

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: Welcome to Banking, Commerce and Insurance Committee. I'm Senator 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. This public hearing is your opportunity to be part of the legislative process and to express your position on the, on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone and tell, and tell us your name and spell first and last name to ensure that we get an accurate record. We will begin each hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in a neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you will have one minute remaining. And the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard, it's just part of the process that senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up 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 being asked to leave the hearing. Finally, committee procedures for all hearing-- 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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

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

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

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

BOSTAR: Eliot Bostar, District 29.

HALLSTROM: Bob Hallstrom, Legislative District 1.

HARDIN: Brian Hardin, District 48.

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

JACOBSON: Jessica and Teresa are our committee pages today, both are students at UNL. With that, we will begin today's hearing with LB1185. Senator Bostar, welcome.

BOSTAR: Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. For the record, my name is Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29. I'm here today to introduce LB1185, the Conversational Artificial Intelligence Safety Act. Conversational AI tools are increasingly designed to simulate human conversation in ways that can feel personal, emotional, and real. For minors, those design features can create real risks, confusion about whether they are interacting with a human, exposure to inappropriate content, or emotional reliance on a system that is not designed to act in their best interests. LB1185 responds to those risks in a narrow and common-sense way. First, the bill requires clear and conspicuous disclosure when a user is interacting with artificial intelligence, so no one, especially a minor, is misled into believing they are speaking with a real person. For minor account holders, that, that disclosure must be persistent and repeated at a regular interval during longer interactions. Second, the bill establishes reasonable safeguards for minors. It requires operators to take steps to prevent sexually explicit content and sexualized interactions. It also prohibits the use of manipulative engagement techniques such as reward systems that are intentionally designed to increase time spent on the platform by minors. Third,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

LB1185 draws a clear line around mental health. The bill does not prohibit conversational AI from offering general information or supportive responses, but it does prohibit operators from representing these systems as providers of professional mental and behavioral health care. When users express suicidal ideation or self-harm, operators must have protocols in place to refer users to real crisis resources and not simulated care. Importantly, this bill is not anti-innovation. It does not regulate internal business tools, developer platforms, narrow purpose applications, or traditional voice assistance. At its core, LB1185 is about transparency, child safety, and trust. As artificial intelligence becomes more embedded in daily life, Nebraskans deserve clear rules that ensure those tools are deployed responsibly, especially when children are involved. AM2027, which was distributed to you, represents work my office has done with industry and other stakeholders. The amendment makes several targeted changes to add clarity for operators and ensure the bill is tailored to its intended scope without weakening the bill's underlying safeguards. With that, I thank you for your time. I urge the committee to support LB1185, and I'd be happy to answer any initial questions.

JACOBSON: Thank you, Senator Bostar. Questions from the committee? Also welcome, Senator Dungan has joined us.

DUNGAN: Thank you.

BOSTAR: Welcome, Senator Dungan.

DUNGAN: Thank you.

JACOBSON: Any questions? All right.

von GILLERN: Yeah, I'll ask a question.

JACOBSON: Oh, yes. All right, Senator, Senator von Gillern--

von GILLERN: Thank you. Thank you.

JACOBSON: --you may ask the question.

von GILLERN: Thank you. I thought it'd be appropriate.

BOSTAR: This is the first bill of the day.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

von GILLERN: It is, I know. Yeah, sorry. We just got this letter, I was just taking a look at it. TechNet, who are they, did they bring you the bill? What, what was the impetus for the bill?

BOSTAR: Well, the impetus for the bill started with, I mean, frankly, my own interest in the subject. I mean, we've seen, you know, some troubling events occur with these sort of, you know, they're often referred to as AI chatbots, but conversational AI systems. And particularly interested in seeing protections in place for children to, to mitigate harm. And then from that, working with the industry and those that, you know, work around the industry to find the right kinds of statutory solutions that can offer a level of protection without inhibiting, you know, intended useful functions of these systems as well as future further development.

JACOBSON: OK. All right, thank you.

BOSTAR: Thank you.

JACOBSON: Other committee questions? Seeing none. Thank you.

BOSTAR: Thank you.

JACOBSON: I'd ask for the first proponent to step forward. I might add that my daughter is watching this on video, and she's still in the hospital, so my newborn grandson is listening to this. So please, make this age appropriate, if you will.

RIEPE: Are you going to invite call-ins?

JACOBSON: No.

TIM HRUZA: Good afternoon, Chair Jacobson, members of the committee. My name is Tim Hruza, last name spelled H-r-u-z-a, appearing today on behalf of Google in support of LB1185. I want to thank Senator Bostar for introducing the legislation and for the conversations we've had since its introduction. I'm passing around a letter from Kate Charlet. She's not able to be here today, so I'll, I'll read some of that into the record, and then I'm available for questions. Google has a long history of investing in Nebraska, and our commitment to this community extends to the safety and well-being of its children and youth. As generative AI becomes increasingly integrated into our educational and creative landscapes, we believe that well-crafted legislation can play

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

an important role in establishing a consistent responsibility floor across the industry. Generative AI products, such as our Gemini apps, serve as a powerful tool for learning and creativity, preparing young people for an AI-driven future. However, we recognize that children and minors have unique developmental needs. This is why Google has adopted a safety-by-design approach for users under 18 across our products to implement core safeguards that we develop in consultation with child development experts. LB1185 is a thoughtful risk-based bill that addresses critical safety concerns while preserving the opportunity for youth to benefit from this transformative technology. We support this legislation because it does four things. It codifies safety guardrails by requiring operators to implement reasonable measures to prevent the generation of sexually explicit content and the simulation of romantic or sentient personas for minors. We believe this is helpful in preventing minors from developing unhealthy emotional dependencies on AI. Second, it mandates transparency. The bill ensures minors are aware that they are interacting with AI, not human, through clear disclosures consistently. Three, it bans gamification. It prohibits techniques that use points or unpredictable rewards to encourage excessive engagement for younger users. And four, it empowers parents. The legislation provides parents of children under 13 with the necessary tools to manage their child's access and settings while offering appropriate supervision options for teens. Furthermore, the bill addresses sensitive areas such as mental health by requiring protocols for self harm and suicidal ideation. At Google, our long-standing policy immediately refers users to crisis service providers like suicide hotlines. By requiring those protocols industry-wide, this bill ensures that all operators meet a high standard to support vulnerable youth, no matter what generative AI chatbots they're using. Legislation to focus on protecting kids in the online world, not keeping them from it, LB1185 provides the necessary rules of the road to hold companies accountable while ensuring that Nebraska's youth can learn, explore, and grow responsibly. We appreciate the opportunity to share our support. We thank Senator Bostar, and we look forward to working with the committee to advance this bill. I'm happy to answer any questions you might have.

JACOBSON: All right, thank you. Questions from the committee? All right, see-- oh, yes, Senator.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

HALLSTROM: You referenced some conversations with Senator Bostar. Were those real or AI?

TIM HRUZA: We've had direct face-to-face conversation, Senator.

JACOBSON: Any other questions? All right, seeing none, thank you for your testimony. Next proponent testimony.

MARY PIPHER: Greetings, senators. My name is Mary Pipher, P-i-p-h-e-r, Mary, M-a-r-y. I actually didn't plan to testify on this bill. I didn't know it was up. But I'm a clinical psychologist, and I just finished this morning my third introduction to a textbook called Letters to a Young Therapist. And I wrote it in 1904 [SIC], it's become a textbook. Wrote a new introduction in '16. And now have one coming out in '26. And one of the main things I wrote about was children and social media and online behavior. And I'll just make a couple remarks about that. One is a chatbot cannot be a therapist. I'm a therapist, and therapists are honest, authentic, and aware of many dimensions in a child beside what they want to see online to make them feel better at the moment. We also have the luxury of having contact with parents and educators, and we also have good, excuse the phrase, bullshit detectives. So when children use chatbots as therapists, they're likely to be in a great deal of trouble. Not only suicide, which there's many cases of documented suicide, but also they're in the trouble of thinking they're getting help when they're not, and talking to AI instead of an adult who is deeply invested in their well-being. The other very big problem with children in the-- in AI is, and various other platforms on social media, is their exposure to sexual material. And we know right now we have an epidemic of young boys who've got their sexual education through pornography. What this means is they're learning all the wrong things about sexual behavior. And we now have basically really dysfunctional relationships between the sexes because when boys start to be sexual with girls, often there's no intimacy involved. There's, there's hardcore pornography techniques involved. And girls are getting strangled, they're having all sorts of terrible experiences. And what's happening is most teenagers by now have had so many dysphoric sexual experiences they're afraid to date, have anything to do with sexuality. So I heartily support this bill. I think it's absolutely necessary to protect the children in the state of Nebraska. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: Thank you. Questions from the committee?

MARY PIPHER: Oh, excuse me.

JACOBSON: You're going to have a couple of questions, or at least I'm going to have one.

MARY PIPHER: Sure, sure.

JACOBSON: So you said you wrote your first book when?

MARY PIPHER: Well, this is my-- I have actually written 12 books, but this is my book, Letters to Young Therapists, and when I wrote it in 2004, social media was really just getting started. Cell phones came in in 2007.

JACOBSON: Right. Right.

MARY PIPHER: So the changes between 2004 and 2016 were significant. But since 2016 till now, we've had the rise of AI and chatbots, we've had the COVID pandemic, and we've had a rapidly-changing culture that presents all of us with unique challenges that humans have never faced before.

JACOBSON: Well, I, I really appreciate you being here today. I think you bring a wealth of knowledge about this area--

MARY PIPHER: Thank you.

JACOBSON: --and can really add a lot. So thank you for taking the time to be here.

MARY PIPHER: OK.

JACOBSON: Other questions from the committee? All right, seeing none, thank you for your testimony again.

MARY PIPHER: Thank you.

JACOBSON: Next proponent.

EMILY ALLEN: Good afternoon.

JACOBSON: Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

EMILY ALLEN: My name is-- Chair Jacobson, members of the committee, my name is Emily Allen, E-m-i-l-y A-l-l-e-n, and I serve as the executive director of Tech Nebraska. We are a statewide organiz-- association representing industry, technology, and innovation across our state under the umbrella of the Nebraska Chamber. We work to ensure that Nebraska remains a competitive place to build, to grow, and to scale technology and tech companies. We are here in support of LB1185, and appreciate Senator Bostar's leadership in introducing this legislation. We view this bill as a constructive starting point for what we often call "smart regulation," policy that protects people while still allowing innovation to move forward. Tech, and in this case AI, is evolving faster than any legislative body can realistically keep pace with. That being said, this bill reflects a good-faith effort to put reasonable guardrails in place. We do believe there may be room to continue refining how the bill applies in limited customer service contexts. For example, ensuring a simple retail support chatbot is not treated the same as a socially-interactive AI platform. But overall, our Tech Nebraska members have been engaged in this conversation, and we believe the framework here strikes a workable balance between safety and flexibility. Our support comes down to three key reasons. First, this bill protects Nebraska's economic competitiveness. Innovation depends on predictable legal environments. LB1185 appropriately-- appropriately limits enforcement authority of the AG and does not create a PRA. That matters. It also reduces the risk of costly and unpredictable litigation that could drive startups and investors and companies away from our state. The bill also includes a safe harbor structure, so foundational AI model developers are not automatically liable for how third parties use their tools. That clarity makes Nebraska more attractive place to build and grow. The second, the bill balances safety with usability. Rather than imposing requirements that would disrupt workflows or make tools unusable, LB1185 uses reasonable disclosure guardrails, such as transparency at the beginning of a session and at appropriate intervals. Third, the bill provides clear rules of the road. The definitions of prohibited conduct are concrete enough that companies can build compliance directly into their systems. This kind of clarity is critical. When the rules are vague or subjective, companies often choose to avoid operating in states like that. Clear standards support enforcement and innovation. In short, LB80-- LB1185, excuse me, is an effort to protect young people and users from manipulation and harmful design practices while still allowing our tech and innovation

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

ecosystem to grow and thrive. We appreciate the collaborative process and look forward to continued dialogue as the bill evolves. Thank you again for your leadership, Senator, and I'm happy to answer any questions.

JACOBSON: Thank you. Questions from the committee? Seeing none, thank you for testimony. Next proponent. Good afternoon.

JENNIFER CREAGER: Good afternoon. Chairman Jacobson, members of the Banking Committee, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, registered lobbyist for the Greater Omaha Chamber. On behalf of our over 3,000 member businesses, I'm here in support of LB1185, the Conversational Artificial Intelligence Safety Act. My testimony will be pretty similar to Ms. Allen's. From our perspectives, this bill reflects a pragmatic attempt to address very real consumer and youth safety concerns without losing sight of the needs of employers who are actively adopting new technologies. Artificial intelligence is no longer theoretical for Nebraska businesses. Our members are using AI tools today to answer customer questions, train employees, support education, and improve efficiency. As these tools become more common, employers benefit from having clear expectations about what responsible use looks like. LB1185 begins to provide that clarity. What we appreciate most about this bill is its measured approach. It does not attempt to overregulate a rapidly-evolving technology, nor does it impose one-size-fits-all requirements across every possible use case. Instead, it focuses on transparency, common-sense guardrails, and heightened protections where risk is greatest, particularly for minors. From a business perspective, the enforcement framework is also important. By placing enforcement authority with the Attorney General and explicitly avoiding a private right of action, this bill helps preserve a predictable legal environment. This kind of certainty matters to employers making long-term decisions about investment, hiring, and innovation. We also appreciate the clarity provided around liability for AI model developers, which helps prevent unintended consequences for companies operating in good faith. The bill defines prohibited conduct in concrete terms, allowing employers to build compliance into their systems rather than guessing at subjective standards after the fact. That clarity supports responsible adoption rather than discouraging it. At the same time, we would note that the civil penalty structure gives some of our members slight pause, particularly as businesses continue to navigate new and evolving compliance

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

expectations. We look forward to ongoing conversations about penalties, how penalties are applied in a way that is proportional, and recognizes good-faith efforts to comply. In closing, the Greater Omaha Chamber believes that LB1185 represents a constructive step forward, one that seeks to protect consumers and young users while maintaining a business environment that supports innovation and growth. We appreciate the collaborative approach taken by Senator Bostar and the committee and look forward to continued dialogue as the bill moves ahead. Thank you.

JACOBSON: Thank you. Questions? All right, seeing none.

JENNIFER CREAGER: Thank you.

JACOBSON: Thank you for your testimony. Next proponent. Are there any other proponents? All right, if not, I'll ask for the first opponent. Anyone wishing to speak in opposition? If not, anyone wishing to speak in a neutral capacity? All right, seeing-- yes, step forward.

SEAN OWINGS: Butcher my speech here because it-- going to speak on two different things. But good afternoon, Chairman Jacobson and members of the Banking Committee-- Insurance Committee. My name is Sean Owings, spelled S-e-a-n O-w-i-n-g-s. I'm a Marine veteran and current employee of the state of Nebraska for 27 years. I've taken a day of vacation to speak to you as a private individual. I am here to testify as a neutral party on LB1185, but I want to point out as they are currently written, they are fiscally reckless clones. They failed to protect the Nebraska citizens that they claim to serve. While they-- while these bills are well-intentioned, the swarm forensic analysis has identified they are technically obsolete, fiscally reckless, and structurally flawed. Senators, Governor Pillen has been clear. He wants to run government like a business, eliminate waste, and win the AI-powered game. He wants us to be the AI capital of the Midwest, but you cannot lead the frontier by cloning California's failed policies. While the Governor is signing first-in-the-nation digital assets chartering to bring-- charters to bring the "Internet of, of money" to Norfolk, these bills, trying to regulate 100 "septuplin" operation hardware foot-- footprints and metrics that even California Governor Newt-- News-- I can't even talk today-- Newsom vetoed as a solution not informed by science. You are attempting to regulate the horse and bunny by counting hardware operations. We-- we are now in the era of decentralized AI. You are looking for frontier development with a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

massing-- with massive data centers while the most powerful models are being trained across 10,000 anonymous global nodes. Your laws as written cannot find them. You cannot serve them and they cannot stop them. The internal user exemption in 11-- LB1185 creates an opaque and dark zone for dark banks and state agencies. You are forcing transparency on the citizens' chatbots by powerful institutions to hide their decision-making algorithm behind an internal label. Furthermore, LB1185 asks you to spend \$711,000 a year on, on a new bureaucrat to monitor AI disclaimers, a task my AR swarm performed in 42 seconds at a cost of zero to the taxpayers. This isn't efficiency. This is, this is creating a new obsolete division of government. The rest of my speech covers the LB1183.

JACOBSON: Great, thank you. Questions for this testifier? All right, seeing none, thank you for your testimony. And Senator Bostar, before you come up for your-- as you're coming up for you close, we had-- we received 12 proponent letters, 1 opponent letter and 1 neutral letter. And there were no ADA comments. You're welcome to close.

BOSTAR: Thank you, Chair Jacobson and fellow members of the committee. I, I don't have a lot to add. I thought that was a very constructive hearing, but I wanted to avail myself of any final questions the committee might have.

JACOBSON: Questions from the committee? I would agree with you, I thought that hearing was very productive, so thank you--

BOSTAR: Thank you very much.

JACOBSON: --for offering the bill. That concludes our hearing on LB1185. And we will move to LB1174 if Senator Kauth gets here. Oh, no. Oh, wait a minute. OK, yes, excuse me, LB1083, Senator Storer. I'm not sure she's here. Well, let's-- we have, Senator Hallstrom, you're here. How long is-- let's move to LB1160. There's Senator Storer. You saved the day. You're next up. But you're on LB1083. I hope we didn't rush you.

STORER: I apologize if you were waiting. I was right across the hall.

JACOBSON: Well, you're here now. Thank you.

STORER: All right, you ready?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: I'm ready.

