

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate March 4, 2025

**KELLY:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-seventh day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is Senator Moser. Please rise.

**MOSER:** Thank you, Lord, for this day and all your blessings which we enjoy. Give us wisdom and courage as we face the issues before us. Bless us all with good health and healing, everyone in this building and in our home districts. Help us to understand why you have put us here at this time and in this place. For this is the day you have made; let us be glad and rejoice in it. Amen.

**KELLY:** I recognize Senator Bosn for the pledge.

**BOSN:** Please join me in the Pledge of Allegiance. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

**KELLY:** Thank you. I call to order the thirty-seventh day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Record, Mr. Clerk.

**CLERK:** There's a quorum present, Mr. President.

**KELLY:** Are there any corrections for the Journal?

**CLERK:** I have no corrections this morning, sir.

**KELLY:** Are there any messages, reports, or announcements?

**CLERK:** There are, Mr. President. Communication from Senator Kauth, designating LB89 as her personal priority for the session. Additionally, communication from the Speaker of the Legislature confirming receipt of potential conflict of interest statements from Senators Sanders, Raybould, and Hallstrom, conforming to the rule of properly filed statements; those will be printed in the Legislative Journal. Additionally, announcement from the Revenue Committee. The Revenue Committee will hold an exec session at 11:00 a.m. in Room 2022. Revenue, exec, 11:00, 2022. That's all I have at this time, Mr. President.

**KELLY:** Thank you, Mr. Clerk. Senator Raybould would like to recognize the physician of the day, Dr. Christi Keim of Lincoln. Please stand and be recognized by your Nebraska Legislature. Speaker Arch would

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like to recognize some guests in the north balcony: ninth through twelfth grade thespians, Nebraska thespians from around the state. Please stand and be recognized by your Nebraska Legislature. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR52. Mr. Clerk, please proceed to the first item on the agenda.

**CLERK:** Mr. President, first item on the agenda: LB113, introduced by Senator Quick. It's a bill for an act relating to the Nebraska Liquor Control Act; to amend Sections 53-123.01, 53-123.14, 53-123.16, 53-129; changes provisions relating to the rights of the manufacturer's, craft brewery, and microdistillery license; harmonizes provisions; and repeals the original section. The bill was read for the first time on January 10 of this year and referred to the General Affairs Committee. When the Legislature left the bill yesterday, Mr. President, pending was the bill itself as well as the General Affairs Committee amendment.

**KELLY:** Senator Quick, you're recognized for a 2-minute refresh.

**QUICK:** OK. Thank you, Mr. President, and good morning, colleagues. Yesterday, we were discussing my bill, LB113, which would make changes to the statutes regulating craft breweries' location and, and craft distilleries' distribution of their own product. Senator Holdcroft will be on the mic shortly to remind you about the committee compromise. And, and what I want to remind you is of the businesses that this will help: the local craft breweries in your districts and the main streets they are bringing customers to. There are 12 distilleries across our state, some of whom are not even able to find distributors who would distribute their product. This is an economic development bill for these local businesses, these Nebraska businesses, and does not harm the interests of the outside-- those outside the glass who will still be able to operate within their remaining three-tier system. Thank you, Mr. President.

**KELLY:** Thank you, Senator Quick. Senator Holdcroft, you're recognized for a 2-minute refresh on AM232.

**HOLDCROFT:** Thank you, Mr. President. As you may recall, when we adjourned yesterday, we were discussing AM232, the General Affairs Committee amendment. This compromise amendment addresses the concerns of those who favor preserving the current three-tier system of alcohol regulation. It aims to strike a balance between maining the three-- maintaining the three-tier system and fostering economic opportunities for small businesses in Nebraska. Specifically, the committee

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amendment limits self-distribution to 3,500 gallons, which is lower than what other states allow, and what the proponents initially desired. Additionally, the amendment permits eight retail locations rather than the ten initially proposed. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Senator Raybould, you're next in the queue and recognized to speak.

**RAYBOULD:** Good morning, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans. I stand in opposition to the amendment, and I have a floor amendment that I'd like to propose later on as an additional compromise. As a business owner and a small business owner champion, I have steadfastly advocated for economic growth and entrepreneurship in our state, no matter the size of the business. Small businesses are the lifeblood of our state. No one is saying that we don't support our craft brewery industry, as it is a wonderful contributor to our state's economic vitality and tourism. It is a homegrown industry, and something we can all be very proud of. May I have a gavel, please? Thank you. In Nebraska, the three-tiered system under which alcohol is distributed in Nebraska is not perfect, but grocers and other alcohol retailers do appreciate that the Liquor Control Commission continues to work with impacted industries, including retailers and distributors, to make compliance more straightforward. To at least some extent, the three-tiered system reduces the number of deliveries to a retailer, takes less staff time, less paperwork, and results in easier compliance. A smaller retailer is always willing to promote a fellow small business operator, but there are natural shelf space and tag limits for these small businesses, and the time to engage with all the craft brewers vying for recognition and the opportunity is, well, time-consuming for that smaller operator. I served on the General Affairs Committee for 2 years, and we reluctantly looked at this time after time to increase the location numbers, and, you know, now they want it actually doubled to ten; the compromise is to eight; my compromise is to go to six. The former chair of the General Affairs is also opposed to this increase. The question is, how many craft brewers are pushing the current limit on the number of locations? The pages are handing out a handout, and I'll address it in the next time I'm on the mic. Is this really a widespread issue that we're trying to address for those craft brewers that have grown and then succeeded in expanding their businesses? In the whole industry, it is inevitable that there are growing pains. This happens with every successful business, when it reaches a certain threshold size in the number of locations and employees. When this happens, in order to be in compliance with our three-tier system, the compliance and rules that have worked for years come into play. One

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true success that comes to mind is Lazlo's Brewery. Why does the Attorney General Opinion even matter? Well, with growth comes the added compliance responsibilities. For those states like Kentucky, Maryland, and New Jersey, this also applies. It is only a matter of time that some regional distributor that plays by all the rules and adheres to the regulations and standards gets frustrated and flies-- and files the lawsuit challenging all these states, and I'll give an example next time I'm on the mic about Iowa. As long as the craft brewers stay under the radar, they are somewhat insulated. And that is why any increase must be thoughtful, deliberative, and benefits all the craft brewers, not just one or two, without rocking the legal boat on the sustainability of their businesses. You have heard the expression: pigs get fed, but hogs get slaughtered. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Good morning, colleagues. Well, I again rise in support of LB13-- LB113 and AM220-- AM232. I, I appreciate Senator Raybould's pigs get fed, hogs get slaughtered quote. It is Fat Tuesday, so it's a good day, I guess, to bring up that quote. And also I, I want to steal Speaker Arch's joke about the, the, the thespians. Welcome. He said there's a lot of drama in the balcony, so I thought that was really good. It was Speaker Arch's joke; I'm just stealing it because I thought it was so good. Well, anyway, good morning, colleagues. I appreciate the conversation already today. I just, again, wanted to talk about the concerns that I have raised on AM232. Originally, in committee, I did vote for it because fundamentally, I do believe that we should expand the gallonage for self-distribution for the microdistillers, and I think we should increase the number of locations for the tasting rooms or tap rooms, or whatever you want to call them. And so that's the goal that AM232 and LB113 achieve. I just have expressed my concerns about the, the gallonage in particular goes too far in AM232; it goes from 500 gallons of self-distribution to 3,500 gallons, and I thought that was too much. And so I talked yesterday about the history of these, these bills, and we have-- what we've done in Nebraska is we've created a system, we have the three-tier system, which Senator Holdcroft talked about. And within the three-tier system, we are trying to incubate a, a-- state-grown businesses of distillery and brewery and winery. And so we've created the Nebraska wineries, the Nebraska microbrews that are my-- or-- and then, Nebraska microdistillers. I get those-- the terms confused, but craft brewers and microdistillers. So we've created laws to allow them to produce

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and then sell in tasting rooms, and then we've allowed them to expand the tasting rooms to five locations so they can spread their-- you know, reach a broader audience and get more customers. And then as they started to grow and wanted-- people wanted to have some to take home, we've had growlers, so things where people can take away. And then we also started self-distribution, and self-distribution was in the interest of the three-tier system, is a lot of the big boys, right? And so the, the, the wholesalers, it's not economically viable for them to take some of these smaller folks, the more niche beers and wines and liquors and distribute them. And so in the interest of building an audience so that they become marketable to the current three-tier system, that we have allowed self-distribution. And so we allow 250 barrels of self-distribution for beer, and we have allowed 500 gallons for liquor. And so this be-- the bill, and the part I'm talking about specifically, is the 500 gallons; we implemented that last year or the year before, and very few people have undertaken it. I think Senator Raybould did hand out a handout that shows some of that information. And one of the reasons folks haven't started the self-distribution is because it's not economically viable for them to do it at 500 gallons. It's not-- it doesn't make sense to buy a truck and to hire a person to do that, and to take it to all of the potential locations. So there's a very good reason to increase it from 500 gallons, because we passed it with a specific intention of growing the industry, allowing these businesses to reach a broader market, and to actually spread Nebraska-grown businesses, and we didn't accomplish that at 500. So, yes, we should increase it. The question is, how much? And so I think three-- 3,500 is more than is necessary to accomplish that goal, but I, I don't know what the number below that is. I-- we know, we know it's above 500; I think it's below 3,500, and that's part of the conversation I want to have. I'm gonna run out of time, so I'll push my light so I can keep talking about this. But, obviously, happy to take any questions and continue the conversation. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Quick, you're recognized to speak.

**QUICK:** Thank you, Mr. President. And I also had served on the General Affairs Committee before. So I served on there from 2017 and 2018 year, and, and we did have a bill up. It wasn't asking for more, I think. I can't remember at the time for sure, but I think there was a bill to try to maybe even reduce the amount that they-- maybe on locations and the amount that they had. I would have to look back to make sure that that's correct, but this-- and I admit this bill's-- these bills have been around a, a long time, but it's just to try to

help these entrepreneurs expand their business model. And so when some of those numbers were negotiated, they neg-- they bring them in at low numbers, and what they-- what the craft brewers and the distillers find out is, is that the-- that it, it doesn't work within their business model to actually help grow their business. And so they struggle with that. I did try to negotiate with the people out in the Rotunda, and I had actually went out and talked to them after my bill had had a hearing, knowing that they probably weren't going to like the number of locations that I had brought and the, the amount of, of gallons for the distillers' side. And through those negotiations, what I found out is, is that really, they didn't want to move any higher than what it is right now. So I give them a number; I asked them to give me their number. They actually never came back to me with a number. So to me that, that was the intent from, from my perspective, that they really didn't want to negotiate. And so I talked to a lot of the committee members about maybe 3,500 gallon, coming down to that number; they were supportive of that, and we were able to get it out of committee at eight locations and 3,500 gallons, so. And basically, I did negotiate against myself, just trying to, to see if that would appease them. But I think getting it back to where it is currently is, is their whole objective. The reason we brought 5,000 gallons is because right now, wineries and people who, who have those type of operations can do 30,000 gallons of wine, and 5,000 gallons of distillers [SIC] would equate to 30,000 gallons, based on the alcohol content. Currently, the 250 barrels would be far below that, based on alcohol content. And so that was our basis for asking for the 5,000 gallons. The, the, the reason for the more locations for them is basically so they can expand their business model. We don't limit any other business in this state to the number of locations they have. I'm sure Senator Raybould-- she has grocery stores, we don't tell her she can only have so many grocery stores throughout this state; we don't tell her she can have so many grocery stores within one community. I know she has two, two locations in Grand Island, and-- which we have shopped at. So I think the location shouldn't be an issue. It actually would probably help the distributors, because they would be able to distribute more of their, more of their products that they produce. I know a lot of these entrepreneurs are using local Nebraska products; the distillers are using our grains from Nebraska, the craft brewers are using as much of the Nebraska product as they can get. We don't grow all of the product they need in, in our state, but they're utilizing every Nebraska product they can use, including our water. So we always hear about Coors beer and using the water in Colorado. Well, our Nebraska brewers are using Nebraska water to make their products. The other thing I think that they run into as well is that from what I

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heard from some of the distillers, is that the wholesalers won't-- when they're going out to promote products with-- to a, to a liquor store or to a grocery store who has a liquor facility, they're not promoting the-- these products because actually, the cost is higher, they don't produce enough. And so they're at a disadvantage to getting their products out there, and that's another reason we're trying to do this, is so that they can actually get their products to more locations, to get their product out there so more people can utilize their products. And right now, they're currently using the distributors. I know Kinkaiders, they said-- they told me that they're actually using-- I don't know, about half of their distribution is through the distributors. So I don't think that this bill is actually going to hurt them. I think it's actually going to help the distributors and the wholesalers, and, actually, it would probably even help getting more product into [INAUDIBLE].

