

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 2, 2026
Rough Draft

JACOBSON: All right, well, I think we'll go ahead and get started. Welcome to the Banking, Commerce and Insurance Committee. I am Senator Mike Jacobson from North Platte representing the 42nd Legislative District, and I serve as chair of this committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will include-- will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone, tell us your name, and spell your first and last name to ensure that we get an accurate record. We will begin with each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a 3-minute light system for all testifiers. When you begin your testimony the light will-- on the table will turn green. When the yellow light comes on you have 1 minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may want-- may come and go during the hearing, this has nothing to do with the importance of the bills being heard. It is just part of the process as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, the committee procedures for all committees state that written positions-- comments on a bill to be included in the record must be submitted by 8:00 a.m. the day of the hearing. The only acceptable method of transmission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee

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

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

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

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

HARDIN: Brian Hardin, District 48, and that would be Banner, Kimball, Scotts Bluff Counties.

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

DUNGAN: George Dungan, LD 26, northeast Lincoln.

JACOBSON: Also assisting the committee today is to my right is our legal counsel Joshua Christolear, and to my far left standing in for Natalie, Natalie Schunk is Laurie Vollertsen. Our pages for the committee today are Jessica and Teresa, both, both are students at UNL. With that, we will-- and, actually, we're going to allow Eliot, Eliot Bostar to introduce himself.

BOSTAR: Eliot Bostar, District 29.

JACOBSON: Now we know. With that, we'll begin today's hearing with LB875. Senator Hallstrom.

HALLSTROM: Chairman Jacobson, members of the Banking, Commerce and Insurance committee, my name is Bob Hallstrom, B-o-b H-a-l-l-s-t-r-o-m. I'm senator of District 1, and I'm here today to present LB875 for your consideration. I'm introducing the bill at the request of the Iowa-Nebraska Equipment Dealers Association. By way of background, since 1971, the relationship of business agreements between equipment dealers and wholesalers have been part of Nebraska law. In 1991, Nebraska law was amended to establish the Equipment Business Regulation Act, which today governs the business agreements between equipment dealers and manufacturers or wholesalers in Nebraska. The intent portion of the existing statute reads: That these agreements vitally affect the general economy, public interest, and public welfare of the state and recognize that it is necessary to

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regulate the business relationships between the independent dealers and the equipment manufacturers, wholesalers, and distributors. LB875 clarifies and protects the rights of equipment dealers to use Nebraska law as the basis of agreements by adding protections to current law that governs equipment dealer agreements and removes the current labor provisions in the surplus parts return statute. The first item that I'll address are the Equipment Business Regulation Act Prohibitions found in Section 87-704. And these are the violations of which are prohibited under the Equipment Dealer-- Business Regulation Act. We add two specific additional prohibitions that would make it a violation of the act for a supplier, and these are found in Section 1, subsection (6) and (7). I will go through and read them specifically, but they are contained within my testimony. 37 states, including all of our neighboring states, except for Missouri, include laws that prevent the waiver of statutory compliance in their laws. Current Nebraska law under Section 87-709 also includes a general restriction on the waiver of rights provided under our act. These provisions are consistent with other state laws and further clarify protections under Nebraska law as a matter of public policy. The second aspect has to do with the removal of a waiver of surplus parts returned under Section 87-706. Current Nebraska law allows for such a waiver if a majority of the equipment dealers for the same supplier waive those protections. This came about in 1991 when Nebraska equipment dealers aren't sure, nor am I, from reviewing the legislative history exactly why that provision came about. And when you think about it, you may initially think that dealers are negotiating in terms of the surplus parts returns, and a majority of dealers voluntarily agree to waive returns in protection of the statute, but that's not necessarily the way that it works. The reality is that the equipment dealers over time had to place provisions in their agreement that the dealers are required to sign, which waives their statutory protection. Failure to sign the agreement, which includes the waiver of statutory protection, removes the opportunity for the equipment dealership to sell service and represent the brand and equipment. And I have referenced in my testimony a particular provision from an equipment dealer agreement which, in fact, maybe it's not quite a we take it or leave it type of situation, but it basically says if you sign this agreement that you waive your right to return those surplus parts. Even though existing Nebraska law generally prohibits the waiver of rights under the act, the act does, does allow a specific waiver as I indicated of the surplus parts return law. The only thing required as a result for the manufacturer is to sell parts for the equipment they manufacture, and while some manufacturers may not currently contain this provision,