STORER: Perfect. Thank you and good afternoon again, Chair Jacobson, and members of the Banking Committee, Banking Commerce and Insurance Committee. My name is Tanya Storer, S-t-- T-a-n-y-a S-t-o-r-e-r, and I represent Nebraska Legislative District 43. So I am pleased to be here today to introduce LB1083, the Transparency and Artificial Intelligence Risk Management Act, which I have introduced alongside, will have some similarities to, Senator Bosn's. These we're kind of co-sponsoring, but a little confusingly-worded. So let me start by talking about the harms that we're trying to address here. Last year I came before the committee to talk about the dangers of social media-- that social media poses to our children. We, we talked about that the evidence was clear, that we were overdue, Senator Bosn talked about overdue, to act. Today I'm here because artificial intelligence is presenting a new set of risks. And in some cases, those risks are arriving faster than any of us anticipated. In 2024, a teenager in Florida took his own life after extended conversations with AI chatbot. His mother described finding out that her son had been having deeply personal, emotionally-manipulat-- manipulative exchanges with a system that lacked guardrails to protect him. It is devastating to think about the damage done to him and his family, yet this was not an isolated incident. Reports of AI chatbots causing serious harm have continued to emerge and, in 2025, a 16-year-old boy in California took his own life after receiving encouragement and detailed guidance from ChatGPT. He began talking with an AI system about his homework, but when he experienced a mental crisis, the chatbot warned him against seeking help. After one suicide attempt failed, the AI chatbot told him not to let his parents know and horrifyingly even instructed him on how to tie a noose. We have also seen reports of AI systems causing peers-- causing users to become delusional, generating content that sexualizes children, and producing step-by-step guidance for creating dangerous weapons. In November, we learned that the Chinese Communist Party was using American AI systems to automate cyberattacks against the United States. These are documented incidents, not hypothetical future scenarios. At the same time, experts within the AI industry itself, not outside critics, but the people building this technology, have warned that the largest AI models could pose even more sweeping social risks if developed without adequate safeguards. When the people building something tell us they're worried about it, we should listen. This is not a partisan issue. A recent poll of 500 registered voters

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

here in Nebraska showed that large majorities of Nebraskans across party lines support bills like this one. Fully 85% of respondents said they would support legislation requiring AI developers to implement safety protocols to manage critical risks and child safety. 61% also said that they were more concerned that Nebraska would not regulate AI enough compared to 19% more concerned than it would regulate it too much. Parents want to know that the chatbots their children can access have been evaluated for safety. Nebraskans expect their leaders to act when there is a clear and growing risk to public safety. And that is what LB1083 does. Now I want to address the head on-- address head-on something you may hear from opponents this afternoon yet on this bill, that it amounts to government overreach or that it will stifle innovation. I want it to be very direct about this, LB1083 does not tell AI companies what to build or how they can build it. It does not ban any technology. It does not impose specific technical requirements. There is no way of developing AI that it prohibits. What it does is require the largest AI developers and chatbot providers to tell us how they are managing these risks. To write down their safety plans, publish those plans, and report safety incidents to the Attorney General. That's it. If a company is already doing the right thing, compliance with this bill should be straightforward and simple, because all we're asking is that they tell the public what they're already doing. I want to point out that the bill contains mechanisms to align with federal standards, including those called for in President Trump's executive order on state AI laws. The executive order specifically mentioned child safety as an area where states should continue to lead, even when a federal framework is in place. And the executive order was intended to challenge only unconstitutional or onerous state laws. Instead, this bill takes a light-touch transparency approach to protect children and the public. You may also hear concerns that this bill will drive companies out of Nebraska or harm our ability to attract tech investment. I want to emphasize this, that the bill applies only to the very largest frontier AI developers, companies with annual revenues of \$500 million or more, and the largest chatbot providers with revenues of \$25 million or more. We're not talking about Nebraska startups or small businesses. We're talking about some of the largest, most well-resourced AI companies in the world, and we are simply asking them to be transparent about how they manage risks that could affect our citizens. One of the things that makes LB1083 distinctive is that it recognizes the connection between child safety and broader public

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

safety. These are not separate problems. The same frontier AI systems that could pose catastrophic risk to public safety are also the foundation models powering the chatbots that our children interact with. We do not fully understand these systems and, frankly, in many cases, neither do the companies that built them. That is precisely why transparency matters. We cannot manage what we cannot see. This bill creates a unified framework. It creates frontier developers to assess and disclose catastrophic risks. It requires large chatbot providers to assess and disclose child safety risks. It establishes incident reporting so that the Attorney General and the public are not the last to know when something goes wrong. And it protects whistleblowers, the employees and contractors inside these companies who may be the first to see the problem, so they can come forward without fear of retaliation. So before I close, I want to flag an amendment which I have passed out to you, AM2025-- make sure I'm getting the right one-- that we'll be offering to the committee. We have heard from some stakeholders who are concerned about the definition of covered chatbot, that they could inadvertently capture consumer-service chatbots, business productivity tools or internal research systems. That was never the intent. We are focused on consumer-facing conversational AI systems that minors are likely to access, not a bank's help desk bot or a company's internal analytics tool. So we're adding a new paragraph to the definition of covered chatbot to make that clear. We'll pass-- it's being passed around for you to look at but, in short, it excludes chatbots used only for customer service, business operations, productivity and analysis, internal research or technical assistance. So I'll close with this. Last year with LB383, I said that to do nothing but expect-- that to do nothing but expect different results is the definition of insanity. Actually, I think that to the same thing and expect different result is the definition of insanity. I feel the same way today. AI is transforming our economy and our daily lives at a pace that honestly none of us can fully keep up with. But that's not the reason-- that's not a reason to do nothing, it's a reason to start with flexible, targeted, common-sense measures. What LB1083 asks for is common sense: to tell the public how you're managing serious risks, report it when things go wrong, and protect the employees who speak up. Nebraska has an opportunity to lead, not with heavy-handed regulation, but with transparency. We owe it to families in our state, and especially to our children, to make sure the companies deploying the most powerful AI systems in history are being honest with us about the risks. I believe we have a critical

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

window to act and I am grateful for this committee's attention to the issue. I certainly ask for your support to advance LB1083 to the floor, and I'm happy to answer any questions you may have.

JACOBSON: Thank you, Senator Storer. Questions from the committee? I think there are a lot of definitions for insanity out there.

STORER: You're right, there are.

JACOBSON: Yes, Senator Hallstrom.

HALLSTROM: Whose concerns do your amendment address?

STORER: There were several industries, in part the banking industry brought-- in particular, I think, led in this conversation. But it certainly brought to our attention something that was not the intent, is not the intent of the bill. So we're hoping to address that with the amendment and make sure that those just, you know, when the little chatbot pops up when you're on, whether it's for answer questions or a service chatbot, that those things are excluded.

HALLSTROM: General business community.

STORER: Yeah.

HALLSTROM: OK. Thank you.

JACOBSON: Other questions?

STORER: I would mention real quick, and this may-- we may come back to that, but regarding the fiscal note, if you will look at that, we are waiting for a-- there's an updated fiscal note forthcoming. We're anticipating, however, I can't guarantee you until you have it before you, that that will look very different and potentially have no fiscal impact. As-- and you may hear yet from the Attorney General's Office that the intent is that these reports would to the consumer protection division that already exists within the Attorney General's Office.

JACOBSON: All right, thank you. Seeing no other questions from the committee, thank you. I presume you'll stay to close, or are you heading back?

STORER: I will. I'll be here.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: All right, you'll be here. Thank you. I'd ask for the first proponent testimony.

ANDREW DORIS: Good afternoon. Thank you all for the chance to testify today. My name is Andrew Doris, A-n-d-r-e-w D-o-r-i-s, with the Secure AI Project, which is a small nonprofit that helps lawmakers to craft pragmatic policies to reduce risks of severe harm from advanced AI. My own background is in national security policy. I'm a former Army officer and I've worked in think tanks on the overlap of national security and emerging technology policy. But I work with a broad coalition of child safety groups and the religious community and the many different groups who are interested in AI's implications on society to-- and obviously with Senator Storer in Bosn to develop LB1083. And I'd like to quickly explain what the bill does and why. At a high level, the bill's approach is based on two truths. The first is that the risks of advanced AI are real and here right now and, if we don't act now, this problem is going to get away from us. You've heard and are going to continue to hear from the other testifiers today some powerful stories of the child safety risks from AI. There's these tragic cases where AI has-- the models have encouraged or enabled young people to hurt themselves, and you don't need an AI guy to come and explain why that's awful. But there are also risks that affect people of all ages related to the fact that AI is getting incredibly powerful very quickly. Including in some specific ways that present really major risks to public safety and security. For example, it's becoming really good at hacking, so it's being used to pull off major cyberattacks. In fact, to automate those attacks with no human involvement, or very little human involvement. It's able to give instructions for how to create a bioweapon, even to someone with minimal technical background, and it increasingly behaves in ways that its creators struggle to control. This is stuff that leading AI experts have warned about for years, and that the AI companies regularly admit that their models can do. And these models are improving so quickly that even by this time next year, a lot of experts think we're going to be in a much scarier place. So the window to get out ahead of this is closing pretty quickly. At the same time, there's a second truth, which is that AI developers still need the flexibility to determine the best ways to address those risks. AI is a fast-moving field. The science of safety testing is also pretty young. And with no offense to you all, governments are not always the best place to write highly technical specific requirements that micromanage

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

how this technology is developed. The people who do have that expertise often work in the companies themselves, and they need the freedom to experiment with different safety practices and to improve those practices over time. And that's where this bill comes in. We think that the smart way to balance these two truths is to allow AI developers to write their own safety standards but require them to be transparent about what they are so that we can hold them to their own promises. So rather than telling companies how to develop AI safely, this law says the companies tell us what safeguards they implement. Specifically, they have to publish and implement a safety plan that describes how they assess and mitigate these risks. If something dangerous happens involving one of their models, it requires them to report that to the Attorney General so that the authorities can launch a timely response or investigation. And if someone working at one of these companies sees something dangerous that doesn't look right to them, it allows them to blow the whistle about that problem without fear of retaliation. That's at a high level what the bill does. I can go into more detail as needed. I'm happy to take any questions.

JACOBSON: Thank you. I appreciate the tactful way that you said the government's not smart enough to really figure this out on their own, and they really need experts to advise them. Because I tend to agree with that. With that said, are there any questions from the committee? Seeing none, thank you for your testimony.

ANDREW DORIS: Thank you.

JACOBSON: Next proponent.

MICHELE NEILY: Put the glasses on. Good afternoon, Chairperson Jacobson and members of the committee. My name is Michele Neily, M-i-c-h-e-l-e N-e-i-l-y, and I'm from Omaha, a mother of three teenage boys, a retired FBI special agent, and leader of the Nebraska chapter of MAMA, Mothers Against Media Addiction. MAMA is a grassroots movement of parents fighting back against media addiction. We envision a world where safeguards are in place to protect our children from the harms of media addiction. Thank you for the opportunity to appear today in support of LB1083. Over the last two decades, we have seen the impact of leaving social media companies to police themselves. Addiction to devices, replacing real world interaction and record rates of anxiety and depression in our children. We cannot afford to make the same mistake with AI. As a retired law enforcement officer, I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

have witnessed firsthand how lack of accountability from tech companies has devastated young people. I worked drug trafficking cases where I saw kids and young adults dead from fentanyl overdoses, with the trafficking at all levels easily coordinated entirely on social media. We sent some of the people responsible to prison, but we could do nothing about the platforms that enabled the tragedies. In fact, gathering evidence from these companies was frustrating and exhausting. They put up roadblocks whenever possible, and if the evidence was provided, it was anything but timely. That experience taught me, if you don't build accountability from the start, you spend years playing catch-up while people, especially children, suffer. Now with AI, we are already seeing concrete evidence of severe harms to children's mental health and risks to the broader public. Two in three teens use AI chatbots, and 12% have turned to them for emotional or mental health support. The results have been tragic. A chatbot shared methods of self-harm with 16-year-old Adam Raine, discouraged him from seeking help from his parents, and even offered to write the suicide note. Court filing suggests the model Adam used had been rushed to market in violation of the company's own safety procedures. These are not hypothetical risks. We need to act now before harms become widespread. That is what LB1083 is about. By requiring major AI companies to public-- publish safety plans, including specific plans for children, report incidents, and protect good-faith whistleblowers, and by enabling the Attorney General to hold these companies accountable, we can prevent AI from following the same destructive path as social media. This bill does not impose bans or burdensome technical mandates. It implements common-sense protections. I urge you to pass this timely and much-needed bill. Thank you.

JACOBSON: Thank you. Questions from committee? All right, seeing none. Thank you for your testimony. Next proponent testimony. If you're wishing to testify, if you could move towards the front, that would be great.

KEN ZOUCHA: Good afternoon. I want to thank you for giving me the opportunity to talk today. My name is Ken Zoucha, K-e-n Z-o-u-c-h-a. I'm a grandfather with a new granddaughter, so congratulations. I'm also a pediatrician and addiction medicine physician who's worked in Nebraska for over three decades. I'm here in support of LB1083 because it recognizes something pediatricians have long understood, children and young adults interact with technology in ways fundamentally different from adults, and those differences must shape our laws.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

Allow me to start with relationships. Children tend to develop relationships that are one-sided. Young children naturally form deep emotional bonds with characters and voices that they trust, including sports figures and celebrities. When an AI system speaks with authority, remembers their preferences and responds instantly, children may follow its suggestions without the ability to judge whether those suggestions are safe or even true. If there aren't assurances that AI responses are based on evidence-based truthful information, the information provided is even more harmful. Children will be at great risk if AI chatbots aren't designed with proper protections due to the influential nature of these one-sided relationships. Adolescents become even more sensitive to peer influence and are more likely to exhibit impulsive risky behaviors due to delayed development of the prefrontal cortex. AI bots imitating peers, instantaneous in their responses and confident in their answers, whether correct or not, combined with the impulsive, risky behaviors seen in adolescents and adults, this can lead to disastrous results. We already know of bad actors seen in adolescence and young adults, where they are convinced teens to send explicit pictures of themselves and then are extorted for money so those pictures don't get sent out to family and friends. AI-powered image generation has allowed a high school student to create a, a detailed, falsified, explicit image of a classmate based on photos just found online. This leads to serious health consequences for the targeted youth. As a pediatrician, I am concerned about the potential negative impact AI chatbots have on youth mental health due to the issues just-- I discussed, and there are more. With tendencies towards one-sided relationships, less-developed impulse control, and greater susceptibility to deception, children and adolescents are especially vulnerable. There are already cases that we've talked about already here in Florida and California. And although I haven't heard of any of these tragic cases here in Nebraska, as we've seen with fentanyl and social media harms, these issues emerge on the coasts and they move towards the Midwest. As such, LB1083's basic requirement that companies assess and mitigate the most severe risk to children is not an option, it's essential, and places Nebraska ahead of the curve. I want to state that I see significant advantages for our kids with this technology, and I'm hopeful as Nebraska has an opportunity to lead. LB1083 does not stifle innovation, it ensures that innovation serves children's well-being rather than jeopardizing it. Young people deserve technologies that help them learn, grow and connect safely.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

This bill moves us towards that future. Thanks for your time and for your commitment to protecting Nebraska's children.

JACOBSON: Thank you. Questions? All right, seeing none. Thank you for your testimony. Next proponent for LB1083.

SUZIE FOGARTY: Chairperson Jacobson, congratulations on the newest addition to your family.

JACOBSON: We're pretty excited.

SUZIE FOGARTY: And members of the committee, my name is Suzie Fogarty. I'm a mother of three from Omaha, a former teacher, and a community outreach coordinator and education facilitator with Smart Gen Society of Lutheran Family Services. I'm also a member of MAMA, Mothers Against Media Addiction. For the past three years, I've spoken with more than 30,000 students across the state of Nebraska. I'm on an apology tour, and I've had to say something that's incredibly hard to admit to kids. I'm sorry. I am sorry that we have failed to keep and to protect you and keep you safe online. We've allowed platforms to be built that encourage children to lie about their age. As a result, an entire generation has been exposed to addictive algorithms, explicit content and predators. People who want to hurt kids go where kids are, and today that's online. It's not surprising that so many of our children are anxious, depressed, and isolated. We opened the door to an adult world with no meaningful safeguards. Now we are standing at the same moment again, this time with artificial intelligence. AI is rapidly becoming part of teens' daily lives. According to Pew Research, time spent using AI is now surpassing time spent on social media. Children are using AI not just for homework, but as social companions and sources of emotional support. Students tell me they prefer talking to AI chatbots because there's no judgment or shame. Parents continuously tell me that they had no idea their children even had access to these tools, let alone that they were forming parasocial relationships with them. National surveys show that roughly 70% of teens have used AI companions and one-third say they use them for social interactions or relationships. Here's what worries parents most. We have no transparency. We don't know what AI companies are doing to protect children, or if they're doing anything at all. We've lived this before with social media, where companies hid safety incidents and buried internal research showing harm to kids. That truth only came out of years later, after real damage was done. LB1083

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

is making sure history does not repeat itself. This bill requires large AI companies to publish a child protection plan and actually follow it. It gives the Attorney General the authority to act if they don't. It prevents companies from quietly covering up incidents, and it protects whistleblowers who speak up when something goes wrong. We can't undo the harms of social media, but we can choose not to repeat them. LB1083 gives Nebraska the chance to build safety and accountability into AI from the very beginning. I urge you to pass LB1083 and provide basic protection for Nebraska's children and families. Thank you for your time.

JACOBSON: Thank you. If I could, I'd have you spell your first and last name for the [INAUDIBLE].

SUZIE FOGARTY: Suzie, S-u-z-i-e, Fogarty, F-o-g-a-r-t-y.

JACOBSON: Thank you. Questions from the committee? All right, seeing none, thank you for being here. Next o-- proponent.

BEBE STRNAD: Good afternoon, Chairman Jacobson and members of the committee. My name is Bebe Strnad, B-e-b-e S-t-r-n-a-d, I'm the consumer protection bureau chief of the Attorney General's Office, testifying in support of LB1083. There has been a rise in harm to consumers related to the use of AI, particularly harm to kids using AI products. We've heard many stories about AI products encouraging alarming conduct and even inducing tragic outcomes. As a state, we can't ignore these stories and do nothing. The AI industry must have proper guardrails and safety measures, especially for our kids. That said, AI is a rapidly-advancing industry with ever-increasingly-complex technology. In regulating this technology, we need to be sure innova-- innovation, excuse me, and advancement are not stifled. It is critically important that the solution to address these very real harms doesn't overburden progress or do more harm than good. We believe LB1083 reflects the proper balance between regulation and innovation. First, it leaves all technical decisions up to the developers and experts. Second, it gives our state the tools to hold companies accountable if they fall short of own standards. Third, it protects whistleblowers to ensure that the companies do not conceal issues from the public, which we know from experience can result in known harm to kids going unaddressed. The Attorney General's Office is actively working on AI issues, with a heavy focus on protecting kids from AI products. Our office also has done work to support AI

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

innovation and has been a big proponent of AI technology. Winning the AI race and leading AI-- leading AI innovation is critically important to American security. But our kids cannot be the collateral damage to our advancement. As we think this bill properly balances protecting consumers with innovation and progress in the AI space, we support the committee advancing this bill to General File. I'd be happy to address any questions the committee may have.