**KELLY:** That's your time, Senator.

**QUICK:** Thank you, Mr. President.

**KELLY:** Thank you, Senator Quick. Senator Holdcroft, you're recognized to speak.

**HOLDCROFT:** Thank you, Mr. President. You know, our, our committee heard from a variety of the Nebraska businesses who would benefit from the proposed changes in this bill. Distillers who testified, including those from Arapahoe, York, and Lincoln, emphasized that this bill would help them get their products to consumers and create the demand necessary for their success. The amendment takes a more limited approach than what other, other states have adopted; some states allow craft distilleries to self-distribute everything they produce, bypassing the three-tier system completely. The proposal here is much more restricted, permitting self-distributions up to 3,500 gallons, while anything beyond that, up to 16,500 gallons would still go through licensed distributors. This approach aims to support local businesses while maintaining safeguards in the distribution process. A relevant example from Nebraska shows how the model can function effectively. Since 2003, Nebraska wineries have been allowed to self-distribute up to 30,000 gallons of wine, equivalent to 9,000 gallons of spirits. This system has operated smoothly without tax or compliance issues, helping agriculture businesses grow. I appreciate that-- Senator Quick for bringing this proposal forward, and I encourage your approval of the amendment and LB113. And I would just like to, in my remaining time, tell you about some of the other states that, that have this direct sales option. In Arizona, craft, craft

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distilleries produce around 20,000 gallons per year; their annual limit is 1,189 gallons of self-distributed spirit to retailers. In Illinois, Class 1 craft distillers produce greater than 50,000 gallons per year; their annual limit is up to 5,000 gallons of spirits. In Louisiana, the eligibility is producing greater than 4,000 gallons per year, and their limit is up to 4,000 gallons of spirit. In Maryland, their limit is 27,000 gallons. In New York, their limit-- there's no specified gallon cap; distillers can distribute their full production to the retailer. And in Washington, there also is no statutory limit. Washington distilleries can distribute their entire production. So I don't think we're really concerned about the, the feds coming in with their interstate commerce concerns, and I-- and again, I encourage your approval of the amendment and the bill. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. I stand in opposition to the amendment before us today, and ask you to vote no on it. And my floor amendment, which is an additional compromise, is queued up. I also want to thank Senator Clements and Senator Jacobson for understanding the, the numbers matter in this situation, and why are we doing this and making these changes. So the handout that everybody should have on their desk, it says LD28, and these are the numbers hot off the press. Produced gallons released for sales between April and December of 2024, and go all the way to the right where it says total spirits and ready to drink. And if you look at that, look at the numbers. There are only two operators, two breweries that are exceeding that limit. Only two, which means those two brewers are highly successful. They've graduated from the little leagues, where we want to make sure the-- those little league players still have every opportunity to succeed with all the retailers that they can get to to showcase their craft breweries. So I want to ask you to please look at those numbers, and I have some questions for Senator Quick, if he will yield to some questions.

**KELLY:** Senator Quick, would you yield to questions?

**QUICK:** Yes.

**RAYBOULD:** Thank you, Senator Quick. Have you had a chance to look over the questions I gave you this morning?

**QUICK:** Just briefly. I didn't get to go over all of them, no.

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**RAYBOULD:** OK. And did you have a chance to look at the handout I provided?

**QUICK:** No, I did not.

**RAYBOULD:** Oh, OK. This, this came hot off the press, about the numbers. So how many craft brewers are pushing the current limit on the number of locations, and is this a widespread issue?

**QUICK:** I think right now it's maybe-- I know one for sure, and maybe two.

**RAYBOULD:** OK. And then our-- you know, we have traditionally given a lot of deference on these issues to the Liquor Control Commission. Why did they oppose this bill, and why did the committee advance the bill over the Lincoln-- or Liquor Control Commission's opposition?

**QUICK:** Well, I'm going to guess that the Liquor Commission opposed it because they are trying to keep the status quo. And we voted out of, of committee because we all believed that this would help our entrepreneurs in this state, and help grow their business model.

**RAYBOULD:** Are you familiar with the recent case of Buckel Family Wine, LLC. v. Iowa Department of Revenue? It was a case that was decided just last fall in 2024, where the Southern District of Iowa struck down an Iowa law that allowed out-of-state producers from doing the same. The court then allowed out-of-state producers to sell wine directly to retailers in Iowa without the involvement of Iowa wholesalers and distributors. For your information, that is a requirement in the state of Nebraska with our three-tiered system. After plaintiff was awarded its attorney fees for prosecution of this constitutional violation, Iowa elected not to even appeal the decision because they understood the consequences. So, Senator Quick, do you have any more information on that case?

**QUICK:** No, I do not.

**RAYBOULD:** And then here's one more question. Are we treating in-state and out-of-state companies the same under this bill?

**QUICK:** I'm going to say we probably are, but we, we don't currently have any out-of-state in our-- in, in here now.

**RAYBOULD:** Well, I think because the three-tier system doesn't permit that, though. As, as I read it, the-- this law only applies to in-state Nebraska breweries. What is the reason that the General

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Affairs Committee came up with treating in-state businesses differently than out-of-state businesses?

**QUICK:** Well, I don't think that was part of our agenda, so.

**RAYBOULD:** And then it's also my understanding that this bill expands the ability for a number of restaurants and bars to acquire alcohol at a cost cheaper than nearly all other bars and restaurants in the state. Is there any concern that we are creating an unfair competitive advantage for some market participants over others, and smaller crafts?

**QUICK:** I, I don't understand what you're asking me there. Can you--

**RAYBOULD:** You know, the, the restaurants and bars can acquire alcohol at lower, lower costs with this increase in the number of gallonage that you are requesting. And so the question is, are we creating an unfair competitive advantage? I thought the--

**KELLY:** That's your time, Senators.

**RAYBOULD:** Thank you, Mr. President.

**KELLY:** Thank you, Senators Raybould and Quick. Senator Guereca, you're recognized to speak.

**GUERECA:** Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I rise in support of AM232 and the underlying bill, LB113. I really wasn't going to speak on the mic this morning, but there was something that Senator Quick mentioned in his opening about how this bill would allow the small entrepreneurs to attract more people to our main streets. Well, a comment stood, stood out to me because during the course of this debate, I wasn't reached out to by anyone in my district. I've liked to brag about being the downtown senator, and have amazing bars, restaurants, breweries, but they didn't-- they're not the ones that reached out. The ones that reached out were a couple of microdistilleries in western Nebraska that just wanted a little more of a fair shot at getting their product out, getting their business off the ground. I've always said, for this session, my litmus test is going to be, will this bill help grow the good life? And I think allowing these small entrepreneurs to increase their gallonage, to gain that customer base, to help attract businesses to our communities all across the state, well, that does help grow the good life. I just wanted to point that out to my colleagues. I yield the remainder of my time to Senator Hunt. Thank you.

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**KELLY:** Senator Hunt, you have 3 minutes, 30 seconds.

**HUNT:** Thank you, Mr. President. And thank you very much, Senator Guereca, for the time. I just wanted to rise-- I, I put my light on, but I'm low in the queue, so while the kids are up here in the balcony-- I, I see some of my friends up there from the theater community. Hi, everybody. I just wanted to rise and welcome all of you today. Today is theater in our schools day, and every year, we have a large group of kids who are involved in theater, who are involved in the International Thespian Society, which I was a part of in Blair, Nebraska, when I was in high school, Troupe 3142, and the memories I have from being involved in theater and acting and drama, and the way that that touches every other part of my life today. You know, I-- when you're involved in drama, when you're involved in performance that touches so many parts of education that are so important to our development as people-- literature, public speaking, even things like construction and learning how to build a set, learning how to, to use tools and do the math that it takes to create the environments that allow the show to go on-- all of these things are done as a member of a team in a very creative environment. So I just want to recognize that it's theater in our schools day, recognize that the state of Nebraska values the arts, that we love the arts in our schools, and that we want every student in Nebraska to have the opportunity, if they choose, to learn about performing arts, to learn about theater, to attend performances, to be a part of productions, and just give a very warm welcome to the young people here in the north balcony who have had the opportunity to be a part of that in our state. Today, I filed a legislative resolution-- I don't think it has a number yet-- just recognizing theater in our schools day, and I can read a little bit from it briefly. It says: Whereas, theater education and the Nebraska Thespians organization are both active in more than 44 junior and senior high schools in the state of Nebraska and serve over 800 Nebraska students; and whereas, the Nebraska Thespians is a nationally recognized theater program that has awarded over \$10,000 in college scholarships to Nebraska theater students; and whereas, Nebraska theater students and teachers of Nebraska high schools have been nationally recognized for their excellence in theater education. Whereas, Nebraska high school theater productions contribute positively to the Nebraska economy, creating tens of thousands in ticket sales and other theatrical purchases; and whereas, the Legislature recognizes the effort it takes for students, parents, and teachers to organize such great productions that be it resolved that we recognize this day as Celebrate Theater in our Schools Day in Nebraska, and that we encourage all young people in Nebraska to

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celebrate the history, the value, and the gift that is the ability to participate in the performing arts, and support the arts as they grow up and go into whatever career it is that you choose. Please consider me an ally and a friend to whatever it is you decide to do, and stick with it. Yeah, proud of all of you. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hunt. Senator McKinney, you're recognized to speak.

**McKINNEY:** Thank you, Mr. President. I rise in support of AM232 and LB113. I'm listening to the conversation and just trying to wrap my head around this bill, and listening to, like, a lot of the bills that has come before us, either in committee or on the floor so far this year. I think we have a new slogan for the state of Nebraska. It's "Nebraska: we do not like competition." That's the, that's the gist of, like, the opposition of this bill. It's "Nebraska: we do not like competition." That's the problem with this. People don't want competition. I thought we liked the free market system; I thought we liked business; I thought we liked all these things. But that's why people oppose this bill; it's competition. We could say all these fuzzy things about all this other stuff, but it's really based in competition, and that's kind of the theme of this session so far. It's either competition or helping out corporations. So, you know, I support this bill because I like competition, and I like the free market system because I like people who are trying to prop up their small businesses and grow their small businesses, so that's why I support this. So I'll yield the rest of my time to Senator Quick, if he would like it.

**KELLY:** Thank you, Senator McKinney. Senator Quick, that's 3 minutes, 19 seconds.

**QUICK:** Thank you, Mr. President. So I will make one correction on the mic. So I did-- when I said I went out and talked to the distributors, I talked to the, to the people in the Rotunda, my interpretation is different from theirs, but I agree with them that maybe I misspoke on the mic in that they didn't negotiate in good faith. I give them a number; they told me their number at the time, and then what they also told me was they said they would go talk to their people and get back to me, but they felt like there wasn't enough time because we exced on the bill and got it out with the numbers that were on there. So I can understand why they're-- they weren't happy with me that-- for what I said on the mic, and so I apologize to them for that. The one thing that Senator Raybould had said earlier was that-- she talked about the, the-- well, she'd asked me a question about unfair

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advantage for a producer or for someone who had a restaurant to be able to have their product in that location. I will tell you that it-- that, that the cost is higher for them to produce that product than it costs a mass-producer. So one of the issues for them is, even if they get-- when they get their products out there, they-- with the markup from the distributor and the markup from the wholesaler or from the retailer, their products are a lot more expensive than, let's say, a Crown, or on the beer side, like, on a Budweiser or a Coors. So their products are already higher priced just because of the cost and the inputs that they have to produce that product, and that's some of the reason why they would like to have more locations so they can expand their business model. I agree that Kinkaid's is-- they're the-- they're one of the few that has actually gone up to five locations and actually had to close one location so they could move to Kearney. It affected my district; we lost an employer; we lost a restaurant in our community; we lost a taproom in our community. And so I'm looking forward to them coming back to our community, and I've already talked to, to Cody; there's no guarantees they'll come back, but he expressed interest in coming back to Grand Island if they can get more locations. I know there's going to be some more debate on this, and I know there's going to be some-- maybe even some amendments that I will probably be opposing, from what I'm hearing, so. But the, the committee is supportive, I have a lot of support on the floor, and I'm still pushing this forward to help promote entrepreneurship in our state and help promote what our business model should be for, for a, a business [INAUDIBLE].

**KELLY:** That's your time, Senator.

**QUICK:** Thank you, Mr. President.

**KELLY:** Thank you, Senator Quick. Senator Storer, you're recognized to speak.

**STORER:** Thank you, Mr. President. Good morning. I've tried to sort of organize my thoughts in terms of what I thought was most important to, to really focus on for a couple minutes here, and, and I think I'm just going to focus on what seems to be the most obvious thing. We have a property tax problem in the state of Nebraska. We, we sort of get distracted about that. Most people would agree that one of the ways that we help resolve our property tax problem is we grow the state's economy; we provide a regulatory environment that allows businesses to flourish, and one of the resources, natural resources that we have in the state of Nebraska, that is, that is-- rises above many of our competitive states is our grain and our water. Now, I am

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not a chemist, but I know that there are two key things that it takes to create spirits, and it is grain and water. I have asked myself for several years why in the world, when you go visit Tennessee or Kentucky who have vibrant, flourishing industries around the spirits, why does Nebraska not? I've actually had this conversation with several people over, over the years; why do we not have a flourishing industry? Because we have the ingredients that it takes, right here in Nebraska. And it's becoming more and more clear to me it is because we have a very unfriendly regulatory environment. We have done very little, if anything-- in fact, what we're doing here this morning, and it's really astounding to me, and the longer I listen, the more perplexed I am that we're trying to figure out how to kill entrepreneurship. We're trying to figure out how to limit the growth of an industry, all out of some concerns that maybe we're going to have some out-of-state competition, is the one thing I'm hearing. Competition is good for the marketplace. I, I don't know when that became a negative thing. But that being said, the constitutionality questions around-- surrounding that, those are, those are sort of nonsense because so many other states have much higher limits for self-distribution, are, are light years ahead of us on this issue, and have made it very clear this is not a constitutional problem with the dormant Commerce Clause. So we have to really make a decision here. Do we mean what we say in Nebraska? Do we mean that we want to grow the economy? Do we really mean, mean it when we say we support economic development? Do we mean it when we say that we want to do meaningful things for property tax relief, which includes growing the state's economy? Are those just talking points, or do we mean that? Because we have the opportunity today to do something meaningful. And there's been some questions about, well, there's only one or two, one or two businesses. I think you should ask yourself why. Why do we only have one or two businesses? Because it's so difficult in our regulatory environment in the state to develop a distillery. It's not because there's not a desire to do it. We do not have a regulatory friendly environment for this particular industry. So, ultimately, ask yourself why. Do we believe these things we've been talking about or not? Because right here, today, we have the ability to push a green button and stand behind what we have campaigned on, and stand behind what we have told our constituents that we believe in small business, that we believe in economic development. We have the chance to do that today. I am standing in strong support of LB113 and 232-- AM232 because it is a meaningful compromise, it shows goodwill, and I encourage my colleagues to stand behind what you have told your constituents and vote to grow the economy of the state of Nebraska, and allow our entrepreneurs to flourish. I yield the rest of my time.

