thank you.

DREW AMBROGI: Thank you for your time.

JACOBSON: --testimony. Any other opponents? No opponents? Anybody wishing to testify in a neutral capacity? All right. Seeing none. Senator Guereca, you're welcome to come back and close.

GUERECA: Thank you, Chair. I was comment-- commenting to my LA that I'd never thought that I'd be the "you can't trust that flashy new technology" guy, but here we are. And, and, and again, it's, it's not that I don't trust technology. I think with, with the rapid advancement of, again, of AI and, and what's possible, I think having that conversation-- and really, it's, it's been an interesting conversation. I don't know about you all. The, the gal from the digital label company was in my office showing me kind of what they do. And it's incredibly interesting. Definitely something we need to be keeping an eye on just to see what is possible. It might not be possible now, but, again, technology's advancing so quickly. Ensuring the-- ensuring that our citizens don't fall prey to, to schemes. And again, we always need to look at the bad actors. The company that came in, you know, they're a French company that adheres to the GDPR standards. But that's not saying there are not bad actors out there. That's always what we have to keep in mind when we're, when we're discussing this legislation. But again, I-- it's been a-- an interesting conversation. And I'm open to any questions.

JACOBSON: Questions? You don't have any chips and bananas, do you?

von GILLERN: Yeah. I know we're all hungry.

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GUERECA: I mean, that-- the-- I like your argument about the banana thing. That is a good reason. That's why I don't order produce online.

JACOBSON: All right. Well, if there are no other questions, I will mention that we had 4 proponent letter-- or, 4 pro-- proponent letters, 2 opponent letters, 0 neutral testifiers, and no ADA testifi-- testifiers.

GUERECA: Thank you very much.

JACOBSON: Thank you again. This inc-- concludes our hearing on LB1006. And we'll move on to LB1078.

DUNGAN: Give it just a moment here.

JACOBSON: Yeah. We'll let it clear a little bit here.

DUNGAN: All right. Good afternoon, Chair Jacobson and fellow members of the Banking, Commerce and Insurance Committee. I am Senator George Dungan, G-e-o-r-g-e D-u-n-g-a-n. I represent Legislative District 26 in northeast Lincoln. Today, I'm introducing LB1078, which creates the Fair Online Pricing Act. This act prohibits companies from offering consumers prices based on their online devices, hardware, or the condition of their hardware. An example of this would be if you're booking transportation through an app on your phone and your phone battery's below 10%. Under user agreements, the company could see that data and know that you were in an urgent need of that service. They would know you do not have time to check whether a competitor offers a better price. They can also see whether your device is new or from a certain brand, which would indicate your willingness or ability to pay. This is all commonly known as surveillance pricing. We spent a significant amount of time working on reasonable expectation-- or, exemptions, rather, for this act. Companies would still be able to adjust pricing based on things such as high demand and geolocation in remote or hard-to-access areas. You can see those exemptions starting on page 3 of the bill. Here's how I came about to sponsor the legislation. Over the summer, our office discussed, with constituents reaching out to us, how artificial intelligence is affecting consumer pricing, and we found a couple of articles on the topic. Policy analyst Grace Gedye from the Consumer Reports writes the following: device pricing-- device-based pricing can be difficult to detect because consumers rarely have a view into what information a company has about them, what the prices they see are based on, or what prices other customers may be seeing for the same product at the same store.

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Still, enterprising journalists have discovered certain examples. For those who are listening to me on the floor today, you've heard me say some of these. I apologize for repeating them, but I'll say them again for the record. An investigative journalist writing for SFGATE looked at the prices offered for a hotel room in Manhattan for a specific date, and he then varied his operating system, browser, cookies, and location through his computer's IP address. He found that when he changed his IP address from a Bay Area location to locations in Phoenix and Kansas City, the prices dropped by more than \$200 per night in one instance and more than \$511 in another incident. ProPublica found that test prep company Princeton Review was offering different prices for its tutoring services depending on a customer's zip code, which can often be used as a proxy for race in many parts of the country. The result they found was that Asian customers were nearly twice as likely to receive a higher price. The Wall Street Journal reported that Orbitz, the travel aggregation company, determined that Mac users spent more per night on hotels than Windows users and began steering Mac users towards pricier hotels. A Minnesota local news site discovered that Target changed the prices displayed on their app for certain products based on whether the customer and their device was physically inside a Target store. When the reporters looked at the Target app while inside the store, they found that a Graco car seat was \$72 more expensive than when they had been sitting on the far side of the Target parking lot, and a Dyson vacuum was \$148 more expensive. Following that Minnesota investigation, the Sonoma County Department of Agriculture, Weights and Measures Division also conducted an investigation into Target. Seven California district attorneys brought a similar suit against Target which alleged that the prices for some products changed on the Target app when consumers entered physical stores. Ultimately, that suit did result in them paying a \$5 million settlement, along with several court orders, including barring the retailer from using its app to change the price of a product based on a consumer's location. This reporter also notes through the Consumer Reports article-- which I'm happy to provide the committee with later if they want the whole thing-- the Consumer Reports has conducted a series of nationally representative surveys on the subject. One administered in May of 2024 to a sample of 2,022 U.S. adults found that 66% of Americans were opposed to the practice of online retailers selling the same goods and at different prices depending on the buyer's personal information. This bill is consumer protection against AI surveillance of your data and setting a price based on what it thinks you are willing to pay instead of a fair market price. A person or company that violates this act is liable for

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a civil penalty in an amount not to exceed \$10,000 for each violation. This legislation is relatively new, as the technology for surveillance pricing is also new. It is important that our consumer protection laws keep pace with evolving technology. With that, I am eager to hear the committee's suggestion and thoughts on the bill. I would also note prior to answering any questions, when Senator Guereca's bill got introduced, I was trying to parse apart the differences between his bill and my bill. Having now sat through the hearing, I would differentiate the two in a couple of ways. One, I think that this bill is far more targeted, not speaking to the ES-- the, the electronic labels that we were talking about in the last hearing. This is more to what Senator von Gillern's point was early on in the first questions he asked at the last hearing, where-- what we're seeking to curb here are prices being changed or companies using your data to make a determination about what that price should be. One of the things that my office talked about at great length this summer was exactly what Senator Jacobson's point was, which was, how do you balance consumer protection without-- with-- and, and also not telling companies what to charge for a price? Because I think that's a fundamental part of the free market economy. So what we're seeking to curb here is the unknowing and I guess unconsented to collection of your data and then decisions being made based on that data in an effort to, frankly, take advantage of consumers. The exceptions that are written into here I do think capture current surge pricing in a way that would allow, for example, Uber to charge me more money at the end of a Husker game or whatever they end up doing. I've had that happen. I get why that happens, because there's a limited amount of drivers so they have to charge more. Page 3, as I said, has that, saying that it does not prohibit the use of geolocation data of the online device and the consumer's location to generate a price for any reason that is not specified in the subdivision, including to determine pricing based on the real-time demand for the product or the service in the consumer's vicinity if the product or service is provided immediately. And then additionally lays out the, the hard-to-reach areas and things like that. Senator von Gillern, to your point, I've lived in a big city for a little while when I was in law school. The second it starts raining, there's umbrella stands on the sidewalk. And it's amazing how quickly they get out there. I think that this-- you know, we can talk about whether that's right or wrong. This bill doesn't address that. This bill simply seeks to protect your information from being used to change those prices. I noted in the online comments there was an objection from the Chamber, part-- in part because of the concern that this would disallow coupons or other discounts to subsets of the

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population, I would say. So, like, let's say, for example, you get a coupon because you're a military vet. I disagree with the Chamber's analysis of the bill. I don't think this would prohibit that. Specifically, there's a coupon exemption in here that says that it is offered to the general public on the same terms. That doesn't mean everybody has to benefit from that coupon, but it's being offered unilaterally to everybody who may or may not qualify for that. So if I'm Hy-Vee and I say it's Veterans Day, you come in, you present some documentation that you're a vet, we're gonna give you 10% off deli items. That's being given unilaterally to the entire populace. The general public can see it. I may not qualify for it, but it's being offered. That's different than, hey, you're in our geolocation. We somehow combed your metadata, and we can tell that you haven't left the state in the last 12 months, so we're gonna give you a discount because you're a true Nebraskan. Or something like that. So this is trying to, to seek to curb some of that. Legitimately open to suggestions. This is new, and there's not a lot of-- as I asked in the last hearing, there's not a lot of legislation that has passed on this yet, so I do think it's something we can work through together as a committee. Maybe it's not going to happen right away, but I do think, based on the stuff I've seen in other states, we're going to be seeing a lot more of these bills-- probably in the next five to ten years, given the increase in this algorithmic pricing. Similar to Senator Bosn's work and others on social media and AI, it's a complicated subject. And I understand that it's difficult to have the government intervene in some of these things. But from a consumer protection perspective, I think it's important. So with that, happy to answer any questions.

JACOBSON: Senator von Gillern.

von GILLERN: Thank you. Thank you, Senator Dungan. I wrote down three things that I think I heard you say.

DUNGAN: OK.

von GILLERN: I want you to tell me what the difference between these three things are. The first one was what you're willing to pay. The next one was fair market price. And the third one was free market economy.

DUNGAN: Hoo boy.

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von GILLERN: What are, what are the differences between those three things?

DUNGAN: Well, there are entire grad level and entry-level classes writ--

von GILLERN: I think it's a philosophy class. I don't think it's a [INAUDIBLE] economics class.

DUNGAN: And, and I, and I would be entirely probably out of line to try to define them in this moment. I'm not trying to dodge the question.

von GILLERN: And I'm not trying to--

DUNGAN: Yeah.

von GILLERN: --trying trip you up. I understand what you're trying to do here, but I think we're-- I think we're gonna land on a philosophical discussion about whether the market sets pricing or whether we're going to have government-mandated pricing and whether a free market economy is allowed to exist going forward or not. I understand. Again, we should not be charging people of different racial backgrounds or age groups or whatever, whatever you wanna-- gender or whatever different prices. We don't want to-- we don't want to get to that point. But I think when we get to the point where we, where we start telling the marketplace what they can and can't do, we're on a really, really slippery slope.

DUNGAN: Yeah. And I, and I think that's-- I totally understand that concern. I mean, I-- my gut response is that we don't live in a pure free market economy currently and there's not just pure laissez-faire capitalism, because the government does have guardrails on certain things. I think government and our role as legislators is to figure out where that line is in certain circumstances. I mentioned on the floor this morning price gouging legislation that exists in many states. We don't necessarily have it the same way here. But in states that often see natural disasters, for example, there are rules in place that you can't raise the prices of certain items, you know, within a certain period of time after a natural disaster has been declared. But there's usually some percentage where you can raise it a little bit, but just not past a certain percentage of a 30-day lookback. So to me, that's representative of the push-and-pull of that discussion. And that's kind of what I want to try to figure out with

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this, is, where do we step in to make sure people aren't being taken advantage of in a way that's really problematic while still allowing companies the leeway to set prices as they see fit and remain competitive in the economy?

von GILLERN: Then the last thing I'm going to tease you about is you're the-- you're probably the last person I would have guessed to create a new crime, or, I gue-- I shouldn't be-- it's not a crime. I guess it's a civil--

DUNGAN: Specifically not a crime.

von GILLERN: --civil-- specifically not crime, but a civil penalty-- which, again, we can split that hair philosophically later too.

DUNGAN: Yes. I mean, I think that that's always a push and a pull too, of how do you have teeth in legislation. I tend to think that when you're talking about deceptive trade practices and consumer protection, having the civil enforcement of the Attorney General's a better way to go on that because I think it actually can have more of those upstream deterrents for companies when each violation is a certain suit that can be brought. But you're right. It is always a discussion we have in this body. And Senator Bosn and I have talked about that a lot in her bills too.

von GILLERN: Thank you.

JACOBSON: I, I guess I would-- I, I would concur with Senator von Gillern. I, I, I, I get very nervous about dictating to private business how they price their products and that the buyer should educate themselves and, and figure out whether they want to pay that price. You know, I, I do think a lot about, with Mr. Otto sitting here, convenience stores. You bring a load-- you bring in and you fill your tanks with gasoline and you're pricing on a margin. And all of a sudden as they're unloading and just filling your tanks, getting them completely full again, you hear about some major, worldwide thing that's going to impact the supply of gasoline.

DUNGAN: Mm-hmm.

JACOBSON: Do you just sit back and wait for the price of gas to go up or do you get in front of it and price what you-- inventory is now higher, recognizing that the next load right now is probably going to be significantly higher? That seems to be kind of a businessman anticipating what their costs are going to be-- costs of goods are

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going to be going forward. I would hate to restrict something like that. And-- because if they, if they set the prices on, on their signs and that their pumps are the same, it seems that the buyer has an opportunity to decide whether they want to buy the gas from here or from somebody else who maybe didn't see the [INAUDIBLE]. I, I think about Las Vegas-- and I'm not a gambler. I don't, I don't like going to Las Vegas. I don't, I don't like being in Las Vegas and I don't like gambling. But, but aside from that, I'm a pretty content guy. And I think about-- or, I hear about, you know, free hotel rooms and we're going to give you these chips. And we're going to give you free airfare if you live in Nebraska. Because if you'll fly down here and gamble, you're probably going to be a schmuck and you'll leave more than enough money on the table to-- if you do this, you know? And, and that would be part of the strategy, you know? So then you start looking at, well, I'm going to give cheaper pricing to somebody that's from North Dakota. Let's go with North Dakota because they're-- we know they're going to get taken advantage of. And, and, and, and they wouldn't otherwise go to Las Vegas. But if I go for free, hotel, room, and some chips, the whole nine yards, they're still going to have trouble getting back home because they're going to take all their money once they get there. But, but is that-- but that's part of the-- part of the-- their business model, you know, it's just patterns of gamblers, patterns of people who stay in their hotels. And so I, I do get concerned about how much do we dictate and how much do we tell people, you're too stupid to take care of yourself? I'm going to have-- the government's going to have do it for you.

DUNGAN: If I may-- yeah.

JACOBSON: [INAUDIBLE].

DUNGAN: Yeah. If I may respond briefly. I, I think you're totally right that it is a very, as I said, precarious situation, kind of a tightrope walk. I think the difference between what you're talking about-- which I do agree with is a problem-- we can't, we can't legislate on those kind of things. But what we're talking here and my concern and what I'm trying to protect is a captive audience.

JACOBSON: Sure.

DUNGAN: So in certain circumstances, what we are trying-- and this is very narrow because we're not trying to address some of the larger things like that. But in the event that you are, for example, utilizing an online app and they collect your metadata and your, you

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know, device information without your knowledge, to me that is the difference between a customer who can go and do that research and make a decision where they may be willing to pay more based on ease versus me with my phone at 10% and now that information is getting my price jacked up. And I think that that's-- you know, speaking of a captive audience, the concern that I get to-- and I agree with Senator von Gillern. I think at the heart of all this, we wanna make sure that our pricing is equitable, we're not disproportionately harming certain populations. Where we get into a lot of the conversation, I think, here is disparate intent versus disparate impact. I don't think anybody's maybe intentionally saying, we're going to charge this person more because of their race or because of their gender. But when you're talking about convenience stores, for example, and you are talking about, like, a, a food desert, you know, at Casey's-- and I don't mean to call out Casey's. It's just the one that's in my neighborhood. But a, a gas station, a C store that's in an area that doesn't have grocery stores, that doesn't have other competition knows that it can price a can of Campbell's soup at \$2.50 instead of \$1.99 if there's other grocery stores around. And that is because you have this captive audience who it's more difficult for them to shop at the Hy-Vee down the street or the Russ's down the way because they don't have a car. And so I think it's the captive audience part that I think differentiates it. And that's what this is seeking to address. But again, happy to look at any other changes or maybe even interim study to have a conversation about what this looks like. Because with Senator Guereca's bill and my bill, I think its clear there's an issue. And then balancing everything we're talking about is part of the, the problem.