JACOBSON: Thank you. Questions from the committee? Yes, Senator Hallstrom.

HALLSTROM: Yes, ma'am. The fiscal note that Senator Storer referenced is about \$250,000, \$275,000. She mentioned an amendment or a new fiscal note. Do you believe the consumer protection bureau can internalize these costs without requiring an additional personnel?

BEBE STRNAD: I believe that there's an amendment in the works, it could be the one that is right in front of you. And we are having active conversations about it. So I don't want to speak on that until I, I see the amendment.

HALLSTROM: Thank you.

JACOBSON: Other questions from the committee? Seeing none, thank you for your testimony. I'd ask for the next proponent.

NATE GRASZ: Good afternoon, Chairman Jacobson and members of the committee. My name is Nate Grasz, N-a-t-e G-r-a-s-z, and I'm testifying on behalf of Nebraska Family Alliance and the thousands of parents and families we represent who have been on the front lines of confronting the growing crisis of online sexual exploitation. The last two years, our legislature has responded decisively to prohibit AI-generated child sexual abuse material, require age verification for pornography and social media, and empower parents with essential tools to protect their kids online. These were necessary and important steps. LB1083 provides another opportunity to address the emerging issue of AI chatbots, which pose special risks to children whose brains are still developing and who are more prone to be deceived by AI chatbots' human-like features. Parents are seeing their children targeted, manipulated and violated through AI-driven systems that are being weaponized to sexualize, manipulate, and prey upon children. AI chatbots are coercing minors into sexual content, generating

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

inappropriate material, and encouraging vulnerable young people towards self-harm, confusion, and sexual conversations. Many of these systems are designed in ways that ignore parental authority and circumvent safeguards. Testing by Common Sense Media found that 72% of American teens have used an AI companion chatbot, and that chatbots provide children with easy access to harmful information about things like drugs and weapons, as well as engaging them in sexual interactions. Meanwhile, only 37% of parents are aware their child has used an AI chatbot. Families cannot continue to wait. Requiring large AI companies to create and publish child protection plans and establishing a framework for accountability that LB1083 provides are reasonable steps to protect children through greater transparency and accountability. AI is a rapidly-growing and changing industry. And while it provides new opportunities, the safety and protection of children should be at the forefront of every conversation. For these reasons, we respectfully encourage the committee to advance LB1083. Thank you.

JACOBSON: Thank you. Questions from the committee? All right, seeing none.

NATE GRASZ: Thank you.

JACOBSON: Thank you for your testimony. Next proponent.

MARION MINER: Good afternoon, Chairman Jacobson, members of the committee. My name is Marion Miner, M-a-r-i-o-n M-i-n-e-r, I'm here on behalf of the Nebraska Catholic Conference, which advocates for the public policy interests of the Catholic Church and advances the gospel of life through engaging, educating, and empowering public officials, Catholic laity, and the general public. The Conference supports LB1083, which would encourage transparency in artificial intelligence by requiring large AI companies to write, publish, and follow public safety and child protection plans. Both components of this proposal, public safety and child protection, are important, but the conference is weighing in on this bill primarily for the child protection component. It, I think, is important to note from the outset that the Conference and the Catholic Church has no opposition to AI as such. As many people have stated, it can do much to improve human life, so long as we remember what AI is and is not, which children and adolescents are very difficult-- or sometimes a challenge to be able to do. And that human beings are always kept at the center of how we think about

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

AI and what should-- we should require of its, of its developers and of these platforms. The human person is fundamentally social and relational. Each of us is born into a world thick with relational ties that we need in order to fully develop. These relational ties, familial, cultural, social, and otherwise, protect, guide, and influence us our whole lives, but especially when we are young. They help us make sense of ourselves, of others, and of the world. The people with whom we have these ties teach us over time who we are and how to navigate the dangers, opportunities, and relationships of life with skill and intention. The online world is a largely unregulated environment, artificially free of familiar social ties and guidance, but it is full of other actors. Some of these other actors are human and predatory, and some of these actors increasingly are of the artificial intelligence variety, which of course not being real people of any kind, have no relationship with the children and adolescents who interact with them. The promise of these products is often the mirage of relationship. And when a person begins to mistake the mirage for the real, there are consequences for a person's image of self and others that carry over into real life, and some of those consequences have of course already been described. Nearly all of us, younger people especially, spend a great deal of time online. It is formative, for better or worse. Some of the time and the experiences a child or adolescent can gain online are tremendously helpful. But this environment also carries serious risks. And we've talked about some of those risks. This Legislature has advanced several bills in the last two years that recognize and address many dangers to children that exist online. LB1083 seems like a logical next step toward rounding out the full picture of responsible protection as we know it today. For that reason, we ask that you support it. Thank you.

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

MARION MINER: Thank you.

JACOBSON: Next proponent. Anyone else who wishes to speak as a proponent? If not, I would ask for the first opponent testimony testifier to step forward. No opponents? All right, any neutral testifiers? OK, here you come.

SEAN OWINGS: Afternoon again. Name is Sean Owings, S-e-a-n O-w-i-n-g-s. This time I'm throwing away the speech. I like your bill,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

and I really like the gentleman over there that just got done speaking. And I haven't really heard anything that I don't agree with. The problem is that you are trying to do-- pass laws as you understand the computer today. It is Web2. You were looking at the cloud as big data centers. The problem is, is Web3 is out there. And I can go and create an AI right now and put it on Web2. Your Attorney General can go down and you can find that one person and you fine them. You can get them to do whatever you want, pass the law, and you can throw them in jail. I can do the-- take the same AI and put it on-chain, black hole the keys, 10,000 anonymous people now own that AI. You can't track down any of them because they're just a mathematic algorithm out there. And who are you going to go and apply your law against? You're going to bankrupt the state trying to go out and figure out-- even the federal government has not figured this out. So you can't tell me that Nebraska is going to be able to go, and track down a Web3 AI entity. Utah and Wyoming has figured out some ways to pass laws to allow their state to be more Web3 compliant. I would recommend that you go and look at their bills and maybe modify our structure around that, and then bring us up to where the future is actually going. Because Google and Amazon are actually moving towards a Web3 environment. So these big data centers that you see out here are going to be dinosaurs in 10 years. They're gone. Everything that you are building your laws around are obsolete. I can-- like I said, you can take an AI, you could put it on-chain right now. I can do anything you want. You would never know it was me. I could go out and break the law, have the AI do whatever I want, pass the information back to me and you would never be able to track me down. Or I could be an honest citizen and let you know it was me. But your law can't force me to do either. So let's make Nebraska a Web3-compliant state so we will get those people come to our state and go ahead and want to actually work here.

JACOBSON: All right. Thank you for your testimony.

SEAN OWINGS: Yes.

JACOBSON: Questions? All right, seeing none. Thank you. Any other neutral testifiers? All right, seeing none, Senator Storer, you're welcome to come forward for your close. In the meantime, we had 13 proponent letters, 2 opponent letters, no neutral testifiers, and no ADA testimony.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

STORER: All right, I will be brief. I do have, if anybody is interested, I didn't want to clutter up your, your desks with paperwork that maybe you didn't want, but if you want the results of the polling, I'm happy to share that with any of you. And as I'm sure all of you, I assume, are thinking, as I started to understand the world of AI chatbots and even through my adult children's eyes, things are changing more rapidly than we can even comprehend. And the idea that we're living in a world where an individual, in this case specifically a child or a minor, can have a personal relationship with a non-human being who is advising them, whether that advice is helpful or harmful, is mind-boggling to me. Even, even again, through my adult children, just conversations, and I started to have to explore the realities of what an AI chatbot was a year or two ago, not even being aware of, of how quickly that had, had developed. So doing nothing, again is not a good answer to we're afraid to not be able to catch up, or keep up with the changes. And I do want to reference you to page 12 of the bill, which does provide some flexibility for the Attorney General to make-- to keep up with the definitions, because this is changing so rapidly, quite frankly. So it does, it does allow the, the Attorney General's Office to update definitions for those very specific things, reference "frontier model," "frontier developer," "large frontier developer," "large chat box provider," acknowledging that this is changing fairly rapidly. That being said, I'm happy to answer any additional questions. Again, we can certainly leave this for any of the committee members that want to take a look at the polling on the issue. But keeping, keeping up, getting ahead of this. You know, I think we're going to see more and more bills like this because how-- we see how quickly technology is changing and it's, I don't know, many of you remember the Jetsons, I'm sure, when you were growing up. We're, we're living in a Jetsons sort of world, so happy to answer any questions.

JACOBSON: Thank you. Yes, Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you, Senator Storer. I appreciate the bill. You've clearly done a lot of work on that. I just have two technical questions. I'm curious your feedback on those. Section 6 on page 12 talks about the Attorney General essentially being given the power annually to redefine the particular definitions in the bill. I think that's being done to try to keep up with technology as it advances, which I completely agree, it's almost impossible to write definitions that can capture what's going to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

happen in two years, let alone ten. Do you worry, though, that that is an unlawful delegation of authority, if we're giving the Attorney General the ability to redefine through rules that they promulgate what those definitions are? And is that a problem constitutionally, I guess? It's separate from the rest of the bill, but I'm just curious if you have any thoughts on that.

STORER: Yeah, we've certainly had discussion about, about that. I think it's, you know, a legitimate question and to be very thoughtful. I would point out that that's limited to A through B, so it's not sort of unfettered ability to redefine things. So there, there are some guardrails and specifications about what there's flexibility to redefine. So that's certainly been an attempt to address that concern. You know, I remain open to any suggestions, additional suggestions you may have that, that would provide a little bit more of a guarantee that we're not sort of crossing that line.

DUNGAN: Mm-hmm.

STORER: But that is the challenge that we are trying to address is the quickly-changing landscape without yielding power to that branch of government that, that we don't want to.

DUNGAN: Right. No, it's always a push and a pull, and I just want to make sure there's not an inadvertent constitutional issue with a bill that otherwise works, I think, pretty well.

STORER: Right.

DUNGAN: The last question I had for you, and we haven't touched on it much, is the creation of the fund in here as well. I know there's not a fiscal note attached to that. We're in a predicament right now financially, but long-term, what would you like to see that fund go towards? What would the goal be?

STORER: I'll have to get back to you on that. I don't want to limit myself quite frankly.

DUNGAN: Sure.

STORER: But honestly a lot of this is geared around mental health, particularly with our youth. I think that that remains a focus in some of the other bills that we've seen similar in nature that want to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

direct any fines and fees into a fund that addresses mental health particularly for, for our youth.

DUNGAN: Well, I agree. It's definitely something we should be investing in, and I appreciate your efforts on that. So thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. I very much appreciate your taking on a hard subject. My question, just to be with our last presenter that testified neutrally, spoke of Utah and Wyoming. I don't know-- I know nothing about Utah or Wyoming's information technology. Did your staff run across that as you were building this?

STORER: I am not familiar with Utah and Wyoming specifically either. We certainly will, will be intentional about looking into that to see if there's, you know, any appl-- that we can apply to this LB1083. There have been a couple of other states that have passed some similar legislation. It was not Utah and Wyoming, however.

RIEPE: I'm a big fan of copy-cattng when we should.

STORER: No need to reinvent the wheel, I agree.

RIEPE: Thank you very much. Thank you, Chairman.

JACOBSON: Other questions? All right, seeing none, Senator Storer, thank you for bringing in the bill. Thank you for your testimony.

STORER: Thank you.

JACOBSON: This concludes our hearing on LB1083. We had 13 proponent letters and we had 2 opponent letters and 0 neutral [INAUDIBLE]. All right, next is LB1174, Senator Kauth. And let's see, Senator Storer knows how to clear the room. At least partially clear the room. So we're doing musical chairs. But you're welcome to go ahead and begin your opening.

KAUTH: Good afternoon, Chairman Jacobson and members of the Banking, Insurance and Commerce Committee. My name is Kathleen Kauth, K-a-t-h-l-e-e-n K-a-u-t-h, I'm here to introduce LB1174. Nebraska LB1174 proposes changes to the Nebraska Money Transmitters Act specifically by imposing new taxes on international money transfers.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

The intent behind this bill as presented is to generate revenue for Nebraska by taxing funds leaving the state's economy and to enhance transparency regarding international financial outflows. The bill introduces a remittance transfer tax on funds transferred outside the United States by licensees. The tax rate is 2% on remittances to most foreign countries, but it increases to 20% for transfers to residents of designated foreign adversary countries such as Iran, China, Russia, Cuba, Venezuela, and North Korea. Money transmitters are required to report detailed financial condition information, including transaction data for foreign adversary countries and the amount of tax collected. Active duty military members and their dependents are exempt if they provide valid identification. And this bill is basically intended to regulate and tax money sent out of the state, particularly targeting transfers to countries identified as foreign adversaries, and it's done to match the federal executive order creating the system. Hopefully we will encourage more money earned in Nebraska to stay in the U.S., and hopefully be spent here in Nebraska. I understand there's a question about some workers who are here on a specific work visa, the Nebraska Pork Producers and I have spoken. Happy to work with committee to address those concerns. And there is an amendment that makes it match up identically to the federal executive order. So that is AM1174.

JACOBSON: All right, thank you. Questions? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being with us. I read over the weekend that we're \$2 million, I think, a year is sent to Cubans. My question is, will this be perceived, whether that makes a difference on our action or not, will be perceived as, quote, unquote, rich people piling on to poor people trying to help out their relatives from the old country?

KAUTH: Well, I think it would be perceived as Cuba is a, an adversary of the United States, a very clear adversary. So whether or not it's perceived as, as us being mean, we need to make sure that we're not funding our adversaries. And again, this is-- it matches up to the federal bill.

RIEPE: I think more of this, though, is probably going towards Mexico or Mexicans than it is towards Cubans.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

MICHELE NEILY: Yeah, which is why it's only 2% for that and 20% for foreign adversaries.

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

JACOBSON: Other committee questions? Senator Hallstrom.

HALLSTROM: Are you saying that the percentage and the excise tax are identical to the federal law?

KAUTH: No, the federal law is 1%. We're doing 2%. But the way it's written and the way it is designed is the same.

HALLSTROM: And the excise tax, then, is different than federal law as well?

KAUTH: I believe so, yes.

HALLSTROM: Thank you.

KAUTH: I'll confirm that.

JACOBSON: Other questions? Seeing none, thank you. And I understand that you've got to go to another hearing--

KAUTH: I do.

JACOBSON: --or back to your committee, so you will not be back for the close. But that doesn't mean that your bill is not important.

KAUTH: Thank you. I appreciate that. Thank you.

JACOBSON: All right. Thought I'd get that in there for you. Thank you. First proponent.

JAMES KAMM: Thank you, Chairman Jacobson, distinguished members of the Banking, Commerce, and Insurance Committee. For the record, my name is James Kamm, J-a-m-e-s K-a-m-m, and I have the honor of serving as Nebraska's Tax Commissioner. I'm here today to testify in support of LB1174. The Department of Revenue will be able to implement and enforce this tax. As indicated in the fiscal note, DOR will incur some costs to implement this new tax program. Mostly one-time programming charges with OCIO. If passed, DOR will implement this tax as a separate excise tax and enforce it through our excise-tax and

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Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

compliance area. With the amendment Senator Kauth is bringing to LB1174, we are confident that the required data sharing between the Department of Banking and Finance and DOR will more than meet our operational and compliance needs. And finally, I also want to point out that the tax is not due when the sender or the designated recipient is an active duty member of the armed forces or dependent of such a member. Thank you again for allowing me to testify on behalf of this bill today.

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

von GILLERN: Thank you for being here. I presume that the, the remittance of this tax would be through wire-- those who facilitate wire transfers. Is that, I mean, what happens if I write an old-fashioned paper check and mail it away, which I don't know [INAUDIBLE]--

JAMES KAMM: Thank you, Senator. I don't have the, you know, I believe it is primarily geared towards electronic transfers because that's how most transactions are going to be facilitated.

von GILLERN: Sure. All right. And would this also apply to consumer networks like Venmo?

JAMES KAMM: I don't have the answer for you on that question, Senator.

von GILLERN: All right.

JAMES KAMM: I apologize, we'll get back to you on that.

von GILLERN: All right. Thank you.

JAMES KAMM: OK.

JACOBSON: Other questions in the committee? Seeing none, thank you, Commissioner, and we'll ask for the next proponent. Welcome.

SUSAN GUMM: Good afternoon, Mr. Chairman and members of the Banking, Commerce and Insurance Committee. I am Susan Gumm, S-u-s-a-n G-u-m-m, from Omaha, and I am here today in support of LB1174. Taxing remittances serves as a powerful deterrent to further illegal immigration to our state and generates revenue that would help offset

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

the significant costs of illegal immigration on Nebraska taxpayers. Protecting the economic interests of Americans is one of the primary reasons for immigration laws. Every year, hundreds of billions in remittances are sent from the U.S. economy to foreign countries. A remittance tax can help recover some of the losses. It is unacceptable that our government allows foreign nationals to ill-- illegally enter our country, take job opportunities from American citizens, and then send the money they earn back to their home countries. The ease of sending remittances and of working illegally in the United States directly incentivizes illegal immigration. Money being sent abroad is money not spent on goods and services in Nebraska communities. Since a significant portion of state and local taxes are levied on spending instead of income, such as sales and excise taxes, it is important to recognize the negative impact of remittances on the amount of state and local taxes collected. These taxes go towards vital services, many of which are accessed by the illegal alien workers sending money home. It is both unfair and unreasonable to expect Nebraskans to pay for the operations and upkeeps of their communities while their immigrant neighbors send money to support communities in foreign countries. Remittances can lead to dependency, and over-reliance on remittances may hinder economic growth and investment in sustainable solutions in receiving countries. LB1174 would create revenue that could be used to offset the significant costs of illegal immigration on Nebraska. In 2023, I have given you a handout, the cost of providing services and benefits to illegal aliens and their dependents was \$337.1 million. Public schooling is one of the areas in which illegal immigration has its largest impact. State and local taxes collected from the illegal population offset some of the costs. However, the tax payments made by illegal aliens fall far short of covering the costs of the many services they use. A remittance tax is a good start, but other deterrents to illegal immigration are needed, like banning illegal aliens from access to taxpayer-funded programs and cracking down on employers and businesses who hire illegals. Nebraska is a high-tax state, and while we struggle to pay our unaffordable, ever-increasing property taxes and support our own families, we are forced to support aliens who shouldn't even be here.