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they can easily put it into their agreements and prohibit the, the dealer from returning those surplus parts. And as you might imagine, equipment dealers are required to stock, stock significant and expensive parts in their inventories to ensure readily available to customers. There we go. Thank you. These are costs ultimately borne by the equipment dealer prohibited from returning surplus parts. And then basically the last part under 87-709 is the enforcement provisions which state: A term of a dealer agreement which is inconsistent with the terms of the Equipment Business Regulation Act shall be void and unenforceable and shall not waive any rights which are provided to a person by the act. In summary, LB875 clarifies and protects the rights of equipment dealers to use existing provisions of Nebraska law and the amendments contained in LB875 as the basis of their agreements by adding protections to current law that govern equipment dealer agreements and removes the current waiver provision in the surplus return statute. I will be followed by Mr. Phil Erdman of the Iowa-Nebraska Equipment Dealers who can probably give you more specific examples and be happy to address any questions of the committee.

JACOBSON: Questions for Senator Hallstrom? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here, Senator. This looks as if-- it sounds as if it's parts returns, parts and not schematics, because I know, having been around for a while, schematics in the past have been a major issue between the manufacturers and some of the smaller farming service that want the schematics. Does it have anything with schematics?

HALLSTROM: My understanding is return parts, but Mr. Erdman can probably address that--

RIEPE: OK.

HALLSTROM: --issue, specifically.

RIEPE: So we're allowed to grill him?

HALLSTROM: Yes, you are.

RIEPE: OK. Thank you, sir.

HALLSTROM: And I, I would add I passed a, an amendment around that the, the representatives of the Iowa-Nebraska Equipment Dealers, i.e., their lawyers, have proposed what I'd call a belts and suspenders

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amendment that makes it clear that the acts by-- in a dealer agreement or the terms in a dealer agreement which are inconsistent with the provisions of law are specifically contrary of public policy.

RIEPE: OK.

JACOBSON: Other questions? I do have a couple of questions. First of all, thank you for clarifying. So the bill itself really is the practical side and you always have to have the attorneys put the belts and suspenders, so.

HALLSTROM: For the, for the amendment, yes.

JACOBSON: Yeah, that's right, the amendment. I guess one question as it relates to-- I'm, I'm-- I was trying to listen carefully to the, the rights to return surplus parts and, and the waiver and what that means and why would you want to waive that right. What about lenders-- an equipment dealer files for bankruptcy, the lender ends up with-- what's their rights in terms of return of those parts and getting refunds back from that?

HALLSTROM: Well, without, without knowing all of the basics of your question, I would assume that if a lender has a security interest and is properly perfected and has covered all of those parts--

JACOBSON: Every good lender would do that.

HALLSTROM: Yes, and, and irrespective of whether there's a right to return those parts. If the parts are returned, they are converted into proceeds, and those proceeds are covered by the bank's security interest or if they are unable to return the parts, they're still on the shelf, and when the bank goes in and repossesses or voluntarily gets the collateral returned, they will realize on it in that fashion.

JACOBSON: OK. Thank you. Other questions? If not, thank you for your testimony and--

HALLSTROM: Thank you.

JACOBSON: --for bringing the bill and we'll ask for our first proponent. Mr. Erdman.

PHIL ERDMAN: Senator Jacobson, members of the Banking, Commerce and Insurance Committee, I'm Phil Erdman, P-h-i-l E-r-d-m-a-n. I'm here representing the members of the Iowa-Nebraska Equipment Dealers