JACOBSON: Well, and it-- it's a little bit like we've been talking all along. The world's changing, and it's changing very quickly. Technology's making change quicker and quicker. And trying to get on the front end of some of this instead of what we're looking at right now with the fact that Meta is making \$16 billion off the scams. And they don't seem to have any trouble doing that. That, that is-- that-- that's repulsive. But at any rate, that's another bill.

DUNGAN: I will-- yeah. No comment.

JACOBSON: Senator Hallstrom.

HALLSTROM: This kind of goes along hand in glove with Senator Jacobson's comment. When I'm 25 years old, single guy, I can go to the grocery store and buy a box of macaroni and cheese for \$1-- four for a

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\$1, and I go to the convenience store on Sunday and it cost me \$2.50 apiece. But that's a personal decision.

DUNGAN: Absolutely. And I think that-- yeah, this is, again, trying to seek to tho-- those time when you don't know your data's being taken and used for that and-- you know, there's the example I have in the article of the person who changes their IP address in order to look like they're living somewhere else. I don't how to do that. And I don't think a lot of other people know how to that. So if I'm booking a hotel-- you know, let's use a sad example because it's easier. Let's say a grandparent passes away so you're going to another state for the funeral and you have to get a hotel. Maybe gonna charge you more based on where you're from, where you're going, those kind of things. I think that there's just a, a disproportionate amount of power in that relationship when we're talking about collecting somebody's data that they're not consenting to. But I do agree. I make choices all the time to go to the convenience store down the street and get soda from there because it's easier than going to the, you know, Super Saver, whatever it may be, so--

HALLSTROM: If you can change your IP number, it, it would be a reverse scam.

DUNGAN: Exactly. Yes, which I wouldn't touch with a 10-foot pole.

JACOBSON: Other questions? If not, thank you. Let's see. What are we-- where are we at? Are we starting?

DUNGAN: Starting.

JACOBSON: We're starting.

DUNGAN: I know. I'm only the third bill up today too.

JACOBSON: [INAUDIBLE] testimony, so.

DUNGAN: I will stay for closing.

WORDEKEMPER: I thought that was his close.

JACOBSON: [INAUDIBLE]. OK. I hear you. All right. Let's ask for the first oppo-- or, first proponent to step forward. And no proponents. Great. It's looking good. All right. How about opponents?

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RICH OTTO: Thank you, Grand Chairman Jacobson and members of the committee. My name is Rich Otto, R-i-c-h O-t-t-o. And I am here to testify on behalf of the Nebraska Retail Federation, the Nebraska Petroleum Marketers and Convenience Store Association, and the Nebraska Grocery Industry Association in opposition to LB1078. So first of all, this is similar but a different model than the previous bill that we heard. And it does go about it in a different way. We still have concerns from the retail industry in regard to this bill. I do want to highlight on a-- three main topics. First of all, the coupons that was expressed to you from the Chamber of Commerce, the retailers feel the same way. We do feel that the language on coupons does limit our ability to offer discounts to consumers. I think there is a path forward on the coupon language. I have suggestions that I'll be sure to get to Senator Dungan on that particular language. So hopefully we could come to some consensus on how we could alleviate that problem. I do want to also point to Section 2(4). We had the great testimony in regard to the electronic shelf tags. This bill does limit short-range wireless technology. Those tags utilize that short-range wireless technology. So, so we do need to look at that, that some-- the ones that the previous testifier was talking about, theirs do-- others use long-range technology. So we, we need to be sure about that, that we aren't limiting some tags and allowing others. But long story short, we'd like to see that out because we feel like this still does bring in the shelf tags, just not in a detailed manner as the previous bill. And then our third biggest concern is it's not a criminal penalty but very excessive civil charges, and we'd definitely encouraged the committee to look at lowering those. Happy to answer any questions you may have.

JACOBSON: All right. Thank you for your testimony. Questions from the committee? All right. Seeing none. Thank you. Next opponent.

DREW AMBROGI: Good afternoon once again. Drew Ambrogi, D-r-e-w A-m-b-r-o-g-i. I want to clarify I'm with Chamber of Progress. We are wholly inde-- independent from the Chamber of Commerce. I'm here to, to oppose the present bill. I don't want to beat a dead horse, but I, I do think this bill is really a testament to what I tried to highlight before, that it is tremendously difficult to, to, to start a discussion about limiting price inputs and, and not end up banning things that are beneficial for consumers. I think in this case, while it may not have been the sponsor's intent, the bill, the bill prohibits generating an online price based at whole-- in whole or in part on device hardware, device software, or location-based inferences. This software prohibition alone-- it does capture the

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primary way that companies now deliver personalized experiences to consumers. I'm sure many of you experienced-- apps are really the front door to modern retail. They're how grocery stores deliver customized coupons that are relevant and valuable, how restaurants can give you a deal on a meal that you order frequently, how a pharmacy might flag a discount on your prescription refill. But when a fast food chain offers a, a dollar menu deal exclusively through its app, that is a price generated in part based on the presence of software, and LB1078 would prohibit that. I want to clarify consumers consistently say that they want the kind of personalization that comes through app-based experiences. 71% of consumers expect personalized interactions from the companies they buy from. 76% say they get frustrated when they don't get those experiences. And so we're worried that LB1078 would cut off the primary channel through which that personalization is delivered. And lastly, I would just say that I think a lot of the examples-- once again, we're dealing with a speculative harm. And I think a lot of the examples that were presented in the sponsor's testimony demonstrated just how effectively the market punishes back-- bad actors through, through public backlash and the way that existing law can deal with-- wi-- with truly malicious activities. And so I would caution against restricting inputs on what can be considered when setting prices because, in the end, it may lead to consumers losing the savings they depend on. Thank you for your time.

JACOBSON: Thank you. Thank you for testimony. Questions from the committee? Seeing none. Thank you. Next opponent. No opponents. OK. Is there any neu-- are there any neutral testifiers? Seeing none. Senator Dungan, I'm gonna ask you to come up and give your brief close.

DUNGAN: My brief close. Noted. Thank you, Chair Jacobson. And thank you to the testifiers. I do appreciate, as I said, the inputs from both Mr. Otto and from the Chamber of Progress. I'm happy to work with them on additional language. Two things I just wanted to touch very briefly. One is when we're talking about Section 2(4), the definition of online device that was mentioned, that definition-- it's essentially getting at a customer's phone. So the intention there is not at all to talk about these Bluetooth-enabled electronic labels, because later on in Section 3, just a few lines below, specifically says a price offered to a consumer through the consumer's online device. So the necessity of an online device definition is because we're talking about the consumer's device, and so that's what we're getting at here. Second, I just want to make sure I reiterate this. What we're taking about here is surveillance pricing, and that is

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really the very specific thing that we're getting at. It's not just algorithmic pricing writ large. I understand that the Chamber of Progress on testimony here and the prior bill has concerns, I think, about inhibiting the market from new developments. We're talking about that surveillance pricing, where your data is what's being used in order to set a price. And if we need to continue looking at ways to lay out exemptions and talk about coupons, we, we can do all that. I just wanna make sure that my phone and my data isn't being consumed against my will in such a way that is then modifying or changing prices. I, I would disagree that there's not the need for some legislation, but I think, to our earlier conversation, it's a question of what is the, the right touch on this. I, I do think that if it goes unchecked for a period of time, we're going to find ourselves in a situation five, ten years down the road where we're way behind on this. And that's going to cause a lot of problems because it will be almost impossible to walk it back at that point. And consumers, our constituents, are the ones who are going to be getting the short end of the stick. So with that, happy to answer any final questions.

JACOBSON: All right. And any questions for Senator Dungan? If not, I would mention there were 4 proponent letters, 2 opponent letters, 0 neutral testifiers, and no ADA testimony.

DUNGAN: Thank you.

JACOBSON: And with that, I'm going to step out for a minute and turn the chair over to Senator von Gillern.

von GILLERN: All right. Senator Ballard, you're welcome to come present on LB1152. All right. Good afternoon.

BALLARD: Good afternoon, Banking, Commerce and Insurance Committee. Thank you for the opportunity to introduce LB1152. I'm Senator Beau Ballard. For the record, that is B-e-- B-e-a-u B-a-l-l-a-r-d. And I represent District 21 in northwest Lincoln, northern Lancaster County. Today, we face two critical challenges in Nebraska: nearly 50,000 open jobs and continued population decline in 69 of 93 counties. Although hubs-- metro hubs like Omaha and Lincoln are steadily growing, we need to play offense to ensure that no area of the state from the Panhandle to the Missouri River is left behind. To address this, I am proud to introduce the ta-- the Nebraska Taxpayer Recruitment Grant Program. This bill will provide a vehicle for grants to political subdivisions, economic development-focused non-- nonprofits to recruit highly skilled workers from outside the state to relocate to Nebraska. By

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offering programming incentives for relocation, we aim to revitalize our rural communities, fill key, fill key job vacancies, and stimulate statewide economic growth. For every new resident, bring economic benefit by contributing taxes, spending at local businesses, and investing in housing. Tax gains occurs at both the local and state level, with the state drawing new income in sales tax revenue, and localities benefit from new sales tax. And property taxpayers. New family brings spouses to fill local jobs and children to fill seats in our schools. Data suggests that skilled households can generate over \$90,000 in annual economic activity, which boosts revenue for school, businesses, and local service. This bill is an investment in our future, particularly in our rural counties, where-- the reverse population decline and spark new growth. LB1152 establishes the New Taxpayer Recruitment Grant Act, authorizing the Department of Economic Development to administer competitive grants to Nebraska political subdivisions and nonprofit organizations with the focus of economic workforce and community development. The application process, eligible entities may apply annually for grants, outlining their proposed taxpayer recruitment program. Applications must detail program plans' cost, anticipated economic impact, and assess specific goals for the number of households they can aim to recruit from out of state. Applicants must demonstrate the ability to cover at least 20% of the program's cost, including local funds or in-sta-- in-kind donations. Grants may be matched and supported in a wide array of local, federal, and private funding sources, maximizing the flexibility for communities to engage. Private funding can also contribute to the state's cash fund for the program. The maximum grant per applicant is \$250,000 per fiscal year. Grants are distributed in two tranches: 50% upon the reward and the remaining 50% upon the recipient meeting half of his recruitment goal. Grant recipients may provide incentives to households currently residing outside Nebraska with a minimum annual household income of \$55,000. Recipients organized are required to submit semiannual reports on their program outcome, including data about the number of households attracted, incentive disbursed, and economic impact and new tax revenues generated. In conclusion, Nebraska has a well-recognized need to attract talent and new residents to sustain community growth in our workforce to ensure our tax base remains strong. This act is modeled on successful recruitment efforts we've seen in other states and allowed our local governments and economic development organizations to compete strategically for new taxpayers. LB1152 provides a structure-- structured, accountable, and flexible means to incentivize relocation, bringing new families, professionals, and economic opportunities to Nebraska, particularly

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our communities facing decline. I also brought AM2003, which clarified that spending may only come from the cash fund that is created for this bill. This should eliminate the fiscal note. I respectfully urge the committee to pass LB1152 on to General File. And I'd be happy to take any questions the committee might have.

von GILLERN: Questions from the committee members? Senator Riepe.

RIEPE: Thank you, Chairman. I guess, first of all, did a particular organization-- the Chamber ask you to bring this bill?

BALLARD: I've been working with the Chamber. And there's some organizations that are, that are working wi-- around this-- the country on this issue. That has been very successful.

RIEPE: Despite the fiscal note, can you possibly accomplish this without also addressing affordability of housing and also child care center? I mean, are they all intertwined to attract someone? And you might add on health care and a variety of other things that have, across the nation, have made rural living more difficult.

BALLARD: Yes. So the amendment takes-- in my opinion, takes care of the fiscal note that you see on the, on the bill. But you're absolutely right. We need to address hou-- we need to address affordable housing, child care, homeowners premiums, the full gamut. And I think this is a step to, to bring new individuals here, because we do have a, a fairly competitive cost of living with-- especially with our coastal neighbors. And so we're trying to attract individuals from your Californias, and your, your New Yorks, your Oregons to Nebraska.

RIEPE: I wish you well. I just think it's a hard push, but--

BALLARD: It absolutely is. We're suppo-- we're supposed to do hard things, Senator Riepe.

von GILLERN: Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. I-- thank you, Senator Ballard. And I did have a chance to chat with some folks about your bill [INAUDIBLE]. I think it's a really laudable goal, like, similar to Senator Riepe, think-- it'd be great if we could get this done. Just to make sure I understand on the amendment, is this-- if I were to oversimplify it, is it making it optional instead of mandatory?

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BALLARD: Correct.

DUNGAN: So if we have the money, then it's--

BALLARD: Correct.

DUNGAN: --something we can work for and towards and do. And if we don't have the money, it's not going to cost us anything.

BALLARD: Yes.

DUNGAN: But if the bones are in place and it's optional, then hypothetically when we don't find our-- when we don't find ourselves in a bad economic situation, then we could start to fund this program.

BALLARD: Absolutely.

DUNGAN: OK. Thank you.

BALLARD: Said it better than I could. Thank you.

von GILLERN: I think Senator Dungan stole my question. So this is not-- this is not to be pulled from existing DED funding. This would be if DE--

BALLARD: It's not my intention.

von GILLERN: OK.

BALLARD: Yes.

von GILLERN: All right. Thank you. My only other question is, has an economic study been done to show what the return on investment of these funds would be?

BALLARD: In other states, not in Nebraska-- specific. But the-- there will be testifiers after me to show the success in other states.

von GILLERN: All right. Seeing no other questions. Will you stay for close?

BALLARD: I'll be here.

von GILLERN: All right.

BALLARD: Thank you, committee.

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von GILLERN: Thank you. We'll invite up our first proponent. Hurry up before the chair gets back.

MIKE RUTZ: You read my mind. Good afternoon, Mr. Chairman and members of the committee. Thanks for having me today. My name is Mike Rutz, M-i-k-e R-u-t-z. I am CEO of a company called MakeMyMove. Welcome back, Mr. Chairman.

JACOBSON: Thank you. Sorry for the delay.