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**KELLY:** Thank you, Senator Storer. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. So, again, I rise in support of LB113 and AM232 and just continue talking about what my concerns have been about AM232. I-- again, I support it even though I have these concerns, because I think that the current state of affairs is too little, specifically as it pertains to the 500 gallons, and so I think we should increase it. I stated in, in the General Affairs Committee that I thought 3,500 was too much, and so I would be interested in a little less than that, but I do think increasing it is preferable to leaving it as it is. I did want to talk a little bit about the locations. So AM232 goes up to eight locations for both craft brew tasting rooms, tap rooms, and microdistill tasting rooms, and-- so it goes up from five. And I talked a little bit about the history of this, where we started out with the craft brews, and they could have, like, an on-site location tasting room, and then we expanded it to five locations where they could have off-site tasting rooms. And one of the things we did in that was that we said that these craft brewers and microdistillers are a distinction under state law, where they produce a small enough amount of-- a small enough quantity that they are-- and they're based in Nebraska-- to meet that requirement. So they're under, say, 20,000 gallons, I think, for liquor, for spirits. And if they produce under 20,000 gallons and they're based in Nebraska, they are a microdistiller and they can have five locations. And we said, if you get those five locations and then you grow above that 20,000, you do not have to give up those locations. So if you go above 20,000, you become a manufacturer. So we said you build those locations, you invest in those, you don't have to divest yourself of those if you be-- if you achieve what is our objective, which is to grow your business to a manufacturer level. So once you reach that, you do not have to divest of your five locations, you get to continue to operate those. Which means at some point we potentially have a manufacturer of spirits or of beer in the state who owns five locations, and-- which is not a current problem, but it is a potential problem on the horizon. And so the reason it's relevant now is we're talking about going up to eight, so we're going to say you can have eight locations and not divest of those eight locations if you become a manufacturer. And, of course, the folks who are getting to that point are the most likely to be the ones who are approaching that limit of manufacturer. And so one of the suggestions I made was that we can increase the number of rooms-- tasting-- tap rooms or, or tasting rooms above five, but maybe we don't change the divestiture limit. So we would just increase the number of rooms allowable to

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eight, and that you would have to divest the number above five if you became a manufacturer. Seemed like a compromise to me; hasn't really been part of the conversation, and I'm not necessarily suggesting it, I'm just throwing it out there as, as a think piece for everybody. There were other conversations about putting some kind of geographic constraints on where the tasting room or tap rooms can be so they don't all end up in Omaha or Lincoln, because one of the-- the impetus for this bill was, of course, to attempt to expand a tasting room into Grand Island. There's an interest in getting one there. So if we don't put geographic constraints, there's no real guarantee that it won't go to more in the same areas. So I think those are legitimate issues and conversation that folks have raised about this bill in ways to make it a little bit more constrained, a little bit more serving the actual intention of this bill. And, of course, all of these are about economic development and helping Nebraska-based businesses grow and succeed. But there are constraints that we have to have in place around this going forward. And so I'm interested in what other folks think, but I would be interested in, in something less than 3,500, but, again, unless there's a, a sincere amendment less than 3,500, I'm going to continue to support AM232 and LB113. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Andersen, you're recognized to speak.

**ANDERSEN:** Thank you, Mr. President, and I rise in support of LB113 and AM232. I think it's a fundamental, commonsense bill. I'm basically a small government guy. I believe the government should be involved in safety and security; other than that, it should get out of the way. The problem with not approving this bill is that the government would be picking winners and losers. I don't think we should be introducing any limitation as to how far and how fast a company should actually be able to grow. We should support small businesses. I believe that, that the laws of supply and demand will ultimately pick the winners and losers, and it shouldn't be the state or federal government. I believe that this bill enables workforce and economic development, and I encourage my colleagues to support LB113 and AM232. I yield back the rest of my time.

**KELLY:** Thank you, Senator Andersen. Senator Quick, you're recognized to speak.

**QUICK:** Yeah, thank you, Mr. President. And I just-- I'd gotten an email yesterday, and so I just wanted to pass this on, and I'm just going to read this email that I'd received from a, from a distiller in

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our state. So he says: Dear Senator, I appreciate your time and consideration of LB113 which is vital to the future of small distillers like Great Plains Distillery in Scottsbluff. Our business is built on using local Nebraska ingredients to craft high-quality spirits, but the current 500-gallon cap on self-distribution severely limits our ability to bring our products to the market. Distributors often prior-- prioritize larger, well-known brands, leaving smaller distilleries without a viable way to sell their own products. The costs of self-distribution-- delivery truck, fuel, employee-- are impossible to justify under such a low threshold. Raising the cap to 5,000 gallons as a-- as proposed in LB13 [SIC] or 3,500 gallons as a committee amendment would allow us to grow our business responsibly. Any amendments to make the amount lower would make it much harder to justify the investment in distribution of any amount, making it harder to gain a base of customers and to establish a brand that ret-- and-- that retailers actually want to carry. Nebraska's craft beverage industry strengthens local economies, supports farmers, and offers consumers more choices. I urge you to support this, this commonsense change to help local businesses like mine succeed. And this comes-- and it says respectfully, Great Plains Distillery, Scottsbluff, Nebraska. And so I know talking with even, like, Kinkaider's in Grand Island-- we also have Prairie Pride in Grand Island, but they're-- they-- they're just a, a craft brewery. You know, the, the, the-- Prairie Pride, they probably don't distribute their beer. I don't know, I haven't talked to them about that. But my guess is they're just producing their product for their taproom, and, and they probably don't use a distributor. But if they did, right now, they would probably have to use someone locally to distribute their product, and, and, and being such a small producer puts them at a disadvantage, especially at the cost that, that-- for them to produce it, along with the-- more expense-- added expense for, for distribution, plus-- along with the markup and the retailer's store, so. You know, we're promoting the local businesses; we're, we're, we're promoting-- helping these entrepreneurs, entrepreneurs who use local Nebraska products. They're using our local grains; they're using everything locally to help their industry, and, and help promote their product in our state. I'm passionate about trying to get this bill across and get it passed. I'm, I'm supporting the amendment for the 3,500 gallons. I think it's important to at least get it up to, to an amount where they can actually get their products out. I think it will-- in, in the end, as I've said before, this is going to-- also going to help the distributors, because they can't-- they're not going to be able to afford to-- some of them-- to even buy a truck, or to buy-- hire another employee to haul that product somewhere. They're still going

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to use the distributors for getting their product out. But I think what happens to them sometimes, when they're trying to get their product out, it's-- they, they produce on the-- on a lower level, and the salesman decides, you know, I'd love to promote your product, but I can't-- you know, I can't-- the retailer only wants a certain kind of product, or they, or they want a product that they can get more gallons of, and you can't provide me with the number of gallons that I'm going to need to, to actually promote your product or sell it in my store. And so that's what they're running into. They're not being able to expand their business, they're not being able to grow their business model, and we need to support them in this. Thank you, Mr. President.

**KELLY:** Thank you, Senator Quick. Senator Raybould, you're recognized to speak, and this is your third time on the amendment.

**RAYBOULD:** Thank you, Mr. President. Thanks, colleagues. I appreciate the great discussion and ideas being brought up. I do want to address some comments from Senator Storer, my rowmate, so-- I thought they were very good. But, you know, the truth is, in this bill, with or without amendments, there is absolutely nothing in this bill that is restricting any craft brewer or distiller from developing their own special brand and grow their business. The only thing that holds small businesses back is the time, the talent, and the effort. So I just really wanted to point that out. And then I'm hoping Senator Holdcroft will yield to a few questions.

**KELLY:** Senator Holdcroft, would you yield to a question?

**HOLDCROFT:** Yes, I will.

**RAYBOULD:** Thank you, Mr. President. Thank you, Senator Holdcroft. And for full disclosure, I already gave Senator Holdcroft all these questions. They're very-- they're the very same ones that I have asked Senator Quick. So, you know, we traditionally have given a lot of deference on these issues to the Liquor Control Commission. Why did they oppose the bill, and why did the committee advance the bill over the Liquor Control Commission's opposition?

**HOLDCROFT:** Well, the, the purpose of the Liquor Control Commission is regulation, not necessarily a competition or increasing the volume of, of these, of these businesses. So I understand and I applaud our Executive Director Rupe for coming, and-- because he's-- he says in his, his experiences, there's really only one distillery that's pushing up against the, the limit. And so, from his standpoint,

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regulating-wise, he'd like to keep it kind of that way. But for, for fair competition, small businesses trying to promote that in Nebraska, the committee was more in favor of, of increasing the number of opportunities for the distilleries.

**RAYBOULD:** So I have another Sen-- question for you, Senator. So how is this restricting any small brewer from getting into the craft brewery business?

**HOLDCROFT:** OK, so brewers are, are-- do beer. So we're, we're talking about distillers. So there are 12 licensed distilleries in the state of Nebraska, and they produce essentially all the homegrown liquor, hard liquor for Nebraska. There's nothing that keeps, you know, somebody from outside the state coming in and getting a, a, a, a distillery license and producing in Nebraska, so as far as it goes of trying to restrict companies from outside the state from coming in, that's, that's not-- you know, we don't treat anybody differently outside the state than we do inside the state. Otherwise, we would be in violation of, of the, you know, the commerce-- the Interstate Commerce Act, so-- that, that's-- does that answer your question?

**RAYBOULD:** Yes, sir. Thank you very much. I have another one. So how many craft brewers or distillers are pushing the current limit on the number of locations? And is this a widespread issue that we should immediately address?

**HOLDCROFT:** Well, again, there are 12 distillers, and 2 of them are pushing against the limit. But we expect as the-- as this catches on, these craft liquors, that there'll be more. And I think-- again, we, we want to, we want to encourage competition, we want to help this small craft business in Nebraska grow. And so I think it's the right time to go ahead and increase the numbers. I don't think we want to wait until all 12 are up against their limit before we allow them to expand. So I think this is-- and, again, we-- they asked for ten to go from five until ten locations. We-- as a committee, in this, in this amendment reduced that to eight, and, and I think that was a prudent step to take.

**RAYBOULD:** Thank you very much, Senator Holdcroft. I still stand in opposition and ask folks to vote against AM232 and wait until my floor amendment gets up on the board. Thank you, Senator Holdcroft. Thank you, Mr. President.

**KELLY:** Thank you, Senators Raybould and Holdcroft. Senator Holdcroft, you're next in the queue.

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**HOLDCROFT:** Thank you, Mr. President, and I'll be brief. I just wanted to make sure-- I mean, we've had some confusion here about the difference between distillers and brewers. There are 12 distillers in the state of Nebraska, and they distill hard liquor, and they are limited currently to 500 gallons under the current law, and this-- my amendment would-- our amendment would increase that to 3,500 gallons. And also it would expand their number of locations that they can sell directly to the public from five locations to eight locations. And then we have brewers who make beer. OK? And the limit on beer is 250 barrels. So we're-- again, we are comparing this-- there's about 30, about 30 gallons per barrel. So, right now, our beer producers, our brewers in the state can sell directly to the public about, about 8,000 gallons of beer, that's, that's about it. And, again, they are also currently limited to five locations, and the amendment will allow them to grow to eight. So, again, I've heard a lot of positive comments about this. You know, encouraging small growth of small business, growing this craft. And, I mean, these, these, these distillers and these brewers really do make a, a quality product. People like them; they like to go to the, the restaurants that have them; and to those tap rooms that-- where they are sold directly. So, again, I would encourage your approval of AM232 and LB113. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President. And good morning, colleagues and folks that are watching online and joining us in the building and in the balcony. I, I do have a couple questions for Senator Quick. However, before I ask those, I would be remiss if I did not uplift that March is Women's History Month. And so Women's History Month, it started as a week-long celebration, March 7 in 1982 as Women's History Week. And then throughout the next 5 years, Congress continued to pass resolutions designating the week in March as Women's History Week, and then in 1987, there was a petition moving it to be a full month, which has been the standard ever since. And so as we talk about the value add of different types of people in our community, their perspectives, their lived experience, their identities, I think it's absolutely important to uplift the value add that women especially have in the legislative body. I know we don't have the most number of women that we've ever had as senators, but we bring different perspectives. We are moms; we are business owners; we are bosses; we are partners; we are thought-partners, and are thinking about how do we best invest in our communities and our perspectives and our experience that we bring are uber-important, and we should be at the table, in the room, in the

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space, wherever decisions are made. And so, again, I wanted to take a moment to uplift Women's History Month. And with that, Mr. President, I would like to ask Senator Quick to yield to a few questions.

**KELLY:** Senator Quick, would you yield to some questions?

**QUICK:** Yes. Yes.

**SPIVEY:** Thank you, Senator Quick. I appreciate you bringing this bill, and I appreciate all of the discussion with our peers around what does this look like? And you did give out, like, a, a fact sheet, which is really helpful, as I'm not in this committee and haven't dove into the bill in the same way around what does this do and not do? And one of the things that I keep hearing as a recurring theme is that we have this three-tier system and it's working fine, and this bill would create an issue with this three-tiered system. And so I would love if you could maybe provide some insight on this three-tiered system, and the implications of your bill with that.

**QUICK:** Yeah. And so I really don't feel that this bill is going to disrupt the three-tier system. It's already working properly. I know one of the things that they brought up also was the collecting of the taxes, and they're already doing those things; they're already operating within the guidelines of what they've been required to do, and we're just asking for more locations that would allow them to expand their business, and asking for more gallonage.

**SPIVEY:** So this would not disrupt any of the parties that are participating in the three-tiered system as operating. What you're saying is that it would just allow for, I'm assuming, smaller businesses to be able to participate in a different-- in, like, economic and intentional way.