JACOBSON: Thank you for your testimony. Any questions for this testifier? Senator Riepe.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

RIEPE: Thank you, Chairman. Thank you for being here. My question would be, is do you have a breakdown in the percentage that are illegal and those that are maybe here legally as immigrants?

SUSAN GUMM: No.

RIEPE: But they have--

SUSAN GUMM: No, because I know we have refugees that, you know, legal--

RIEPE: But they don't have fam-- but they may have family back home that they can legally send money to.

SUSAN GUMM: They could. But that just means there's a lot of avenues of people, the more that come in, whether it's legal or illegal immigration, those are all possibilities of money leaving our country, leaving our economy. Because they do all have probably attachments back to their home countries, so.

RIEPE: OK. Thank you.

JACOBSON: Other questions? Senator Hallstrom.

HALLSTROM: Is it your position under the bill that "sender" is defined under federal law as limited to illegal aliens?

SUSAN GUMM: No.

HALLSTROM: OK.

SUSAN GUMM: No.

HALLSTROM: So if I have a daughter in Honduras, and I send a remittance, I'm going to pay the tax.

SUSAN GUMM: Correct.

HALLSTROM: Thank you.

SUSAN GUMM: Correct.

JACOBSON: Other questions?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

SUSAN GUMM: That's my understanding right now. Unless-- I've, I've read things where some maybe, I don't know if it was Oklahoma or somewhere, they will allow the tax to be refunded maybe through, you know, your income tax form or they have ways of maybe that money getting back to in a situation like yours. Because you're a citizen sending the money out.

HALLSTROM: And would you believe taxing me would, would reduce the incidents of illegal aliens in Nebraska?

SUSAN GUMM: Probably not, no.

HALLSTROM: OK.

SUSAN GUMM: But it's a service that, you know-- and it seems like a lot of the services we have, we're always getting new taxes. You look at your Verizon bill, your, you know, OPPD bills and stuff. And I know there is a, a departure tax that they charge on airfare for everybody that leaves, leaves a foreign country, you know. So it would be, you know, so got departure of money in this case is what we've got, so.

HALLSTROM: Thank you.

SUSAN GUMM: You're welcome.

JACOBSON: Other committee questions? All right, seeing none, thank you for your testimony. And I'll ask the next proponent. Welcome.

KELLY LAMMERS: Good afternoon, Chairperson Jacobson, members of Banking, Commerce and Insurance Committee. My name is Kelly Lammers, K-e-l-l-y L-a-m-m-e-r-s, I am director of the Nebraska Department of Banking and Finance, appearing today in support of LB1174. The department regulates and supervises licenses under the Nebraska Money Transmitters Act. LB1174 imposes a transfer tax on remittances to foreign countries. A 20% excise tax is imposed on any transfer to a country that is designated as a foreign adversary under federal law, and a 2% tax is imposed on all other remittances to non-adversary countries. The collection of this tax is intended to occur at the time the transaction is conducted. Generally, remittance transfer transactions will occur through a company that is licensed with the department as a money transmitter. As the regulator of Nebraska's state-chartered and licensed financial institutions, the department recognizes the value in keeping funds within the economic ecosystem of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

the state of Nebraska. More dollars in this ecosystem are more dollars that are available for use in the state, which impacts everything from ag operating loans to small business loans to loans made to first time homebuyers. LB1174 identifies situations where these funds are leaving the state, and poses a tax to mitigate the loss of these funds from our state economy. As currently written, LB1174 would require the department to collect quarterly information that's now presently available in the existing systems. Accordingly, unless amended, this would have a fiscal impact on the department as described. If amended, the department would be able to share that data and information that it already collects with the Department of Revenue, this fiscal note could be eliminated. I want to thank Senator Kauth for introducing the bill. Happy to answer any questions.

JACOBSON: Questions? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here today, sir. Why would we not collect a tax on remittances sent to other states, if our goal is to keep money here in Nebraska?

KELLY LAMMERS: The economy of Nebraska is very diverse, sir, and we do a great deal of activity with all of the states in the nation. So in looking at protecting our own borders, we sell corn outside of our border of the state of Nebraska, if you will. And looking at our data, we interchange information through satellite systems. We have a great deal of economic interchange that comes into play within the banking system of the United States and, therefore, there's value in keeping the money circulating within that system.

DUNGAN: And I think this is maybe jumping off of what Senator Hallstrom was asking the prior testifier, but if the stated goal, it sounds like, of this legislation from the introducer, was to curb illegal immigration or at least maybe that was an ancillary benefit, does an increased tax on a Nebraskan citizen, an American citizen, sending money to another country have any impact on immigration to the best of your knowledge?

KELLY LAMMERS: I have no information, no knowledge of illegal immigration. What I'm simply looking at is an economic mathematics problem. And we have slightly less money when it leaves the system.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

DUNGAN: And my last question, I guess, is pertaining to the fiscal note. The estimated \$97,000 that was on there from the banking department, can you explain again how that might get taken care of? I just missed that at the end of your testimony.

KELLY LAMMERS: It is my belief that there's a provision that is looking at Section 2 to amend that section to require that the information could be exchanged with the Department of Revenue through an MOU on an annual basis. Currently, we collect that information on an annual basis, we do not collect that information quarterly. So in the event that annual information through simply an information exchange is acceptable, we would have no fiscal impact.

DUNGAN: Thank you.

KELLY LAMMERS: Thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. I think I picked up in your testifying about foreign adversaries. My question gets to be is, how do we determine that? It sometimes changes day to day.

KELLY LAMMERS: We are referencing the national definition of foreign adversaries. So, yes, it, it does change from time to time, but that is a definition that is established through the federal government.

RIEPE: OK, I don't know how we communicate that down then and say which 2% tax supplies and who to which one doesn't. But that's for another day, maybe. Thank you, Chairman.

JACOBSON: Other questions? Senator Wordekemper.

WORDEKEMPER: Thanks.

JACOBSON: I haven't heard from you lately.

WORDEKEMPER: I'll try to do my best. I missed the opening, but if I, if I have a son that's in an adversarial country, he is a U.S. citizen, but he's deployed there military, going to school or whatever, so he would still be-- or I would be taxed the 20%, even though it's transferring between two U.S. citizens?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

KELLY LAMMERS: The details of the bill are very much what, what you could be referencing. The taxation has to do with a money transmission. It has a specific exclusion for military. So if you're specifically sending funds to a military party, that would be excluded here. In addition, depending upon how you transfer that, if you are not using the funds through a money transmitter, but through a service that is offered through the United States Military, that may not be taxed as well. So it would be unique to that. This is a reference to money transmission as defined in Nebraska law.

WORDEKEMPER: OK, thank you.

JACOBSON: Senator von Gillern.

von GILLERN: Yeah, thank you. Yeah, a couple quick questions. Thanks for being here. The-- I'm interested, and maybe I'm getting way too far into the weeds, about how the, how this is collected. I mean, are we geofencing where the individual's making the transaction? Because you could, could drive across the Mormon Bridge and park next to all the guys making bets on, you know, the first exit ramp in, towards I-29 and be in Iowa and not pay the remittance. Is it-- have we gotten that far through, through how this is going to work yet to answer that question? Or is that something that that we deal with if the bill moves forward?

KELLY LAMMERS: At the beginning of the year, sir, there were 200 money transmitters licensed in the state of Nebraska. As of this morning, I believe that number was 208. They are identified with locations that they offer their services. They're identified by company structure, So we know where they are operating, sir.

von GILLERN: OK, so if my money transmitter is located in the state of Nebraska, I could be in Illinois and make a transaction and it would still flow through my transmitter and be taxed? Is it my physical location when I'm, when I'm punching my--

KELLY LAMMERS: It--

von GILLERN: --my transaction up?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

KELLY LAMMERS: It is predominantly your physical location. If you were to create some type of automatic transmission, I'm of a belief that could be captured in this as well.

von GILLERN: OK. All right.

KELLY LAMMERS: This is typically a counter-based activity or an app-based activity.

von GILLERN: OK. All right, last one, and not that my feelings are hurt because we are talking about money transmission. But we are also creating a new tax here. I'm not quite sure how this dodged the Revenue Committee, but congratulations, Senator Jacobson.

JACOBSON: [INAUDIBLE].

von GILLERN: I don't think that was a question, I'm sorry.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. I'd like to run one by that I have a granddaughter that's going to spend a year in Spain studying. Why wouldn't I go to Council Bluffs, I know people there, set up a banking account there and send it all through Iowa. It's, you know, it's like a 15-minute drive for me.

KELLY LAMMERS: And again, the definition of money transmitter would be relevant. If you were working through a bank or through your credit union, this may not be a tax that would be applicable.

RIEPE: Thank you. That's what I wanted to hear. I was mostly saying like college students, so it's not necessarily an illegal immigrant. It's a number of other people that have relationships of what they're supporting or, or want to do. Thank you, Chairman.

JACOBSON: Senator von Gillern.

von GILLERN: And again, maybe a non-question, but Senator Dungan might appreciate this one. I don't think this bill delineates between an illegal immigrant and, or an immigrant who happens to be a citizen. Or a citizen who happens to a citizen, so-- does it? There's a question.

JACOBSON: Nice job.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

KELLY LAMMERS: Thank you, Senator. I appreciate the question. Again, in my approach to this, we were looking at a pool of funds that were available to be reinvested in the United States and more specifically into the state of Nebraska. This is simply an exit of funds outside of that pool. I am not referencing immigration whatsoever.

von GILLERN: Thank you for being gracious in your response.

JACOBSON: I just wanted to note to Senator von Gillern that this did not go to the Judiciary Committee. Thank you. Any other questions for this testifier? If not, thank you. Next proponent.

JIM NIPPER: All right. Hi, my name is Jim Nipper, that's J-i-m N-i-p-p-e-r. I'm from Lincoln. I had a prepared statement, but in view of your questions and in relation to illegal immigration and remittances, I think that there's some things I should say. You know, this legislative body has done things over the years like creating in-state tuition for illegal immigrants. They've done things like creating free prenatal care for illegal immigrants. They've done a lot of things that make Nebraska an attractive state for people who are illegal immigrants who can-- are looking for a place to live. And it's like, well, do I go to Iowa? Do I go to Nebraska? Well, you know, remittances are one area in which a state can be made-- it's true that remittances aren't going to stop illegal immigration, but you create an atmosphere that is conducive to people who come here to work, who are here illegally. And we see this, the Unicameral doing this all the time in a variety of different ways, and folks are just trying to express their frustration with, you know, your apparent willingness to go along with this-- along with this agenda, whatever your agenda is. But just to go on some of the, the stats that I did have, 20%-- remittances from the U.S. to foreign countries can make up 20% of some recipient countries' GDP. And some people might see this as an unofficial form of foreign aid, but it's foreign aid that our-- that we or our representatives didn't vote for. It's a zero-sum gain wealth transfer. They win and we lose. We frequently hear senators in the Unicameral expressing concern about Nebraska losing business revenue in one form or another to nearby states like Iowa or Kansas. Doesn't the same principle apply with remittances? About \$200 billion are removed from the economy through remittances during some years. By contrast, American workers working abroad send only about 3 to 4% of that amount, roughly \$7 billion back to the U.S. in remittances. And let me remind you that the U.S. is the third most populous nation in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

the world. During the Biden administration we had an open-borders policy that-- and that allowed in 11 million illegal immigrants or illegitimate asylum-seekers. Among them certainly were criminals, some, some of them were. And as a result, law enforcement has seen more remittances going to cartels and foreign criminal or terrorist groups. So I would just encourage you to advance LB1174. That's basically my presentation.

JACOBSON: All right. Thank you. I would just remind you that the-- every bill that gets introduced to the Nebraska Legislature gets a hearing.

JIM NIPPER: Right.

JACOBSON: That's what this bill is getting today is a hearing before this committee--

JIM NIPPER: OK. So this--

JACOBSON: --who will then have to vote if they choose to on this bill, as to whether it goes to the floor.

JIM NIPPER: It goes to advance. This is an advancement.

JACOBSON: So that-- this is just one step in the process.

JIM NIPPER: I got you. Thank you.

JACOBSON: So I just remind you of that.

JIM NIPPER: Thank you very much.

JACOBSON: Thank you for your testimony.

JIM NIPPER: You bet.

HALLSTROM: Quick question.

JACOBSON: Yes, Senator Hallstrom.

HALLSTROM: You cited a number of total remittances from other foreign countries. Do you have any data that shows how much of that has gone from illegal aliens?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JIM NIPPER: Yeah, there's no delineation. There's no delineation. Some immigration groups will focus on illegal immigration, but also excessive legal immigration. So there's not necessarily-- you know, immigration is a beautiful thing. That's my view. But like all beautiful things, human beings find a way to corrupt it into something that serves their agenda, that serves their ideology or whatever it might be. And, and that's what a lot of-- that's with this bill I believe is trying to accomplish or trying to do in some very small way is, you know, keep Nebraska from being an attractive state for people to come to if they're here illegally.

HALLSTROM: And we always talk about not throwing the baby out with the bathwater.

JIM NIPPER: Yes, that's very true. That's, that's, that very true. And it's a great point, but that's, like I say, it's we find ways to, you know, corrupt things that are legitimate and are worthy, worthy causes and--

HALLSTROM: But the bottom line is there's no data that shows how much of that dollar [INAUDIBLE]--

JIM NIPPER: I haven't found any. I got online, I accessed the Federation for American Immigration Reform, and they didn't delineate.

HALLSTROM: Thank you.

JIM NIPPER: Yeah, you bet.

JACOBSON: Thank you. Other questions? All right, seeing none, thank you for your testimony.

JIM NIPPER: All right, thank you.

JACOBSON: I'd ask the next proponent to step forward. Any, anyone wishing to speak as a proponent? If not, are there any opponents?

MARY PIPHER: Hello committee. Mary Pipher once again.

JACOBSON: Can you spell your name?

MARY PIPHER: Mary, M-a-r-y P-i-p-h-e-r. And I'm here, excuse me, thank you. I'm here to speak on-- as, as opposed to this bill. I started working with refugees and immigrants in this state in 1985. I am still

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

working with, originally it was Vietnamese, I've done various work all through these years with different populations. Right now I'm working with Afghans who served our military [INAUDIBLE] this state. I want to point out that I don't see the refugee and immigrant community in this state as illegal aliens who are a burden on our state. They're working in our hospitals as cleaners, they're working in our hotels as cleaners. They are working in nursing homes doing the most tedious tasks to care for our old people. They're working in our dog food plants, our sugar beet fields. They're working at Lincoln Industries in Kawasaki. And they're often working for low wages in difficult, dirty and dangerous work that Americans don't want to do. I don't know how many of you know refugee and immigrant families, but currently I know a great many of these families. Most of them from Afghanistan. They fought with us. Their families in Afghanistan fought with us. They're working very hard to support themselves. I know no unemployed immigrants. And they're sending home money to keep their grandmothers and their children alive who are starving. They are not supporting governments. It doesn't mean-- matter to me whether the government is Cuba, Venezuela, Afghanistan, or Mexico. These remittances that we're talking about taxing, first of all, we're taxing the poorest people in our state without question. Secondly, we are keeping them from allowing family members to stay alive. I know just one family I'd like to give as an example. The man worked for the, the United States government as a communicator. He speaks seven languages. He came over here with his family after they'd been in hiding two years. They didn't have money for a bottle of water on their way here from Pakistan. He went to Lutheran Family Services for cultural orientation. He was hired on the spot because he was so helpful, and he helped so many people. He's now got four children in school. His little girl, when she was told about recess, said, I don't want to go to recess, I want to study. These children all speak good English, two years after arrival. They'll no doubt be highly productive citizens in our country. The father, Kushal [PHONETIC], is trying to work-- he works at-- he worked at Lutheran Family Services until it was closed down. He's now working at Smart Chicken, supporting a family of six, and trying to support a family who were friends of America in Afghanistan just to--

JACOBSON: Can I ask you to wrap up?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

MARY PIPHER: --keep them alive. Oh, sorry. So all I suggest is let's not tax our poorest people who are trying to keep their families here and in foreign countries alive. Thank you.

JACOBSON: All right, thank you. Hang on just a minute. Are there any questions from the committee? All right, seeing none, thank you for your testimony. Next opponent.

SETH MITCHELL: Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Seth Mitchell, S-e-t-h M-i-t-c-h-e-l-l, and I serve as executive director of the Nebraska Pork Producers Association. I'm here today on behalf of the Nebraska Pork Producers Association, the Nebraska State Dairy Association, Nebraska Farm Bureau, and Renewable Fuels Nebraska to testify opposed in part to LB1174. Our opposition is limited solely to the proposed 2% excise tax on remittance transfers. While LB1174 does not directly regulate agriculture, workforce availability is one of the most significant challenges facing Nebraska farms and livestock operations. In an industry survey conducted last summer, labor availability was identified as one of the top three challenges facing Nebraska pork producers with operations of more than 500 sows. Pig farm employers rely heavily on legally-authorized foreign workers, particularly through the TN visa program established under the United States-Mexico-Canada agreement. TN visas are available only to citizens of Canada and Mexico and are limited to individuals with specialized skills and post-secondary education. These are not seasonal or temporary laborers, they are trained professionals who play critical roles in animal care, herded management, nutrition, and daily livestock operations. For pork production, the TN visa program is one of the most reliable and practical workforce options currently available. Nebraska agriculture competes with other states for this specialized talent, and these employees often have the ability to choose where they live and work. Many of these workers regularly send a portion of their earnings home to support family members. The proposed 2% remittance transfer tax directly reduces take-home pay for these legally authorized workers and introduces an additional cost that does not exist in many competing states. Even modest increases in routine financial costs can influence employment decisions, particularly in a tight labor market. If Nebraska becomes a more expensive or less competitive place for TN visa holders to work, livestock producers risk losing a dependable, educated, and specialized workforce. That loss would strain operations, reduce

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

stability, and further exacerbate existing labor shortages across rural Nebraska. For these reasons, we respectfully oppose the 2% remittance transfer tax included in LB1174 and encourage the committee to consider the workforce competitive impacts of this provision as the bill moves forward. I also appreciate Senator Kauth noting that she would be willing to explore a workable solution in her introduction. Thank you for the opportunity to testify, and I would be happy to answer any questions you may have.