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Association. I always like to bring a lawyer to a security interest fight and it helps when they're also a member of this committee. So thank you, Senator Hallstrom, for, for that clarification. Senator Hallstrom did a great job of explaining kind of the background of, of LB875. You should have also received four letters from equipment dealers across Nebraska that are specifically impacted by the example that we gave. I'll just read those just for the record: Dinkle Implement, excuse me, GHS Implement, Kearney Equipment, and Mitchell Equipment. So it's-- there's a lot of specificity in the statute, but there's also a lot of flexibility. One of the things that we feel is, is hard to live with under the current law is that you have a dealer who has entered into an agreement with the manufacturer to sell their products, to service their products, and to represent that product to their customers. There's flexibility in the existing statute, but as Senator Hallstrom pointed out, the waiver that is required or allowed under statute simply leaves the dealer at risk at essentially having any return parts or any surplus parts that they have as their costs, their inventory. It's a kind of an unusual situation, and as Senator Hallstrom pointed out, it's not a negotiation. So the current situation would be that, hey, you're going to sign this agreement. By signing this agreement, you waive all of your statutory protections. In our statute, we would argue that there is a prohibition of that except for the surplus parts return that actually provides for a waiver. So we're here to clean that up, to bring us in compliance with the 37 states that have this protection. We have also had conversations, as has been the practice in my previous experience and, and also as a benefit hopefully to the committee, with others that may have an interest in this bill. So we proactively reached out to other manufacturers and asked them about what we're doing, explained what we are doing and what the issue is. We have not received any negative feedback. The specific manufacturer that is listed as an example in your, in your testimony from Senator Hallstrom has not responded to our request and, you know, that's understandable, we wanted to give them the opportunity. But for other manufacturers that have responded, they understand what we're doing. They don't necessarily agree with everything that happens, but they understand that the playing field right now is, is not level and they're, they're OK with the language that is before you. So we've done our due diligence and we'll continue to work with those that have an interest. But I wanted to share that with you and then if you have specific questions I'm happy to, to answer those questions.

JACOBSON: Questions from the committee? Senator Riepe.

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RIEPE: Thank you, Chairman. Thank you for being here. My question is this, in a dealer's agreement with the manufacturer, does the dealer have the right to sell the part to another dealer or is he obligated only to deal with the manufacturer?

PHIL ERDMAN: No, Senator Riepe, that's a good question. There is a number of scenarios where a dealer may have a part that another dealer doesn't and they're able to transfer those. I think a lot of times what we're seeing now is even the manufacturer will help facilitate that. The goal is to provide the part or the solution in a timely manner to their customers. And so there, there are those examples where that informa-- or that product or part might be transferred from one manu-- one dealer to another under the same manufacturer. So there's no restriction per se on that. It just-- what we're dealing with here specifically again comes back to the fact that maybe I thought I was going to need 50 of this part to get through the harvest. I only needed 25. I'd like to return those 25 for credit so that I can purchase a different part to be able to have on stock for my customers as I've evaluated what our, what our workflow and inventory needs are so that's the, that's the provision we're talking [INAUDIBLE].

RIEPE: Is there a problem of dealers getting faced with a restocking fee?

PHIL ERDMAN: Mm-hmm. There are.

RIEPE: Is that pretty severe?

PHIL ERDMAN: It can be. So if you look at Section 87-706 sub (2)-- sub (2)(b), it actually specifies in statute what the value could be, and then further under (e), it identifies what that return price is limited to be. So there can't be exorbitant restocking fees under the existing statute. And, again, with the exception of the one manufacturer that we would say has affirmatively waived this protection, others should be complying with what's in the statute.

RIEPE: Even in an inflationary situation the manufacturer might really be advantaged.

PHIL ERDMAN: What we're trying to create here is an environment where there's a level playing field, not that one person has an advantage or another, but in an event where you have no negotiation skills, clearly

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there is somebody taking advantage, and we'd rather not be somebody that's not the dealers that are based in Nebraska.

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

JACOBSON: Further questions from committee? Maybe just to kind of get back a little bit, Senator Riepe's question, are there on the restocking fees, clearly the older the part becomes, the more likelihood that the, the manufacturer is not going to ever sell that part. And so I assume they're going to look at a restocking fee perhaps on age to say it's an exorbitant number, you know, 100% unsteady, as getting around it. What-- so there are limitations in terms of what that restocking fee can be.

PHIL ERDMAN: Correct, yep. So there's a, a, a credit value in the statute and it's currently 85% of the current list or catalog price. As you look through the language that's in this current statute, there's additional flexibility that is provided. So a dealer can agree to a lesser number on the percent that they return. They can agree to different credit terms, they can agree to different agreements, but there's also specification that it's-- that the value of the item is either based on the current list price, the inven-- or the invoice price that you paid. So there's at least some basis for that discounted fee, which is right now limited to 15%. But, yes, as items get obsolete, get older, that's a big part. I would say probably to a dealer, we represent 145 locations across Nebraska, managing their parts and managing their inventory, which is a business risk and a cost, is something that they're very aggressive with and trying to manage that. And at the same point there are requirements that are placed on our dealers to maintain a certain level of inventory to the tunes of millions of dollars of parts that have to be available in order to service those products and so it is a risk but there are provisions that can go either way but there at least is a basis in statute and in the agreement for them to be able to operate from.