MIKE RUTZ: No, thanks for having me. So MakeMyMove is a company that, that I'm CEO of. And we actually help communities set up programs to run and actually end up recruiting new taxpayers to different communities and states. I love this approach primarily because it's, it's very efficient in terms of economic development. It's economic development through people. Versus the traditional model of recruiting businesses and creating jobs for local citizens to fill. But it also addresses a key need that pretty much every state in the country needs, which is more workforce and more population growth. Nebraska's in a situation that is not dissimilar to other states. You have pro-- close to 45,000 to 50,000 open jobs that need to be filled. You have one of the highest labor participation rates in the country. Congratulations on that, by the way. I think it's at 68%. And then you have a very low unemployment rate, which means you need more workers to fill those jobs. And that's exactly what this does. And it does it in a way that's economically viable and fiscally responsible as well. It also-- you know, I've, I've, I've been around the country. I've seen other states. They invest billions of dollars in traditional economic development. I'm a big fan of traditional economic development. But when you have more jobs than people, it means you need to adjust your strategy. And so we believe that this is actually a strategy that is a, a good adjustment because it does address some of those needs in terms of recruiting more workers to fill those jobs that are open. What I also like about this is the, the economic power of a new household. These are incremental, right? They have to move from outside of Nebraska. To come into Nebraska, they have a minimum income that they have to either bring through a remote job or fill with a, a, a job that they take in the, in the community. And so it's totally incremental and marginal, and the return on the investment is extraordinary. You get new tax revenue, you get-- the average-- in Indiana, the average size is 2.3, a family. So you're getting a spouse that typically fills a job in the local economy and you're getting kids to see future population growth. Plus, you're getting all that economic benefit of new tax revenue in state and local taxes. The co--

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the program is actually structured for communities that want to participate, right? So instead of just peanut buttering a big investment across the state, you're actually activating communities that are motivated and are willing to actually have some skin in the game and participate in this activity. And it also gives them flexibility to kind of structure a program that actually fits their needs, the types of workers they're trying to recruit, how many they're trying to recruit. People move to communities. They don't move to states. Right? So the communities are the ones that have to do this work. It helps for the state to enable them. The state certainly benefits when you get a new citizen, but the communities are going to be the ones that attract these folks and make them feel welcome and bring them here. It also addresses a need for the rurals. You know, 76% of the folks that have been relocated to Indiana landed in a community with declining or stagnant population. And these are communities that don't have a traditional economic development pipeline, so it gives them a way to participate in economic development as well. I could get into the-- it's a pay for performance. The-- I also like the way that grants are structured. They get 50% upfront. They have to reach 50% of their targeted household recruiting target in order to receive the second tranche of funds. So it reduces exposure and risk for the state and incentivizes the communities to hit their targets and produce new revenue.

JACOBSON: Great. Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. I, I just wanted to make sure I could give you just a little bit more time to finish what you're talking about. You mentioned about the, the pay for performance--

MIKE RUTZ: Yes.

DUNGAN: --aspect of it. Can you just go into a little bit more detail of how that would work and why you think that be beneficial?

MIKE RUTZ: So-- give you an example. A small community might have a grant that says the state will give you \$100,000. The community has to put in \$20,000 for a program and recruit 12 households, right? So they would get 60-- or, they would get \$50,000 from the state upfront to stand up the program and start to create applicants to the program that would want to relocate. They have to recruit, meaning they-- those people have to provide a lease or a mortgage statement, they have to provide a W-2, and they have to go through a background check.

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And they have to have relocated into that community off-- officially with all that information. They have to hit, hit six of those, right? And then once six of those folks have, have been recruited and have actually relocated, then the second tranche of funds would be available for the community to fulfill the remaining six spots.

DUNGAN: Excellent. Thank you.

JACOBSON: Other questions? Senator Hallstrom.

HALLSTROM: Just a question on-- the \$55,000 minimum household income seems to be significantly less than the median income in Nebraska. What's the basis or justification for that?

MIKE RUTZ: I think it's just-- we know that there are some jobs that are, are in, in the \$50,000 to \$65,000 range that need filled. And we know that employers would want that, so I think we set that threshold lower. I, I do not expect that to be-- the average in Indiana's \$123,000. I expect Nebraska to behave the same way as Indiana.

HALLSTROM: Thank you.

JACOBSON: Other questions? Senator Hall-- Hardin.

HARDIN: I love the idea. I really do. And what does someone who's from here say when they go, wait a minute. I-- Jacobson won't give me a loan to do what I want to do. This is doing something I can't get as a Nebraskan. Do they move to Indiana? How does this work?

MIKE RUTZ: Well-- what do you mean? Like a Nebraskan--

HARDIN: Well, I mean, we're-- basically, you, you recruit people to move from one place to another place. And it looks like they're, they're kind of-- economically the kind of assets a community would love to welcome in. I'm just saying-- when a state partners with something like that, I can hear people saying, but wait a minute. What are you doing in the state of Nebraska for the people who are here that is similar to the kind of incentive this is?

MIKE RUTZ: Yes. Yes. So I, I guess what I would say is this, this is a way to actually reduce their tax, their tax burden, right, because you're growing the tax base and it pays for itself within two years. Right? So the folks that you're getting to move to the community are broadening the tax base, which means that you're going to be

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responsible for paying less to the state or the municipality. So it should lower the burden on you.

JACOBSON: Probably one of our biggest challenges right now is in Lexington, Nebraska, where we have basically 3,000 displaced workers that-- they need a place to go or they need a job to go to. They have the home. They're in schools. Their families are here. But we don't have a place for them to work that's within driving distance. And that-- I, I think it's all hands on deck seemingly right now. But-- again, I would agree with Senator Hardin. This is-- the concept of what you do is outstanding. And I think that we need to be able to look to that as we move into the future. But therein lies our problem is, right now, we have workers without the jobs in one location. And relocating them elsewhere in the state doesn't really help us because we have housing challenges everywhere. And, and all of a sudden, we're going to have a bunch of excess houses in Lexington if we don't find--

MIKE RUTZ: Yeah.

JACOBSON: --a place for them to work.

MIKE RUTZ: Well, one thing I do know, you know, in our work in Indiana and in several other states, site selectors use us actually for sort of like lead genera-- like, they go out and they look for communities that are actively doing something to grow their population and their workforce. So, you know, in, in our partnership in Indiana with the Indiana Economic Development Corporation, they've actually pulled us into meetings with companies that are contemplating opening up operations in Indiana. We have a database. We've had over 100,000 people apply to Indiana programs, so-- that, that basically say, I want to move to Indiana. So we look there-- and we have industry data, housing data, income data, all that-- family and household makeup data on all these folks. We know when they want to move, where the-- what they're interested in. And so when you put that in front of a company that's actually going like, hmm, I wonder if I-- if we should open up operations in this state. And you go, well, we got 100,000 people. Let's say you're a, you know, a defense industry. We got 100,000 people that applied to move to Indiana. 2,000 of them are actually in an adjacent industry to what you guys do. There's a good start. There's a good start for your pipeline of workers. Because that's the number one question that the companies ask when they're looking at moving. So it certainly supplements traditional economic development work.

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JACOBSON: Go ahead.

HARDIN: And so one of the things going through my mind is I'm chair of HHS, and so we're constantly looking-- we're only 5,400 RNs short.

MIKE RUTZ: Yes. Yep.

HARDIN: As an example. Would love to attract them. In fact, I give Senator von Gillern heartburn as chair of Revenue because I'll say, hey, if you want to incentivize people to come to your county or your town, why doesn't the town step up and say, hey, we'll pay your onerous property taxes for you for X number of years? Right? To get that doctor. To get that person that would-- this community needs one. How else are they gonna get one? What kind of incentives can they--

MIKE RUTZ: Well-- and the, and the interesting part about what, what we do is-- you know, we have a marketplace, right? You know, hundreds of thousands of people come to our site. There's 7 million people that move to a new state every year on average in the United States. If you're looking for RNs, a lot of-- there are tons of programs out there that incentivize RNs, but none of them know about it. Right? So we have a built-in audience where people are coming to the site specifically to look for a new place to live, and you can surface-- I mean, heck, I know in Indianapolis the hospitals are-- they're giving \$30,000 and \$40,000 signing bonuses to RNs. But none of, none of the RNs outside of Indiana or even outside of Indianapolis know about that. So this gives the, the-- a vehicle for the community and the employer to kind of team up and build a, build a recruiting model that actually ends up attracting folks.

HARDIN: Yeah. I like the idea.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony.

MIKE RUTZ: Thank you.

JACOBSON: Next proponent. Mr. Murante.

JOHN MURANTE: Chairman Jacobson. Let me be among the many to congratulate you on the, on the birth of your new grandchild.

JACOBSON: It's, it's been a, been a high the last several days, so that's good.

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JOHN MURANTE: I'm glad to be here during your high. So that's fantastic.

JACOBSON: I'm in a great mood.

JOHN MURANTE: So we're execing after this after. I, I understand. So thank you, Mr. Chairman. For the record, my name is John Murante, J-o-h-n M-u-r-a-n-t-e. Here in support of LB1152 and a registered lobbyist today for Keith County Area Development. Communities in rural Nebraska, including Ogallala in Keith County, continue to face long-term challenges related to population stability, workforce availability, and maintaining the local tax base needed to support schools, health care, infrastructure, and essential public services. While rural communities offer a high quality of life, strong community connections, and economic opportunity, we often lack the resources needed to compete nationally for new residents. For Keith County, attracting new households with established incomes would deliver immediate and long-term benefits. New residents help fill workforce gaps for existing employers, support local businesses, strengthen schools and health care providers, and contribute to the overall vitality of our community. Over time, these impacts help stabilize enrollment, expand consumer spending, and broaden the tax base in ways that benefit the entire region. LB1152 also sends an important message that rural Nebraska is open to growth and willing to invest in its future. By giving communities the flexibility to market themselves, offer targeted incentives, and measure outcomes, the bill helps rural areas proactively shape their economic future rather than react to population decline. Keith Car-- Area Development believes LB1152 will be a valuable addition to Nebraska's economic development toolkit and respectfully supports its advancement. We appreciate the Legislature continues focus on policies that strengthen rural communities and promote long-term economic stability-- sustainability across the state of Nebraska. Signed, Mary Wilson, Executive Director, Keith County Area Development. I also want to say f-- for the record before my time ex-- expires, I, I do want to get into a little bit ab-- about what this bill does not do. It is-- it does not-- the, the recipient of these grant funds is the local government. The applicant is the local government. There is nothing in this bill that obligates a local government to contract certainly with, with the, the vendor who was here today or any vendor. If they wanted to run this through their city administrator, they're free to do that. Really, this is a local control issue that allows dollars to be available at the local level to incentivize individuals to move to their localities in ways that they see fit. We understand that, that is going to be different from

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Ogallala to Ord and to, to Omaha. And so for that to-- for those reasons and others, we, we support LB1152 and encourage your advancement of the bill to General File.

JACOBSON: Thank you.

JOHN MURANTE: Happy to answer any questions.

JACOBSON: Questions? All right. Seeing none. Thank you for your testimony. Next proponent.

JENNIFER CREAGER: Chairman Jacobson, members of the committee. I'm Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, registered lobbyist for the Greater Omaha Chamber. I am expressing our support [INAUDIBLE] for LB1152, legislation that takes a proactive approach to talent attraction by co-funding relocation incentive programs aimed at bringing higher income households into the state. One of the key goals of the Greater Omaha Chamber has been brain gain, the idea that unless Nebraska can reverse the loss of mostly young, highly educated employees, then we will hit a ceiling on the growth of the region. To this point, at our annual meeting last week, the Chamber unveiled the findings of two major new reports: the Brain Drain and Perception study and the Future-Ready Workforce study. Together, the findings underscore defining reality for the region's next decade. Talent is a central economic challenge and opportunity facing greater Omaha. The reports found that Omaha was highly competitive in a number of areas such as strong livability and affordability, but its growth is at risk of stalling out if the region is unable to retain and attract young talent. Reversing brain jam will require a multifaceted approach, including efforts like 11-- LB1152, which provides communities with a flexible, performance-based tool to attract new residents by partni-- partnering with local governments and economic development organizations to co-fund relocation incentive programs. By prioritizing households relocating from outside Nebraska with established employment and income, the bill strengthens the state's tax base while directly addressing workforce gaps faced by employers across the region. Importantly, this bill empowers local communities to design programs that reflect their unique talent needs while requiring local investment and measurable outcomes to ensure accountability. This approach allows Nebraska to compete more effectively with peer states and regions that are already investing aggressively in talent attraction. As the data from our recent studies make clear, Nebraska's future economic growth depends on our ability to attract and retain people. LB1152 is a pragmatic, targeted strategy

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that complements broader workforce efforts and helps ensure communities across the state remain competitive for the talent needed to drive long-term growth. We're thankful for Senator Ballard's-- Ballard's efforts to attract new talent to the state. I think he's shown that he is able to think creatively in this space, and we really appreciate his leadership in that area. Thank you.

JACOBSON: Thank you. Questions? Senator Hallstrom.

HALLSTROM: Ms. Creager, I take it from your testimony that we've got workforce gaps that code for more jobs and less people. So we need to bring people into Nebraska to fill those jobs.

JENNIFER CREAGER: I think it's a-- it's both an attraction component and a retention component to fill those jobs, yes.

HALLSTROM: And if we bring more people in, would you also agree that we have a housing shortage?

JENNIFER CREAGER: Yes, I do.

HALLSTROM: And that we ought to do things to try and remedy that so we have a roof over the people's heads that we attract--

JENNIFER CREAGER: I absolutely think that and I think child care is another-- housing and child care are both equal components of the workforce challenge. And it's sort of chicken and egg, right? I mean, it's hard to figure out what to attack first, but I think all prongs of that have to be attacked.

HALLSTROM: Thank you.

JENNIFER CREAGER: Yes.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. I may bring this question back when Senator Ballard comes back. My question is this, does this program need to be limited in the interest of making sure that we make good investments of our \$18 million, that we limit it to cities-- not villages-- but cities between 5,000 and 15,000? Because those are the ones that we're most likely to succeed in.

JENNIFER CREAGER: I think that will probably be a good discussion for this committee. And I wouldn't probably give you any advice on how to

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do that other than understanding the fiscal realities of the year may require some compromises.

RIEPE: OK. Thank you. Thank you, Chairman.

JACOBSON: No other questions. Thank you for your testimony. And I'd ask for the next proponent. All right. Seeing none. Anyone wishing to speak as a opponent? Seeing none. How about a neutral testifier?

LYNN REX: Senator Jacobson, mem-- members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. And let me start by saying we think this is a great idea. We're-- we would respectfully request the committee to look at a different approach-- and I've just briefly had an opportunity to talk to Senator Ballard about this-- to maybe make it into an income tax credit instead of the way in which the bill is drafted. Unfortunately, the way the bill is drafted we think is unconstitutional on its face. I've handed out for you Article XIII, Section 3, which says the credit of the state shall never be given or loaned in aid of any individual, association, or corporation. And there's an exception there. And in fact, the Nebraska Legislature has used that exception to try to get doctors in, in certain parts of the state, so that-- for example, we've had cities that have basically helped get doctors into their communities. But this is the constitutional basis for this. Many of you, I think, on this committee are aware of tax [INAUDIBLE] financing, certainly Senator Jacobson. I'm going to refer you as the king of tax [INAUDIBLE] financing in the state of Nebraska. But if you look at Article VIII, Section 12, that's an exception to this constitutional prohibition. Many of you are familiar with LB840 plans. That's the local economic development plan. Of course, North Platte, many other communities, Fremont, others have an LB840 plan. Takes a vote of the people to make that happen. That basically is Article XIII, Section 2. That also is an exception to this constitutional prohibition. There are others. But to be sure, I think this is just a fantastic idea. The way that this could be done in the state of Nebraska is to structure it as an income tax credit. And the other suggestion I would have, respectfully, is to make it apply to all-- including villages. And that's-- to your point, Senator Riepe. I just wanted to kind of have you think outside the box a little bit with me on this. Because I look at, at a time when it was the village of Hickman, Nebraska. Hickman now is one of the fastest growing cities in the state of Nebraska. It's a city of the second class. Villages play a very important role throughout the state. We have 376 villages in the state of Nebraska of the 526 cities and villages across the state.