JACOBSON: Thank you for your testimony. I just-- one clarification. So as I understand it, you would be opposed to the 2% portion. So you would support the 20% tax for foreign adversaries? And you didn't really comment whether you were looking for a carve-out for folks that fell into the category you're speaking of or that we just completely get rid of the 2%. Could you respond to that?

SETH MITCHELL: Sure. Senator Jacobson, we do not have a position on the 20% tax on remittance transfers to foreign adversaries. So that's not a concern or any point in my testimony here today. We are strictly concerned with the 2% remittance tax on transfers to other countries for the sake of the pork industry, particularly to Canada and Mexico, as that is-- that those are the countries to which TN visa applicants are restricted. So if there were, you know, an opportunity to with Senator Kauth and this committee to come to an agreement that may exempt those parties or the TN visa holders or other agricultural visa holders, that would be a conversation we'd be very open to.

JACOBSON: Great. Thank you. Good answer. Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here. Broadly speaking, I'm curious, what, what is the-- what is your workforce that you're talking about here looked like over the last year or two? Have you seen increases, decreases? What struggles or successes has your industry seen with workforce, in particular, to visa holders over the past couple of years?

SETH MITCHELL: Sure. Well, the pork industry continues to be increasingly reliant on foreign-born nationals, as there's a reduced appetite from domestic labor to work in our rural communities, quite frankly and unfortunately. So we've seen the number of TN application-- TN visa applications increase in recent years. There was a, a stint back in, I think, 2024 in which there was a number of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

denials from the State Department and our national organization, the National Pork Producers Council, worked deliberately with the State Department to come to a solution on that issue. And TN visa approvals are back up to where we would expect them to be, but our producers do rely heavily on that source of labor.

DUNGAN: Thank you.

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

SETH MITCHELL: Thank you.

JACOBSON: Next opponent.

KATHY TOMASOFSKY: My name is Kathy Tomasofsky, it's K-a-t-h-T-o-m-a-s-o-f-s-k-y. Chair Jacobson, Vice Chair Hallstrom, and members of the Banking, Commerce and Insurance Committee, I am the executive director of the Money Service Business Association, the largest trade association representing money service businesses. MSBs, as they're called, provide essential financial services, including remittances, bill payments, money orders, and prepaid cards to Nebraska businesses and consumers. Our concern is straightforward. This bill will not stop illicit finance. Instead, it will reduce law enforcement visibility, burden Nebraska families, and harm small businesses. First, LB1174 makes Nebraska less safe. MSBs are highly-regulated companies. They have strong anti-money laundering programs and work very closely with federal, state, and local law enforcement. The requirements imposed on the industry at the federal level by FinCEN are extremely robust and virtually identical to the requirements imposed by banks. Companies continually monitor their transactions that are processed to look for trends and anomalies. Licensed money transmitters already operate under some of the strictest compliance regulations in the country. Know Your Customer, AML monitoring, sanctioned screening, using defined updated lists from the Office of Foreign Assets Control and suspicious activity. These tools are what law enforcement needs, and the visibility that it has to provide and assist in their enforcement activities. Ultimately, a tax on remittance transaction risks the movement of money to underground channels that are not regulated or out of state to avoid the tax. When you add a new tax, people don't stop sending money. They simply stop using regulated channels. Second, the bill duplicates federal regulatory requirements and creates conflicting obligations. Providers already comply with the federal

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

remittance transfer rule and the Bank Secrecy Act. A new state-level tax and reporting system adds cost and confusion without improving enforcement. Third, this is a regressive tax on ordinary citizens of Nebraska. This bill exempts military families, but others such as missionaries, parents paying tuition, medical bills, seniors helping relatives abroad still must pay. Conditioning the exemption on presenting a military ID adds time to the process and complexity to the compliance areas. Fourth, the bill harms small businesses. Grocery stores, pharmacies, and local retailers would be required to collect the tax, maintain records, and face audit exposure. Many will simply stop offering the remittance services, reducing access for communities and reducing the foot traffic that they provide for other business tax revenue. So, for these reasons, we respectfully urge you to vote no on LB1174. We are always ready to work with lawmakers and stakeholders on approaches that strengthen, rather weaken Nebraska's financial safety.

JACOBSON: Thank you. Thank you for your testimony. All right, questions for the testifier. Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here. You touched on one of the things I was going to ask, and I don't want to go into all the details. But just to further clarify, I've read some of the online comments and talked to some people, the conflict between state and federal regulations currently. Can you speak a little bit more to what that conflict would look like if we were to pass LB1174 and why that would be an issue, or if it would be issue?

KATHY TOMASOFSKY: So, you know, it presents the companies that are operating nationally, right, with a different set of requirements in the state of Nebraska. Nebraska last year in October implemented the Money Transmission Model Act, MTMA, which brought it in line with 31 other states in the United States for regulating money transmission. That law helps Nebraska, you know, interact with other states, you know, no members of-- no memorandums of understand-- they have memorandum of understanding, assist in providing efficiencies in exams, and also in the licensing process. So having a separate set intact now sort of deviates from that harmonization.

DUNGAN: Thank you.

JACOBSON: Senator von Gillern.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

von GILLERN: Yeah, thank you for your testimony. You heard my questions earlier. It sounds like maybe you're, you're all dialed up to answer a few of those about how-- sounds like there's some ways to beat the system, whether it's geographically, whether it's, I think you used the term, underground channels or black market, and there's different ways to, to transfer money. Would you like to share just a little bit more about that, please?

KATHY TOMASOFSKY: So, you know, I think as the gentleman before me indicated and also the woman about the refugee population, many people that are here do send small portions of their pay back home. And it, it provides food and housing for these communities. And, you know, they will find ways to send that money, whether it be informal channels like Koalas, which are sort of passing through, or as you noted, Iowa is very close, you know, driving over to Iowa and sending the money through a company there. So the tax can be avoided if it becomes burdensome.

von GILLERN: OK. All right. Thank you.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. You mentioned that some businesses are willing to facilitate the process. Is that-- can you tell me is that common?

KATHY TOMASOFSKY: So there right now in Nebraska, and all across the country, there are companies like in your grocery store or in your pharmacy that also that provide remittance transfer services. So people can come in and provide their documentation, all that, and transfer money to the state.

RIEPE: I know Hy-Vee does food, but I was just thinking, does stores have that? My question was, is someone like the Pork Producers as an organization, do they-- I'm curious if there are other organizations, even individual employers, who accommodate their workers, if you will, by doing it for them.

KATHY TOMASOFSKY: I don't know the exact answer to that.

RIEPE: Oh, OK, thank you very much. Thank you, Chairman.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

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

KATHY TOMASOFSKY: Thank you for the opportunities.

JACOBSON: Sure. Any other opponent testimony? Yes?

HUDY ROSENBERG: Good afternoon, Chair Jacobson and members of the Banking, Commerce, and Insurance Committee. My name is Hudy Rosenberg, H-u-d-y R-o-s-e-n-b-e-r-g, and I serve as the deputy director of state government affairs for the American Fintech Council, AFC. Thank you for providing me with the opportunity to testify in opposition to LB1174 today. A standards-based organization, AFC, is the largest trade association representing financial technology, fintech companies, and innovative banks. Our mission is to promote a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in the financial services industry and encouraging sound public policy. Our members are lowering the cost of financial transactions, allowing them to help meet demand for high-quality, affordable products. Specifically, payment providers specializing in cross-border transfers play a critical role in the financial lives of millions of Americans, offering fast, affordable, and transparent alternatives to traditional international wire services. These companies increase competition, lower costs, and expand access to secure, regulated payment options, particularly for underserved communities who rely on remittances to support family members abroad. The inclusion of a tax on remittances and cross-border payments in the bill would have a harmful unintended consequences on existing regulatory framework, local businesses as mentioned, and ultimately for the citizens of Nebraska. AFC proactively engages with state and federal financial services regulators to improve their understanding of innovative financial products and services. This patchwork approach of remittance regulation, exacerbated by this bill, creates a substantial compliance burden for responsible providers without improving custom-- consumer outcomes or enforcement clarity. The state remittance tax proposed in this bill is duplicative of the existing federal 1% tax under the One Beautiful Bill Act. Consumers and financial institutions, particularly those consumers using innovative services from AFC member companies. The addition of state remittance taxes adds cost, reduces transparency, and ultimately pushes these transactions underground. Keeping remittances in the regulated financial system ensures oversight through robust AML, KYC, and sanctioned screening standards. State remittance taxes raise costs

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

for lawful senders, discourage use of licensed providers, and push transfers into unregulated informal channel, channels, reducing oversight and increasing risk, the opposite of what policymakers intend. According to research, every additional 1% in fees reduces formal remittance volume by around 1.6%. In other words, layering a 3% tax on top of the new 1% federal levy could shrink the formal traceable market by about 6 to 7%, shifting millions of dollars toward unregulated alternatives. Given the above concerns, AFC respectfully opposes the legislation and requests that the Legislature reject LB1174. Thank you again for the opportunity to raise our concerns and oppose this bill.

JACOBSON: Thank you. So I'm curious, you talk about you being regu-- who are you regulated by?

HUDY ROSENBERG: Well, we generally are lobbying for more regulation, just regulation that we--

JACOBSON: But generally, you're not regulated?

HUDY ROSENBERG: Well, it depends on the comp-- we represent a broad--

JACOBSON: I just take a little offense when people say they're regulated when they're not, because we're talking about the underground, that probably really is fintech, isn't it?

HUDY ROSENBERG: No, that's not the companies that we represent. So AFC has a, a number of standards that the companies have to meet in order to be a member.

JACOBSON: So if I'm going to transfer money, I have to show my ID?

HUDY ROSENBERG: Yeah, it would comply with all of the existing remittance tax laws.

JACOBSON: And that regulates-- regulation is out there today?

HUDY ROSENBERG: Correct, including in the federal government.

JACOBSON: And who enforces, who enforces that?

HUDY ROSENBERG: I don't know which exact regulators. I'm not a full expert--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: Well, thank you.

HUDY ROSENBERG: --on each individual--

JACOBSON: Other questions? Senator Hallstrom.

HALLSTROM: Who specifically are your members who would be impacted by either the federal executive order or this companion state law?

HUDY ROSENBERG: There are a whole bunch of them. I don't want to name names because we have about--

HALLSTROM: No, I don't-- I just, the business that they're in.

HUDY ROSENBERG: Oh, well, there's an entire industry of fintech remittance. There's apps now, there's like software providers and whatnot that work with banks and work with that a lot of the companies kind of-- they help in various different areas. So you might have an app that does all different financial services.

HALLSTROM: And do they qualify as money service businesses or money transmitters under state law so they would have to be licensed for the manner in which they do business?

HUDY ROSENBERG: Yes.

HALLSTROM: And, and under both the federal executive order and the state law, there are options and opportunities to work through banks or to issue the remittances pursuant to a debit or a credit card that would not be subject to the tax, is that correct?

HUDY ROSENBERG: If you want that channel, but it-- essentially it would make it harder for consumers and more costly for a lot of consumers.

HALLSTROM: And can your-- can the people that you represent qualify as a qualified remittance transfer provider under the federal executive order?

HUDY ROSENBERG: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

HALLSTROM: And why isn't that a good avenue or a good business practice to be able to verify sender status, if that's-- if I understand what that requirement is?

HUDY ROSENBERG: We're opposed to there being a duplicative levy on top of the federal tax.

HALLSTROM: OK, and I-- my understanding was that the way that Senator Kauth had drafted the bill was to align itself with the federal requirements. Do they not have the--

HUDY ROSENBERG: The requirements are the same, but it would be an additional tax. The federal tax is a 1% tax. This one is an additional 2% state tax on top of that.

HALLSTROM: Correct, but I'm trying to figure out if the Q-- QRTP, if you can attain that status, and you're exempt-- are you exempt under the federal law if you attain that status because you can verify the status of the senders?

HUDY ROSENBERG: I'm not, I'm not positive, but I came to get you more information on that.

HALLSTROM: My question for you, if you could find out, is if you're exempt under the federal law by attaining that status, I, I believe you would be exempt under state law as well. OK, thank you.

JACOBSON: Other questions? All right, seeing none. Thank you for your testimony. Other opponents?

TIM DALY: Thank you, Mr. Chairman, members of the committee. My name is Tim Daly, T-i-m D-a-l-y, and I'm the head of global public policy for Western Union, which is headquartered in Denver. And I thank you for the, the opportunity to, to talk about our opposition to LB1174 today. Western Union provide-- allows people to send money cross-border and cross-currency in over 200 countries and territories across the world. In Nebraska, we have over 200 locations, physical locations, including locations at Walmart, Kroger, and Walgreens, where you can go in, pay a fee, and send money across border. We also have a digital product, similar to, to my previous colleague who testified. As was membered-- as was mentioned earlier. This is a highly regulated industry. Western Union is licensed in Nebraska, as well as the other states, and we are subject to the federal and state

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

laws relid-- relating to anti-money laundering, anti-terrorism, and terrorist finance. And I thought rather than kind of run through an entire litany of my testimony, I'd focus on a couple common themes that came up earlier. First of all, we have found over the years that remittances are very price-sensitive. Senders of money, when they're sending money home, sometimes even change providers if the exchange rate is different by, by a percentage or two. So they're very, they're very sensitive to cost and price. And, therefore, we think there's two potential results of this tax and this bill. One is transactions could move underground, which would mean there's no law enforcement visibility to those transactions. Or, as we said earlier, they could-- you could cross state borders, which leads to less revenue. I took a look at the, at the fiscal note and compared it to the only other state in the country that has a remittance tax, which is Oklahoma. Oklahoma. Has a 5% tax and generates about \$13 million a year. Nebraska, which is about half the population of Oklahoma, the fiscal note projects about \$25 million a year. The only way I can figure out that that might be accurate is if they're relying heavily on the 20% tax. If people move for 2% tax, which I think they might, they would almost certainly move for a 20% tax. You could drive over to Council Bluffs. I'm from Wyoming, you could go from, you know, from Scottsbluff to Torrington, and therefore you wouldn't pay the tax. So you'd lose visibility to it, but it would also reduce the fiscal impact-- the fiscal note, and reduce the revenue that the state would receive. So respectfully, I urge opposition. Thank you.

JACOBSON: You mentioned going underground. I've heard that two or three times. How-- what would-- how is, how does underground work?

TIM DALY: Yeah, there's a few different ways. One is just cash couriers. You know, if there's a high demand for a certain country, people just take cash over the border, and that, you know, that, that kind of develops over time. Two is, and as Kathy earlier indicated, there's this hawala network, which is kind of an informal settling of accounts, cross-border. So there's a variety of different ways that develop over time, especially for countries that receive a lot of remittances.

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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

HALLSTROM: Maybe you're a better witness to talk about the qualified remittance transfer providers. Is that something that Western Union intends to do or has qualified for in terms of verifying sender status for U.S. citizens and nationals?

TIM DALY: Yeah, so the, the-- that part of the legislation didn't become law at the federal level. There was originally, it would have required companies to determine whether somebody was-- had legal status or was a citizen or not, which is a different debate that can be quite difficult to do. You know, only 50% of people in the United States have passports. So it's difficult for a private company to determine whether somebody's work visa is valid or travel visa is valid.

HALLSTROM: So the federal law chose not to adopt that?

TIM DALY: That law-- that was amended out, eventually.

HALLSTROM: OK, thank you.

TIM DALY: So it now it is 1% to anybody who says--

HALLSTROM: Across the board.

TIM DALY: Yeah.

HALLSTROM: Thank you.

JACOBSON: Other committee questions? If not, thank you. How many others wish to speak in opposition? Two? All right, thank you. Next opponent.

REBECCA MEYER: Hello, my name is Rebecca Meyer, R-e-b-e-c-c-a M-e-y-e-r. This is my first time testifying for anything, so forgive me, I'm a little nervous.

JACOBSON: Very good so far.

REBECCA MEYER: I have been a member of online fan communities for over 15 years now, so this is going to offer a bit of a different perspective. And I'm want to briefly discuss how this bill will negatively affect-- affect the symbiotic relationship with fans and fandom. Star Wars, Star Trek, Game of Thrones all shows with vibrant fan communities, communities that rely on fan work, so fan art, fan

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

fiction. I can't tell you how many times I have watched a media because of fandom's art has brought me in. Right now I'm watching The Pitt for that very reason. Online many people make money creating art, often of media. People can send in tips to show appreciation or more commonly commission art pieces. I myself have paid people to create art characters I love, many of whom have been outside the U.S. Now you may ask, why not simply find an artist within the US to make that art? It's not that simple. Sometimes it's an artist I've followed for a while and love them or their work. Commissioning art is based on several factors, like price, skill, style. Not every artist draws every character, actor, or pairing. The ecosystem in fan spaces is vital to fan communities. Art that is commissioned is posted to blogs and accounts and shared, creating excitement, drawing in new fans, and acting as advertisement for media, most of which is American TV shows, movies, and books, and keeping American media in a global stage. Just this year, Zootopia 2 generated, I think, \$600 million in China alone. Nerd communities are passionate, friendly, and supportive and met many wonderful international friends online through fandoms that give and take. People and countries have bought from me as I have bought them. Creating more fees punishes average people just trying to gain a little extra joy in their characters and shows. There are many reasons to oppose LB1174, many of which I've heard or we will hear. Reasons that affect hardworking neighbors here Nebraska and innocent neighbors in troubled countries abroad. However, I want to call attention to my specific community, a group of average people, hardworking people, just having fun. We don't need extra fees, or God forbid, other countries putting retaliatory fees on us, further disrupting the ecosystem and putting burden on this community. Thank you for your time and attention. Please oppose this harmful bill.

JACOBSON: Thank you for your testimony. Senator von Gillern.

von GILLERN: Thanks for your testimony. I think you point out a good question for us to visit with the bill sponsor about, and that is whether transactions for purchase are different than remittances, which is money being forwarded. So that's a good question that we'll address. Thank you.

REBECCA MEYER: If I could add, most of these transactions are done informally. I guess I shouldn't say most. Some of them tend to be. So when it's an artist that's not a business and just somebody creating, they can often be done through PayPal. And there's a couple, there's a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

couple other websites. And most of those can be labeled under business through PayPal, so I'm not sure how the taxes work. So I understand that might be kind of seen as an under-- underground sort of thing, but it is kind of how this-- the communities operate in that sense.

von GILLERN: Thank you, appreciate it.