JACOBSON: All right. Thank you. Senator Riepe.

RIEPE: Thank you, Chairman. Follow-up question. Do the manufacturers have some protection that you only have to provide those parts for, like, 7 years or something?

PHIL ERDMAN: So the, so the statute, the statute that's in law now, so this is 87-706 sub (1) says: A supplier must ensure repair parts remain available for the reasonable useful life of the equipment sold.

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So there are scenarios where, if you would go to, say, a John Deere dealership in Nebraska, they may be carrying inventory on parts that are 30-, 40-, 50-year-old items, depending upon what that is. So what's the reasonable life? That is not defined but, generally, if you need a part or a product, that will be available. Sometimes it will be an aftermarket part, but there are guidelines there that are required to be provided and that's not just in statute, that's also in the dealer agreement that requires a certain level of inventory be, be carried.

RIEPE: And there are some-- if I may?

JACOBSON: Go ahead

RIEPE: There are some secondary markets that would probably come in and, not manufacturers, but fill in that void.

PHIL ERDMAN: Correct.

RIEPE: OK.

PHIL ERDMAN: Yep.

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

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

PHIL ERDMAN: Thank you.

JACOBSON: Any other-- anyone else wishing to speak in-- as a proponent? Anyone wishing to speak as an opponent? Anyone wishing to speak in a neutral capacity? All right, while Senator Hallstrom is making-- trying to find his way back, there were, there were four proponent letters, no opponent letters, and no neutral testifiers that was in it.

HALLSTROM: Yeah, just in, just in closing quickly, I appreciate the committee's patience in listening to the testimony today. Basically, the return parts issue is what the law giveth the supplier can taketh away. There is a specific provision that I don't think we maybe highlighted enough that says on an annual basis. The statute in the, in the one hand says that there's a right to return those-- to offer the ability to return those surplus parts, but then it says if a majority of the dealers for that supplier agree otherwise then that, that, that right can be waived and what we've indicated clearly is

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these agreements are basically you're sign-- you sign it and if you sign it you agree that you're one of that majority that are going to waive the right, so we just like to over-- overturn that and put some fairness back into the situation. So thank you.

JACOBSON: All right. Thank you. That concludes our hearing for LB875, and I'll turn the chair over to Senator Hallstrom.

HALLSTROM: We'll hear next from Senator Jacobson on LB835.

JACOBSON: Good afternoon, Vice Chair Hallstrom and members of the committee. My name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, and I represent District 42. Today, I'm here to introduce LB835. This bill was brought to me by the Secretary of State, and it's designed to modernize the Secretary of State's filing system and fee structures. LB835 is about bringing Nebraska's administrative system into the 21st century. Many of our current statutes were written for the world of paper files and manual indexing, a time when documents were physically transmitted from one office to another. This legislation updates these processes to reflect how business moves today, digitally, in bulk, and at high speed. By passing this bill, we are ensuring the Secretary of State's Office can manage data efficiently, while maintaining the flexibility needed to keep pace with evolving technology. The heart of this bill addresses how the, how the state handles and charges for information. For years, we relied on, on a volume-based pricing model, charging \$15 per 1,000 records. This bill moves us towards a modern fee model, this doesn't just-- this isn't just a fee change, it's a shift in how we prioritize digital data management. Crucially, the bill clarifies that information obtained through these bulk requests is for reference only. This ensures that high-speed data users don't inadvertently receive the same legal protections intended for those who use the formal verification system for farm product liens. We also remove outdated price caps such as the \$2,000 limit on batch image requests, which will also allow the Secretary of State's Office to scale fees approximately-- appropriately based on the actual volume of data being transmitted. We also updated the terminology and, and mechanics for filing process. For example, we are replacing the word "transmitted" with "provided." While that sounds like a minor tweak, it's actually a vital change that allows for modern data sharing rather than relying on legacy delivery methods. We're also moving away from the rigid manual entry requirements. Currently, staff is required to record specific debtor addresses or social security numbers in a strict alphabetical order. In an era of digital search tools, these manual rules are obsolete. This bill allows us to move towards a