**QUICK:** Yeah, it would actually allow them to expand their business and grow their business model. So-- but they would still operate with-- under the three-tier system, so it's not, it's not going to disrupt that.

**SPIVEY:** Thank you. And then in terms of the difference between, like, the distributors and the wholesalers and the folks that are participating, would you maybe just provide some direction around some of those definitions? I feel like I need a little bit of clarity around, like, who are we talking about when we say this group versus that group? So just some clarity around who are we talking about in this bill, and who it impacts would be really helpful for me.

**QUICK:** Well, and as far as the-- I think-- and I could be wrong about this; they may have to correct me if I'm wrong. But the distributors, I think-- and I could be wrong, but they-- I thought they also operated as a wholesaler as well, and they, they-- you take your product to them, or, or you say, I have this much product I want delivered from a distributor-- or not from a-- like, the distilleries, they would say, I have this many gallons of distillers [SIC] I want to have, have you send out. They're-- the distributor would take it out, and it could be on the other end of it that, that the wholesaler works with the retailer to pass that product on to the, the retailer. And then there's a cost for distribution, there's a cost-- there's a markup, probably, from the wholesaler to get it to the retailer, and then the retailer would mark it up again at their store, so.

**SPIVEY:** Thank you. And from your understanding, this doesn't change any of the process. It still allows for all of those folks within the ecosystem to do the things that they've been doing. Correct?

**QUICK:** Yes, it does. It, it-- but it does allow for some self-distribution so they can get some of-- just the 3,500 gallons out, they would be able to distribute themselves, maybe to a local liquor store, or-- and they're not going to haul it great distances; it's going to be close to wherever their distillery's located.

**KELLY:** That's time, Senators.

**SPIVEY:** Thank you, Senator Quick. Thank you, Mr. President.

**KELLY:** Thank you, Senators Spivey and Quick. Senator Wordekemper, you're recognized to speak.

**WORDEKEMPER:** Thank you, Mr. President. I'm going to oppose LB113, and I guess my, my thought is that-- I wasn't on this committee, but the Liquor Control Commission opposes this, and, and I guess my job as a, as a state senator here, I believe, to use the-- that resource to guide me to make a good decision. I'm not opposed to small businesses increasing, growing their business. I, I also feel like the Legislature, prior to me being here, just increased the regulations for these businesses to expand. And, and I don't know if we really know the full impact of that yet, and, and where that's going. But now they want to make another change, and, and to my understanding, the, the last change was just done 2 years ago. So I, I would like to see that maybe come to fruition a little bit more to see how this goes. The, the other point I'd like to maybe put out or think about is that-- where does this stop? So, so we have one of these craft brewers

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that are doing well with their business-- and, you know, kudos to them; I'm glad they're growing their business. But at some point, do they get to where they're harming the other small businesses that are the brewers? And, and so I, I look at it that way, to maybe not let one get way ahead and, and harm the other ones. So for, for some of those reasons, I-- I'm going to oppose this bill. I'm definitely not against small businesses. I think we have one in, in our town, but I don't want them to-- if they don't have the means to distribute their own outside of their establishment that another one that does have those means will come in and, and hurt their business. So with that, I yield the rest of my time. Thank you, Mr. President.

**KELLY:** Thank you, Senator Wordekemper. Seeing no one else in the queue, Senator Holdcroft, you're recognized to close on the amendment.

**HOLDCROFT:** Thank you, Mr. President. Just maybe to amplify a little bit for Senators Spivey on the three-tier system. The three-tier system has manufacturers at the bottom, then distributors in the middle, and then the retailers who sell the actual products in your stores at the top. And they-- and it is-- it works extremely well. For this particular bill, we're only talking about 1.5% of the entire market that we're allowing for direct sale. And the-- but the difference here is-- and the reason why these independent craft distilleries and breweries want to go with direct sale is because it's-- it, it, it eats into about 40% of their profit to include the distributors. Now, the distributors are key to this product, to this process. I mean, they are able to provide to us a variety of different options. They take care of the transportation, making sure that the, the, the alcohol is fresh, that it's, it's well-distributed. And so the three-tier system has worked very, very well for us. We're not, we're not looking to ever replace the three-tier system; we're just trying to let some small businesses-- craft breweries, craft distilleries-- to sell directly to the public. So-- and in, in the case here with AM232, which was the committee amendment, this was a compromise. You know, it reduced the number of direct sale locations from ten down to eight, and it reduced the amount of direct sales from 5,000 gallons to 3,500 gallons. So I would again appreciate your green vote on AM232. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Members, the question is the adoption of AM232. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 36 ayes, 3 nays, Mr. President, on adoption of the committee amendment.

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**KELLY:** AM232 is adopted. Mr. Clerk.

**CLERK:** Thank you, Mr. President. Senator Raybould would move to amend LB113 with FA27.

**KELLY:** Senator Raybould, you're recognized open on FA27.

**RAYBOULD:** Thank you, Mr. President. Thank you for the opportunity to introduce this floor amendment, which is another compromise. And I just want to thank my colleagues; we, we recognize that we want to absolutely encourage craft brewers and distillers. We've got a place for you in our state, and we want you here. My amendment goes specifically to the items that were amended before. So in-- instead of 10 locations that are listed, I am proposing 6. I'm sorry, let me, let me back up. No, that's correct. What I am proposing is going from 10 to 6; they had proposed going from 5 to 8, and that's one change. And the other change is really on page 5, and it's actually going-- they had stricken 500 gallons and put in 5,000 in LB113, but then they changed it to 3,500 gallons in their amendment. I am going back to 1,000 gallons. And some of the handouts I provided, that applies to the distillers, too. There are very few that are at or exceeding that limit when it comes to gallons produced. And, again, I just want to reiterate, there is nothing that deters any craft brewer or craft distiller from doing the great work that they're doing and being the entrepreneur that they want to be in getting out there and hustling and selling their products. And for those that have gotten and grown bigger by their success, hard work, and efforts, then they should be bumped up to one of the tiers that they should be, be in per their size and the business that they generate. So for my colleagues, I won't belabor it much longer, but I do ask that you support FA27 that reaches another compromise. Thank you.

**KELLY:** Thank you, Senator Raybould. Senator Jacobson, you're recognized to speak.

**JACOBSON:** Thank you, Mr. President. I rise in support of FA27. I think this is the commonsense compromise that we've been looking for on this particular bill. I did serve on the General Affairs Committee that first half a year that I was down here, and I got very familiar with the three-tier system and how all this works. And I think the point that may be missing here is, if we want to protect our craft brewers, we need to be a little careful about being able to support the law that we have on the books. I think that if you bring this self-distribution number up to a number that's too high, you will, you will attract a number of out-- out-of-state producers that will try to

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come into the state and challenge the law that we have in Nebraska, and it may be harder to defend. I think, if we really care about our craft brewers, this is doubling the amount that we just raised it to 2 years ago. So I think 1,000 gallons makes sense; I think it's an, an interesting incremental, incremental step, and I think it also protects the system that's in place today. So with that said, I will support LB113 if FA27 moves with it, otherwise I'm going to be opposed to the bill if we're looking at a number higher than 1,000 gallons. Thank you, Mr. President.

**KELLY:** Thank you, Senator Jacobson. Senator Quick, you're recognized to speak.

**QUICK:** Thank you, Mr. President. And good morning, colleagues. I rise in strong opposition to the amendment. The committee worked hard to find a compromise before the bill was advanced from committee, and that's-- and we saw that with the, with the last amendment that would bring it to-- bring it down from ten locations to eight locations, and from 5,000 gallons down to 3,500 gallons of self-distribution. And so we worked very hard on that; we, we, we talked about it in committee, and, and so this-- the current bill, the way it would be, I'm supportive of; FA27, I oppose. And I want to say also, this is an amendment that I have never agreed to. I know Senator Raybould came to me this morning and asked me if-- she didn't say anything about the locations, but she did mention 1,000 gallons, and I told her that, no, I would not be supportive of that amendment. The 1,000 gallons and six locations limit suggested by the amendment is too low for our Nebraska craft distilleries to be able to benefit from. This limit does not allow for business costs that distilleries have to take on as they get their product out the door to their customers. The limit produces the commit-- the limit proposed in the committee amendment helps our distillers without hurting the distributors, but this amendment protects the distributors without helping our local distillers, which is very important-- which is a very important part of the bill. So, again, I rise in opposition to FA27, and I ask for your green vote on LB113. Thank you.

**KELLY:** Thank you, Senator Quick. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Good morning again, colleagues. Well, I rise in opposition to FA27 and support of LB113. I feel like I'm Goldilocks on this bill, where the previous amendment I thought was too much, and I think this one is too little. I would echo some of Senator Quick's comments about-- that I think 1,000 is just

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not enough, and the mistake we made when we passed 500 was that we were attempting to accomplish something, and it didn't give people enough leeway to actually accomplish the thing we were giving them leeway to do, and I, I am concerned that 1,000 would be too little for that amount. I appreciate Senator Raybould attempting to make a constructive effort at, at amending the bill, and I think that's a good thing to do; I just think that it should be a little bit more than 1,000. And I think-- is this-- this goes to six locations, I think that might be too little. I have less of a thought of what I think the number of locations should be, if it should be seven or eight, but I do think that there's maybe room for some other constraints around the locations that are not part of this bill or the other bill. But I do think six is probably not enough, again, because it's just doing one, one more step. If folks are telling us they need a little bit more to expand their business, giving them just a tiny increase is, is probably-- we'll just be back again having this conversation next year. And so I, I do appreciate the, the effort at constraining, but, again, 1,000 is probably going to leave us in the exact same location we are now, where not everybody that we are attempting to help is going to be helped by this, and they're not going to actually be able to engage in the self-distribution, which means they're not going to be able to find those customers that allows them to grow their business and then become attractive to the, the current wholesaler market. And so that is the goal here, is to, to allow these businesses to grow, to find customers, to make it so that it is economical for the wholesalers to carry their product, but, but also we need to make it at a level that it's economical for the distillers to deliver their product. And I think that the distillers are telling us the truth when they're saying we're not doing it because it doesn't make sense for us to hire somebody, to get insurance, to get a truck, to do all the-- dedicate all this effort and time to it. And they say that at 5,000-- 500, and a few people have undertaken it, but I would guess that they're doing it at a loss to try and build their market, and that the-- 1,000 would put them in that same situation is what they've told us. I don't think they need to go to 5,000, I don't think they need to go to 3,500; I think that it-- but it is more than 1,000. So I'm going to continue to support LB113 as we just amended it, oppose FA27 at this time. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Moser would like to recognize fourth graders from Emerson Elementary School in Columbus in the north balcony. Please stand and be recognized by your Nebraska

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Legislature. Returning to the queue, Senator Holdcroft, you're recognized to speak.

**HOLDCROFT:** Thank you, Mr. President. I rise in opposition to FA27 and in support of LB113 as amended. And I'm afraid I'm going to echo both Senator Quick's and Senator Cavanaugh's comments, but we did work pretty hard in the committee on this compromise. Nobody's happy about it either side, but it's something that we thought was fair. I would point out that, you know, this whole pro-- program just started 2 years ago. I mean, with the, with the establishment of the craft distilleries and craft breweries, and the limits. So 500 gallons for the distillers was the initial, was the initial maximum that they could, that they could create and sell, and self-distribute. So, clearly, you know, we-- we've-- in just 2 years, we now have 12 craft distilleries; they're up and running, initial-- a big initial investment by these companies. And two of them are already up against the 500-gallon limit. So I think this is a prudent compromise to increase it to 3,500 and allow them to sell it from more locations. And so I encourage your vote against FA27 and a green vote on LB113. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. I have a couple more questions for Senator Holdcroft, if you are willing to answer them.

**KELLY:** Senator Holdcroft, would you yield?

**HOLDCROFT:** Sure. You didn't provide them-- these, though, did you?

**RAYBOULD:** Well, I can ask you one of those on that list.

**HOLDCROFT:** OK.

**RAYBOULD:** I'd be happy to. So, you know, we're talking about locations. So, actually, how many of the distillers or how many of the breweries are-- craft breweries are really bumping up at that number of five?

**HOLDCROFT:** For the distilleries, it's, it's essentially two.

**RAYBOULD:** Just essentially two of them? And so--

**HOLDCROFT:** That's correct, but a-- 2 out of 12 in just 2 years. So I would say this is a, a, a burgeoning small business that's just

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getting up and running, and already they're being restricted from growth by the legislation that we set up 2 years ago.

**RAYBOULD:** Well, and that's why I ask you to support my floor amendment, because it goes up to six. And I can tell you and assure you that it is really expensive to continue to expand, open, rehab, and operate additional locations, and I think that is the one thing that is prohibiting our entrepreneurs from expanding. It has nothing to do with regulations we, we throw at them or require of them. So here's one of the questions that I didn't get to ask you before.

**HOLDCROFT:** Well, I just want to-- would like to make a comment on your last comment--

**RAYBOULD:** Sure. Please do.

**HOLDCROFT:** --in that, that one of the distilleries has already had to close some locations because they-- because the market moved, and they, and they were up against the five locations, so they had to close a location to open one at another location. So we're already seeing an impact to small business because of the limits we set initially on, on this industry.

**RAYBOULD:** Well, I would-- I'd like to respond to that, Senator, in that it's their business decision to make, if there is a location that may have higher traffic, higher customers, higher volume. As a business owner, we make those decisions all the time to either close a location here--

**HOLDCROFT:** But, but--

**RAYBOULD:** --and open up another one in a different location. Not because of--

**HOLDCROFT:** But why can't you just, why can't you just--

**RAYBOULD:** --not because of-- let me-- may I finish, Senator? Not because of any restrictions and regulations or anything like that. It's because there's a much more economically viable location for our business model. And I got one more question. Let me get it in before my-- I run out of time. So the, the recent case of Buckel Family Wine LLC. v. Iowa Department of Revenue. Remember, I just-- I brought that up with, with Senator Quick. And it-- the case was decided in fall of 2024, and I know you have some thoughts on it. But after the plaintiff was awarded its attorney fees because of the constitutional violation,

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Iowa had elected not even to appeal it. And I think you have some thoughts on that.