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So the role of many of them has been really important. Lots and lots of folks live in Denton, Nebraska, which is a village. And they work in Lincoln. And many of those folks-- and I just know through-- secondhand through my family that-- they make a whole lot more than \$50,000 a year. So all I'm suggesting is, is that this is a great idea to bring people into the state. If it was done as an income tax credit, you could do something constitutionally in that regard. And I just had a brief discussion with bond council before testifying about that very thing. So respectfully, I think this is a great way to try to incentivize. Many of you are very familiar-- and certainly the Revenue Committee is-- with the, the attraction for first responder-- and certainly Senator Wordekemper-- the First Responder Attraction and Retention Act, and that's done as basically income tax credits along the way as well. And the reason for that is for this very reason, just-- it's not a function of just basically saying if you come to Nebraska-- for example, Scottsbluff has had this issue-- you know, could the-- could they basically say in the front range if you are a police officer and you come to Scottsbluff, Nebraska, boy, we're going to do this, this, and this for you-- you can't do that. We have lost, unfortunately, city administrators, several of them, to the state of Colorado. And two or three of our very best ones went to the state of Colorado. And what happened in Colorado? They're-- they've got a different constitution. They're able to say to that city manager, administrator, we will basically pay your, your property tax payments over a period of years. There's a number of things we're gonna do for you. But they can do that because they don't have this constitutional pro-- prohibition. Background-- just to worry you for a moment-- it all came in because of years and years ago, the railroads and how railroads develop cities all across the state of Nebraska and villages. And there was concern about whether or not certain folks were basically benefiting from being on the railroad or an executive with the railroad. And this has been in our constitution, some form of this, since 1875. So with that, I'm happy to a-- answer any questions. We're happy to work with Senator Ballard on this and the committee. This is really a great idea. We just think there needs to be a different approach.

JACOBSON: Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Good to see you.

LYNN REX: Nice to see you.

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RIEPE: Thank you for being here. You noted, I think, Hickman as being a-- rapidly growing. Would you acknowledge that part of that might be its proximity to Lincoln?

LYNN REX: No question about that. No question. Location, location, location.

RIEPE: I think there's a significant a difference between proximity to urban areas. Like, Gretna's growing and Sarpy County's going to go on fire, according to Senator Holdcroft, as soon as they get the sewer done. So the proximity to, to more urban areas is a different case than-- significantly beyond Ogallala. I hate to pick on North Platte or anybody. Just out in-- it's a different culture. I, I, I just-- I guess I would ask you to resp--

LYNN REX: Well, let me give you another example.

RIEPE: Yeah, please do.

LYNN REX: There are folks living in Minatare, Nebraska. They're a vital part of the workforce in Scottsbluff.

RIEPE: Where?

LYNN REX: Minatare, which is out in western Nebraska in the Panhandle. I'm just saying that those villages, many times, the cost of living is significantly cheaper. And they can work there. Maybe they want to be there because they want their kids to go to that school system. That's happened before too. One of the reasons why Hickman grew as fast as it did was for that reason. But decades ago, Hickman was a very, very small community. And no question-- there is no question about it-- Waverly, Hickman-- but Denton. I mean, these are all communities that have benefited tremendously by being around Lincoln, Nebraska in the same way that there are smaller communities on-- throughout the state. Not all 376. There's no question about that either. Our villages, the population base, statutorily is 100 to 800 people. There are a number of villages with a population below 100. Some of you that-- if you've served and looked at some of the bills that came out of Government Committee and Urban Affairs Committee-- Senator Hughes had a bill in that basically would allow any village to go from five representatives on the village board to three. And that's because in Surprise, Nebraska, they only had 50 people and they couldn't get five people interested in serving on the village board. So in any event, just suggesting that villagers have an important role too-- not all 376

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perhaps with respect to this issue-- but they have an important role play. And so I hope that this committee really seriously looks at how to reinvent or reconfigure this bill so it's constitutional because I think it's a great idea. So we thank Senator Ballard for bringing it forward.

JACOBSON: Thank you for your testimony. Any further comments?

HALLSTROM: Did that come to you as a surprise?

LYNN REX: Excuse me?

HALLSTROM: Did that come to you as a surprise?

LYNN REX: It went right over my head, Senator.

JACOBSON: All right. Any other questions? Seeing none. Thank you for your testimony. Any other--

LYNN REX: Thank you.

JACOBSON: --testifiers in neutral capacity? All right. Seeing none. Senator Ballard, if you want to come back up. And I mentioned there were 0 proponent test-- letters, 1 opponent letter, 0 neutrals and no ADA testimony. You're welcome to close.

BALLARD: Thank you, Mr. Chairman. I'll be brief. I know you have a long day ahead of you still as well. I think the committee recognizes that we have an issue in Nebraska that we need to work to solve the fix. We need to grow our population, expand our tax base, and work to grow Nebraska. And this is just a tool in the toolbox for political subdivisions. Wish times were a little bit different and we could find some funding for this, but I think we need to put the framework in and then we will find a funding mechanism hopefully in, in years to come. I, I appreciate Ms. Rex for, for flagging this for us. I-- in brief research, I think other states have had the same concern. And there has been-- they passed this legislation and satisfied the constitutional concern. I think Georgia is one of them. And so wi-- willing to work with, with Ms. Rex and cities and counties to make sure it satisfies their concerns. With that, I'd be happy to answer any questions.

JACOBSON: Thank you. Questions for Senator Ballard? Yes, Senator von Gillern.

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von GILLERN: Yeah. Real quick. Love the, love the program. You know me, I love something that has a return on investment. How'd you arrive at \$18 million? Should've asked you that sooner.

BALLARD: 18.

von GILLERN: Isn't that, isn't that 18--

BALLARD: The fiscal note?

von GILLERN: Yes.

BALLARD: That's just what--

von GILLERN: 18.5.

BALLARD: That's just what Fiscal came back with. And that's what they thought the program would cost.

von GILLERN: OK.

BALLARD: So-- and I think the amendment gets rid of that concern.

von GILLERN: OK. So the, the true cost would be based on the number of utiliz-- the utilization of the program.

BALLARD: The true cost if we--

von GILLERN: --based on the grant per--

BALLARD: Yes. In my opinion, the true cost would be-- if the Legislature decided to fund it at \$5 million, that's what it would cost.

von GILLERN: All right. Thank you. Thank you for clarification.

BALLARD: Yes.

JACOBSON: Other questions? All right. Seeing none. Thank you--

BALLARD: Thank you.

JACOBSON: --for your testimony and bringing the bill. That concludes our hearing on LB1152. And we'll move to LB953 and Senator von Gillern. And I'll note our committee clerk change. So Julie Cash is our new committee clerk-- active committee clerk.

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von GILLERN: Well, good afternoon.

JACOBSON: Hey. Well, good afternoon. I'm so glad you could join us.

von GILLERN: Chair Jacobson. Yeah. We'll try and finish on a high note-- or, head you towards a high note here. All right. Good afternoon, Chair Jacobson and members of the Banking, Commerce and Insurance Committee. For the record, my name is Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I represent Legislative District 4 in Elkhorn and west Omaha. I'm appearing before you today to introduce LB953. LB953 would allow the state of Nebraska the tremendous opportunity to invest in a regional golf facility serving veterans, youth, and the community. Nebraska has been selected for a state-of-the-art golf facility in conjunction with the Professional Golfers Association, or the PGA. Nebraska beat out dozens of other states to land this project, making it the second loca-- only the second location for a facility like this in the country. In cooperation with the city of Omaha and the Nebraska PGA, a site's been selected near 192nd and West Dodge to create the region's first urban golf park, where everyone is welcome. The location is the city park, making this a true public benefit. While there's broad community benefit, veterans and youth are the significant winners in this project. Veterans will have a place to call home to begin or continue their journey through PGA HOPE, a rapidly growing veteran program. Let me share what one Nebraska veteran wrote to me. Just received this the other day. Thank you for introducing LB953 and for your support of initiatives that make a real difference in the lives of Nebraska's veterans. Like many veterans, I struggled with a loss of purpose, identity, and connection after leaving the military. Shortly after my wife and I moved to Nebraska, we experienced a heartbreaking loss of her father. During that time, we felt a deep sense of isolation and uncertainty about where we belonged. A fellow veteran introduced me to PGA HOPE, and it changed my life. This is what PGA HOPE does. In this facility, we'll expand access to this life-changing program for veterans across our region. The center will also expand on the ever-growing commitment the Nebraska PGA has to youth and junior golf programming. Through structured programs, coaching, and mentorship, young people will build confidence, discipline, and leadership skills. This project will feature the region's first urban golf park, including an 18-hole family-friendly putting course, a short golf course, a driving range, a coaching center, recreational areas for youth, lighting to maximize facility usage, and the new home of the Nebraska's PGA headquarters. LB953 seeks to expand Site and Building Fund grant eligibility to include this project. So there's no fiscal

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note. Second, if the state were to invest site and building funds in this project, its dollar should be the last in. LB953 specifically requires the project to be at least 80% funded and have official support from the city of Omaha and demonstrate proven programming for veterans, youth, and the community and secure a commitment from the PGA of America and Nebraska PGA. This project is expected to exceed \$50 million, meaning it's no small project, but one that'll have a positive impact on Nebraska and return to Nebraska fiscally. There are those behind me who can provide greater and more depth of information, especially concerning the project's more technical aspects and its unique benefit to Nebraskans. I'm sure that many of you have seen the emails rolling in from veterans urging support of LB953, and their voices tell the real story of what this might accomplish. I know I've raised some questions about where LB953 fits into the original vision for the Site and Building Development Fund. In 2011, the fu-- the program was established to assist in creating conditions favorable to meeting the industrial readiness of the state. Originally, this was construed relatively narrowly, but in-- but the years since have seen the Legislature-- and I think wisely-- grow more imaginative about how the Site and Building Fund might be leveraged to promote economic growth and development. For instance, grants to help convert defunct colleges in the 3rd Congressional District into facilities to help kids leaving foster care and juvenile court supervision with housing and employment. And in another cir-- instance, simply to add value to the cities of the second class partnering with the U.S. government to improve ground-based nuclear deterrence. Drawing back to the original purpose of the Site and Building Development Fund, I think we'd be remiss to conceive of industrial readiness solely in terms of buildings and physical infrastructure. Especially today, when en masse retirement of the baby boomers on the horizon and serious concern about a brain drain from Nebraska, we have to think in terms of workforce. Unique projects like the one LB953 seeks to assist will not only have the immediate effect of creating jobs but will also make Nebraska a more pleasant and lively place to live, helping to draw and retrain the-- retain the kind of talent required for Nebraska to thrive in the 21st century. With that, I respectfully ask your support and your yes on this unique economic development opportunity in Nebraska. And I'm happy to answer any questions.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you. I presume you'll stay for close.

von GILLERN: I'll hang around.

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JACOBSON: All right. That's good.

von GILLERN: Thank you.

JACOBSON: I'd ask for the first proponent testimony.

MARCO FLOREANI: Good afternoon, Chairman Jacobson, members of the Banking, Insurance and Commerce Committee. My name is Marco Floreani, and I serve as Deputy Chief of Staff for Economic Development for the city of Omaha in the mayor's office. I'm here to express our administration's strong and unequivocal support for LB953. This legislation enables the Nebraska PGA golf campus, which will be the Midwest's first one-of-a-kind golf park and the only-- the second in the nation. It is a critical investment in a new type of civic infrastructure for Omaha and the entire state. The design of this golf campus is state-of-the-art, particularly in its commitment to universal access. This is a highly visible, public-facing facility that will stand as a benchmark for inclusive golf programming and design in the region. We are proud that its full ADA compliance will be augmented by the availability of adaptive golf equipment, guaranteeing that the campus is truly access-- accessible and welcoming to every member of our community regardless of physical ability. The impact of LB953 is immediate and significant. In terms of economic development, it represents a significant capital investment. It brings a permanent headquarters and acts as a nationally recognized anchor for statewide golf tourism. For community development, it uses golf as a vehicle to serve and uplift supporting our veterans through PGA HOPE and building essential life skills like confidence, resilience in our youth, and mentorship and accessible programming. LB5-- or, LB953 is fiscally responsible. It does not appropriate funds but allows the project to be eligible for existing development fund dollars after significant private and local commitments are secured. The city of Omaha has proudly partnered with the Nebraska PGA to build this facility for all Nebraskans, and we are very appreciative of your support and consideration for this project. Thank you.

JACOBSON: Thank you. Questions? Senator Hallstrom.

HALLSTROM: I just had a quick question. Want-- from the emails that I got, it-- PGA campus, veterans, all those things, fantastic. But we talk about golf facilities and related infrastructure. What else could that be? I understand what the focus is, but is-- aren't those terms broader than a PGF-- PGA campus?

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MARCO FLOREANI: So are you-- just so I, I understand the question, are you asking for more information on the infrastructure elements of the project?

HALLSTROM: No, just-- couldn't that be something other than a PGA campus, given the breadth of the, of the land?

MARCO FLOREANI: Yes, I suppose it could be.

HALLSTROM: But there's no design or intent for it to be anything other than a PGA campus at this time?

MARCO FLOREANI: And a, a public park element to it as well. There's a, a lake near the, the proposed side that includes a boat ramp open to the public. That would be changed. Our partnership from a stity-- city standpoint is to invest in public improvements, roads, infrastructure upgrades to the site as well as the 30 acres associated with the park for this project.

HALLSTROM: OK. Thank you very much.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. Did you just say that the city of Omaha offers up 30 acres of land?

MARCO FLOREANI: Correct. That's why--

RIEPE: So is that their skin in the game, if you will?

MARCO FLOREANI: That and some of the public improvements-- between \$5 to \$7 million in public improvements as well.

RIEPE: OK. I don't know that-- I didn't see in here-- in the fiscal note what the total cost of the project was, but.

MARCO FLOREANI: I think-- all in, the valuation's between \$40 and \$50 million, I believe.

RIEPE: OK. Does this compliment anyway golf-- the golf one out at Westroads, the Topgolf?

MARCO FLOREANI: Oh, the-- well, this would be--

RIEPE: It's quite a ways on out, I think.

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MARCO FLOREANI: --focused on accessibility in terms of being welcoming to everybody and lowering the, the, the-- really the cost to, to introduce people to golf, so.

RIEPE: OK. Thank you, Chairman.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony.

MARCO FLOREANI: Thank you.

JACOBSON: Other proponent testimony.