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framework where metadata is captured automatically. Additionally, this bill makes filing and indexing fees nonrefundable. This ensures the Secretary of State can cover the administrative costs of processing a record the moment it, it is presented, regardless of whether that filing is later withdrawn or rejected. Finally, the bill provides the Secretary of State with the authority to manage the central filing system more flexibly. We are moving away from fixed annual fees that are set in stone by statute and moving towards a consolidated registration model. This simplifies the cost structure for our buyers and agents replacing a complicated multi-tiered system with a single capped annual fee for access to the master lien list. The Legislature-- the legislation is about efficiency, flexibility, and fiscal common sense. It ensures that Nebraska remains a technological neutral state where the Secretary of State's Office can serve the public and business community without being tethered to 1990s-era regulations. Thank you, and I will take initial questions from the committee. I believe representatives from the Secretary of State's Office will be following me and can address more in-depth questions.

HALLSTROM: Do we have any questions? Thank you, Senator Jacobson. Do we have any questions? Senator Hardin.

HARDIN: Does this mean it might take less than 4 to 6 weeks to get an LLC registered in the state of Nebraska?

JACOBSON: There's an excellent chance of that. There really is.

HARDIN: I just wanted to check.

JACOBSON: I, I, I can assure you that that's coming. Yes.

HARDIN: Thank you.

HALLSTROM: Any other questions? Seeing none, I assume you'll stick around for closing?

JACOBSON: I'll, I'll stick around. Yes. I almost feel obligated to.

HALLSTROM: Anyone here to testify in support of LB835? Welcome.

COLLEEN BYELICK: Thank you. Good afternoon, my name is Colleen Byelick. It's C-o-l-l-e-e-n B-y-e-l-i-c-k. I'm the Chief Deputy and General Counsel for the Secretary of State's Office, here on behalf of Secretary of State Bob Evnen in support of LB835. First, I would like to thank Senator Jacobson for introducing LB835 on behalf of the

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Secretary of State's Office. As you probably know, the Secretary of State files a variety of documents related to security interests, including Uniform Commercial Code revised Article 9 filings, which we commonly refer to as UCC filings, Effective Financing Statements related to agricultural products, commonly referred to as EFS filings, and state and federal tax liens. Filing and maintain-- maintaining an accurate record of these documents is vitally important for the lending and farming community. Over the last few years our office has been engaged in several technology modernization projects. Most recently we launched a new filing and searching system for UCC, EFS, and state and federal tax liens. The system was launched in December of last year. As part of that project, we discovered that some provisions of state statute related to our filing processes and fees needed to be modernized and updated. And that's led to the bill before you today. I'm going to highlight the changes the bill makes and then I'm happy to answer questions you may have. So LB835 eliminates a number of fees. The bill eliminates a \$10 fee for taking an acknowledgement and administering an oath. Our office is not historically charged a fee to perform these services and, therefore, we're suggesting removing these from statute. The bill eliminates an annual registration fee for the master lien list or buyer's report. This is a report of security interest of farm products. Historically, we've charged a company fee of \$30 and then a \$100 user fee. While implementing this functionality in our new system, we found it was simpler to just charge the user fee and eliminate the \$30 fee, so we're requesting to have the \$30 fee removed from statute. The bill eliminates a \$2 fee per record for a special request search by secured party and a \$15 batch request search by debtor location. In our new system, these searches can be performed as part of our regular UCC search and, therefore, requesting to have these fees eliminated. The bill also eliminates a twice monthly batch request service for UCC record and changes the deposit for this fee from the Records Management Cash Fund to the Secretary of State Cash Fund. Our new system offers batch requests on a weekly or monthly basis, which are more frequently utilized services. So we would like to eliminate the twice monthly payment. All other UCC fees are deposited in our Secretary of State Cash Fund and so this bill updates the cash fund for these fees to be consistent with other similar fees. Aside from eliminating fees, LB835 makes certain fees nonrefundable. Our fees for these filings are fairly small and the amount of times it takes-- amount of time it takes to refund a fee is significant. As we have a small number of filings that are rejected and possibly eligible for refund, we believe it would be more efficient to make these fees

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nonrefundable. Finally, the bill updates certain provisions related to filing state and federal tax liens. These statutes include outdated filing methods that would more likely be used with a paper-based filing system. We've updated these statutes to reflect our current digital filing practices. I see my time is up. I'm happy to answer any questions you may have.