**HOLDCROFT:** Well, yes, the, the laws in Iowa are completely different from the laws in Nebraska. Iowa's called a controlled state. They much more-- they're much more involved with, with, with the industry-- the alcohol industry in their state. So this is not really an apples-to-apples comparison. So that's about as much as I really know about it, but--

**RAYBOULD:** OK.

**HOLDCROFT:** --your example is not really comparable to what we're doing here in Nebraska.

**RAYBOULD:** OK. Thank you. I know you had brought up-- New Jersey was cited as an example of states that may have similar provisions to LB113, but I want everybody to know that in New Jersey, the question was, can producers sell other people's product and operate as a full-blown retailer? And the answer is a big fat no. They cannot do that. A craft distiller or a craft brewer may not sell or serve any other alcohol, regardless of the source. They are limited to their own products, which means it really becomes their own specific taproom, merchandizing, and putting out only their specific product. So that New Jersey has a true tasting room, versus our model in restaurants, which is in effect for all three tiers. So, again, I ask your support on FA27. I think it is a fair compromise that will not inhibit our craft brewers, our craft distillers from locating in our state of Nebraska. We want them to grow their industry, and we want them to keep expanding, so there has to be a compromise. And I certainly hope we don't have to come back again year after year to change this, but I really appreciate your support of the FA27. Thank you.

**KELLY:** Thank you, Senator Raybould. Seeing no one else in the queue, you're authorized and recognized to close on FA27.

**RAYBOULD:** Thank you, Mr. President. I'd like to waive.

**KELLY:** Thank you, Senator Raybould. Members, the question is the adoption of FA27. All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 34 ayes, 0 nays, Mr. President, on the motion to place the house under call.

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**KELLY:** The house is under call. Senators, please record your presence. All unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Armendariz, Bostar, and Hansen, please return to the Chamber and record your presence, the house is under call. All unexcused members are present. The, the vote was underway. There's been a request now for record-- do you want a roll call vote, Senator Raybould? We have an open vote. Senator Raybould, will you accept call-in votes? Or we have a roll call vote. You'll accept. Mr. Clerk. Yeah, Senator Raybould says that she will accept call-in votes. Mr. Clerk.

**CLERK:** Senator Hansen voting no. Senator Brandt voting no. Senator Hunt voting no.

**KELLY:** Record, Mr. Clerk.

**CLERK:** 12 ayes, 30 nays, Mr. President, on the adoption of FA27.

**KELLY:** The amendment is not adopted.

**HUNT:** Point of order.

**KELLY:** Senator Hunt, please state your point of order.

**HUNT:** Thank you, Mr. President. We were in the process of voting for FA27 when the house went under call, and the votes reflected on the board and the lights were showing the votes for the house under call. My-- I voted no on the floor amendment, but my light was showing up green, and several other members had the same thing. Because I voted for the house under call, yes, but I voted no on the floor amendment, but my light was changed. So I had to get the Clerk's attention to change my vote, and I know that there are members of the body that did not realize that, so they did not have the opportunity. So I do not think that this vote represents the actual vote on FA27. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hunt. I raise the call. Senator Fredrickson would like to announce some guests in the north balcony: members of the Nebraska Chapter of the American Foundation of Suicide Prevention. Please stand and be recognized by your Nebraska Legislature. Please-- Senator Dungan, please state your point of order.

**DUNGAN:** Thank you, Mr. President. I would agree with Senator Hunt. I voted no on the floor amendment, but the vote that was recorded said yes as call-in votes were coming in. So I just want to inquire from

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the Clerk which vote is going to be recorded and how so? And if it's gotten mixed up, I guess, is it possible to take a vote again on the underlying amendment?

**KELLY:** Mr. Clerk.

**CLERK:** Senator, there was an open vote in which we were accepting call-ins. At that point, members should have looked to the board to determine how they wanted to vote. Once the, the presiding officer says record the vote, that is the vote that is going to be in the, in the Journal. So there's no way to correct the vote. When that vote was open and the vote was displaying that vote, my understanding is there was a mix-up in which members may have been voting yes or no; the vote had not opened for the call of the house in which members may have switched their vote on the underlying vote, but the vote as it was on the board when it-- call-ins were accepted is the vote that's going to be recorded.

**DUNGAN:** Sorry. And just to clarify, when you say the vote that's recorded, do you mean the vote that's recorded for Senator Raybould's amendment?

**CLERK:** Yes, sir.

**DUNGAN:** OK. Because I, I know that I voted no on that. And then we were waiting for those votes to come in, and Senator Raybould did a call of the house. The board was cleared, we then took a vote for calling the house, which I said yes on, so the green light was next to my name. Once we then said yes to accepting call-in votes, the board reflected the vote from-- it wasn't reset. It reflected the vote from the call of the house. And so people were doing call-in votes on the call of the house, but then that was recorded as the vote. So I guess I'm just confused as to what exactly happened.

**KELLY:** Senator Dungan, please approach, if you would. Mr. Clerk, for a priority motion.

**CLERK:** Mr. President, Senator Machaela Cavanaugh would move to reconsider the vote just taken on FA27.

**KELLY:** Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. I will make this quick for Senator Quick and the full body. I'm making a motion to reconsider the vote so that we can have a vote that is a little bit cleaner on the amendment. So even though I voted against the amendment, I would

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encourage everybody to just machine vote quick, reconsider the vote, and then we can all vote the way we intended to originally on FA27. And the reason I can file a motion to reconsider is because I was voting with the majority, so I can reconsider my vote. You can not reconsider your vote if you were voting in the minority. So just a little filibuster lesson there for you. Thank you, Mr. President, and I will waive my closing.

**KELLY:** Thank you, Senator Cavanaugh. Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. Colleagues, again, I would just reiterate we-- the vote essentially remained open on the board still for the underlying amendment, and had not been cleared yet. So people started voting on call of the house, but it actually switched their vote on the underlying amendment. So to vote to reconsider this would just allow us to have a cleaner vote on the floor amendment. Please vote for the reconsideration and then vote for however you would vote originally on the floor amendment. Thank you.

**KELLY:** Thank you, Senator Dungan. Seeing no one else in the queue, Senator Cavanaugh is waiving closing. Members, the question is the motion to reconsider. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 43 ayes, 0 nays on the motion to reconsider the FA, Mr. President.

**KELLY:** The motion is adopted.

**CLERK:** Mr. President, Senator Raybould would offer FA27.

**KELLY:** Senator Raybould, you're recognized to open on FA27.

**RAYBOULD:** Thank you, Mr. President. My remarks will be brief. I ask for my colleagues to vote for FA27, and I thank you for an opportunity for reconsideration so the record will reflect your votes. Thank you.

**KELLY:** Thank you, Senator Raybould. Members, the question is the adoption of FA27. All those in favor vote aye; all those opposed vote nay. Has everyone voted who wishes to vote? Record, Mr. Clerk.

**CLERK:** 10 ayes, 33 nays, Mr. President, on adoption of FA27.

**KELLY:** FA27 is not adopted. Mr. Clerk.

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**CLERK:** I have nothing further on the bill, Mr. President.

**KELLY:** Members, the question is-- Senator Quick, you're recognized to close.

**QUICK:** Thank you, Mr. President, and I'll make this short. I would appreciate your green vote on LB113. This will help our craft, craft beer brewers and our microdistilleries to be able to expand their business model and, and become more successful in our state. Thank you, Mr. President.

**KELLY:** Thank you, Senator Quick. Members, the question is the advancement of LB113 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 36 ayes, 5 nays on advancement of the bill, Mr. President.

**KELLY:** LB113 is advanced to E&R Initial. Mr. Clerk, for items.

**CLERK:** Thank you, Mr. President. Your committee on Enrollment and Review reports LB41, LB98, LB148, LB160, LB196, LB240, LB293, LB296, LB335, LB609 as correctly engrossed and placed on Final Reading. Notice of hearing from the Education Committee. Additionally, a new A bill, LB504A, introduced by Senator Bosn. It's a bill for an act relating to appropriations; appropriate funds to aid in the carrying out of the provisions of LB504. New LR, LR60 from Senator Hunt, recognizing March 4, 2025 as Celebrate Theater in Our Schools Day in Nebraska; that will be laid over. And an announcement: the General Affairs Committee will hold an exec session under the north balcony at 11:00. General Affairs, exec session, 11:00, under the north balcony. That's all I have for items at this time, Mr. President.

**KELLY:** Thank you, Mr. Clerk. And Senator Wordekemper would like to recognize some fourth graders in the north balcony from Howard Elementary in Fremont, Nebraska. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, please proceed to the next item on the agenda.

**CLERK:** Mr. President, LB177, introduced by Senator Clouse. It's a bill for an act relating to cash devices; to amend Sections 9-1303, 77-3001, 77-3002, 77-3003, and 77-3003.03; redefines a term under the Gambling Winnings Setoff for Outstanding Debt Act; change provisions relating to certain licenses issued on the Mechanical Amusement Device Tax Act; harmonize provisions; repeals the original section. The bill was read for the first time on January 13 of this year, and referred

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to the General Affairs Committee. That committee placed the bill on General File with committee amendments, Mr. President.

**KELLY:** Thank you, Mr. Clerk. Senator Clouse, you are recognized to open.

**CLOUSE:** Thank you, Mr. President. Colleagues, I'm presenting LB177 with white amendment AM87. It seeks to fix an issue brought to our attention with LB658, which was passed last session. The issue we are addressing is the definition of distributor and operator. It was brought to our attention that due to the ambiguity within the definitions, it caused confusions-- confusion as to who had to pay certain fees associated with the cash devices. The new definitions are: an operator means any person who operates a place of business in which the mechanical amusement device is physically located and available to play; a distributor means any person other than a retail establishment who places and either directly or indirectly controls or manages a mechanical amusement device within the retail establishment. In addition to the definition changes just mentioned, we also moved the license applications to be a manufacturer, distributor, and operator to every other year instead of every year. And the-- this is-- was to appease-- or, excuse me, ease the administration burden on the industry and the state to process those. The next change we brought is cleaning up language in regards to the background check for operators, distributors, and manufacturers that they have to go through. And it was brought to our attention by the Nebraska Lottery and Charitable Gaming Commission that these changes were necessary to maintain access to the FBI's background check system. The fiscal note does not reflect changes made under AB-- or AM87, one of which was to double the fees to match the licenses that are now every other year instead of annually. For example, the current distributors' pay is an annual fee of \$100 per cash device, and we're now making that \$200 fee per cash device every 2 years. So as shown in the committee statement, we had no opponents at the hearing, and we had no opponent online comments. So I am open to questions, and urge your green vote on the AM87 and LB177. Thank you.

**KELLY:** Thank you, Senator Clouse. As the Clerk stated, there is a committee amendment. Senator Holdcroft, you're recognized to open on AM87.

**HOLDCROFT:** Thank you, Mr. President. The General Affairs Committee voted 8-0 to adopt AM87 to LB177. AM87 is a white copy amendment to the original bill retaining a majority of the original bill's content, but removes language amending cash device winnings, doubles the

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licensing fees of cash devices to address the concerns raised in the initial fiscal note, and includes a few minor technical changes. Thank you, Mr. President, and I ask for your green vote on AM87 and the underlying bill.

**KELLY:** Thank you, Senator Holdcroft. Seeing no one else in the queue, you're recognized to close on the amendment and waive. Members, the question is the adoption of AM87. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 35 ayes, 0 nays on adoption of the committee amendment, Mr. President.

**KELLY:** AM87 is adopted. Mr. Clerk.

**CLERK:** I have nothing further on the bill, Mr. President.

**KELLY:** Senator Clouse, you are recognized to close on-- and waive closing. Members, the question is the advancement of LB177 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 35 ayes, 0 nays on advancement of the bill, Mr. President.

**KELLY:** LB177 is advanced to E&R Initial. Mr. Clerk.

**CLERK:** Mr. President, next bill, General File, LB178 introduced by Senator Clouse. It's a bill for an act relating to the Nebraska Liquor Control Act; to amend Section 53-117.03 and Sections 53-101, 53-103, 53-117.06; defines a term; provides for issuance of certificates related to mandatory server alcohol training as prescribed; requires employment of certified personnel; harmonizes provisions; repeals the original section. The bill was read for the first time on January 13 of this year and referred to the General Affairs Committee. That committee placed the bill on General File with committee amendments, Mr. President.

**KELLY:** Thank you, Mr. Clerk. Senator Clouse, you're recognized to open.

**CLOUSE:** Thank you, Mr. President. I bring LB178 as a bill that would require the Nebraska Liquor Control Commission to create, administer, and track mandatory server training. During the interim, it was brought to our attention and the General Affairs Committee's attention for the necessity for this. Since the end of COVID-19 pandemic, the Liquor Control Commission has documented a 50% increase statewide in

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violations of selling to minors and overly-intoxicated individuals. And so, due to this, feel it was necessary to develop a mandatory training course to decrease these violations. These courses would train anyone who sells, serves, or mixes alcoholic drinks, along with security staff. The training would cover preventing a sale of alcohol to minors, recognizing signs of intoxication, refusal to service to visibly intoxicated people, identification and verification of age, and local liquor laws. Currently, these training courses, when administered in a preventive manner, show to be effective. The testimony of Lanette Richards speaks to this; her organization provides an in-person training course for retail establishments in Scotts Bluff County. Typically, they run a 3-5% noncompliance rate. Of the 85 licensed establishments that are organization trained, they have had a 1% noncompliance rate last year. Upon completion of the course, the trainee will receive a certificate that they will submit to the commission. If passed, beginning on January 1 of next year, every retail licensee would have 90 days to ensure that their employees have taken this course. In addition, any new hires will have 90 days from the date of hire to complete the course and report it to the Liquor Control Commission. After receiving the certificate, it would be valid for 3 years, and there would be a \$20 fee for each applicant, and this fee would be used to pay for the course and the staff needed to administer the course and track those who have completed the course. This bill passed General Affairs Committee with an 8-0 vote, and had overwhelmingly support and testimony in its hearing. We've also addressed some of the concerns of the opposition through AM199. With that, I'd urge your green vote on LB178 and AM199. Thank you.