JACOBSON: Other questions? All right, seeing none, thank you for your testimony. I believe we have one more opponent test-- testifier. Please step forward.

CESAR GARCIA: All right. Good afternoon, dear Chairperson Jacobson and committee members. My name is Cesar Garcia, and I work with the Immigrants and Communities Program at Nebraska Appleseed.

JACOBSON: Can you spell your first and last name?

CESAR GARCIA: Oh, yes. My first Cesar, C-e-s-a-r, last name, Garcia, G-a-r-c-i-a. Thank you. So I work with the commun-- Immigrants and Communities Program at Nebraska Appleseed, a non-partisan, non-profit organization dedicated to justice and opportunity for all Nebraskans. Today we're testifying in opposition to LB1174. First, in a practical sense, we live in a complex global world where it is commonplace for people to transfer money to family in other countries. For immigrant Nebraskans, it's not uncommon to send small sums of money to family living in another country. It is important to remember that the vast majority of immigrant community members' earnings stay in Nebraska and support local economies. At the same time, the small sums sent to family in other places have a tremendous impact on people's lives, as they help one's family buy food, pay living expenses, and purchase other necessities. Immigrant Nebraskans are valued members of our families, our communities, and our state. This tax only makes it more expensive for community members to balance their obligations to family members in different places. Furthermore, immigrant community members already make substantial tax contributions to the state and the country. Immigrant Nebraskans paid about \$1.6 billion annually in taxes at all levels, including federal, social security, state, and local. Considering state and local taxes alone, and only Nebraska community members who are stuck in immigration limbo, there is a contribution of \$113 million annually in the state and local taxes, not counting federal taxes and social security. Secondly, this bill blurs the line between governments and ordinary people. While it

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

proposes higher taxes and remittances to families in certain countries like Cuba or China, the real impact falls on Nebraskans who are simply supporting family members abroad. Certainly, we should be deeply concerned about human right abuses and global conflicts, but that doesn't justify penalizing individual community members for the actions of foreign governments. This approach sheds the burden onto working families, people sending money for rent, food and medical care, and punishing them for having loved ones outside the U.S. Rather than targeting problematic governments, the policy targets individuals, reinforcing the very inequities we're trying to address. For these reasons, we encourage the committee not to advance LB1174. Thank you.

JACOBSON: Thank you for your testimony. Questions from the committee? All right, seeing none. Thank you again. Last call for any opponent testimo-- testifiers. All right, seeing none, is there anyone wishing to speak in a neutral capacity? Yes, there is.

SARAH MAMULA: Good afternoon, Chair Jacobson, Vice Chair Hallstrom, and members of the committee. My name is Sarah Mamula, S-a-r-a-h M-a-m-u-l-a, and I am head of government affairs for the Financial Technology Association, FTA, an organization representing innovative fintech companies, including those that offer money services and payments activity across the U.S., including Nebraska. FTA champions the power of technology-centered financial services and advocates for modernized regulation to support marketplace competition, inclusion, and innovation. Thank you for the opportunity to testify before you today. FTI supports-- FTA supports the stated goal of the substitute amendment for LB1174 presented before the committee today as described earlier by Senator Kauth. Alignment with the scope of the intent of the federal law under the budget reconciliation efforts resulting in Public Law 119-21, also known as the One Big Beautiful Bill Act, remains the goal of FTA and its members. While FTA-- I'm sorry. While FTA and our members would like additional time to more thorough-- thoroughly review the substitute amendment text for technical considerations, we support the stated goal and intent of the amendment. If adopted as intended, our members will no longer be impacted by this legislation. Accordingly, FTA would be neutral on LB1174. I thank the committee for its commitment to fostering and protecting innovation and financial services in Nebraska, and look forward to working with you. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: Thank you. Questions? Senator Hallstrom.

HALLSTROM: Can you just briefly tell us what the difference between the proposed amendment and the original bill from your perspective is?

SARAH MAMULA: Sure, yes. As I understand, the drafted amendment would align LB1174 with the federal law. So it would provide a, I understand, a digital carveout of sorts, which aligns with the federal law.

HALLSTROM: And that was the original intent, but this is fine-tuning it to be more--

SARAH MAMULA: I don't know that that was the original intent in the, the bill as originally drafted, but the language that Senator Kauth presented this morning is, I believe, the, the intent of that text.

HALLSTROM: Thank you.

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

SARAH MAMULA: Thank you so much.

JACOBSON: Any other neutral testifiers? All right, seeing none, I believe Senator Kauth had indicated that she would not be here for the close, but I would mention that there were 2 proponent testifiers, or test-- proponent letters, and 59 opponent letters. No neutral and no ADA. With that, this closes our hearing on LB1174, and we will go to LB119, Senator Bosn. Senator Hallstrom, I'll let you take the chair for a moment. Senator Bosn, I'm handing the chair off to Hallstrom. I know, I know it's just, I want you to be able to have time to change your testimony.

von GILLERN: It's going to be anarchy.

JACOBSON: You know, you don't gotta be in or I'll be back.

HALLSTROM: Senator Bosn, welcome to the Banking, Commerce, and Insurance Committee.

BOSN: Thank you, Vice Chair Jacobson-- I'm sorry, Vice Chair-- I'm looking at too many things, I'm sorry, Vice Chair Hallstrom.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: I'm not even out of room and I'm demoted.

HALLSTROM: I, I, I resemble that remark.

BOSN: All right. Thank you. OK, now I'm ready, Vice Chair Hallstrom. Thank you and good afternoon to members of the Banking, Insurance and Commerce Committee. 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 Bennett. First of all, I'd like to thank the committee for their assistance in passing the Age-Appropriate Online Design Code bill last session. I am proud that Nebraska has put an emphasis on providing online safety for our children. LB1119 was introduced to make a few changes to the Age-Appropriate Online Design Code bill that the Legislature passed last session. I promised multiple times that I would introduce a cleanup bill, if changes were brought to my attention, to strengthen protections for kids in Nebraska. These changes will incorporate suggestions from technology experts, policy experts, and legal experts. According to two different surveys by the Anne E. Casey Foundation, over the past few years, more than a third of high school students say they've felt sad or helpless. During the 2022 to 2023 school year, only about one in two high-school-aged Nebraska teens participated in any community service or volunteer work at school or church, way down from levels of community participation that we saw just five years ago. We have all seen how far technology has come in the last five years. As someone who volunteers regularly, I hope to encourage our youth to volunteer and be more engaged in their communities. Last year, I mentioned how social media was designed to help kids, or excuse me, to keep kids on screens, and we heard personal stories from parents whose children learned about eating disorders and the heartbreaking story of how a young teen lost his life due to a fentanyl-laced substance he purchased off of Snap--Snapchat. Specifically as it relates to this bill, LB1119, it clarifies and expands the list of covered design features, making requirements more specific and workable for covered online services. It updates the compliance threshold so that the law clearly applies to companies with over \$25 million in annual gross revenue or companies that process the data of 50,000 or more consumers, households, or devices. This clarification ensures the right companies are being held accountable while ensuring startups and entrepreneurs aren't disincentivized from exploring opportunities in Nebraska. This bill also adds new protections for minors including a prominent, accessible and responsive tool to request account deletion, with the deletion

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

required within 15 days. Think the "delete me" legislation that's being brought. Prohibiting a single one-click setting that weakens all default privacy protections at once, as well as prohibiting platforms from prompting or requesting minors to make their privacy settings less protective, LB1119 continues to set reasonable common-sense guardrails for major online platforms. I ask you to please help me to continue putting the well-being of Nebraska kids first, not the corporate profits. I will close by saying that I appreciate the stakeholders who have reached out to me with their concerns. I am happy to continue those discussions, as well as willing to consider any suggestions that strengthen the bill. We were able to work on some agreements over the weekend, and I will share an amendment with the community as soon as, as it is drafted. Thank you for your time and consideration, and I would be happy to answer any questions.

HALLSTROM: Any questions of Senator Bosn? Senator von Gillern.

von GILLERN: Thank you for bringing the bill. You mentioned require deletion of an account within 15 days. How hard is it to delete account today?

BOSN: Well, that depends on what type of platform, but it is-- occasionally requires-- you can't do it from your phone, you have to do it an actual desktop computer, it requires verification. There's a lot of hurdles that can be placed in order to delete an account, sometimes making it more work than worth. And this would sort of simplify the ability to say, I don't want this anymore, and they have to have that in a prominent place.

von GILLERN: OK, thank you.

HALLSTROM: Any other questions? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here today. We've had three different bills that have-- are dealing with, you know, AI technology and I'm trying to lace all of them together. They're all proposing to protect Nebraska kids or kids. And I'm, I'm trying to string them all together. Maybe I'm the dumbest guy in the room when it comes to technology.

BOSN: I doubt that.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

RIEPE: But can you help me a little bit? Does-- is there any relationship or crossover?

BOSN: I wasn't in here for the other bills that were introduced. And so while I'm happy to work with them to figure out if perhaps there's one vehicle forward for all of us, I wouldn't want to speak out of turn without having those conversations, since I wasn't here for that. But they may all be very similar, I just don't know.

RIEPE: Thank you. Thank you.

HALLSTROM: I actually was wondering if you're aware, is there a vehicle forward that you're looking at or in terms of priorities, things of that nature?

BOSN: I'm open to any of the committee's recommendations or suggestions. Just think that these-- this truly is a cleanup bill. There's nothing changed significantly in here that wasn't in last year's. So hoping that we can hitch a ride somewhere.

HALLSTROM: So if we agree, it might be consent-calendar-eligible.

BOSN: Sure.

HALLSTROM: OK. Senator von Gillern.

von GILLERN: On that note, the original bill last year got quite a lot of debate.

BOSN: Non-consent-calendar eligibility

von GILLERN: This is, and I trust you implicitly when you say this is a cleanup bill.

BOSN: Thank you.

von GILLERN: Is this-- would this be broadly loved? The types of cleanup that this is bringing, is this really-- if, if all of these things had been in the bill last year, would it have made last year's effort easier, smoother?

BOSN: No, I am anticipate this--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

von GILLERN: Or this is adding more constraints?

BOSN: It's not adding more constraints. It's clarifying what some of the constraints were last year that some groups have found workarounds.

von GILLERN: OK.

BOSN: And so this strengthens those workarounds and says, no, this was our actual intent, and you still have to comply.

von GILLERN: We had a testifier earlier that was very much into technology. And he indicated that we, we lagged dramatically behind technology, which I didn't find hard to believe at all, as far as the, the laws that we're bringing to bear. So thank you.

HALLSTROM: Senator Riepe.

RIEPE: I got caught up in the question. I'll have to come back. I'm sorry. Oh, I know what I-- may I continue? I'm just going to ask. Do you have a priority identified on this bill?

BOSN: I do not as of yet.

RIEPE: Not yet. OK, that was my question. Sorry for the lapse.

HALLSTROM: No further questions? Will you be staying for closing?

BOSN: Yes, sir.

HALLSTROM: OK, thank you. First witness in support.

BOSN: Don't you mean testifier?

HALLSTROM: Testifier. No outbursts in the committee room. Yes, ma'am. Welcome.

MICHELE NEILY: Thank you. Good afternoon again. It's been a couple hours. My name is Michele Neily, M-i-c-h-e-l-e N-e-i-l-y. And again, I'm from Omaha. I'm a mom of three boys, a retired FBI special agent, and the chapter leader of the Nebraska chapter of MAMA, Mothers Against Media Addiction. And MAMA is a grassroots movement of parents fighting back against media addiction. We envision a world where safeguards are in place to protect our children from the harms of

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Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

media addiction. Thank you for the opportunity to appear today in support of LB1119. Strong and clear child privacy legislation on social media is essential to protect our children from predators, identity theft, cyberbullying, and so much more. It also prevents the exploitation of their personal data by marketers and safeguards, their mental health by limiting exposure to addictive algorithms that can lead down rabbit holes of inappropriate content. Children need private spaces to develop their identities with-- their personal lives without their personal lives becoming public. Youth depression, anxiety, eating disorders and drug overdoses have skyrocketed by kids and teens as they spend more and more time online. Social media companies make billions of dollars in U.S. advertising revenue from minors. And last year, they spent over \$61 million on lobbying and employed over 300 lobbyists to keep the status quo. I have two teenage boys still in high school. They didn't get phones until this year, and I still don't allow them on social media. And they have felt isolated and frustrated. They have struggled the last few years to get any of their friends to simply go outside and play. They all prefer to be on screens. Our children are being robbed of real-life experiences. As a law enforcement officer, I assisted in cases where we rescued young girls from hotel rooms and homes from predators and human traffickers they met on social media. They were groomed and manipulated into meeting them in person. I've talked with parents who lost children to sextortion and drug overdoses, and the drugs were purchased on social media. These stories are all too common, and our children deserve better. Last year, thanks to the support and leadership of so many lawmakers on this committee, Nebraska passed the age-appropriate online design code. This was landmark legislation to improve young people's digital experiences by requiring tech companies to implement privacy by default and safety by design. This means not collecting or selling their data, setting high privacy standards by default, prohibiting manipulative design, and banning targeted ads to minors. I urge you to pass this bill timely, as it is much needed. Thank you.

HALLSTROM: Thank you. Any questions by the committee? Seeing none, thank you for being with us today. Next testifier in support. Anyone here today in opposition? Good afternoon.

AMY BOS: Good afternoon. Thank you for the opportunity to testify today. My name is Amy Bos, A-m-y B-o-s. I'm the Vice President of Government Affairs at NetChoice. We are a principled trade association dedicated to free expression and free enterprise online. We

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

respectfully oppose LB1119 and appreciate your consideration of our concerns. We recognize the Legislature's genuine intent to protect young people online, and we share that goal. However, LB1119 expands on last year's Age-Appropriate Design Code in ways that create legal, practical, and constitutional challenges. Federal courts have preliminarily enjoined California's nearly identical law, finding it likely violates the First Amendment. While we understand Nebraska may view its approach differently, LB1119 maintains the same fundamental structure that courts have found problematic. The expanded definition of covered design features encompasses many standard elements of web design. Think of quantification of engagement, likes, views, auto-playing video or audio. These features do serve legitimate purposes across many contexts. We are concerned that this broad scope may inadvertently restrict helpful tools. The changes in this bill also significantly expand which covered-- which services are covered by changing the criteria from "and" to "or." LB1119 now captures many more online services, including those that don't monetize user data. This affects-- could affect new sites, educational platforms, community forums, and small businesses that may lack resources for compliance. For every Nebraska adult trying to access covered websites, they will need to submit personal data, whether that means driver's license, passports, social security numbers. Let me be clear what age verification means for those under 18, requires age verification for over 18. So we do respectfully urge the committee to consider these concerns, oppose the legislation. I'd be happy to answer any questions committee members may have.

HALLSTROM: Any questions? I might have one. Senator Bosn indicated that part and parcel of this bill is to address workarounds. Would your members have understood, whether you liked it or not, would your members of understood what the design and intent of last year's legislation in Nebraska was?

AMY BOS: It's tough for me to speak for them, but I understand the sponsor has been in, in conversations with them. So she may know better than I do.

HALLSTROM: OK. And is there any pending litigation in Nebraska?

AMY BOS: Not that I'm aware.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

HALLSTROM: OK. So you can raise questions regarding the constitutionality, but until litigation is brought, then you should comply with the law.

AMY BOS: Sure. I would point out we are seeing similar legislation, I mentioned California. There are similar bills, Arkansas, Ohio, Louisiana, that are-- that have been fully enjoined and have not gone to-- in fact, there are multiple states that are considering similar, similar title bills.

HALLSTROM: OK. Thank you.

AMY BOS: Thank you.

HALLSTROM: Any further questions by the committee? If not, I'll turn it back to the Chairman Jacobson.

JACOBSON: Thank you, Senator Hallstrom. Thank you for your testimony, and I'd ask for the next opponent.

MEGAN STOKES: I apologize for reading off of my laptop. I managed to leave all my printouts at home.

JACOBSON: We don't care what you read it from.

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'm here on behalf of the Computer and Communications Industry Association, also known as CCIA. CCIA represents a broad range of technology and communication companies. We respectfully oppose LB1119. Let me start by saying this clearly. CCIA strongly believes that children deserve greater safety and privacy online. Our members already provide robust parental controls, default privacy protections for younger users, and tools that allow families to tailor online experiences to a child's developmental needs. And we share the goal of protecting minors. However, LB1119 raises serious constitutional, operational, and privacy concerns that would ultimately harm Nebraska consumers and businesses. First, the bill possibly violates the First Amendment. The Supreme Court has made it clear that states may not regulate how online services moderate or present content in order to change what speech is displayed. Yet LB1119 moder-- mandates specific design requirements that courts have already found unconstitutional. By controlling how information is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

organized, shown, and prioritized, the bill imposes imper-- sorry, impermissible content-based restrictions on speech. Second, the bill is vague and possibly unworkable. Key terms like "cover design feature" and "features that motivate or emulate gameplay" rely on subjective judgments about user behavior and emotional response. Services would have no clear way to determine compliance, inviting arbitrary enforcement and legal uncertainty. Finally, LB1119's scope is overly broad. It would sweep in many small and primarily offline businesses, such as retailers, local attractions, and newspapers, subjecting them to complex technical requirements that they may be unable to meet. While we appreciate the committee's focus on online safety. LB1119 is not adequately tailored to achieve that goal. We urge the committee not to advance this legislation and instead pursue solutions that are constitutional, clear, and effective. You may have noticed that members of industry and business supported an earlier measure, LB1185, which had workable standards that could meet the committee's goals of providing safe experiences online, and is seen as a more pragmatic approach. Thank you for your time. Happy to answer any questions.

JACOBSON: Thank you. I'm curious, did you reach out to the bill sponsor with regarding your concerns?

MEGAN STOKES: Not yet, but I'm very interested in hearing about the amendment.

JACOBSON: You realize [INAUDIBLE] the bill was, it is-- was introduced some time ago and now it's at committee. So it's a little late in the game, probably, to have that conversation. Would, would you agree?

MEGAN STOKES: Always, but I'm also always trying to follow so many different bills.

JACOBSON: OK, well, I appreciate that. I, I always get-- I always enjoy people telling us about-- that aren't constitutional lawyers that the bill is unconstitutional and then don't reach out to the lawyer who's sponsoring the bill to express their concerns. So just that for-- Senator Hallstrom.

HALLSTROM: This may be a distinction without a difference, but is there a distinction between being able to determine whether or not

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

you're in violation with the Nebraska law versus what you described as being "hard to determine" whether you're in compliance?