HALLSTROM: Any questions of the committee? Senator von Gillern.

von GILLERN: Thanks for being here.

COLLEEN BYELICK: Thank you.

von GILLERN: How are these fees arrived at? I mean, how are these numbers selected?

COLLEEN BYELICK: So the current fees that are in statute in 2020/2021, we did a pretty extensive review of our filing fees and we actually streamlined our fees and changed up all of our filing fees. And at that point we did an analysis. We looked at what other nearby states were charging for the fees, but some of our fees at that point in time hadn't been updated for 50 years. So it was-- LB910 was the bill and that kind of streamlined our filing and search fees. These particular fees in this bill, like for example, this \$2 secured party search, which you can now, it was \$2 per record, now you can do it with a \$4.50 search. So if you returned more than three results, you're saving money with the current, with the fee structure that we're utilizing. So for the most part, and our bulk service fees, we're essentially keeping and then the same. So, previously, you could have a monthly search, a semi-monthly search, or a weekly search. We're keeping the monthly and the weekly. We're not changing the fee. We're just eliminating the semi-monthly.

von GILLERN: OK. And then the, the purpose behind the nonrefundable fees is what?

COLLEEN BYELICK: It just-- so most of these fees are either, like, a \$14 fee or an \$11 fee, and it just takes much more time than that the fee costs.

von GILLERN: The section I'm looking at is \$800 fees.

COLLEEN BYELICK: The bulk fees?

von GILLERN: Yes. Yeah, on page 3.

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COLLEEN BYELICK: Let me pull up the bill. I don't really know--

von GILLERN: The Uniform Commercial Code database fees,--

COLLEEN BYELICK: Yeah.

von GILLERN: --\$800 for initial file, \$800 for monthly, \$300 for weekly.

COLLEEN BYELICK: Yeah, those-- and those fees are what the fees have always been. I went actually back and looked this morning and, I believe, they dated all the way back to 2000. Those fees did.

von GILLERN: In what case would that have ever been refundable if you furnish the data?

COLLEEN BYELICK: Yeah, I, I don't believe we've ever received a refund request for those fees, but since we were just trying to standardize things and make it clear that our fees were not refundable.

von GILLERN: OK. Thank you.

COLLEEN BYELICK: Yeah.

HALLSTROM: Any other questions? Ms. Byelick, do you have any idea what the total fee revenues are that are brought in by the Secretary of State for operation of the office?

COLLEEN BYELICK: I don't have the total for the total operation because that would include business entity fees, which we're not talking about at this point in time.

HALLSTROM: Just for this side.

COLLEEN BYELICK: The UCC revenue was \$1.1 million, \$1.179, and that was last year in 2025, and that included all services. So filing fees, searches, image requests, bulk data requests.

HALLSTROM: And with regard, I think you mentioned that the master lien list was going to go from a registration fee for companies and others, \$30 and \$100. Is there currently a per item fee or is that all that they pay for processing?

COLLEEN BYELICK: That's, that's all that they pay. So if they want access to the master lien list they-- previously, the company was paying \$30 per company and then each user in the company that they

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wanted to have access to the list they paid \$100 and it's a yearly subscription fee and so we're just eliminating the \$30, each user that they want to have access will be \$100 for the year.

HALLSTROM: OK. And I thought there was a per fee or per request, depending-- there's not that?

COLLEEN BYELICK: No.

HALLSTROM: OK.

COLLEEN BYELICK: No.

HALLSTROM: Thank you.

COLLEEN BYELICK: And we had, I think, about 250 users and 150 companies.

HALLSTROM: OK. Thank you.

COLLEEN BYELICK: Yeah.

HALLSTROM: Any other questions? If not, thank you.

COLLEEN BYELICK: Thank you.

JACOBSON: I'm not going to close yet, so you--

HALLSTROM: Mr. McIntosh, please.

RYAN McINTOSH: I was waiting to see if you're going to have another-- any other proponents. Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, testifying in support of LB835 on behalf, on behalf of the Nebraska Bankers Association. I do want to give a, a, a very strong thank you to Ms. Byelick who's been very engaged with banks across Nebraska in modernizing the UCC and the, the lien filing system. She's been very responsive, and we certainly appreciate her soliciting feedback as they've upgraded that system. We've discussed this bill with a number of bankers that use this system heavily. We believe that the fee structure will have very marginal impacts moving forward, and will provide for greater efficiencies, both for them and within the Secretary of State's Office. So with that, I'd be happy to answer any questions.