**KELLY:** Thank you, Senator Clouse. As the Clerk stated, there is a committee amendment. Senator Holdcroft, you're recognized to open on AM199.

**HOLDCROFT:** Thank you, Mr. President. The General Affairs Committee voted 8-0 to adopt AM199 to LB178. AM199 includes a new provision regarding special designated licenses. If such a license is staffed primarily by volunteers, only the manager on duty is required to have completed the mandatory server training program. This amendment also allows peace officers to be exempt from the mandatory server training program and certification defined in this section. Finally, this amendment includes a few minor technical changes. Thank you, Mr. President, and I ask for your green vote on AM199 and the underlying bill.

**KELLY:** Thank you, Senator Holdcroft. Senator Dungan, you're recognized to speak.

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**DUNGAN:** Thank you, Mr. President. Good morning colleagues. I do rise today, I think, curious about AM199 and LB178. I want to start by saying I appreciate the work of the General Affairs Committee on these issues there. As we just got done debating with Senator Quick's bill, these issues are often complicated and very niche. This one, I'm just getting up to speed on, because we have a lot of bills that are in front of us. And in reading the bill, I guess I have concerns about the increase in fees. So my understanding of this bill is that it's, it's creating this statewide training for not just servers, but for anybody engaged in sales, service, mixture of alcohol, or providing security or verifying age, and it requires a fee be paid for that, which would be paid by the server. And so whenever you're talking about increasing fees by individuals, it makes me a little bit nervous. But what I'm curious about, I guess, is the interplay between LB178 and local requirements that currently already exist for getting licenses. So, for example, in the city of, of, of Lincoln, you have to pay to get your food handler's permit and your responsible beverage server's training, I think is what it's called, and you pay a fee for that. So I guess my concern or my question is, is this going to result in an increase, or, I guess, a double payment of fees by individuals at the local level and at the state level? So I was curious if Senator Clouse would answer a few questions.

**KELLY:** Senator Clouse, would you yield to some questions?

**CLOUSE:** Yes, I will.

**DUNGAN:** Thank you, Senator Clouse. And thank you for your work on this, I appreciate that. Have you, prior to today, I guess, had any concerns expressed about this, like, a double payment of fees for individuals at both the local and the state level?

**CLOUSE:** Yes, there was a-- one question was presented to me. Now, I can relate to how we handled it within the city of Kearney. And, typically, when a liquor license came through the city for recommendations of the state liquor commission, there was no additional fees from the city. Now, the city would typically look at the occupancy-- the certificate of occupancy, those types of things, and then it would just send a recommendation to either approve or disapprove to the Liquor Commission, and then they would handle the liquor license. So there was no additional fee.

**DUNGAN:** OK. And, I guess, would there be any language that you'd be open to about, I guess, confirming that an individual, if they've received a permit under local rules, would not have to pay an

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additional fee for a state license as well? Just to make sure that they're not having to double-dip on those fees.

**CLOUSE:** Yeah, I think we could take a look at that. Because, obviously, I can't speak for every community, and I don't know what-- you know, there could be, you know, with all the different communities, there might have different rules and regulations. But, certainly, we should take a look at that.

**DUNGAN:** OK. And, and I'll make sure that I talk to you a little bit more about that. I have to go to an exec session, unfortunately, at 11. But I appreciate your willingness to talk about that. So you and I can have that chat off the mic as well. Thank you.

**CLOUSE:** Thank you.

**DUNGAN:** Thank you, Mr. President.

**KELLY:** Thank you, Senator Dungan. Mr. Clerk, for an announcement.

**CLERK:** Thank you, Mr. President. A reminder that the General Affairs Committee will be meeting under the north balcony now in executive session. General Affairs, now, under the north balcony, in executive session.

**KELLY:** Thank you, Mr. Clerk. Senator Moser, you're recognized to speak.

**MOSER:** Thank you, Mr. President, and good morning, colleagues. Good morning, Nebraskans. I question whether this is necessary. The training is already required, and if you have an issue in your business where somebody doesn't follow the law and you get cited or fined, you're going to have, you're going to have a good way to remember your mistake. I just don't see the benefit of paying the \$20 fee for training that's already required. I think if you have a business that sells alcohol, you should pay attention to the rules, knowing that selling alcohol is a privilege, not a right. And in order to do that, you have to follow the rules. And so I, I don't think that we need to add another bill to pile on. I think the fines and the punishment, the loss of liquor licenses and all the possible things could happen are more than enough deterrent. Thank you.

**KELLY:** Thank you, Senator. Senator Ballard, you're recognized to speak.

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**BALLARD:** Thank you, Mr. President. Would Senator Clouse yield to some questions?

**KELLY:** Senator Clouse, would you yield to questions?

**CLOUSE:** Yes, I will.

**BALLARD:** Thank you, Senator. I, I do have some questions about the fiscal note on LB178. Can you, can you turn to that, by chance?

**CLOUSE:** Yes. The--

**BALLARD:** So, so I, I read the fiscal note-- so it is a \$20 fee, which you said in the opening. \$10 would go to the liquor control, and \$10 would go to the training course. That's correct?

**CLOUSE:** Yes, that's my understanding.

**BALLARD:** OK. And then do you know how many employees would be-- so if you touch alcohol, you would have to have a training course?

**CLOUSE:** Yes. If you're, if you're in a, in a position to selling, procuring, checking out, you know, the grocers, if you're in the, in the position that where you're handing off alcohol, or if you are a, a-- say, a bouncer or someone in security that you're checking IDs or things coming in, then, yes, you're required to do that. The reason for the security piece of that is, many times, the servers are so busy. And, and think of a-- maybe an, an establishment that's having a live band or something like that, and their servers are really busy, so the bouncers are the first line, the security team. And so we want to make sure that they know what to look at on all those aforementioned issues. And the amendment then just covers if they're already in law enforcement, they've already been through that extensive training, so, so that's waived. But, yeah, if they're in the process of handing someone the alcohol in any form, then, yes, they should have go through that training.

**BALLARD:** OK. So we'll use the example of a grocery store. They could have anywhere from 30 to 50 individuals that touch alcohol--

**CLOUSE:** They, they could, as far as--

**BALLARD:** --and each one--

**CLOUSE:** --for selling, you know, at the checkout--

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**BALLARD:** The checkout.

**CLOUSE:** --line or the checkout counter, yeah.

**BALLARD:** OK.

**CLOUSE:** And the-- you know, Senator Raybould, she would understand that better than I would, but a lot of times in these stores, if you've been there, and I've been there, they call someone up because they're the ones that's been trained, and they're the ones that's responsible for checking it out.

**BALLARD:** OK. So this would-- this could be \$20 times 50.

**CLOUSE:** It, it all depends on the nature of your business.

**BALLARD:** The nature of the-- OK.

**CLOUSE:** If you have a big business, it could be that way, yes.

**BALLARD:** So the-- so the, the fiscal note says on average 6,000 liquor license at ten average employees per, so \$600,000. So would you, would you think-- assume that would be a little bit low?

**CLOUSE:** It depends, because each year-- you know, it's a 3-year approval. And so the approval is every 3 years in case you change or you have liquor laws that change. So, on a revolving basis, it could be lower, lower than that.

**BALLARD:** OK. OK, I, I think, I think that's a little bit-- in my opinion, a little bit low on the, the fiscal note. I think this is going to be a, an undue burden on a lot of businesses, from small businesses to grocery stores. Can you-- but also, can you explain what would go into the training? Would it be a computer training course? Would it be in person?

**CLOUSE:** I want to, I want to back up just a second. Some of those have already been through it. So there's a large percentage of employees that have already been through it, either through private training that's been approved by the Liquor Commission or some through it. So the numbers-- this isn't all taking all-- everyone's all new. It's mandatory, but some of them already been through it, so that might--

**BALLARD:** OK.

**CLOUSE:** --clarify some of the fiscal.

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**BALLARD:** I see, I see. So, so, so city of Kearney would be--

**CLOUSE:** A lot of them--

**BALLARD:** --most of those individuals would fall through. But if you're outside the city of Kearney limits, they would have to be, be grouped in this.

**CLOUSE:** You could have some in Kearney that maybe they've got some new employees that haven't yet, and it would require them to go through it.

**BALLARD:** OK. Perfect.

**CLOUSE:** To answer your question, typically, it's online, and there's a program called TIPS training that has been used, and that, I think, is, like, \$38 to go through that training. So it's all online or if you were working with the Liquor Commission and you want to bring a bunch of your employees in in a group and have them come in and do some one-on-one-- or, excuse me, one on a group, they can do that as well.

**BALLARD:** OK. Thank you, Senator. I might have some more questions a little bit later. I, I rise with a, with a lot of questions about LB178. I'm looking forward to the conversation, and would like to thank Senator Clouse for his time. Thank you, Mr. President.

**KELLY:** Thank you, Senators Ballard and Clouse. Senator Hunt, you're recognized to speak.

**HUNT:** Thank you, Mr. President. In its current form on LB178, I'm going to be a no on this bill, and I can talk about why. Simply-- I can put it in one sentence-- I'm not going to support increases in fee for servers who make \$2.13 an hour. We have not raised the tipped minimum wage in Nebraska since 1991 when it was raised by Congress, and-- so I'm just not going to support anything that puts more costs on servers, in addition to reasons that other folks on the floor have already kind of articulated. I-- many years ago, a group of about five or six friends and I were-- you know, who were involved in the nightlife scene in Omaha, go to clubs, go to bars, hang out, go to shows-- we were tired of what we perceived as an epidemic of harassment and assault in the nightlife scene. And, you know, people were getting their butts grabbed, people getting their drinks spiked. We thought it was a big problem, because more and more people were coming forward with stories. This was in, like, 2011, 2010. And so we ended up starting a nonprofit that worked with law enforcement and bar

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and restaurant owners and club owners to provide training to staff at no cost to the bar. And so what we did was we, we went to bars and clubs; a lot of them were-- well, all of them, actually, were like super willing partners with us. They totally understood the issue. They had their staff participate in trainings that was really also kind of a liability thing for those bars and clubs, because if they have a lot of complaints, they can lose their liquor license, they can go out of business. And so they worked with my nonprofit back in the day to provide that free training to their staff and servers so that they know what to do when they serve someone underage; so they know what to do when there's a report of harassment or assault, and they can protect the customers; they can also protect the business. So I say all that to say I am not unsympathetic at all to the problems that can arise in bars and clubs and nightlife places, restaurants where alcohol is involved. And I also am really sympathetic with servers who are trying to do their job, who are doing their best, who are already operating under a really heavy regulatory environment. And, you know, we're talking about regulating things that are already illegal, as well. If we have a problem with underage people being served, you know, I don't-- I actually don't think that, like, another training that comes at a cost to businesses, that comes at a cost to servers who are already making \$2.13 an hour is going to solve that. I've been involved for years in the bar and club scene in Nebraska, helping to provide training against underage service and harassment and assault, and-- although that's not what this bill specifically talks about. I'm just saying I think that this is going to end up being more bureaucracy, more cost and work for small businesses, more cost to the state through the FTEs that we're going to need to make sure this is carried out. And, overall, for me, the reason for my opposition is the cost to the servers who are making \$2.13 an hour. This is not helping Nebraskans; it's busy work by government; it's politicians trying to think of something to do when really, a bill, a new law is not going to be the solution. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hunt. Senator Guereca has some guests in the north balcony: retired members from the NSEA. Please stand and be recognized by your Nebraska Legislature. And Senator Brandt has some guests in the north balcony: members of the Wilber-Clatonia Alumni Marching Band, celebrating 40 years of membership. Please stand and be recognized by the Nebraska Legislature. Returning to the queue, Senator Storer, you're recognized to speak.

**STORER:** Thank you, Mr. President, and good morning once again. I guess I have a few questions as well as some comments, but I wonder if Senator Clouse would yield to some questions.

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**KELLY:** Senator Clouse, would you yield to some questions?

**CLOUSE:** Yes, I will.

**STORER:** Thank you, Senator. Help me-- a, a couple of questions, I guess. A little bit of background in terms of, you know, when we, when we look at new-- any new legislation, I always have to ask myself the why, and what we're trying to solve. Can you give me some background on the need for this bill, or, or what the real driving force for this is?

**CLOUSE:** Yes. To my knowledge, what happened was a couple of years ago, the Liquor Commission bought a new software program that would allow them to track this type of information. And so the purpose of this bill is to make sure that we have the education and the certification process in place, and that software will allow them to do that. So it's no longer a manual process; that it's easier for them to track the certifications, track when they need to be renewed, those types of situations. So it's, it's really because we now have the system and a program in place that will allow this to happen.

**STORER:** OK. Thank you. So-- but this is moving it to mandatory and increasing the fees, correct?

**CLOUSE:** It depends on how you want to look at the fees, because it's, it's-- most of, of the communities, most of the bars and, and those that serve alcohol run their people through this training. It's all online, but-- and typically, that's about \$38. So the state, through the system and the training, can do it actually cheaper at \$20; you get a discounted price, I guess, if you want to say that. So the, the cost is-- if you fail a compliance check, it's \$1,000 and required mandatory training. So this is just an effort to say, you know what, let's do it upfront, maybe we'll save some businesses a lot of heartache on the back end, because at-- in the endgame, it would save them money in the-- if, if they in fact were able to prevent from having a compliance check failure.