DAVID HONNENS: Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is David Honnens, D-a-v-i-d H-o-n-n-e-n-s. And I'm here today to testify in support of the LB953 as the chief executive officer of the Nebraska Section of the Professional Golfers Association of America and also a member of the Nebraska Golf Alliance. I offer a letter of their support along with my testimony today. First, I'd like to thank Senator von Gillern for introducing LB953, which expands the criteria of eligible applicants under the Site and Building Development Fund administered by the Nebraska Department of Economic Development. This legislation does not designate a specific project for funding, rather it allows the Department of Economic Development to consider a broader range of public-serving projects that reflect how communities grow, connect, and thrive today. From others you will hear about the programmatic impact of our work and the amazing things that these people do at our-- this potential facility. My role today is to tee them up and to help paint a picture of what this project is, but, most importantly, who it is for. At its core, this proposed project is a public year-round park. With my testimony as an exhibit, I have provided a printout that will give you a visual concept of this park. It is a place designed for people across Nebraska to gather, learn, move and connect with friends, teammates, families, co-workers, and neighbors. While golf is the activity that brings people in, the experience is about access, enjoyment, and community. This is not a private club and it is not for elite golfers. It is a welcoming place where anyone can walk in and pick up a club for the first time and experience the game in a ra-- relaxed and inclusive environment. This project is intentionally designed to be open and accessible. Whether someone is a child trying golf for the first time, a high school team practicing together, a family looking for an affordable outdoor activity, veterans connecting through recreation, or someone who has never

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played at all, this park is for them. People from every part of Nebraska will be welcome. We have a dream that busses full of kids from across the state will come and enjoy this park and learning the game of golf. Hundreds of people, families, gathering for movie night on the practice putting green. Veterans from all over visiting so we may honor their service and sacrifice to our country. We want this to be a destination where visitors feel comfortable showing up as they are, no experience required. Golf in this environment becomes a tool for your constituents. It teaches patience, confidence, resilience, encourages physical activity and mental wellness. And most importantly, it creates shared experiences across generations and backgrounds. By placing golf in a park-like, community-centered setting, we lower the intimidation factor and open the door for participation-- people may not ever considered the game before. LB953 makes this vision possible by allowing projects to be eligible in consideration under the Site and Building Fund, projects that support year-round public use, workforce, and community development as well as quality of life. This project is about community access, recreation, education, lifelong learning, and connection across all ages. I respectfully ask for your support of LB953 as this park becomes a reality for Nebraskans across the state. I'm happy to answer any questions you may have.

JACOBSON: I guess I have one. I'm a little confused because it's really being billed as a, as a veterans project but yet veterans make up maybe a very small part of what you're trying to plan here. So am I wrong or--

DAVID HONNENS: It's a great question, Chairman. Ultimately, our foundation programming, one of the three pillars is veterans-- under a pillar. So we'll have youth, and then we have a very inclusionary program that has youth-based. So it's going to be a key component, but there are multiple more.

JACOBSON: I, I, I think that with the fi-- with the fiscal note or-- well, actually, the, the fiscal note is really more allowing access to this fund to be able to, to bring the matching dollars, but. I-- as we look at tight dollars and, and interest in all of-- the funding for various projects, I, I think veterans generally get a warm welcome here in Legislature and people are always looking for ways to help veterans. I-- I'm just a little nervous that the-- that this may-- is this going to attract veterans if it's [INAUDIBLE] up with, with a bunch of young kids playing golf?

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DAVID HONNENS: That's a great question. I think the programmatic nature, which will be talked about behind me from other folks, Senator, will be something that they'll be able to help explain further from that standpoint.

JACOBSON: Appreciate it. Other questions? Senator Wordekemper.

WORDEKEMPER: Thank you for being here. Is this modeled after other ones around the country? Are there other ones built somewhere?

DAVID HONNENS: Great question, Senator. Ultimately, there is one in the northern Texas PGA that have components of this, but ours is gonna be a lot bigger than the one in Texas, I promise you that.

WORDEKEMPER: Thank you.

JACOBSON: Senator Riepe.

RIEPE: Thank you, sir. Can you-- is this PG-- PGA of America, is that a 501(c)(3) tax exempt?

DAVID HONNENS: We are the Nebraska Section PGA. We're-- the foundation would be the primary lessee from the city of Omaha in the space. So it'd be Nebraska PGA REACH Foundation, which is a 501(c)(3).

RIEPE: OK. So it's a foundation that then [INAUDIBLE] over this. It's not-- this is not a 501. It's another one that-- a sister corporation?

DAVID HONNENS: I'm sorry. So--

RIEPE: [INAUDIBLE] function.

DAVID HONNENS: You bet. So for clarification, Senator: ultimately, in collaboration with the city of Omaha, the Nebraska PGA Foundation is the (c)(3) that is responsible for that entire property.

RIEPE: Do you think you'll get some philanthropy support?

DAVID HONNENS: That is our hope, sir.

RIEPE: OK. OK. Thank you, Chairman.

JACOBSON: All right. Other questions? If not, thank you for your testimony.

DAVID HONNENS: Senator, thank you.

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JACOBSON: Next proponent. Welcome. Go ahead.

AMBER BOGLE: Thank you. Good afternoon, Chairman Jacobson and members of the co-- the committee. My name is Amber Bogle, spelled A-m-b-e-r B-o-g-l-e. I'm the director of foundation programs for the Nebraska PGA. And I'm here to testify in support of LB953. With my testimony, I provided a copy of our 2025 impact report and a map that shows communities we serve across Nebraska, many within the districts represented on this committee, specifically by Senators Jacobson, Bostar, Dungan, Hardin, Riepe, von Gillern, and Senator Worde-- Wordekemper. In my role with the Nebraska PGA, I work directly with veterans across the state, men and women who have served honorably and who often carry burdens most of us will never understand. Many veterans tell me when their service ends, something else ends too. The structure, the camaraderie, then-- and the sense of belonging, which often leads to isolation, anxiety, and depression. That's where PGA HOPE, Helping Our Patriots Everywhere, comes in. On paper, PGA HOPE is free golf instruction taught by PGA professionals for veterans and active service members but is so much more than golf. I've watched veterans arrive at their first session quiet and guarded, unsure about even being there. But then something changes. I hear laughing. I see bonding. I can sense the healing that is occurring. Then I hear veterans say, this gave me a reason to get out of the house again. This gave me a place to belong. Sometimes I even hear, this program saved my life. The impact lasts well beyond the program. Veterans build confidence, regain mobility, form lasting friendships, and often rediscover purpose. The purpose portion-- this is deeply personal, personal to me because I am not only someone that works with PGA HOPE graduates. I am a PGA HOPE graduate myself. I served 12 years in the United States military. There was a time in my life where I was struggling with isolation and I believed, honestly, the only direction in my life was going down. I felt like I had lost my purpose, lost my hope. But through PGA HOPE, I found it again. Within the community, I've found connection, encouragement when I've had little confidence left, and then a renewed sense of purpose and passion. PGA HOPE gave me a reason to move forward. But our mission-- my mission extends beyond veterans through our Clubs for Youth program, where we serve female high school athletes from across the, across the state, introducing them to a game that builds confidence, leadership, and resiliency. We provide brand-new golf clubs, bags, and pushcarts. And then we also provide them with professional instruction through golf camps. And during those golf camps, I see firsthand some of them who doubt themselves, they begin to speak up, support one another, and

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gain a newfound confidence on and off the course. The bill is about helping create places where veterans can heal and young people can grow and communities can come together. Passing LB953 sends a clear message to people we serve and you serve: you matter, you belong, and that Nebraska is committed to you. Thank you for your time, your leadership, and your consideration. I'd be happy to answer any questions that you may have.

JACOBSON: Questions from the committee? Seeing none. Thank you for your testimony.

AMBER BOGLE: Thank you.

JACOBSON: Next proponent.

MATT SHANER: Good afternoon, Jaco-- or, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Matt Shaner, M-a-t-t S-h-a-n-e-r. I'm a PGA golf professional serving at Golf Fit USA in Kearney, Nebraska. And I'm here to testify to support LB953 on behalf of myself. As a PGA professional, my role goes far beyond teaching the game. I work with people of all ages and backgrounds. Through PGA REACH, I have had the privilege of, of being involved in programs, including PGA HOPE and Golf-N-Schools. These programs play unique roles, but they all share a common purpose: using the game of golf as a tool to bring people together and create opportunity. Each of these programs play, play-- or, through PGA HOPE, I have worked with veterans who are seeking connection, structure, and welcoming environment. As an in-- as an instructor, it is meaningful to see how consistent, supportive space allows veterans to engage, build trust, and rediscover confidence through the game. Instruction of PGA HOPE in-- is an honor for me to give back to-- my passion to these who have served or are serving right now. With Golf-N-Schools, golf is introduced in a way that is accessible, educational, and fun. This program allows students across Nebraska to be exposed to the game in the school setting, often for the very first time. Golf-N-Schools allows PGA professionals and P-- and PE teachers to introduce a life sport. And I am proud to have helped train and grow this program in 15 elementary schools across central and western Nebraska. From a PGA professional standpoint, programs like this depend on access to well-designed public spaces where instruction, mentorship, and collaboration can occur consistently. The proposed public park is an important-- is important not just for one city but the entire state of Nebraska. For golfers and families, it represents a welcoming place to learn, play, and gather. And for communities, it supports lifelong

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recreation with youth development and quality of life. For me, as a PGA golf professional, this property will help tell the story of what golf does for our communities and this state. LB953 helps make this possible by recognizing projects that serve the public and short-term, long-- or, short-, long-term community benefit. I respectfully ask that-- for your support in LB95-- LB953. And appreciate your time and consideration.

JACOBSON: Thank you. Questions? Seeing none. Thank you.

MATT SHANER: Thank you.

JACOBSON: Next proponent.

MADDISON SYKES: Hello. My name is Maddison Sykes, spelled M-a-d-d-i-s-o-n S-y-k-e-s. I'm here to testify in support of LB953 on behalf of myself. I am a junior at Gretna High School in Gretna. I've been golfing for about four years now, and I happened to make it to state this year, the wild card, and ended up getting seventh overall. I've taken lessons with PGA professional Paul Swirzinski at Elmwood Golf Course in Omaha through the PGA REACH programs. He's the one I like to give credit to. Over the years, golf has taught me a lot about myself and about life. It's taught me how to handle pressure, especially when every shot matters and people are watching. It's taught me patience because improvement doesn't happen overnight. And it's taught me discipline because you have to practice even when it's hard or frustrating. Golf has also given me confidence not just on the course but in school and in leadership roles with my teammates. There were times when I felt really discouraged, especially after bad rounds or when I feel like I wasn't improving fast enough. I remember thinking about quitting. But having coaches and teammates and programs like PGA REACH that believed in me kept me going. That support made me realize that golf wasn't just about scores. It was about learning to keep going and believing in myself. As a girl in golf, feeling welcomed and supported has been really important to me. Programs like PGA REACH and the coaches involved with them have helped me feel like I belong in this sport. That sense of belonging is what keeps students motivated and excited to stay involved. Having a year-round facility for training and programs would mean a lot to me and other students. It would give us a safe and welcoming place to learn, practice, and grow even outside of the traditional golf season. It would also give us access to coaches and mentors who would help us improve as athletes but as also people. I also think this kind of facility would help younger kids, boys and girls, discover golf and stay involved. It

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would be a place where teammates, friends, and families can come together and where students can build confidence, friendships, and important life skills. I support LB953 because it helps make sure youth programs like this can continue to grow and reach more students across Nebraska. This matters to students like me because these programs teach more than sports. They teach responsibility, perseverance, and leadership. It helps kids, families, and communities by creating positive environments where young people can learn, feel supported, and succeed. Thank you for listening and for supporting opportunities for students like me. I'm happy to answer any questions you have.

JACOBSON: Thank you for being here. Questions from the committee? Seeing none. Thank you for your testimony.

MADDISON SYKES: Thank you.

JACOBSON: And I'd ask for the next proponent. Hi.

DAWN NEUJAHN: Good afternoon, Chairman Jacobson and the members of the committee. My name is Dawn Neujahr, spelled D-a-w-n N-e-u-j-a-h-r. It is my honor to sit before you today to testify, to testify in support of LB953 on behalf of myself, a PGA professional located in Nebraska Section PGA. I've been a PGA professional for 29 years, holding several leadership roles along the way. In addition to being the immediate past president of the Nebraska Section, I currently serve as the at-large board member of the Professional Golfers Association of America, representing Nebraska and 30,000-plus PGA golf professionals at the highest level in our association. If passed, LB953 would expand the eligibility requirements for projects under the Site and Building Development Fund. Expanding eligibility would allow Nebraska to do some meaningful things for its citizens, creating a national model for how private-public partnership, nonprofit mission, economic development can work together to change lives. What makes us so unique is that we are building-- what we are building is truly one of one in the country. Across the United States, there are 41 sections of the PGA. Each does meaningful work, but no other section is developing a purpose-built, mission-driven property like this, designed from the ground up to serve youth, military veterans, and diverse communities under one roof. This facility will not simply support golf. It will increase access and amplify our impact. From the national perspective, this matters greatly. As you see, the mission of PGA REACH, our charitable foundation, is simple but powerful: to positively impact the lives of youth, military, and diverse populations by enabling

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access to PGA golf professionals in PGA sections and the game of golf. This facility will directly advance that mission. It will be a home for youth, many of whom have never had access to golf or a positive athletic mentor. It will serve our military veterans, including those participating in PGA HOPE, a program nationally recognizing for supporting mental health, connection, and healing of our veterans. It will also expand excess-- access for diverse populations, removing traditional barriers and creating a welcoming, inclusive environment where all people feel that they belong. From my role on the national board, I can tell you this: Nebraska is already respected, but, with this property, we will no doubt be the leader in this space. When this facility comes to life, it will be studied, replicated, and held up as a standard for how PGA sections can serve their communities with programming, excellence, and purpose. LB953 is about unlocking impact and, in this case, accessibility. It is about allowing Nebraska to invest in a facility that delivers measurable returns socially, economically, and nationally while positioning our state as an innovator and leader. As someone who has served this section and this state and the PGA of America at the national level, I can say with confidence there is nothing else like this in the country. Passing LB953, expanding the eligibility requirements for projects under the Site and Building Development Fund, ensures Nebraska doesn't miss this moment or this opportunity. Thank you for your time today and for your consideration. I hope that you vote to support LB953. And I'm happy to answer any questions.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you for being here and your testimony.

DAWN NEUJAHR: Thank you all.

JACOBSON: Next proponent.

JENNIFER CREAGER: Mr. Chairman, members of the committee, I am Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, a registered lobbyist for the Greater Omaha Chamber. Here today in support of LB953. I probably should also state that I'm a high school golf mom in light of the other testimony today. LB953 makes a narrow and targeted change to the Site and Building Development Fund by allowing eligibility for a specific type of public use recreational infrastructure-- in this case, the proposed PGA Urban Golf Park at 192nd and Dodge. Importantly, this bill does not appropriate funding, does not alter existing SBDF structure, and does not guarantee state participation. It simply allows the project to be considered alongside other eligible

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uses should the state choose to participate at a later date. From the Chamber's perspective, this project stands out because it is the result of a multiyear competitive site selection process, involving us, the city of Omaha, the Nebraska PGA, the PGA of America, and numerous community stakeholders. Omaha was selected over multiple competing locations nationwide, making this only the second facility of its kind in the country following the first location in Texas. Our economic development team at the Chamber views this project as more than a golf facility, as outlined in the case statement that you have. The proposed campus is a public park-based development that emphasizes youth programming, veteran services through PGA HOPE, as you've heard, workforce exposure, and broad community access. It is designed to be inclusive, ADA-accessible, and open to families and users who may not otherwise have access to the game of golf. From an economic development standpoint, comparable facilities have demonstrated the ability to serve as regional attractions and catalysts for surrounding activity. While LB953 is not an economic development mandate, it provides the state with the flexibility to consider a project that blends recreation, workforce exposure, veteran support, and community engagement within an existing, well-established program. Finally, we appreciate that LB953 includes clear guardrails. The bill requires local support, demonstrated programming for youth and veterans, commitments from nationally and state-accredited golf organizations, and significant nonstate funding before any state participation could occur. These provisions ensure that if the state were ever asked to invest, it would be a last dollar in, not the first. These clear guardrails protect the SBDF to ensure that this use is truly for the type of site that anchors an economic development project. For these reasons, the Chamber supports LB953 and respectfully encourages the committee to advance the bill. Thank you.