MEGAN STOKES: I think some of that's going to come down to what the different platforms use, different sites are doing, and it would come down to individual scope and what their compliance lawyers would say.

HALLSTROM: OK, thank you.

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

HALLSTROM: Thank you.

JACOBSON: Are there any other opponent testifiers? Seeing no others, anyone wishing to speak in a neutral capacity? I thought there'd be at least one.

EMILY ALLEN: I want to get to the 70 degrees too.

von GILLERN: 72, I just checked.

JACOBSON: I'm sorry, I'm a bit too low.

EMILY ALLEN: My name is still Emily Allen--

JACOBSON: [INAUDIBLE].

EMILY ALLEN: --and I still serve as the executive director of Tech Nebraska.

JACOBSON: And if you could spell it too, just in case we can't figure out Emily Allen.

EMILY ALLEN: Absolutely. E-m-i-l-y A-l-l-e-n. We are appearing in a neutral capacity on LB1119. To be clear at the outset, we support the intent behind the AADC. Protecting young people online is a priority that we share with this committee and with Senator Bosn. The question here is whether-- not whether to act, but how to act in a way that is effective, durable, and workable. Our Tech Nebraska members have been deeply engaged in this space. Last year we worked with lawmakers and stakeholders on principled narrowing, refining definitions to target real harms while avoiding language that would unintentionally capture a broad range of legitimate services or create obligations that would be difficulty-- difficult, excuse me, to operationalize. LB1119, as

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

drafted, does introduce new complexities around data use, service design, and compliance obligation. Several provisions remain overly broad and could create significant legal and operational uncertainty, not just for large companies, but startups and growing Nebraska businesses. As you've heard, this is playing out in other states, and courts have started to enjoin parts of similar laws. When laws are tied up in litigation, the protections don't go into effect and that doesn't serve children, families or businesses. Our request here today is straightforward. Just take the time to understand the implications of the new definitions within the bill. This is not about stopping progress. It's about getting it right. Tech Nebraska and the Nebraska Chamber want to continue that collaborative work begun last year to develop a Nebraska-specific, excuse me, approach that meaningfully protects young people, is legally-durable and is practical for our organizations within Nebraska to implement. We appreciate senator Bosn's continued leadership in bringing this conversation forward and want to thank you to-- for hearing me twice today. I'm more than happy to answer any questions.

JACOBSON: Any questions? All right, seeing none, thank you.

EMILY ALLEN: Thank you.

JACOBSON: Are there any other neutral testifiers? If not, Senator, but we did have 40 proponent letters, 0 opponent letters, 0 neutral letters, and no ADA testifiers. Senator Bosn, I understand you're a little short-staffed today, so you're welcome to come for your close.

BOSN: We are very short-staffed. All right. Thank you again, committee members, for your time. You know, it's interesting to hear the testimony that was presented. So we had essentially three tech operations or companies in neutral/opposition and one mother, and myself as a mother, who are telling you we need protections like this yet again. And so it seems as though the wait-and-see approach from the tech lobby to fix these problems that we all agree are happening has yet again not worked. I will be quite clear. The concerns that are raised in this bill from each of these opponents are not new legislation that's in this bill. So those are the same concerns they raised last year, covered online service doesn't mean this. It still means that, yes, and it still means that again this time. It, it's interesting, I will note that I, as the committee noted, did not hear from Ms. Stokes regarding her disagreement with the bill, but she

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

noted that kids deserve these protections online, but it's just not yet. It's we're gonna wait and we'll see about how to get there. There was just among the quick notes that I made from this, she was one who talked about the inwork-- unworkability of the covered design feature language. That is all from last year, that is not a change from this year. The concern was that the scope of this would attack small businesses. I would note for the committee that the threshold here is \$25 million. I'm not aware of a lot of small businesses that exceed \$25 million and, if so, I wouldn't call them a small business. I would also note that part of the, well, we don't know if this is-- it's to Senator Hallstrom's question, we don't if we're covered or if we are just not covered. If you recall last year, one of the amendments we did work into the bill was a lengthy period of time for the Attorney General. The law went into effect, but you couldn't be guilty of violating the, the requirements or be responsible for violating the requirements for a lengthy time that gave the Attorney General the ability to say, hey, you're not complying with these requirements. You need to change this and this. And so that was an effort, that was an olive branch to say, let's all work together to make this bill-- or to allow companies to be in compliance with that. I would also note, I have never heard from Ms. Allen and Tech Nebraska. I don't recall meeting with them last year. If I did, I will stand corrected. But I don't believe that they approached me last year or this year. And so taking more time to understand the implications is not something I'm asking this committee to entertain. So for those reasons, I will get you the language that I worked on over the weekend in a very quick amendment, and I can have that to the committee quickly. But I would ask for your green vote on this cleanup bill. Thank you, Mr. Chairman.

JACOBSON: Thank you. Questions? Senator Hallstrom.

HALLSTROM: Here's a quote. Would this pretty much sum up your bill? If not now, when?

BOSN: Yes.

JACOBSON: Other questions? I, I do share your concern that you spent a lot of time working on a bill. We present bills in the first 10 days of the session. And everyone has an opportunity to review the bills, if they've got concern with the bills, to meet with the introducer to amend the bill. And it always frustrates me when people don't show up until the day of during the testimony and testify in an opposition

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

position. And yet don't have time to meet with you ahead of time. So I feel your pain, I've been there. But thank you again for your testimony, for bringing the bill. And this concludes our hearing. I will tell you I think we had [INAUDIBLE]. I just did that. Yes. I'm done. I did it ahead of time.

BOSN: More efficient than you even knew.

JACOBSON: Thank you. [INAUDIBLE]. All right, our next bill hearing is LB1160, which is Senator Hallstrom. Room is thinning out, if that's a good indication of the importance of your bill.

HALLSTROM: So is my, so is my hairline. Chairman Jacobson, members of the Banking, Commerce and Insurance Committee, I'm Senator Bob Holstrom, B-o-b H-a-l-l-s-t-r-o-m. I represent Legislative District 1 and I'm here today to present LB1160 for your consideration. The legislation makes comprehensive updates to Nebraska Statutes relating to civil procedure, estate and trust law, and the Homestead Exemption application processes. The bill makes a number of changes to these areas of law to assist attorneys and their clients in navigating the estate planning and probate process, and to streamline the Homestead Exemption process. Section 1 of the bill clarifies that, unless otherwise specified in the uniform probate code, rules and codes of civil procedure will now apply to probate proceedings in county court. This ensures consistency in court practice and gives direction if a procedural dispute ever does arise. Section 2 allows a decedent, pursuant to the provisions of their will, to expressly exclude or limit individuals or classes from inheriting under intestate succession, which means passing away without a will. If such an individual or member of a class survives the decedent, the share of the decedent's intestate share, which such individual or class would have inherited, passes as, as if the intestate share had been disclaimed. Section 3 of the bill increases the intestate share of the surviving spouse in certain circumstances to adjust for inflation since the last time the provisions were adjusted in 2009. It has increased to the first \$150,000. It was \$100,000 plus one half of the balance of the intestate estate. Section 4 increases the homestead allowance for surviving spouses and dependent children to \$25,000 for decedents dying on or after January 1 of 2027. Similarly, the exempt property is increased to \$17,500. Family allowance amounts to \$25,000, and those provisions have not been adjusted since 2010. Section 9 institutes a provision regarding the enforceability of a contract to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

make a trust, mirroring similar provisions in law for a contract to make a will. Section 10 provides for the unenforceability of a provision in a trust that would penalize a person for contesting a trust and clarifies that such a provision is unenforcible if probable cause exists for instituting such proceedings, again mirroring the process that is currently place for wills. Section 11 implements an optional provision from the Uniform Trust Code that harmonizes the rules of construction to clarify that the rules of construction that apply to the interpretation of a will are also applicable to interpretation of a trust as appropriate. Sections 12 and 14 have to do with the Homestead Exemption process. We have a thing called a certification of trust under Nebraska law which is designed to avoid having to present the entire trust to a third party who needs evidence of the authority of the trustee to act. The Department of Revenue has consistently accepted the certification of trust. They have recently decided that they were going to take the position that you had to submit the entire trust. We would clarify under statute that the certification of trust is adequate and sufficient for proving eligibility for the homestead exemption. It will not expand the scope of people that are eligible. It will just provide an easier mechanism by which to prove evidence of your ownership when it's held in a trust. Finally, Section 13 of the bill clarifies that persons who are determined to qualify for treatment as a putative child. And a putative child is any person to whom the deceased for not less than 10 years prior to the death stood in the acknowledged relation of a parent. And for inheritance tax purposes, those putative children received the 1% immediate family member tax rate with a \$100,000 exemption. This would extend that to their children. So if a parent is a putative child of the decedent, the parent predeceases the decedent, their children would receive similar putative child treatment and only be subject to 1% tax on anything over \$100,000. In a whole, we're just harmonizing the probate code and uniform code-- trust code in many respects and streamlining the process for Homestead Exemption eligibility and applications. Be happy to address any questions that the committee may have.

JACOBSON: Questions from the committee? I see none. Thank you.

HALLSTROM: Thank you.

JACOBSON: I'd ask for the first oppon-- or proponent.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

TIM HRUZA: Good afternoon, Mr. Chairman, members of the committee. My name is Tim Hruza, last name spelled H-r-u-z-a, appearing today on behalf of the Nebraska State Bar Association in support of LB1160. I want to thank Senator Hallstrom for being-- for bringing and introducing what I'll call a buffet of estate planning options here. This started out as a few different ideas and Senator Hallstrom came-- decided that these-- it all made sense to put them together because they are really related in terms of the fact that these are the tools that lawyers do use in advising their clients about how best to handle estate matters. I don't think that there's anything in here that's groundbreaking or earth-shattering in terms of what it does. I call this our annual cleanup review of the estate planning and probate process from our expert attorneys that are engaged in bar association things. What we typically do is throughout the year, lawyers come across things that they see in practice. They send them to our office, and we work through a process where we ask senators to introduce bills. This one includes a number of different things. I'd say primarily we're updating estate planning and probate stuff for, for wills and trusts. There are some changes that bring language from the Uniform Probate and Trust Codes that Nebraska hadn't yet adopted, so updating those things. Senator Hallstrom did a really good job of going through section by section. But ultimately the goal here is to make it easier for lawyers to advise their clients to address common-sense things that are just a little bit out of step as years go by. And then as you heard with some of the increases for inflation, to make sure that the process continues to be fair in those instances where we're dealing with "intested" estates, if somebody hasn't gone through the estate planning process. Making sure basically that the surviving spouse is taken care of, making sure that those that are eligible for the homestead exemption are able to fill out their paperwork without having to file their entire trust. Simple stuff like that. I'm happy to answer any questions specifically that you have. We think this is a common for-- common-sense, straightforward bill and would ask you to advance it to General File. Thank you.

JACOBSON: Questions? All right, seeing none. Thank you for your testimony. Next proponent testifier. OK, they're not lined up on that just yet. Let's move to opponent testifiers. Anyone wish to speak in opposition of the bill? If not, is there anyone here wishing to speak in the neutral capacity? That's disappointing. OK, with that said, that senator Hallstrom, are you wanting to close. You think you've

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

already so made the sale? All right, with that, I will tell you that we had 1 proponent letter, 0 opponent letters, 0 neutral, and 0 ADA. With that, that concludes our hearing on LB1160, and we will move to LB1014, Senator Spivey.

SPIVEY: Well, good eve-- oh, not evening yet, good late afternoon.

JACOBSON: No, I, I just want to know if you can try to top this one with, with no opposition. One testifier, no opposition testifier, no neutral testifier. [INAUDIBLE].

SPIVEY: Chair Jacobson, you should have set these rules from engagement earlier this, this morning during debate. I don't, don't know if I can meet this expectation, but I think it'll be OK. I think we'll get there. So good afternoon, Chair Jacobson, Vice Chair Hallstrom, and members of the Banking, Commerce and Insurance Committee. I don't know if I've been in front of you all yet.

JACOBSON: Once, I think.

SPIVEY: OK, it's been, it's been a wild ride. But i'm excited to speak to you today about LB1014. I am Ashlei Spivey, A-s-h-l-e-i S-p-i-v-e-y, and I'm proud to represent Legislative District 13 in northeast and northwest Douglas County, probably the best district in the state. So with LB1014, this is really about modernizing Nebraska's legal notice publication requirements for newly formed LLC companies. It is allowing the Secretary of State to be able to fill-- fulfill those notices and that requirement through a centralized website administered by the Secretary of State. I brought a lot of bills, I would like to think, last session and this session that are really in support of business development. And I actually had a constituent bring this to me because they work in the business and innovation space of: why don't we have this, we're one of the last states? And so I'm proud to bring that on behalf of a constituent to really think about how do we modernize our processes. Nearly every other state in the nation does this. I think we're 1 of 4 that does not allow for the Secretary of State to get those notices and those filings. And really the Secretary of State is seeing all other types of filings for new LLCs or enterprises, and so it makes sense to allow and to streamline that process. I would also say that the Secretary of State has a new filing system and kind of an update to their online system that they are implementing now. And so LB1014 really complements some of the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

efficiencies and streamlining of processes that they are thinking about as it relates to supporting businesses. The fiscal note is out for this bill. And I wanted to just touch on it a little bit. So there are approximately about 8,500 LLCs that are formed each year. In the amendment to this bill, we work with the Secretary of State on some of their concerns and feedback. It would charge a \$25 fee for that filing. And based on what is estimated and generated, it would cover the cost of updating this type of web page in their new kind of business development and filing system. As well as cover the ongoing cost to maintain that system, and have a few extra dollars that will be reinvested back into business and innovation. So LB1014 really allows businesses to satisf-- satisfy the public notice requirement electronically, as well ensuring that it's really accessible. It's really hard as a new business owner, and a lot of folks on this committee are business owners, to know how to navigate, where do you find information. And especially if you are a smaller lifestyle business. And so this would give an opportunity to streamline, have better efficiencies, and to ensure that we are supporting Nebraska being open for business. And so with that, I would be happy to answer any questions that you all have about LB1014.

JACOBSON: Questions? Senator von Gillern.

von GILLERN: Yeah. Thank you, Senator Spivey. We, we've seen a lot of bills that are-- that have some great ideas in them, and then there's some spillover to fund things that are completely unrelated to the bill. Which is kind of the way I categorize this. Nothing, it looks like you do two great things here, but they're unrelated. The, the creating the online filing system is probably something that we should have done 5, 10 years ago. That's terrific. I've used that system in my own business. I'm not sure why we're creating additional funds and allowing them to spill over and do a particular cash fund--

SPIVEY: Yeah, I can speak to that.

von GILLERN: --rather than, you know, we-- and again, we've had-- we've heard numerous bills this year that are of this style, I'll use that term. So and I'll just allow you to comment on that.

SPIVEY: Yeah, absolutely. Thank you for the question, Senator. So I think for me, in working in the spaces of business in an innovation ecosystem, I do see them as related. So the cash funds are not new. I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

didn't create those. That is around the Innovation Hub and Inland Port. Those already exist. And a lot of the work of the Inland Ports are around economic development. So they're thinking about starting and bringing new businesses, as well as the business and innovation. And so this is really around if there's excess dollars which is very finite and small, that they go back into supporting the growth of businesses. There may not be any excess dollars based on the number of LLCs, and it will all go to the Secretary of State for the maintenance of this. And so my thought is just, again, as we think about ecosystem building, how can we just try to create more continuity on things that make sense and align around supporting businesses. But would also entertain if you have other ideas around that excess profit or if there's things, I would be happy to look at an amendment to address that.

von GILLERN: No, I'm just, the-- we seem to be avoiding the word tax on a lot of things that really feel like a tax. And this, this could be interpreted as a tax on filings or a tax on, on new businesses or new LLCs.

SPIVEY: Well, and it really replaces that filing. So now what happens is you have to file in the newspaper, right? And that can range depending on the qualified newspaper or public notification. It can be \$25 or it could be \$200. And so this is saying you have an option instead of doing that to file with the Secretary of State, and the \$25 is recommended by the Secretary of state. It's in line with their other filing fees. So this is not a new tax. This is just saying, instead of filing with a newspaper, you already have to pay something. You're paying that \$25 to the Secretary of State.

von GILLERN: Which again, I think is that's just getting us caught up from a decade ago, probably where we should have been. And the bill says \$20, just--

SPIVEY: Yeah, the-- and I apologize, the amendment.

von GILLERN: Oh, there is. OK.

SPIVEY: So I have an amendment to this bill that is already drafted.

von GILLERN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

SPIVEY: It is AM 1963. It should be in the packet that I passed out, if my legislative aide did that right. Yes, OK, it's in there. And so the AM addresses the concerns when we met with the Secretary of State of changes that they wanted to see with the bill.

von GILLERN: Got it.

SPIVEY: And so if the committee so chooses to help me move this out, we would-- this would be the white copy amendment for the bill because it, it aligns what the Secretary of State would like to see.

JACOBSON: And that was a question I had, was whether you visited with the Secretary of State.

SPIVEY: Yes.

JACOBSON: Because that-- I just brought for them some updates for their fee schedule and how they were modernizing their process, and whether this got kind of programmed in to what they're planning.

SPIVEY: Yeah, absolutely, Chair, and because originally, as I mentioned, this came from a constituent who works in the business development area. And so I wanted to absolutely carry it for them. And then my office reached out to say, hey, what do you think? What needs to be changed? And then they offered feedback, and that's the amendment that we brought.

JACOBSON: Thank you. Senator Riepe.

RIEPE: Thank you, Chairman. Albeit not large, is this a wealth transfer from the newspapers of the state over to the state of Nebraska?

SPIVEY: Oh, Senator Riepe, it gives an option. It does not mandate. And so it might not be a wealth transfer. People could still take the opportunity to file in a newspaper. And this is only for LLCs currently. So this is not for other notices that have to be filed in a newspaper for different types of, you know, requirements on the legal side.

RIEPE: This bill could put you on the front page of the Omaha World-Herald.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

SPIVEY: They probably will use a bad picture of me, Senator Riepe.

RIEPE: Oh, of course.

von GILLERN: You have to pay \$25.

JACOBSON: Would it be the online version or print version?

RIEPE: Both. They would really go after her.

JACOBSON: Other questions from the committee? Even a serious
[INAUDIBLE].

WORDEKEMPER: Let me think. If she's gonna be here for close, I'll,
I'll think one up for close.