**STORER:** So the, the-- I just want to make sure I understand that. So-- I mean, is it fair for me to say this is really going to help the Liquor Commission pay for the software program that they now have in place?

**CLOUSE:** Yes, and that's part of it. Part of that-- those fees would go to that, and pay [SIC] for the FTEs that, that they would need to do this, and just-- you know, the, the certification process, you know,

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it-- it's a long process, and keeping track of all that. But the answer to that would be yes, it would, it would help, help with that management.

**STORER:** But it, but it is currently something that businesses have the ability to do voluntarily. If they feel that this is going to help their, their employees stay in compliance, they can do it. And if I understand, they are-- many are doing it now.

**CLOUSE:** Many are doing it, yes. And they work with the state at this, at this time already, to, to run that through.

**STORER:** Thank you, Senator Clouse.

**CLOUSE:** Thank you.

**STORER:** I guess my main, my main concern-- and I'm-- at this point, I have, I have a lot of reservations about supporting this, simply because of another regulatory burden on our small businesses. I think training absolutely is important, and if business owners are able to, to get that training for their employees now, that's certainly a responsible thing for them to do. When we do a fiscal note, you know, the reality is it's looking at what's it going to cost the state; we're not looking at what is it going to cost our businesses, unfortunately. And, and that, that is really sort of the, the big piece of how that affects the state's economy and our small, small businesses. And so, again, I, I appreciate the fact that this is an option for businesses; applaud those who are putting their employees through it voluntarily. But from the standpoint of mandatory-- and, and increasing a regulatory burden, I, I do have concerns. I yield the rest of my time.

**KELLY:** Thank you, Senators Storer and Clouse. Senator Brandt, you're recognized to speak.

**BRANDT:** Thank you, Mr. President. It's kind of appropriate that this bill is up today. The issue that we had with the bill-- I got a phone call from our former senator in Wilber, Karpisek, and his concern with the bill was that we-- we put on a very large Czech festival the first weekend in August every year, I think you're familiar with that. And their concern was all the volunteers that help would have to take this training. I believe the amendment fixes that, that the supervisor would have to take the training and all the volunteers at the hotel, and at the Sokol, and, and at the-- not the VFW, American Legion would be exempt. So, as of this round, I'm going to support both of those.

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But more importantly, today, when you look at your legislative resolution on the bottom, we recognize the dedication of the Wilber-Clatonia Alumni Band on United States Marching Band Day. And a little history on this: the Wilber-Clatonia Alumni Band started in 1985 with 90 members. Over the past 40 years, the membership has grown to 200. The band helps to promote the Czech heritage through playing of polka music, which is happy music for happy people. They travel to many Czech festivals throughout Nebraska, South Dakota, Kansas, and have played at other events like the Nebraska State Fair and Hanover Days, and we've already introduced them. But that's a little black-- background on what happens in District 32, and we invite everybody down there the first week in August. And I yield the rest of my time back to the chair.

**KELLY:** Thank you, Senator Brandt. Senator Fredrickson, you're recognized to speak.

**FREDRICKSON:** Thank you, Mr. President. Good afternoon, colleagues. I rise today-- I'm listening to this debate, and just kind of catching up on the bill a little bit. From what I understand, it seems like this would be a bit duplicate-- duplicative-- am I saying that right-- for the city of Omaha. But I, I did have a couple of questions and concerns about this. I'm-- you know, I'm thinking about this kind of in a bigger theme that I'm noticing, and I, I, I appreciate Senator Clouse's intention here, and I think the goals are certainly worthwhile. But my biggest concern here is that we are increasing a fee, and we're applying this to both good and bad actors. And this is a larger theme that I have concern about, I think, when we think about big government, is when we are concerned about folks who might be engaging in bad faith around something, that we do this blanket restriction or approach to folks who are even acting in good faith as well. And so I actually have a question for Senator Clouse, if he would be willing to yield.

**KELLY:** Senator Clouse, will you yield to questions?

**CLOUSE:** Yes, I will.

**FREDRICKSON:** Thank you, Senator Clouse. So my question for you is kind of-- I don't know if you were hearing my earlier remarks, but kind of along with that. I am almost wondering-- it seems to me like this is maybe a benefit, like, this would be an additional sense of revenue, obviously, for the Liquor Commission. But my question is, why not just maybe increase fees for bad actors, right? So when they are doing investigations and maybe they're finding that folks are breaking the

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law. My concern, again, going back to this, is that we're-- you know, folks who are good actors, who are playing by the rules, are going to have an additional fee as a result of that, and I'm wondering if you can maybe thread that needle for me a little bit.

**CLOUSE:** Yeah, I think that the, the intent coming out of the Liquor Commission was that if you get people go through this training, that you're going to prevent some of those bad things from happening that can be catastrophic. And I think that's the intent behind it. It, it really isn't to punish the good actors. A lot of those are already doing the training, and it's just a matter of submitting that, and they're, they're covered. So the impact on the, on the bad actors is obviously the fining and making sure that they are going through the training. The good actors, as you said, are already doing it, probably.

**FREDRICKSON:** OK. And you said-- I, I want to make sure I heard you correctly-- there's a number of people who are, who are already doing this training. Is that your understanding?

**CLOUSE:** Repeat that, please?

**FREDRICKSON:** You said that there's a number of folks who are already doing this training.

**CLOUSE:** Yes.

**FREDRICKSON:** Is that your understanding? OK. And has that changed behavior?

**CLOUSE:** Oh, absolutely. I think when you-- the, the statistics that I shared from Scottsbluff showed that it does work--

**FREDRICKSON:** OK.

**CLOUSE:** --with the compliance, because they're training their employees. And another question that was brought up earlier is-- I don't think this is specifically has-- that the server has to pay that. That would obviously be a business decision. So I don't think-- I was looking through the bill, and I don't-- it just says it has to be paid. I don't-- and maybe I'm missing it, but that the, the business pays that, generally.

**FREDRICKSON:** OK.

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**CLOUSE:** They would pay for their servers to get training. You know, you could require the server to pay it. The other piece to this is that certificate goes with that employee, so now makes them marketable. If they want to go work in another establishment, they say I've already been through the training, and so it makes them more employable as well.

**FREDRICKSON:** OK. And my last question for you is-- so, as I read the bill, it seems like this would apply to anyone who's handling the alcohol or the liquor. So, you know, servers obviously come to mind, but would this also apply to barbacks or folks who are even, you know, unloading alcohol off a truck to get into the basement? You know, help me-- walk me through that.

**CLOUSE:** No, this, this would apply to those that are actually handing alcohol over for consumption, or that-- you know, so if it's a, a distributor-- we've talked enough about distributors-- that would not fall into that purview. But if it's a security-- that's, that's about the only exception, because they're not handing a drink or approving at the point of sale for someone to procure alcohol.

**FREDRICKSON:** OK. Thank you, Senator Clouse. I appreciate it. Thank you, Mr. President. I'll yield the remainder of my time.

**KELLY:** Thank you, Senators Fredrickson and Clouse. Senator Andersen, you're recognized to speak.

**ANDERSEN:** Yeah. Thank you, Mr. President. Would Senator Clouse yield for a question?

**KELLY:** Senator Clouse, would you yield to questions?

**CLOUSE:** Yes, I will.

**ANDERSEN:** Thank you. Senator Clouse, there's been some, I think, some confusion on who all this applies to. Some people said it applies to truck drivers that are hauling alcohol; it'd be a guy that's restocking a storage unit; it could be anybody that's around it, like a dishwasher and all that stuff. Can you provide some clarity on exactly who this, this would apply to?

**CLOUSE:** Yeah-- yes, I will. This typically applies to those that are serving or, as I said, handing alcohol off to someone for consumption. So if they are just a-- the truck driver or delivery person, it would not apply to them, but it, it applies to those that are actually serving the beverage in some sort. Either checking out of a, you know,

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of a convenience store, selling to someone that's, that's procuring the alcohol. Does that answer your questions?

**ANDERSEN:** Yes. Thank you very much. Mr. President, I yield the rest of my time.

**KELLY:** Thank you, Senators Andersen and Clouse. Seeing no one else in the queue, Senator Holdcroft, you're recognized to close on the amendment. Senator Holdcroft, you're recognized to close on AM199.

**HOLDCROFT:** Thank you, Mr. President. I feel obligated to say something now instead of waiving. But I think we've had a good discussion here. I think maybe there's a few things we can work on. My recommendation is to advance this to Select, and perhaps look at an amendment to fix some of the concerns. But I'd appreciate your yes vote on AM199 and LB178. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Members, the question is the adoption of AM199. All those in favor vote aye; all those opposed vote nay. There's been a request for a call of the house. The question is, shall the house be placed under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 28 ayes, 1 nay to place the house under call.

**KELLY:** House is under call. All unexcused senators, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Jacobson, Conrad, and Spivey, please return to the Chamber and record your presence. The house is under call. All unexcused members are present. Members, the vote was underway. Senator Holdcroft, will you accept call-ins? The answer is yes. Mr. Clerk.

**CLERK:** Senator Hallstrom voting yes. Senator Brandt voting yes. Senator Dungan voting yes. Senator von Gillern voting yes. Senator Hughes voting yes. Senator John Cavanaugh voting yes. Senator Bosn voting yes. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Prokop voting yes. Senator Quick voting yes. Senator Dover voting yes. Senator Ibach voting yes. Senator Murman voting yes. Senator Kauth voting yes. Senator Raybould voting no. Senator Moser voting yes. Senator Storer voting no.

**KELLY:** Record, Mr. Clerk.

**CLERK:** Senator Jacobsen voting no. Vote is 30 ayes, 6 nays, Mr. President, on adoption of the committee amendment.

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**KELLY:** The amendment is adopted. I raise the call. Mr. Clerk.

**CLERK:** I have nothing further on the bill, Mr. President.

**KELLY:** Senator Clouse, you're recognized to clo-- oh. Excuse me. Returning to the queue, Senator Jacobson, you're recognized to speak.

**JACOBSON:** Thank you, Mr. President. I apologize, I wasn't here for some of the discussion earlier. We were in exec meeting for Revenue. Fundamentally, I have a lot of trouble with this bill because we're adding new regulations for small business, and then we're charging them a bunch of fees. Small businesses really don't need additional fees right now any more than they need additional taxes. That's effectively what this has become. We're adding new requirements that have not been there before, and so, fundamentally, I'm opposed to the bill. And I voted against the amendment even though the amendment made positive changes, but I'm opposed, fundamentally, to the bill itself. And I would urge colleague-- my colleagues to think about what we're doing here by imposing new regulations, think about small businesses, restaurants, and others that serve alcohol. The turnover they might have with staff and all the kinds of fees they're going to have to pay that's coming right out of their bottom line. That's why I don't think we have a problem today; if we do, then, then provide the fines and do the enforcement. But this seems to be a huge amount of revenue that's being charged to be able to fund this program for something that I don't think we really need today. So I would encourage you to vote no on LB178. Thank you.

**KELLY:** Thank you, Senator Jacobson. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. I punched my light because I hadn't talked on this bill yet, and I, I did vote for the amendment, and I voted this bill out of committee. And I apologize that I-- I've missed some of the debate because there's a lot going on here today. But I voted for the bill, you know, people came to the hearing, and then we had a, a good hearing of proponents, and the opponents included the Wilber Czech Festival, and the amendment addressed the concerns raised by the Wilber Czech Festival. But I would say that since we kicked out the bill-- and I've talked to a few folks here about concerns about what the bill does, and I think that there is an opportunity to address those concerns in terms of what Senator Jacobson was just talking about as putting, you know, unnecessary fees on folks. So the reason for this bill is, you know, we have a, an industry where people-- we have an age limit, and folks have to be

over 21 to consume alcohol and to get into a bar, and things like that. And then we have a system of oversight where we have compliance checks for-- to make sure that the businesses that have a liquor license and sell alcohol are actually checking IDs of people and not selling to underage people. And what the Liquor Control Commission has found is that you get something like 20% are failing compliance checks when they don't have this sort of training, and so that's-- the argument is we all have-- we brought lots of bills; I know several people here have brought bills about how to keep certain substances out of the hands of underage people. One of the ways we do that is to actually follow the law that we have enacted, and to make sure that folks who are responsible to act responsibly do that. And so this bill is essentially a step to make sure that the folks who have a responsibility are meeting that obligation by checking IDs, and knowing what their responsibilities are, and knowing what, what to do. And obviously, finding somebody after the fact when they fail is not doing the trick. And so that's why the proposal is here. I know there's some concern about overly burdensome costs and regulations, and raising too much money; I think those are legitimate, and I think those are addressable. I think there's some concerns about the bill applying to folks who don't actually-- or work at a business, but don't sell the alcohol, don't-- aren't responsible to check IDs; I think those are legitimate concerns, too. And then there was also concerns raised about duplication, meaning city of Lincoln has their own system in place, and it works; the city of Lincoln has fewer failures in compliance checks than places like Omaha who don't have the requirement of this training. And so making sure that the Lincoln, Lincoln program counts so you don't have to do it twice. I think that is a legitimate concern. My recollection of the hearing when the, the commission came and testified was that it creates-- the bill creates a requirement that everybody do this, and it requate-- or creates a requirement that the commission offer a class that qualifies for-- I think it's \$30 a person, and that-- that's the maximum, they can charge less than that-- but that it is not the only offer, they are just to create one that meets that minimum standard. I think the Lincoln one I've heard is offered at \$15 and should meet the standard. If we need to clean up the bill to clarify that that one qualifies, I think that's a reasonable request, and I'd love to see an amendment that does that. But I would love to see amendments that address some of those other concerns that I've heard about, to make sure the bill actually still serves the intention that it, it was brought to us with Senator-- by Senator Clouse. And so if we're-- I see there's still folks in the queue. If we're going to vote on this bill today, I would vote for LB178. But I would love to see some amendments either today,