JACOBSON: Questions from the committee? I've, I've got a quick one. Where was the original source of funding, and where does the funding come from for the Site and Building Development Fund?

JENNIFER CREAGER: It is-- comes from the doc stamp. It's a portion of the documentary stamp. It-- it's the only economic development program within the department that has a continuously self-funded portion. Over the years, the Legislature has-- in times of good, the Appropriations Committee has just put some large sums, like, \$10 million at a time, and they've kind of spent down-- spent it down until such case that they feel that they need to kind of seed it with

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something. But-- so it has an ongoing funding source, but it's also received some kind of one-time appropriations every five to six years.

JACOBSON: Great. Thank you. Other questions? Seeing none. Thank you for your testimony. And I ask for any other proponents.

LYNN REX: Senator Jacobson, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x. Representing the League of Nebraska Municipalities. We're just here in strong support of this bill. We appreciate Senator von Gillern introducing it. From what we know, it's a-- just going to be an, an exceptional-- not just project, but-- not just for the state of Nebraska but the surrounding area. And so we really appreciate your effort in trying to get this bill out of committee and passed this year. With that, I'm happy to answer any questions that you might have.

JACOBSON: OK. Thanks for being brief. Questions? All right. If not--

LYNN REX: Thank you.

JACOBSON: --thank you very much. Other proponent testimony? Proponents? If not, anyone wishing to speak in opposition? If not, any neutral testifiers? All right. With that said, Senator von Gillern, as you make your way back, we had 6 proponent letters, 4 opponent letters, 0 neutral letters and zero ADA testimony.

von GILLERN: Thank--

JACOBSON: With that, you're welcome to close.

von GILLERN: Thank you, Chair Jacobson and members of the committee. I think we're at risk at over-loving this. I, I want to appreciate the-- appreciate the proponents and the stories that they told because I could not have adequately told those. The, the handout-- and I know we're not supposed to use props, so I won't use props. But I'll just read the other side of this piece of paper while I hold it up, but. This-- that's about eight pages in in one of the handouts here. This is what got me to sit in front of you today. When, when they first approached me to make this pitch, I'm like, you got to be kidding me. We got a huge deficit and we want to try and find state money to do-- to build a golf facility and-- well-- I know when people think of golf, they, they envision people like me, old, fat white guys out on a course wearing, you know, shorts and polo shirts tucked in too tight and all those kinds of things, shooting 110-- which isn't too far off. But, but that's-- if you look through this brochure, that's not what

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you see. And, and again, the veterans element of this is what really hit me. Many of you know my son served in the Marine Corps. He was in A-- Iraq and Afghanistan. And when he came back, one of the very few things that he would do that took him to a happy place was to play golf and-- so he did that. He lived in Virginia for a number of years and now lives in Omaha. And we're able to play golf every now and then. And I did learn that he didn't know how to keep score very well, so I had to-- I had to-- I had to break his heart on that on how to, how to keep track of his strokes a little bit more accurately, but, but again, it wa-- it was a great-- it was a great therapy for him. Many of you know that the suicide rate among veterans is, is, is just incredibly high. It's-- I think today it stands at about 17 per day. And anything we can do for, for veterans to build a safe place for them and build a sense of community has my heart. So all that this bill does is allow for this facility to be considered for a grant to go before the DED and, and, and make their pitch. And again, as, as several of the testifiers mentioned, it's last dollar in, so. We're not asking for money. We're asking for a chance to, to, to make a pitch to, to have access to some of those funds. So with that, I'll stop talking. We're getting late in the evening. If a-- anybody has any questions, I'd be happy to take them.

JACOBSON: Senator Hallstrom.

HALLSTROM: Yeah. I just wanted to thank you for bringing the bill. We got some wonderful emails from veterans.

von GILLERN: Yeah.

HALLSTROM: And if you are shooting 110, I'm sure the PGA can give you some lessons for--

von GILLERN: Well, I, I, I really wanted to see if, if Maddison would give me lessons in golf and public speaking. So we'll, we'll see if we can get some--

HALLSTROM: She exhibited confidence.

JACOBSON: Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. To echo the same thing, thank you, Senator von Gillern. I actually love golf. I'm terrible at it. 110 would be a great day for me. Hitting the ball is great for me, honestly. The only thing I would just ask-- and this i-- you can say no. You-- we can talk about it later. The only opposition that I seem

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to have seen in this-- well, pertains to the use of the fund, but that's a separate conversation. But there's, there's some-- people have brought up multiple times-- and this is going to sound kind of out of the blue-- but the environmental impact of golf courses.

von GILLERN: Yeah.

DUNGAN: I-- we have great golf courses in my district. I'm very supportive of those. Would you be open to a conversation about having the applicant also submit some sort of impact that they would perceive this having? Because I really appreciate in the plan there's the whole aspect in here about wetland, right? Wetland to remain, wetland to remain, future boat ramp. It seems like they're really trying to incorporate the local area.

von GILLERN: Are you familiar at all with the area, area this would go? It's out by Youngman Park or Youngman Lake.

DUNGAN: I've been by it. Yeah. I don't-- I'm not super familiar, but.

von GILLERN: If you know where the, the Methodist Women's Hospital is, it-- it's just west of there. It is on a former wetland. There are areas that would be-- that continue to be preserved. The one thing that I do know-- because I've, I've golfed all of my life. I-- again, I, I still can't get my handicap down, but, but I've golfed for just about all my life. And I do know that the current science around golf is very different than it was even 10 or especially 20 years ago. 20 years ago, you dumped as much nitrogen on as you could get. And everything looked great. And it all ran into the waterways. And today, the environmental impact is absolutely considered by the golf course managers and, and what happens with that. I know they're, they're much more in tune to retaining water on site. This particular site, again, has a-- it's right up against the Papio Creek. If you really want to get personal about it, my house is about a quarter mile east of here on-- and we back up to the Papio Creek, so I really don't want stuff floating down there that, that isn't good, so. No, the-- I think the science around golf courses and how they manage them, how they fertilize them, how they-- pesticides and those kinds of things is very, very different than it's been in recent years.

DUNGAN: Yeah. And I would completely agree with that. I just didn't know if that's information that's already available to the folks who are talking about applying for this kind of grant, if they would be

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willing to maybe part-- make that part of their proposal to alleviate concern.

VON GILLERN: My friends at the PGA will flood you with information, so. Senator Dungan's email address is on the website.

DUNGAN: Thank you, though. I appreciate it.

VON GILLERN: Yeah. Thank you.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. Is this part of the Good Life District [INAUDIBLE]?

VON GILLERN: No, and thank you for asking. No.

RIEPE: Also--

VON GILLERN: You can see it from there, though.

RIEPE: Oh, OK. As I look at this, I-- will there be a clubhouse here? I'm just thinking for-- sometimes the networking and something like that. You almost need-- I'm not saying a, a lounge.

VON GILLERN: No. My understanding is that the facilities are pretty modest and they're there to serve the, the, the needs of the golfer. It's-- I don't-- my understanding is that there's not an intent for this-- for a place for people to, to make their second home. If those of you remember that scene from Caddyshack--

RIEPE: A hangout? OK. Thank you.

VON GILLERN: --so-- where the judge walked through and said, don't you people have homes to go to? So.

RIEPE: Thank you, Chairman.

JACOBSON: Other questions? All right. Seeing none.

VON GILLERN: Great. Thanks so much. Appreciate you.

JACOBSON: This closes our hearing on LB953. And next up will be LB999. Senator Spivey, you were one bill too early to hit the thousand mark. So it's LB999. I'm just saying-- I'm mak-- I'm making fun of your bill number.

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SPIVEY: Oh yeah. I was like, wait, am I not supposed to be here? Where am I?

JACOBSON: LB999.

SPIVEY: Yeah. Almost.

JACOBSON: I guess that's better than 666, but.

SPIVEY: Yeah. I would definitely make them change that.

von GILLERN: Withdraw and resubmit.

JACOBSON: Turn it upside down.

SPIVEY: Yeah. My mom was very reluctant, so I do that now. If I get, like, a receipt that has it, you know, with the-- I'm like, can I just add something else so I don't have to-- so. Well, thank you, Chair Jacobson and members of the Banking, Insurance and Commerce Committee. I'm Ashlei Spivey, A-s-h-l-e-i S-p-i-v-e-y. Representing District 13 in northeast and northwest Omaha-- the best district, that I might add. And I've been excited to spend a lot of time with y'all this week. I think this is maybe my third appearance, and so I will try not to bore you and keep you long. I know it's getting late into the evening. So at-- in, in my time in front of your committee, I've brought a lot of economic development policy. I've talked to Chairman Jacobson about this, Senator von Gillern. My goal is to really think about economic development through a public health lens and how we can be more intentional about it as a state as we bring things forward. And so this is a-- another piece of that. So with the LB999, this would create a business and innovation startup commission. And this is not your typical economic development type of work. This is really around entrepreneurship, startups, and innovation across Nebraska. There was a lot of work done in LR239 in 2018 that looked at economic development more so in the traditional sense but talked about the opportunity for startups and how do we think about new products to market, especially with our other industries around agriculture, with the university having the medical opportunities there, that we can have med tech, we can have ag tech, and how do we think about that from an, an entrepreneur perspective. In my prior life, I worked at Kauffman Foundation, which is the largest foundation-- private foundation in the U.S. that supported entrepreneurship and innovation. I was a program officer there and had a four-state reg-- region, about a \$60 million portfolio. And I got to travel around and invest in

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these types of ecosystems. What are they doing in the Midwest? What are they doing in the market? And coming out of that career and into this seat, I found that our ecosystem is still fragmented and that there is a lot of opportunity for us to better create cohesion around how do we think about entrepreneurship, how do we think about innovation, and really leaning with the experts in the field. I think we each-- and even the folks on this committee bring in expertise to that industry, but we're not in it day-to-day in the same way. And so this commission would be an opportunity to have industry experts help to really guide and shape that ecosystem, especially as we are seeing shifts in Department of Economic Development and what their role is and maybe some misalignment from what people on the ground are hoping to see. And so the state has looked at entrepreneurship and innovation. Previously, inmate investments-- on your synopsis document, I have some of those investments listed. Think Invest Nebraska that's doing venture capital. We have the Business and Innovation Act, which the Governor is putting more dollars into. Think about Nebraska Extension and how they are, are marrying and thinking about agriculture with entrepreneurship and new products to market. And so the state has made a commitment to this in a-- in various ways. And for me, the opportunity is to think more comprehensively. I think it was last year-- Chairman, we-- you and I talked, I think-- I can't remember what bill I had-- and we talked about, you know, somebody's doing something over here, someone's doing something over here, and how can we be comprehensive, intentional, and make that approach, and this is a step towards that. There isn't a fiscal note this year. There are other commissions that are created that don't have an associated budget to really start to do planning and to think about it. And so this commission, I'm taking the same approach. How do we get folks appointed that are, again, on the ground, know the work, and can say, as a commission and the opportunities in front of us, this is what we want to do, this is the strategy. And then if there's any fiscal impacts or things that come later, then we will need to have that intentional conversation, knowing that resources are always finite. And so right now, there may be potential-- a fiscal impact in the future, but there is not one at this time. So with that, I would be happy to answer any questions that you have and can-- appreciate your consideration around LB999.

JACOBSON: Questions? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here, Senator Spivey. It's been great to have you multiple times in Banking Committee. Just to address the fiscal note briefly because I think you

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might be able to explain one of the questions on there. At the end, it says LB999 does not specify whether the Business Innovation and Startup Commission is to be a new state agency or whether it's to be special purpose commission. Is the intention of this to create a whole new state agency?

SPIVEY: No, it is not. So it is a, a special purpose commission and-- an example of a commission that doesn't have a fiscal impact and budget in the same way is the Foster Care Review Committee. So think-- those folks are appointed. They're all volunteers. And as they were developed, they use cash funds based on some of their deliverables and stra-- and strategy that then fund what they do versus having a state appropriation. So the idea would-- behind this would be, it would be a special committee. These industry experts would be appointed. They would assess the, the landscape, what needs to happen. And then if it comes to, like, hey, we need an appropriation or we don't, then the Legislature can take it up at that time.

DUNGAN: And that's what I assumed. I just wanted to make sure that was clear on the record. And then the one question they have on there is whether or not it would exist within an-- which existing agency it would be housed under. Do you have an idea of which agency this would be housed under, or would you be open to whichever would make the most sense?

SPIVEY: Yeah. I think it depends on the structure of the commission. So some commissions are housed under agencies. For example, you see the push with the Tourism Commission to go under DED, but they originally were separate. And so I think that-- to me, the opportunity is that this is a, a quasi-commission that kind of works like some of our population-specific commissions, where they have appointed folks, they're working together. And then-- again, there's not a strategy set with this. If it makes sense to move it under a DED or somewhere else, it could. I, I think we need intentional conversation about that. I, I do have an LR300, which was heard in front of Exec, that creates an ad hoc committee for state senators to address economic development. And so this is kind of, again, a comprehensive approach. These things are going to different committees, so it's a little bit harder for folks to hear it all at once. But as the state policymakers, I think we have a stake in how we're thinking about economic development, entrepreneurship, and innovation. And also, again, we're not the experts on the-- in the day-to-day in the same way. And so this commission would allow for some, hopefully, synergies in that from the policymaking side and then the folks on the ground that say, this is

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what we need to do, because I, I do have some inquiry and concern around where our economic development agencies are going at this point in time and, and the resiliency of our economy.

DUNGAN: Got it. Thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. I'm trying to connect some of the dots. Does this relate to the business community or business park that's being developed there in the north Omaha community?

SPIVEY: It does not.

RIEPE: It is separate and apart from that?

SPIVEY: Yep, it's separate and apart from that.

RIEPE: And it's a statewide as opposed to--

SPIVEY: Absolutely. That's correct, Senator.

RIEPE: OK. That clarifies it. Thank you.

SPIVEY: Yeah. Absolutely.

RIEPE: Thank you for being here.

JACOBSON: Senator von Gillern.

SPIVEY: Of course.

RIEPE: [INAUDIBLE].

von GILLERN: Thank you, Senator Spivey. I'm just-- I'm re-- we-- we're all reading through quickly, trying to get caught up. I love the part-- page 4, lines 12. And I'll just-- review and assess existing state programs and policy related to economic development, innovation, and entrepreneurship in order to align state economic development incentives. That's something that-- and-- apparently you and Senator Jacobson had talked about. I remember Senator Linehan two years ago said, we've got all these child care programs, but we don't know if they're all linked together and-- so she did an LR on that. And then we've done LRs on some other things. This almost feels more like an LR, like you're going to-- you're, you're starting this group to-- or, you're, you're for-- formulating the commission. I'm, I'm not finding

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necessarily the link to the grants within the language of the bill. I see where you say you, you, you start a fund. And forgive me if I'm just not seeing it. I'm just not seeing a lot about grants or how they would be awarded or--

SPIVEY: Yeah. So I put in the language of all the possibilities that the commission could do without it being mandatory. And so from the commission side, I do have an LR300 from a policymaking that does some of the things that you named. And so that's what kind of we talked about-- I asked, would you be considerate sitting on it? I talked to Senator Jacobson about that, Senator Ibach of-- we all bring different perspective across the state around what we want to see for economic development. And I think we should have some intention. So kind of to what Senator-- former Senator Linehan did. I have that on the policy side for policymakers. This is saying-- and if you look at some of the folks that I have recommended to be appointed, these are folks that are doing venture capital. These are folks that are working, like, at a UNITEC through the university. Like, they are thinking about new innovations to market and how do we really address our ecosystem, and it gives them potential to look at existing grant programs. There's a lot of fed money that can come in that they can coordinate with state entities. And so this is saying that they don't have to do it. They would first get a, a better grasp on the landscape, and then they have the opportunity too.

von GILLERN: OK.