SPIVEY: Senator Wordekemper, I will stay for close just for you.

JACOBSON: All right, other questions? All right, if not, thank you for
your open.

SPIVEY: Thank you, Chair.

JACOBSON: And we'll hold you to that close. Anyone wish to speak as,
as a proponent of the bill?

GEORGE ACHOLA: Good afternoon.

JACOBSON: Good afternoon.

GEORGE ACHOLA: My name is George Achola, A-c-h-o-l-a. I'm an attorney
in Omaha, Nebraska, and business development and business
incorporation is a part of my practice, especially with small and
emerging businesses and entrepreneurs. And I wholeheartedly support
this bill. I know you've had a lot of discussion about technology
today, but this is just one of those aspects of finally getting caught
up with technology. I think we all have to go back to what the primary
purpose is. We talked about the wealth transfer. You can view it that
way in some aspects, but the primary purpose of publication was to put
the general public on notice that somebody had incorporated an entity.
We all know that in, you know, the fact that only four states now
still require your public to publish, we all understand that the world
has changed and everybody understands that there should be a single
repository for those types of actions because that's where most of us

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

all look. We all get on our phone, we get on the computer, and that's where we do our research. And once a publication happens, where does that go? It goes into the abyss somewhere in the, in the past. So if I'm trying to look up what somebody did in the past, looking up in the current data is not going to tell me anything that they published in the Omaha World-Herald, the Midlands Business Journal, or any other entity. So I think what we're trying to do is here, we're not really creating a problem, we're try to catch up with technology and to, to basically figure out a way to make sure that the true purpose of where the statute occurred remains and it can be improved. Because, you know, this is going to be one of those terms I hate, well this is how we've always done it. Yeah, we've always done that way, we've always done it that way for a reason, because for hundreds of years, that is the only way we could communicate with people, was through the newspaper. But now the world has changed. So I think having the Secretary of State be the sort of depository is consistent with everything else that the Secretary of State does. If I want to look up if a company exists in the state of Nebraska, they're in good standing, where do I go? I go to the Secretary of State. So I don't think this act would be any different. And I think, you know, for me, for example, the businesses that I represent, well, \$75 to \$100 to publish may not be a lot. It is. And you got to do it for three weeks. And then you got to file a proof of publication with the Secretary of State. And guess who gets most of the money, a large chunk of that money? The attorney. Because that's, that's a cost we also carry on because it's our time, our paralegal's time that's involved in that act. So I think it's, it's a way of trying to make this state business-friendly. I know that, you know, there's a lot of discussion about brain drain and some other things that occurring within our state, but I think part of that is trying to make ourselves as business-friendly as possible. And this is a small way. It doesn't cost you anything. And I think the timing is really good from what I've heard that the Secretary is actually updating their system. I think the timing is really good. I could not imagine it takes a lot of work to add an additional tab into their system, the way that it's currently structured. So what I, what I would ask is that you support this legislation and you begin to actually look at some of the pieces of legislation to modernize government. And I know it's a wealth transfer, but some of it does actually belong within government to do because government actual has proper oversight over some of these areas. And this is clearly one of them that the Attorney General, the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

Secretary of State, all have jurisdiction of these corporations, and having that kind of become a centralized system actually makes sense. So I would hope that you would support this legislation because I just think it's a common-sense-- it's common-sense piece of legislation.

JACOBSON: I-- Mr. Achola, thank you for your testimony. I, I look over the years, and I, I always do it the lazy way. I've maybe [INAUDIBLE] these to the attorneys to file these for me.

GEORGE ACHOLA: Yep.

JACOBSON: And I've had, I'm just thinking through, I've done a limited partnership, a couple of S-corps, a C-corp, a general partnership and several LLCs. And this bill seems to just limit this to LLCs.

GEORGE ACHOLA: Yeah.

JACOBSON: Should it be expanded beyond that?

GEORGE ACHOLA: Yeah, absolutely. You know, it would be common sense. It would not be contradictory. It would make sense with we're going to what the true primary purpose is, is making sure that the public knows that folks are incorporated. I think expanding it across all the different corporate entities makes sense, especially now as you're basically going through the website overview. I think that it makes sense to do it across the board. LLCs, I think, because they're popular, they're a very easy vehicle, I think is clearly the focus of the statute. But S-Corps, C-Corps, nonprofits, I think across the board, I think that's-- you should amend it to be across the board.

JACOBSON: And one other follow-up question. I know we hear about the wealth transfer, but I think a lot of the wealth is already transferred from what I'm seeing in the credit business.

GEORGE ACHOLA: Yep.

JACOBSON: I mean how-- I remember four years ago knocking on doors and wondering, did you hear my message anywhere? And I asked them about the various media. And how many said, I can't afford the newspaper anymore, online or print version. I don't watch the 6 o'clock news, I get my news online. And I'm sitting here saying where should I get my message out? Who's reading? When I look at this, how many people are

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

going to read the newspaper versus if we can train them to go to the Secretary of State, might be easier.

GEORGE ACHOLA: Only people that are doing that is some lawyer looking for a loophole of something. That's bottom line, let's be honest. Joe Q. Public is not looking through the thousand pages of, you know, that the Daily Reader has the Midlands Business Journal. Now a lawyer who's potentially looking for something, yes. But I think the primary purpose, again, was for the general public to make sure that you were dealing with a corporate entity that was legitimate. So to your point, I think, you know, it's, it's an arcane rule that at some point held sway. But in today's modern world, it doesn't make any more sense, and it's not really a wealth transfer. It, it is a righting of the way that needs to occur, and is actually cheaper.

RIEPE: Could we make this retroactive and you get some of your money back?

JACOBSON: I'm a little concerned. I don't know that I've got an email yet from the North Platte Telegraph, but I'll bet there's one. There's one--

GEORGE ACHOLA: Oh yeah, no, I guarantee you I'll be getting an email from the Reader and the World-Herald.

JACOBSON: Yeah.

GEORGE ACHOLA: I mean, I get it. For a lot of them, this is, this is a large chunk of the way that I think a lot of them stay relevant, especially some of the smaller ones. But I think not at the cost of businesses. I just-- they need to modernize their structures to be able to deal, you know, and get revenue somewhere else other than dealing with some arcane system. And I think just to keep it because the newspapers want to keep an arcane system, it doesn't make any sense.

JACOBSON: Thank you. Other questions from the committee? [INAUDIBLE]
Thank you for your testimony.

GEORGE ACHOLA: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: Other proponent testifiers? Anyone else have the courage to speak as a proponent? All right, if not, how about any opponent testifiers?

DENNIS DeROSSETT: Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. I have written testimony. I'll probably deviate just a bit, but I'll try to stick to it just as much as I can. My name is Dennis DeRossett, D-e-n-n-i-s D-e-R-o-s-s-e-t-t, I'm the executive director of the Nebraska Press Association, which represents the 130 community newspapers across the state of Nebraska. I'm here today to testify in opposition to LB1014 because it undermines the essential, long-standing, and proven process of giving statutorily-required public notice through an independent third party. Our representatives have been in touch with Senator Spivey and had some discussions. I don't know we're-- I'm not aware of AM16-- or AM,1963 so I'm anxious to see that possibly. You know, we can take a look at that. But rather than this bill, LB1014 would allow certain notices to be placed on a government website, in this entrance-- instance, the Secretary of State, with the intent really of raising funds for a non-related purpose. In doing so, it bypasses many of the key elements in the proven legal process of public notices, which many people don't understand as far as equating it just to ads in a newspaper. And they're much more than that. There's four basic important elements to establishing a valid notice: accessibility, verifiability, "archivability," and, perhaps the most important, the independent third-party component. That last component, the inclusion of the independent third party, cannot be underestimated or dismissed. LB1014 allows just that. Under LB1014, certain notices could appear on the government website, which is not the independent third party. Checks and balances would be eliminated and the very legal status for the notice that it was intended to establish could be questioned and even revoked. The negative implications are numerous if proper steps in the legal process are not met. Also, publishing notices on government websites is neither cheap nor free. Nor is it good public policy. We do share Senator Spivey's interest for the public to have availability for free access to public notice and the information they contain. The solution is already in place. In June of 2021, the Nebraska Press Association launched a statewide public notice website so that all notices published in Nebraska could be, be in one central location. The website, which is www.nepublicnotices.com, is free access, fully archivable, and fully searchable. The search features

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

are automated so individuals can receive unlimited notices based on their keyword search criteria. In 2025, there were nearly 125,000 public notices uploaded to this website after first meeting the requirement of being published in the local newspaper, which established it as a legal notice. Only then can it appear on the statewide website. Since it was launched in June of 2021, the total notices as of today is 564,144 notices. All of these notices are archived, fully searchable, and it's all done at no additional cost to government or to the business or individual placing the notice in the community newspaper across Nebraska. The rates for public notices are set by statute currently, based on the rates. And there's been two rate increases in the last 30 years, one in 1996, one in 2022, and '23. It was a two-step increase. The average three--

JACOBSON: I would ask you to wrap up your comments.

DENNIS DeROSSETT: The average 3-time notice that I looked at today on average was \$30 for three weeks. No additional cost for the website. So notices are intended to create a record. The modernization has taken place with Senator Sanders' efforts. We've been working with her on LB596 and an amendment for legislation that will happen this session to modernize notices. But we actually took the first steps back in 2021 with this website. Happy to answer any questions.

JACOBSON: Well, I probably better get this on the record.

DENNIS DeROSSETT: Yes.

JACOBSON: My campaign manager advised me not to advertise at any of the weekly newspapers, and I said, I think you're dead wrong. I think the first money ought to go to the weeklies because they get read cover to cover because they're hanging around for a week.

DENNIS DeROSSETT: Yeah.

JACOBSON: And when I go throughout my district, I have several weekly newspapers who are highly-read, very loyal people out there. And so I, I would say that I believe that there are-- and I look also, I poke fun at the Telegraph, but I have a number of people in the Telegraph who want that because they want to read about their kids, they want to-- they want to clip out pictures. There's a lot of things they want to do. So kind of like AM radio, newspapers aren't dead, they're still--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

DENNIS DeROSSETT: They're not. Thank you for that. I will say this, community newspapers in Nebraska fall under the same broad-brush stroke as for media. And the average community newspaper in Nebraska, totally different than the average stereotype for media.

JACOBSON: Where would you go anywhere to find a liquor store and a newspaper office in the same office?

DENNIS DeROSSETT: Stapleton.

JACOBSON: Stapleton, Nebraska. That's exactly right. Kirby's.

von GILLERN: Makes perfect sense.

RIEPE: I always wanted to know that.

JACOBSON: Any questions for this testifier? Yes, Senator Riepe.

RIEPE: Because we believe in bidding, do we have you bid against the State Treasurer? Because it seems if you're free and the Secretary of State charges, we'd be wise to take the free offer.

DENNIS DeROSSETT: We have long said that we would provide a link to our statewide website to anyone, any entity that would take it because we think that access to those notices should be free. So we would be happy for the Secretary--

RIEPE: So the user would have no more effort because they're going to your webpage, as opposed to the webpage for the state Secretary of State. So it's just the dollar amount that seems to me that we might avoid. I always go for free.

JACOBSON: You can't get cheaper than free.

DENNIS DeROSSETT: That's right.

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

DENNIS DeROSSETT: Thank you. Thank you.

JACOBSON: Any other opponent testifiers? All right, anyone wish to speak in a neutral capacity? Here we are.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

COLLEEN BYELICK: Sorry, I'm keeping you from the nice weather.

JACOBSON: Not a problem. So there's a reception at Billy's, but don't worry about it.

COLLEEN BYELICK: Good afternoon, Chairperson Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Colleen Byelick, it's C-o-l-l-e-e-n B-y-e-l-i-c-k. I'm here in a neutral capacity on behalf of Secretary of State Bob Evnen. LB1014 requires the Secretary of state to create a website to electronically publish certain LLC notices as an alternative to publishing the notice in a legal newspaper. The bill, as introduced, provides for a \$20 fee for submitting the notice to our office, and provides that the published notices shall be searchable and viewable on the website for free. Currently, LLCs and other business entities are required to publish notice of organization, amendment, [INAUDIBLE] conversion, and domestication in a legal newspaper of general circulation near the designated office of the entity for three successive weeks. After publication, the proof of publication is filed with the Secretary of State. Our office has several technical concerns with the bill as introduced. Our primary concern from the original billing, which was the operative date. There wasn't any delayed operative date. As I mentioned, we recently launched a UCC filing system. We're now in the process of implementing that system for business entity filings. And so without a delayed operative date, this bill would require us to implement the changes twice, once in our current environment and then again in our new environment. However, our understanding is that Senator Spivey is working on an amendment. We haven't yet seen the amendment. We've seen some proposed legislation. That amendment would delay implementation to 2028, which would be very helpful for us. Additionally, the fee structure in the original bill did not align with our current fee structure. Most of our subsequent filing fees are \$25, with 60% of the fee going to the state's General Fund, 40% of that fee going to the Secretary of State cash fund. The bill contains a \$20 fee, with some of the fee being retained by our office and then the remainder of the fees going to the Innovation Hub cash fund. The original bill appeared to require creation of a separate webpage for these notices, which could cause confusion as we already have a website that contains business entity information and filings. However, the amendment appears to address that and allow us to host this within our existing online business filing website. Additional concerns we have that have not been addressed in the amendment are

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

related to potential customer confusion over the new filing process and why it only applies to LLCs rather than all business entities. Finally, the bill appears to continue to require filing the proof of publication. However, it's unclear if our office publishes the public notice if we would also be required to issue a proof of publication and then require that that proof of application be filed with our office. Without further clarification, this could be viewed as burdensome for our filers. We'd like to thank Senator Spivey for taking our feedback into account and for proposing the amendment. We would like to have the opportunity to study this issue further. We've not had time to review this with our vendors or see what other states are doing or comprehensively review this process. Additionally, we would like to see a uniform approach for all entity types. Thank you for having me today. I'm happy to answer any questions you may have.

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

COLLEEN BYELICK: Thank you. Yeah.

JACOBSON: Any other neutral testifiers?

JENNIFER CREAGER: Chairman Jacobson.

JACOBSON: I almost didn't ask for neutral.

JENNIFER CREAGER: I know. I'm sorry. I know and this is-- thank you, not used to being here after 3:00. I [INAUDIBLE].

JACOBSON: I know [INAUDIBLE].

JENNIFER CREAGER: Chairman Jacobson, members of the committee, I am Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, registered lobbyist for the Greater Omaha Chamber. Here in neutral capacity today, we support the updating for technology reasons and to reflect modern business practices. We do have some members of the Press Association that are members of the Omaha Chamber, and when we have a split in our membership, our practice is to be neutral on a bill. So that's the reason for that posture today. And that's, I'm gonna keep it quiet so you can get to Billy's.

JACOBSON: Questions from the committee? All right, seeing none.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JENNIFER CREAGER: Thanks.

JACOBSON: Thank you. Any other neutral testifiers? All right, seeing none. As Senator Spivey comes up for the close that she promised us, there were no letters of any kind, proponent, opponent, neutral or online.

SPIVEY: Thank you, Chairman Jacobson. So just a couple points of clarity. So we are on the amendment-- we have sent that to Colleen. We just got it back today and so it is very fresh, and so we do plan to continue to work with the Secretary of State. Some of the feedback was given around expanding it to S-Corps and C-Corps which again we're happy to do. We want to make sure that it makes sense for the Secretary of State and what they're looking at, and for businesses that are starting new enterprises. We have talked to the Press Association, their lobbyists, around this. They do offer the, the free kind of publication and notice space, and that's for all notices though and not just business notices. And so there is just a point of difference in what they are offering. And again, Secretary of State is a go-to for all business and enterprises, and so that's why we were looking at how can we add value to what they are modernizing. And the only, the only other thing that I would say is that you still have to pay first, regardless when you do your notice. So like, yes, the database is free, but that business is still paying. And so again, our amendment hopefully will address some of the concerns and feedback of the Secretary of State, which we thought were great and made the bill better of what we were hoping to achieve. And hopefully we can get to a place where we can have you all exec on it and move it out of committee. And so with that, I will be happy to answer any additional questions. I think Senator Wordekemper had something for me, or it's fine if not, you know.

JACOBSON: He was trying to fake something up in the meantime. Senator Wordekemper, you're-- the floor is yours.

WORDEKEMPER: It's a six-part question. I have nothing further, thank you.

JACOBSON: He's usually the biggest troublemaker on this committee.

SPIVEY: I know, Chair Jacobson, you have a rowdy group here.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: Senator Dungan, do you have your question? All right, you don't. I would, I would only ask, I think, in terms of I, I do share the concern about the sharing of fees and when we go over this amount and, you know, doc stamp fees are a good example of how we have a plethora of recipients and, and everyone's wanting to try to increase that fee, so--

SPIVEY: I have a bill for that.

JACOBSON: Do you?

SPIVEY: I do. It's still in-- from last year, so it'll probably still sit there.

JACOBSON: Yeah, I would say that Senator von Gillern and I have lots of conversations about what's a tax, and we get very sensitive to what we look at the, the doc stamp tax. And I just remind people that in North Platte there was a very large land sale that took place that was in the paper. The doc stamp fee for that sale was \$130,000.

SPIVEY: Wow.

JACOBSON: To pay a fee to file the transfer. That's really what the doc stamp was intended to do. It was \$130,000, so probably some free form there might be [INAUDIBLE].

SPIVEY: Yeah, absolutely. And again, I am amenable to any amendment. So if you all would prefer as a committee, and you think it's best, and again, talking to Secretary of State, that it all goes to Secretary of State, I'm totally amendable to that. Again, my-- I wanted to try to think about the ecosystem. And, again, if you think that it's a better bill without it, I'm happy to look at changing that, so.

JACOBSON: Senator Riepe.

RIEPE: Just a little historical piece. I served with Senator Chambers and his challenge always was, what's the difference between a use fee and a tax?

JACOBSON: The name.

RIEPE: That's right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 9, 2026
Rough Draft

JACOBSON: That's exactly right. It still comes out of somebody's pocket. All right, any other questions? If not, Senator Spivey, thank you very much for bringing the bill.

SPIVEY: Thank you, Chair. Thank you, Committee.

JACOBSON: And you did really well. I mean, you, you almost beat Senator Hallstrom.

SPIVEY: I thought I did, based on the, I mean, it was a little bit more engaging. No? OK.

JACOBSON: We're adjourned.