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or if we continue on to this bill until tomorrow, or between General and Select that address the concerns-- legitimate concerns-- that have been raised and that we did not address at the committee level in part because I don't recall hearing some of those concerns from opponent testimony. So it's hard for us to address concerns that haven't been brought to us. So that's one of the reasons we have floor debate and have folks come and talk to us in between, is so that we can raise additional concerns and we can continue to address them, or if we address concerns that we-- maybe we thought we addressed them, and we still haven't. So that's sort of where we're at on this bill, is that we attempted to address concerns raised in the committee, and we haven't gotten there all the way. But that's exactly why we have three rounds of debate; that's why we have an opportunity to amend. So I would love to see some more constructive amendments on this bill. But in the meantime, I'm going to vote to keep it going so that we can have that opportunity to fix it. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. I thought it would be very helpful to hear from an actual retailer that implements this program and policy. But, you know, first I want to say that I really thank the organizations that came out and spoke against it, and I'll get to the number of reasons why they spoke against it. And I apologize, because I was out in the Rotunda so I didn't hear everyone's wonderful comments. But, you know, for the record, the Nebraska Grocery Industry Association, Nebraska Retail Federation, Nebraska Hospitality Association, Nebraska Petroleum Marketers and Convenience Store Association opposed this bill when it was in the hearing. It unfortunately didn't get recorded. And this is something that I've also been involved in on the Lincoln City Council. You know, I am a staunch advocate of the programs that we have implemented, but I said it clearly with the caveat: show me the numbers. Show me the numbers. I wanted to see how effective our program is in the city of Lincoln. Has it been an appropriate deterrent? Have we reduced the number of individuals that are being-- underage and being sold alcohol? That's the whole point of this. We want to restrict those that are underage from having access to alcohol, and I still have not seen those numbers. And we've been doing this in the city of Lincoln for a number of years. So the point is, if we enact this bill, there should be a lot of substantial data already showing-- number one-- its effectiveness; that it is working and that it is a deterrent before trying to implement additional programs on top of the ones that are already existing that add additional cost to retailers, which is--

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unfortunately, that additional cost will have to be passed on to the consumer in the price of those-- cost of goods or services. And so, you know, for all of those organizations, like in the city of Kearney, they have, they have implemented this, and the city of Lincoln for those that are following the law-- but how do we know that the law is working and acting as a deterrent? And the other point that was raised, maybe, by other senators is, like, well, we have this already in place; why would we want to pay the state of Nebraska an additional either \$38 administrative fee and another fee for that certification? I would suggest that all they need to do is contact the Lincoln-Lancaster County Health Department. They have a list of all those that have been certified and the licensing numbers as it pertains to that individual, and just, you know, forward them the file, download the file. You don't need a data entry person that is-- has a fiscal note of \$600,000 in a time that we are truly, really struggling with that. And I ask that we really wait and-- until we have a better understanding of the fiscal note for this bill. But I want to get back to being a retailer. You know, again, I think maybe some of the other senators have addressed this, that it is an increase in-- of a compliance burden. We already willingly embrace this burden as a retailer because we don't want to sell to underage youth, for the terrible consequences I'm sure senators have talked about. But, you know, any retailer out there without something like this being a mandatory regulation is fully aware of the risk of noncompliance. Any retailer out there understands that if you sell to underage minor alcohol, you get a \$1,000 suspension. A \$1,000 suspension. But in addition, you run the risk of having your ability to sell alcohol suspended for a number of days that is determined by the Liquor Commission. As we know, we have a workforce shortage; that's no surprise to anyone. But, additionally, there is, you know, staffing challenges that we face. And, of course, the training costs. The training costs are absorbed not by the individual that gets the, the license and the certification. We have to pay for them to, to take the program, and we also have to pay for the license itself so that we can operate without fear or risk of being in noncompliance. So I, I want to say that I think the current practice with each political subdivision is doing its job. But, again, I'd like to see the number and how effective it is as a deterrent. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Senator Dungan would like to announce some guests in the north balcony: they're members from the nonprofit lobby day, hosted by Cause Collective in Lincoln. Please stand and be recognized by your Nebraska Legislature. Returning to the queue, Senator Armendariz, you're recognized to speak.

**ARMENDARIZ:** Thank you, Mr. President. I stand not supporting LB178. And the reasons are-- I do believe, as Senator Raybould has said, as Senator Jacobson has said, that this is an undue burden on small businesses, restaurants, retailers, when-- at a time when we're trying to grow Nebraska. With our businesses, we have a tax issue that we're trying to overcome. I know I represent Bennington, and we would really love to grow our business landscape in Bennington. Placing a lot of undue burdens, fines, regulations on retail and the free market limits business, and it makes it an unfavorable business environment to come to Nebraska. So I don't support the fee to be paid by everybody. I think there are different options that could be made, but at this point, I'm just a "no." It needs to go back to the drawing board. I, I spoke with the Liquor Commission that is funded on fees; they get those fees by fines, by people fire-- filing for liquor licenses. To me, this looks like a creative business model for reoccurring revenue. I don't, I don't see in any way how it would reduce violations of the Liquor Commission. I would support increasing fines if they see that the rules are not being followed, but I don't agree with applying across-the-board fees on everybody. As a recurring model, that does not reduce violations, in my opinion, so I won't support LB178. I would support the small businesses and restaurants to not be overburdened with, with these fees. Thank you, Mr. President.

**KELLY:** Thank you, Senator Armendariz. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Looks like we're getting close to the end of either the morning or the bill. And I just wanted to punch back in because I did have a conversation out in the lobby about the-- what, what the success rate is. So as I said earlier, that-- the compliance checks seeing about a 20% fail rate across the board right now, but in places like Lincoln where they have their own current compliance training, they have a 15% fail rate, which is a 25% improvement over folks who don't have the training. So I guess you can judge for yourself whether you think a 25% improvement is worthwhile, but it certainly seems like it's-- it is not-- it is a statistically significant improvement, meaning that you can probably say-- you can, with statistical likelihood, say that the, the difference of having the compliance training is making a difference in the outcome. So it improves the situation, meaning fewer folks who are underage are able to illegally purchase alcohol, so we are more adequately representing the intention of the law on that. So that's-- that, that is one, one of the reasons that the bill, I think, exists, and what it's attempting to do is to get us to an improved situation, more success in compliance checks. But compliance checks are a representation of

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more success in actually implementing the law as it's intended, to keep alcohol out of the hands of kids, and that's certainly a positive objective. And so-- and, again, I think there's certainly a lot of legitimate concerns that have been raised about implementation of this bill and things that folks want to work on, and I think everybody is in a collaborative spirit on LB178. And if we have the opportunity to go from General to Select, I think we'll see an amendment that contemplates a number of the criticisms and, and complaints that have been raised so far. So, again, I would-- I'm going to vote to advance LB178 to Select, but I do hope to see those amendments between now and Select. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. Would Senator Cavanaugh yield to a few questions?

**RAYBOULD:** Senator John Cavanaugh, would you yield to questions?

**J. CAVANAUGH:** Yes.

**RAYBOULD:** You know, I always appreciate your conciliatory approach to the Legislature here, so I want to thank you in advance for that. So one of the amendments that I'm sure was talked about was doing a carve out for those political subdivisions that are already doing that, so we don't have a double-dip by the state of Nebraska, when in reality that local inspectors are from-- like in Lincoln's case, Lincoln-Lancaster County Health Department, when they do their health inspection checks, they say, oh, by the way, can I see your roster of those individuals that are licensed to sell alcohol? Is-- was that one of the amendments you're hoping to see?

**J. CAVANAUGH:** Well, I-- it's certainly one that's been brought up. My recollection at the hearing was that that concern is-- was already addressed in the bill, but certainly if folks don't feel that that has been addressed, I, I think that-- yes, I think people are open to that. I think the intention of the bill is that the Lincoln-Lancaster system does meet the threshold of the intention of-- and, and there's no, no intention of making people do it twice or pay twice. And so if we-- if that needs to be clarified, my understanding is-- and, and, and obviously, it's not, not my bill, it's Senator Clouse's bill-- but I do think that there's a willingness to address that concern for sure because, as it was brought up at the hearing, the intention was always to not make people in Lincoln take it twice.

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**RAYBOULD:** And I had-- may I ask you another question? Do-- did you have any heartburn, or did the committee have any heartburn about the fiscal note of \$600,000?

**J. CAVANAUGH:** Well, always. There's concern about a fiscal note, but my recollection is the fiscal note is-- it raises \$600,000, so-- and it costs \$300,000, so there is thought of that. That's my recollection; not looking at it right now. But the-- yes, that the fees should only raise the amount of revenue to cover the cost. It shouldn't be a fee-- it shouldn't be a revenue-raiser; it should just be the cost of service. And-- but, again, my understanding at the hearing was that the \$30 amount was the maximum amount, and that the commission would charge a number below that which was the actual cost of service. But I might be wrong about that, but that was my interpretation. And so the fiscal note was if everybody paid the \$30, then that's what it would be, but it would more likely be something less than that.

**RAYBOULD:** So, you know, my thought that I had on this was, number one, to either carve out those political subdivisions, or, you know, like Lincoln and Lancaster County Health Department, they, they can just download the database and give it to the state to, to bypass additional fees or increases. Do you have any thoughts on that?

**J. CAVANAUGH:** I-- you know, I don't have a specific thought about how to effectuate that, but I do think it is totally fair and right that folks only have to do the class once, and that making it the least burdensome to businesses and individuals to demonstrate that they have already taken the class. Because the thing we want is folks to check IDs and not sell alcohol, and the way that's achieved, or at least more effectively achieved, is through taking a class. It's not about collecting the fee, it's not about making people register, but just-- that's the mechanism to ensure that they take the class. So if-- whatever mechanism folks can come to an agreement on-- and, again, I support coming to an agreement. This is not my bill, so it's not my decision-- it's not my decision to make until an agreement is offered. I mean, if people want me to participate in negotiating some sort of deal, I'm always game for that. But at the moment, I'm just a committee member who is articulating my recollection of the hearing and why I supported it up to this point. But, yes, I think that that's fair, to answer your question.

**RAYBOULD:** Thank you. Thank you. And I'd like to just take, like, 30 seconds and ask Senator Clouse a question.

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**KELLY:** Senator Clouse, would you yield to a question?

**RAYBOULD:** Senator--

**CLOUSE:** Yes, I will.

**RAYBOULD:** Thank you, Senator. Would you be willing to accept a lot of amendments to this bill?

**CLOUSE:** Actually, this is my bill, and, yes, I would.

**RAYBOULD:** OK.

**CLOUSE:** Some of the things we've talked about, some of the pancaking of fees and, and how some of those are registered. I, I-- again, I follow up with what Senator Cavanaugh said; the intent is to make sure that people are getting the training. And, and it's the protection of those that, you know, they're trying to break the law or whatever, and it's a public safety. So it's a privilege to sell alcohol, not, not a right. And as a privilege, they should be held responsible, and we also are held responsible to make sure that we have the appropriate regulations in place to ensure public safety. So if there are some other things we can do to work through this, absolutely, I am always a proponent of compromise to get out a good bill.

**KELLY:** That's time, Senators. Thank you, Senators Raybould, Clouse, and Cavanaugh. Seeing no one else in the queue, Senator Clouse, you're recognized to close.

**CLOUSE:** Yes. Thank you, Mr. President. And as we just talked about, I would be open to working on a couple additional amendments, or an amendment or two to clarify some of these things that we've talked about. And I would be open to that, and I would encourage or request a green light to move this forward as we worked on amendments. Thank you.

**KELLY:** Thank you, Senator Clouse. Members, the question is the advancement of LB178 to E&R Initial. All those in favor vote aye; all those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 29 ayes, 1 nay to place the house under call.

**KELLY:** The house is under call. Senators, please record your presence. All unexcused senators outside the Chamber, please return to the

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Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Spivey, Sorrentino, Ibach, Murman, Kauth, Jacobson, Bostar, Dungan, von Gillern, please return to the Chamber and record your presence. The house is under call. Senator Spivey, please return to the Chamber and record your presence. The house is under call. All unexcused members are now accounted for and present. There was a vote open. Senator Clouse, would you accept call-ins? Mr. Clerk.

**CLERK:** Senator Sorrentino voting no. Senator Dover voting no. Senator Conrad voting yes. Senator von Gillern voting no. Senator Jacobson voting no. Senator Hallstrom voting no. Senator Murman voting no. Senator Rountree voting yes. Senator Kauth voting no. Senator DeBoer voting yes.

**KELLY:** Record, Mr. Clerk.

**CLERK:** 9 ayes, 26 nays, Mr. President, on advancement of the bill.

**KELLY:** The bill does not advance. I raise the call. Mr. Clerk.

**CLERK:** Mr. President, items for the record, your Committee on Enrollment and Review reports LB296A and LB609 as correctly engrossed and placed on Final Reading. Additionally, your Committee on Enrollment and Review reports LB143, LB504, LB195, and LB341 to Select File, some having E&R amendments. Senator-- amendment to be printed from Senator Holdcroft to LB135, Senator Machaela Cavanaugh to LB13. Notice of committee hearing from the Revenue Committee. Name adds: Senator Rountree, name added to LR58; and Senator Andersen, name withdrawn from LB285. The Agriculture Committee notices an executive session in Room 1023 at the conclusion of today's public hearing. Agriculture Committee, exec session, 1023, after the hearing. Finally, Mr. President, a priority motion, Senator Hughes would move to adjourn the body until Wednesday, March 5 at 9:00 a.m.

**KELLY:** Members, you've heard the motion to adjourn. All those in favor say aye. Those opposed say nay. The Legislature is adjourned.