SPIVEY: And so that's kind of how I try to write it, for our future.

von GILLERN: And we can talk more offline. Obviously, this is teeing up something that could be bigger later, so.

SPIVEY: For sure.

von GILLERN: OK. Thank you.

SPIVEY: Yeah. Thank you for your question, Senator.

von GILLERN: Yep.

JACOBSON: Other questions? All right. Seeing none. Thank you.

SPIVEY: Thank you.

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JACOBSON: You're going to stick-- I, I, I presume it won't be a long time. So you're going to be around here for close or--

SPIVEY: Of course. I would miss it to hang out with y'all. I mean--

JACOBSON: I didn't think you would. I just--

SPIVEY: Absolutely not.

JACOBSON: --thought that I'd check.

SPIVEY: All right. Thank you, Chairman.

JACOBSON: Thank you. Proponents. How are you?

STEPHEN OSBERG: Hi. Great. How are you?

JACOBSON: Great.

STEPHEN OSBERG: Chairman Jacobson, members of the committee, I'm Stephen Osberg, S-t-e-p-h-e-n O-s-b-e-r-g. I'm ves-- vice president of Paul G. Smith Associates. And I'm testifying today on behalf of Open Range in support of LB999. Open Range is a nonprofit dedicated to strengthening Nebraska's startup ecosystem by fostering collaboration and connecting founders to capital par-- capital partners and the strategic support needed to build scalable companies here in our state. Before we founded Open Range, we traveled the country to study the ways different places support entrepreneurship. Through those travels, I've seen that strong economies are not accidental. Rather, they are shaped by strategy, discipline, and sustained public-private alignment. Nebraska has many of the right ingredients: talented entrepreneurs, a base level of venture capital, emerging innovation hubs, and communities wanting to compete. What we have lacked is a consistent statewide framework to fully connect and leverage these strengths. LB999 provides a part of that framework. Creation of the Business Innovation and Startup Commission is a great next step. It reflects the disciplined structure successful economies to rely on: cross-sector leadership, rural and urban representation, transparent reporting, and measurable outcomes. At its core, this bill is about economic competitiveness and responsible stewardship. Nebraska already invests in entrepreneurship through multiple programs and partners. But without coordination, even strong efforts deliver reduced impact. LB999 helps align those efforts, focuses attention on the barriers that most directly affect business formation and capital access, and ensures resources work harder for the state. Across the country, peer

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regions are moving aggressively to attract founders, investment capital, and high-growth industries. Talent is mobile, capital is selective, and companies choose communities that demonstrate coordination and commitment. In short, states that organize around innovation compete. States that don't are left trying to explain while their talent keeps leaving. On behalf of Open Range, we thank Senator Spivey for introducing this bill and respectfully urge the committee to advance it. Open Range stands ready to collaborate with the Business Innovation and Startup Commission once established. Thank you for your time and consideration.

JACOBSON: Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Is Open Range-- is that a not-for-profit or is--

STEPHEN OSBERG: It sure is. It-- it's a 501(c)(3).

RIEPE: 501(c)(3). OK. Based in--

STEPHEN OSBERG: Based in Omaha. Focused on Omaha and Lincoln.

RIEPE: Oh. OK. Thank you. Thank you, Chairman.

JACOBSON: Other questions? Seeing none. Thank you for your testimony.

STEPHEN OSBERG: Thank you.

JACOBSON: I ask for other proponent testimony.

JENNIFER CREAGER: Mr. Chairman, members of the committee, I still am Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r. I'm a registered lobbyist for the Greater Omaha Chamber. I appear in support on behalf of the Omaha Chamber today. On this bill, I'm also authorized to speak in support on behalf of the Lincoln Chamber of Commerce, the Nebraska Chamber of Commerce and Industry, as well as Tech Nebraska, which is an initiative under the State Chamber that represents Nebraska's technology and innovation sector. I'd like to thank Senator Spivey for introducing LB999, legislation that establishes the Business Innovation and Startup Commission. Creation of a statewide innovation and startup entity will help coordinate programs, identify gaps for Nebraska startups, and help scale ideas that are working statewide. Omaha and Nebraska more broadly benefit from a growing network of entrepreneurs, startups, and innovative small businesses that drive job creation, attract investment, and strengthen our long-term

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economic competitiveness. While Nebraska's made meaningful progress in supporting innovation, our ecosystem-- as testified earlier-- remains fragmented across regions, sectors, and programs. LB999 provides a thoughtful framework to better align these efforts and ensure that entrepreneurs across the state can access the capital, technical assistance, and commercialization resources they need to succeed. This model has successfully worked in other states, notably in Ohio, the Ohio Third Frontier Commission, Mass Tech in Massachusetts, and the Nevada Office of Entrepreneurship in Nevada. These states have found that, by creating a front door for innovation, it is easier to connect existing programs and assist with business innovation and startup success. While a future pay-for needs to be identified, LB999 creates the infrastructure necessary for this future endeavor to be successful. The membership structure that includes both leaders of state innovation hubs and practitioners of economic development allows for cross-sector collaboration. Additionally, the duties of the commission focused on coordination, evaluation of existing programs, and evidence-based recommendations create a discipline structure that ensures future investments are strategic, measurable, and aligned with statewide economic development goals. For these reasons, the business community supports LB999 and looks forward to continued collaboration on policies that strengthen entrepreneurship and business innovation across the state. Thank you.

JACOBSON: Questions? Seeing none. Thank you for your testimony. Other proponent testimony.

SCOTT HENDERSON: Good afternoon. This is the testimony you've been waiting for since 1:30. How about that? My name's Scott Henderson, S-c-o-t-t H-e-n-d-e-r-s-o-n. I've got written-- a version of this oral, acoustic version. Basically, I serve as the managing principle of the NMotion powered by Gener8tor Startup Accelerator. And I'm testifying in support of LB999, which is, if you think about innovation in startups, I think of ins-- Insurance and Banking Committee is the right place for this one, because it's, it's the right balance between this disruptive stuff we've been talking about all day.

JACOBSON: Did you leave off "Commerce?"

SCOTT HENDERSON: What's that?

JACOBSON: Did you leave off the "Commerce?"

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SCOTT HENDERSON: I, I was-- commerce is a-- obvious, but the insurance and banking is not. If there's only one thing you take away from this testimony, it's these two sentences: the grass is always greener where you water it and helping Nebraska startups is a strategic investment that creates a more vibrant economy, more high-paying jobs for Nebraska workers, and a greater diversity of future tax revenues. I'm a sixth-generation Nebraskan with roots-- I'm in family roots that go from Omaha to Lincoln to Scribner to Chadron. And in 2-- in 2000, I left the state for greater opportunities. I ended up working in inves-- investing and mentoring early-stage startups in Indiana, Atlanta, and Boston and moved back in 2020 because of the investments that were being made through the Business Innovation Act and the private-public partnerships that created an environment that was very conducive to investments. So the fi-- for the past five and a half years, I've run the NMotion Startup Accelerator and have invested \$5.6 million in high-growth startups from the funds that we raised from private sector individuals as well as our co-investor, Invest Nebraska. And we have startups that we've helped in Wellfleet, Kearney, Aurora, Hastings, Lincoln, and Omaha. Six years ago-- basically, I, I came here to run that program, and, and-- but it was started in 2013. And I'm going to gain-- get to the-- I'll let you read the rest of that stuff. But basically, I work for a company called Gener8tor that's out of Wisconsin, and we came here because of the investments that the state was making on private-public partnerships. And what this LB99 [SIC: LB999] will do is going to give a strategic approach to economic development. We work in 44 communities across the state, mostly the South, the Midwest, and the Great Plains, and now in five countries out-- outside of the U.S. And I can tell you LB999 will give us the stra-- strategic approach that cities and states and regions across this country that are breaking apart from the pack are doing. What, what Senator Spivey has done is set a framework that will allow us to have a more strategic, intentional approach to ac-- the-- you know supporting the innovation of startups. Just think about the questions that you guys were asking earlier today. Wouldn't it be great to have this network of expertise already in-house to ask, is this the right thing to do or not? That's what LB99 will do-- LB999 will do.

JACOBSON: Thank you. Thanks for being here. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. You've been here since 1:30, so I'm going to ask you at least eight questions.

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SCOTT HENDERSON: Please. Thank you.

DUNGAN: So you've obviously worked in other places other than Nebraska-- Atlanta, Indiana, Boston. You say you currently are operating in other areas. In what ways do you think this bill will help make us more competitive on the national stage with regards to that investment? Because it sounds like we've already been doing quite a bit in different tranches with regards to investment for entrepreneurs and startups. But how, how do you think that this sort of hub, for all intents and purposes, can help make us more competitive?

SCOTT HENDERSON: Well, it's going to allow us to have a more strategic, more coordinated, and I think more effective approach because it's gonna con-- see the whole picture. As you-- you appr-- appreciate-- in, in this one committee between Insurance, Commerce and Banking-- or Banking and Commerce, Insurance Committee, you only see a fragment of the whole pictures. And I think with this-- the membership of-- that's been li-- listed in the, in the bill is pulling the right people in, people who are in the trenches. I've worked with over 110 founders in the last five and a half years. I know the, the mindset and the, and the troubles and the, and the friction they're having. And I'm not the only person that's in the field. There's other people like myself who are-- private sector, Senator Riepe, that have come forward, have worked with the public sector. And-- but there's not a statewide conversation happening on a quarterly basis, monthly basis that brings all those folks together and gives them that framework. So what, what we have seen work in other states-- sa-- state of Oklahoma just announced that they-- a chief entrepreneurial officer. They're part of the Right to-- Right to Start movement that's be-- got popping up thanks to Victor Hwang, who has served with Senator Spivey at the, the Kauffman Foundation. Doing good things in Nevada. And Nevada is, is, is establishing themselves as a voice and a state that's setting the right tone because they're taking strategic approaches. Indiana. Indiana's a great example of having set the stage for how do you-- how do you go from the rust belt to the innovation economy, and they've done it very well. And I think they've been very in-- intentional and very strategic in thinking across the state with the right people at the table. You have to have the-- yeah, the, the table set and getting the right people at the table.

DUNGAN: Got it. Thank you so much. Appreciate you being here and sharing your expertise.

SCOTT HENDERSON: My pleasure.

JACOBSON: Other questions? Seeing none. Thank you for your testimony.

SCOTT HENDERSON: My pleasure.

JACOBSON: Any other proponent testimony? Seeing none. Anyone wish to speak in opposition to the bill? If not, any neutral testifiers? All right. If not, Senator Spivey, as you come back for your close-- your, your anticipated close-- strongly anticipated close, 1 proponent letter, 1 opponent letter, 0 neutral testifier and no--

SPIVEY: Who sent that opposition, Chair Jacobson?

JACOBSON: --no-- there was, there was no ADA testimony either, just so you know.

SPIVEY: Wow. Well, thank you, Chair and members of the committee. And I appreciate the testifiers coming. And just kind of a point of reference with the Right to Start, I actually had a bill in front of you all last year that looked at the Right to Start program and just some of the incentives and stuff that they're doing. And so-- I mean, y'all are hearing these types of bills all day. Y'all are in the thick of it. And I appreciate the conversations I've been able to have with each of you off the mic, on the floor, and then in committee hearings as well. It's just the opportunity in front of us. I think my district is really particular. And of course I want to actualize economic opportunity for the folks there. And just like I have qualified census tracts and these other things-- Chair Jacobson, we talked about, that you have those in, in your backyard. And so how can we create a strategy and approach that allows for all Nebraskans to actualize some of our economic goals that we have that are really around sustainability, which is my concern. I think the decisions that we make now and what we're seeing in front of us and building a resilient economy is really important. And so the bills that we're bringing this biennium and, and-- again, with these major things that have happened, like Tyson leaving and, and all of this other stuff, like, we really need to take an intentional approach. And so I appreciate each of you sitting in that with me and thinking through it. And I'm, I'm hopeful that we can find a path forward through one of these bills that I have in front of your committee to start to address that. And I appreciate, again, your consideration and time today and would be happy to answer any questions as we wrap.

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JACOBSON: Thank you. For what it's worth, I am familiar with the startup that is down at Wellfleet, Nebraska, which is just south of North Platte. Not some place you'd expect a startup to occur, but, but they're, they're-- the, the-- Senator-- or, Lynn Rex has left. She testified earlier. But that's one of those village situations, where-- they may have two paved streets in Wellfleet. I'm not sure. But the highway is one of them.

SPIVEY: And now they have the startup.

JACOBSON: So-- anyhow. Questions? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Just quickly, did you have a chance to look at the online testimony prior to today?

SPIVEY: Yes. It's in my binder.

DUNGAN: That's OK.

SPIVEY: I have a bazillion things in my mind. Yes.

DUNGAN: No, that's OK. I can summarize it. The only opposition letter that you got was about whether or not this would cost taxpayer dollars.

SPIVEY: Cost tax money. Yeah.

DUNGAN: So just to clarify, you don't think that if we passed this it would have any cost associated with it?

SPIVEY: Nope, it would not have any cost at this time. So yes. Thank you, Senator Dungan.

DUNGAN: Just to address the lingering opposition.

SPIVEY: I appreciate that. I appreciate you naming that for me. Thank you, Senator.

DUNGAN: Thanks for being here.

JACOBSON: Other questions? All right. Seeing none. Thank you again--

SPIVEY: All right. Thank you, Chair.

JACOBSON: --bringing the bill, for your testimony.

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SPIVEY: Absolutely. Have a good rest of your evening.

JACOBSON: I'm sure we'll be talking much more.

SPIVEY: Yes.

JACOBSON: On this, we'll conclude our hearing on LB999. And our last hearing of the day, believe it or not, will be LB1205 with Senator Clouse. And it's a very, very, very simple bill.

CLOUSE: Yes. One word. We're handing out a couple items here just to-- for your reading enter-- en-- entertainment or enjoyment, I guess you could say. Stan Clouse, S-t-a-n C-l-o-u-s-e, Senator. Again, this bill's pretty simple. We should be able to fly through it. Shouldn't be any questions, should be no opposition, should just be a read thing. Let's get going. LB10-- LB1205 relates to the Microenterprise Assistance Program, which is one of five programs in the Business Innovation Act, and it focuses on loans and technical assistance to small businesses across the state to facilitate economic growth. LB1205 amends the microenterprise statute, setting up a range of up to \$3 million annually to be appropriated to the, the program to support successful efforts by Nebraska entrepreneurs. The problem: I believe investing in Nebraska and promoting economic development are critical to jobs in our state as state senators, and LB1205 is an example of both the enabling-- by enabling small business to sprout and thrive all across the state. For almost 30 years, Nebraska's Microenterprise Assistance Program has provided loans to businesses with ten or fewer employees wi-- while also providing technical assistance, enabling those ventures to grow and prosper. This program is one of five under the Business Innovation Act and the only part of the act that specializes in the small operations that make up 70% of all businesses in the state. It's track record proving its worth by attracting additional private and federal investment capital and creating jobs. In Kearney, Megan Gaweski-- Gewecke, a licensed psychologist, launched Stepping Stones Counseling LLC with the help from the Microenterprise Assistance Program, which provided business planning support and a startup loan to get her practice established. And today, she serves critical counseling and mental health services to area residents, veterans, and nursing home patients, filling a critical workforce need in an essential profession in rural Nebraska. LB1205 ensures programs like this can continue helping local entrepreneurs open businesses that the communities depend on. LB1205 protects the successful economic tool and ensures it will continue into the future by establishing a base of funding at \$3 million annually. That level of

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funding matches what has been utilized in recent years. This year, the Governor is committed to support the Business Innovation Act-- and I think you have a copy of that press release-- with an overall \$15 million annual funding stream out of the Department of Labor. This bill will reinforce the commitment by ensuring that small business loans are funded at current levels and continue into the future. I believe over the close to 30 years of Microenterprise Assistance Fund, every legislative district has benefited. And you also have maps showing the different counties within the state that have benefited from it. It's our job to keep this program working to support our communities and Nebraskans. Thank you for your time. And there will be someone following up to provide greater detail on LB1205 if you have-- ask it-- or, if you have questions for it. But again, when you look at the bill itself, you have to go to page 4, line 30, changes from may to shall. And that simply says if the-- if that money is appropriated, we will pay it. And no one will sit there and try to move money around or say, well, if we [INAUDIBLE] if I have to pay it because it says may. So in essence, that's the context of this bill. And I appreciate your support. And-- answer any questions you may have.

JACOBSON: Questions from committee? Seems pretty straightforward. Yes, Senator von Gillern.

von GILLERN: Yeah. I'm not trying to protract the evening here at all. BIA-- I just love what the BIA doe-- does. The ROI is, is fantastic. What this-- I just want to make sure, this \$3 million would be part of the \$15 million in the current appropriation. It would just parse it out to say that the other, the other program-- out of the five programs in the BIA, this one will get at least \$3, \$3 million, correct?

CLOUSE: Well-- and I think that's for-- up to us in Appropriations, those of you-- with-- anybody that served on Appropriation. I think if we appro-- approve funding for that out of that act, then whatever number is there-- it doesn't have to be 15-- or, 3. Whatever that number's there, it will get paid.

von GILLERN: Well, I'm-- the bill says shall--

CLOUSE: It says up to 3.

von GILLERN: --shall be \$3 million. That's what's-- and one of the online comments was pushing back on that. Why are we saying you have to spend 3?

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CLOUSE: It's usually what it is. Now, somebody following me up can tell me-- tell you for--

von GILLERN: OK.

CLOUSE: --for sure, but that's typically what they've put in there in the past.

von GILLERN: OK.

CLOUSE: And it's usually what's sitting there, but it isn't always getting paid.

von GILLERN: All right. OK. Thank you.

CLOUSE: Yeah.

JACOBSON: Other questions? Senator, Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. I also don't want to protract the evening. I know the Huskers play at 6. So I-- that being said, did you work on this bill with Senator Prokop or Senator Ibach? Because I know both of them have other bills pending that have to do with the Business Innovation Act. And we heard Senator Prokop's, which I know is a-- slightly different. Is this in compliment to theirs?

CLOUSE: There's about four bills that are all complementary-- one another. And this one-- worked with the Center for Rural Affairs because they deal mostly with the small business loans.

DUNGAN: OK. So this would not be contradictory to the \$4 million allocations.

CLOUSE: It would not. Should be supplemental to some of the things that they're putting in with the Business Innovation Act.

DUNGAN: OK. That's what I wanted to make sure. Thank you.

JACOBSON: Other questions? Senator Hallstrom.

HALLSTROM: With these funds being permissive, have, have we ever drawn down on them and shifted them or transferred them?

CLOUSE: I don't know that we've transferred them. It's just a slow pay.

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HALLSTROM: OK. Thank you.

CLOUSE: That's my understanding. Now, the "testimier" behind me can clarify that.

HALLSTROM: Thank you.

JACOBSON: Senator Wordekemper, this is your chance to jump in with everybody. Or we'll just move on.

WORDEKEMPER: Move on.

CLOUSE: Thank you.

JACOBSON: Thank you, Senator Clouse.

WORDEKEMPER: Be seen, not heard.

JACOBSON: I ask for the first proponent.

AUDRA ESPINOZA: Well, hello, everyone. Good evening, Chairman Jacobson and members of the Banking, Insurance and Commerce Committee. My name is Audra Espinoza, A-u-d-r-a E-s-p-i-n-o-z-a. And I am a senior policy manager at the Center for Rural Affairs. I am testifying in support of LB1205 on behalf of the center as well as the Nebraska Economic Development Association. LB1205 makes a simple but critical change to statute by updating the Microenterprise Assistance Program language from "may" to "shall," ensuring this proven program is funded consistently in the future. The Microentreprise Assistant-- Pro-- Assistance Program is administered under the Business Innovation Act, BIA, and serves Nebraska's smallest businesses, those with ten or fewer employees, which make up more than 70% of all businesses in the state. As a founding member of the Nebraska Small Business Collaborative, the Center for Rural Affairs works alongside Catholic Charities, Community Development Resources of Nebraska, and the Nebraska Enterprise Fund to provide business coaching and loans to entrepreneurs who may not qualify for traditional bank financing, especially low to moderate income clients. While the Microenterprise Assistance Program demo-- has demonstrated a strong return on investment for nearly three decades, its future funding is not guaranteed under the current statute. LB1205 addresses that gap by ensuring the Legislature's intent to fund this program is clearly reflected in law, providing stability for entrepreneurs and the organizations that serve them. Through the Nebraska Small Business Collaborative, the Microenterprise Assistance Program works to help

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people achieve their dreams of becoming business owners. In 2024 alone, the collaborative served more than 4,000 entrepreneurs, providing over 12,000 hours of one-on-one business coaching and hosting nearly 350 training sessions that reached close to 6,000 participants. The business and financial coaching translates directly into economic activity. Over the past several years, the Microenterprise Program has consistently multiplied state investment by attracting additional private and federal capital, creating or retaining thousands of jobs and helping small businesses start, stabilize, and grow in every single Nebraska county. In fiscal year '24 to '25, the collaborative placed 106 loans and leveraged an additional 18 loans, totaling nearly \$500,000. 61 of those loans went to low-income clients, and almost 5,000 hours were logged of individual technical assistance. This bill provides dependable, stable funding for the Microenterprise Program, allowing it to operate consistently into the future. Without predictable support, it's difficult to plan services, retain staff with institutional knowledge, and maintain long-term relationships with business partners. When entrepreneurs know that business coaching and lending partners will be sustainably funded, they will continue to invest in their local communities and create and retain talent. So I respectfully urge the committee to support LB1205 and help secure the future of the Microenterprise Assistance Program. Thank you, Senator Clouse, for introducing this legislation. And thank you to the committee for your time and consideration. I would be happy to answer all of the questions that I can.

JACOBSON: Any questions? All right. If not, thank you for your testimony--

AUDRA ESPINOZA: Yeah.

JACOBSON: --and for being here.

AUDRA ESPINOZA: Thank you so much.

JACOBSON: Other proponent testimony.

PIERCE ROBINSON: Good afternoon, Chairman Jacobson and members of Banking, Insurance and Commerce Committee. My name is Pierce Robinson, P-i-e-r-c-e R-o-b-i-n-s-o-n. I am the co-founder and CEO of Stone Pillar International. We are a Nebraska-based technology company, and we use drone-acquired data and artificial intelligence to help ranchers, farmers, and landowners address the invasive eastern red

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cedar issue that they're dealing with, or, as some of you might know it, the green glacier. Our whole thing is on improving land productivity. And I am here today in strong support of LB1205, which ensures continued funding for the Microenterprise Assistance Program. Before connecting with Nebraska Enterprise Fund who helped me acquire the Microenterprise Assistance Program, I had the technical expertise to build my company from my background, but I lacked the business infrastructure and capital to scale beyond a proof of concept. After connecting with NEF, that changed. The funding commitment and resources helped me and my team to develop our platform and deliver real results to our stakeholders. In a time where most people only talk about funding and resources, NEF actually stepped up and turned words into action. They gave us the one thing that every business owner craves, and that was a real shot at success, so I appreciate that. The Microenterprise Program matters because it fills a critical gap by taking calculated risk on businesses that need patient capital and mentorship, not just loans. Our NEF support enabled us to attract follow-on investment, creating a multiplier effect where the microenterprise funding leveraged additional private capital. For our community, it means keeping innovative companies rooted here in Nebraska rather than watching them migrate to coastal or tech hubs. For the broader small business network, it demonstrates that rural states can also compete in high-tech sectors when we invest in the right entrepreneurs with the right systems. And the opportunities that this state provided is one of the reasons I stayed here upon leaving service. I respectfully urge the committee to support LB1205 and help secure the future of the Microenterprise Assistance Program. Thank you, Senator, for introducing-- Senator Clouse, for introducing this legislation. And thank you to the committee for your time and your consideration. And I would be happy to answer any questions that you guys may have.

JACOBSON: Questions? Seeing none. Thank you for your testimony.

PIERCE ROBINSON: Thank you.

JACOBSON: Any other proponent testimony?

MICHAEL YOUNG: This is the testimony you've been waiting for.

JACOBSON: Let's hope so.

MICHAEL YOUNG: Maybe that's just [INAUDIBLE]. Good evening. Good afternoon. I see so many familiar faces in here today. Chairman

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Jacobson and members of the Banking, Insurance and Commerce Committee, my name is Michael Young, M-i-c-h-a-e-l Y-o-u-n-g. Today, I get to wear the hat of chief operating officer for Nebraska Enterprise Fund, but I'm also appointed-- and the committee chair for Economic Development for the African American Commission for the state as well. As many of you, we wear many hats. And as we heard around economic development, synergy is needed when it comes to that. The Nebraska Enterprise Fund is a statewide program providing businesses the development services and funding to micro and small businesses. I am here today to-- in, in strong support of LB1205, which ensures continued funding for the Microenterprise Assistance Program. LB1205 makes a straightforward adjustment to the statute by replacing "may" with "shall" in the Microenterprise Assistance Program, clarifying that the program is intended to receive strong, ongoing funding. Continued funding is necessary for the Nebraska Enterprise Fund to continue providing assistance to business owners who frequently fall outside of the scope of conventional lending. The Nebraska Enterprise Fund participates in the Microenterprise Assistance Program as a member of the Nebraska Small Business Collaborative, a statewide partnership of nonprofit lenders and technical assistance providers that work together to deliver capital, education, and individual-- individualized support to entrepreneurs like-- in Nebraska. Through this coordinated system, organizations like ours are able to reach communities and business owners who would otherwise have no entry point into the traditional financial system. Our clients include early-stage entrepreneurs-- as you just heard Mr. Robinson-- small and growing local businesses, rural residents, immigrants, individuals with limited credit history or collateral who still have solid business plans and strong potential to succeed. Through the Microenterprise Assistance Program, organizations like ours are able to offer individualized coaching, business education, and, of course, making sure that we have responsible lending that helps entrepreneurs establish themselves and to contribute to their communities as employers and local service providers. The businesses we serve are cornerstones of their communities. For example, the owners of Legato Living Memory Care Facility partnered with Nebraska Enterprise Fund during startup. Because the project did not fit traditional and financial models, they struggled to obtain funding. With the flexible capital and financial planning, they were able to open their facility, which now provide essential care services and stable employment. And they have shared that business would not have launched without NEF support. LB25-- or-- excuse me-- LB1205 makes an important statutory change in funding stability. State dollars from this program leverage

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private and federal investment, support job growth, and strengthen community tax bases. Recent years have seen thousands of entrepreneurs served, tens of thousands of hours on one-on-one counseling delivered, and millions of dollars contributed to small business financial across Nebraska. And from-- the last five years, Nebraska Enterprise has dispersed with our partners over directly \$28 million, giving out loans to over 320. That is over 1,200 jobs that have been powered by that \$28 million. And out of these 318 loans that we pushed out-- excuse me-- 159 of them were startups. That is a great story to tell, and we must continue this support. So thank you, Senator Clouse, for introducing this bill. I respectfully encourage the committee to advance LB1205 so the Microenterprise Assistance Program can continue supporting entrepreneurs and local economic-- excuse me-- economies statewide.

JACOBSON: Thank you.

MICHAEL YOUNG: Thank you.

JACOBSON: Any questions from anyone on the Banking, Commerce and Insurance Committee? All right. If not, thank you for your testimony.

MICHAEL YOUNG: Thank you. You can watch your game now.

JACOBSON: And any other proponent testimony.

SCOTT HENDERSON: Back for an encore. Scott Henderson, NMotion, powered by Gener8tor, Startup Accelerator managing principle. Scott, C-o-- S-c-o-t-t H-e-n-d-e-r-s-o-n. I rise in support of this bill. As you heard in my priva-- previous testimonial to-- I do venture investing. But I'll-- I will tell you, the word "stability" is important, especially in the early phases of risk absorption. And that's, that's one of the-- important parts of this bill is that actually will be guaranteeing that, that stability. Because there are-- if we look at the-- this strategic approach, it's about capacity building. It's about talent development. There's only so many crazy entrepreneurs that want to get up and have the world kick them in the face because they have an idea. And there's-- I-- it makes me think of a guy named Dusty Birge, who grew up in Benkelman and is building his company in Kearney. You might have heard it, Fast Forward. He had two prior companies that were customer-funded. He learned by, you know, being coached by folks in the community and helping him build out his capacity. And he got to understand the nuts and bolts of how to do the business. And he was successful with his first company. He was

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successful with his second company. But those were customer-funded ones. They weren't big ideas that could scale up. But because of that success, because of the support and the structures that the-- these funds provided, he worked with us at NMotion to create Fast Forward and now has raised over \$6 million in outside capital and is using infrared technology to look at the rural power grid to make sure that wildfires can be prevented and then outages can be prevented as well. And he's building his company in Kearney, Nebraska. And he's now serving in-- serving over a hundred utilities across the country in just four years alone. So I think having this bill in place, having what this is gonna do to guarantee the, the funding for the stability allows for the Nebraska Enter-- Enterprise Fund and other organizations that can use the funds to build the capacity, build the talent so those entrepreneurs who are wanting to build where they are can take that swing and then have access and the opportunity to then take bigger swings to other things that can be venture-invested if they wanted that approach or not. But I think it's very important. Whether or not they want to come down the pathway where I'll invest in them, this is very important for us to have the entrepreneurs in this state being supported whether they want to build a small mom-and-pop cafe or they want to build a global company like Hudl and [INAUDIBLE]. Happy to take any questions on this.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you for your testimony.

SCOTT HENDERSON: The, the answer is the Huskers will win. That was the [INAUDIBLE] question. Thank you.

JACOBSON: Any other proponent testimony? Seeing none. Any opponent testimony? Neutral testifiers? All right. Senator Clouse, as you come up to close, we received 3 proponent letters, 1 opponent letter, 0 neutral and no ADA. You're welcome to close.

CLOUSE: Thank you. I'll have to look up and see what that-- who that opponent was. No. Back to Senator von Gillern's question. On line 30, page 4, it says, shall award up to \$3 million. So a lot of it depends on how much is appropriated. There is a cap on that. And then back to Senator Dungan. I think they all fit together in a package. You know, I haven't-- I'm not aware of what the rest have been doing as far as funding, but it should all tie together. So with that, I would just encourage and ask for your approval to move forward on this bill.

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JACOBSON: Thank you. Questions for Senator Clouse? If not, thank you.
This concludes our hearing, LB-- LB1205 and our hearings for the day.