HALLSTROM: Any questions of the committee? Senator Dungan.

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DUNGAN: Thank you, Vice Chair Hallstrom. Thank you for being here today, Mr. McIntosh. I saw a picture this morning of you with a crown on, you were presiding over a groundhog. Would you like to tell me a little bit more about that?

RYAN McINTOSH: Before I left the office, I said I am going to-- and I am going to go do this, I'm going to go testify on the budget and say I feel like it's Groundhog's Day. I'm here again opposing cash sweeps on behalf of the Nebraska Bankers Association, but thank you for bringing that up. Yes, today is Groundhog's Day. My hometown is Unadilla, Nebraska, the groundhog capital of the world.

DUNGAN: And were you elected the king of Groundhog's Day or what was the crown about?

RYAN McINTOSH: Sadly, on Saturday, they will replace me with a new groundhog king, so my reign will soon be coming to an end. I will, I'll send you a picture of my, my sons at-- with Unadilla Billie. Unadilla Billie did not see her shadow, so spring is near.

DUNGAN: Wonderful. Thank you so much.

RYAN McINTOSH: Thank you.

RIEPE: Was this photo from head to toe in a groundhog outfit or like a-- you know, like pajamas or something?

RYAN McINTOSH: No, the-- you will see the, the groundhog costume on Saturday, but today I was wearing my crown, of course.

RIEPE: Is that a groundhog with or without a tail?

RYAN McINTOSH: It has a, a-- it has a tail, yes.

RIEPE: Oh, OK. OK.

RYAN McINTOSH: I'll send you the picture, too, Senator.

RIEPE: I'll anxiously await.

HALLSTROM: And, Mr. McIntosh, you can tell Senator Riepe about the time that my wife and I wore Ewok costumes but did not win the best costume, so.

RYAN McINTOSH: I will do that after this hearing if that's OK with the committee.

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VON GILLERN: Thank you.

DUNGAN: Off the record.

HALLSTROM: If no other questions--

RIEPE: The, the audience is going to miss it all, but go ahead.

HALLSTROM: --if no other questions, you are dismissed.

RYAN McINTOSH: Thank you.

HALLSTROM: Anybody else in support of LB835? Anyone here today opposed? Anyone in a neutral capacity? If not, while Senator Jacobson is making his way up, we had zero proponent letters, one opponent letter, one neutral letter, and no ADA written testimony-- zero neutral.

JACOBSON: I'll be brief on the close. I just wanted to address the one opponent letter, which there has been outreach by the Secretary of State's Office that their concern ended up not being founded, and they have essentially said they're fine with the, with the way the bill reads. Again, I, I think-- I've reached out to a number of my colleagues in terms of how the fee schedule changes would impact them, they're not seeing a, a concern about what that would do. I think the one opponent concern was, keep in mind when you look at EFS, Effective Financing Statements, banks will file those, and when those are filed with the Secretary of State, if you go to sell ag commodities, grains, livestock, the buyer is going to check with the Secretary of State to see if there's an Effective Financing Statement filed. If there is, then they need to make the proceeds payable to the financial institution and the owner of the livestock or grain. And if you fail to do so, you can be paying twice. So this is-- what they do at the Secretary of State is very important. The accuracy of the information is very important. The speed of getting a good response back is also important. And so I appreciate the work that they're doing to continue to keep the process moving and the, and the accuracy in which they do their jobs. So, again, I'm happy to bring the bill. I would encourage a, a strong support of the bill. With that, I'll stop.

HALLSTROM: Thank you, Senator Jacobson. That will conclude this hearing, and Senator Bostar will take up next LB950, and I will turn the chair back to Chairman Jacobson.

JACOBSON: Welcome, Senator Bostar.

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BOSTAR: Thank you and good afternoon, Chairman Jacobson, fellow members of the Banking, Commerce and Insurance Committee. For the record my name is Eliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29. I'm here today to introduce LB950. Health care costs continue to rise for Nebraska families and employers while health care providers are spending an increasing share of their time navigating administrative processes instead of delivering care. Patients feel the effects through delayed services, repeated paperwork, and uncertainty about what information is available to their providers. In rural communities where provider capacity is already limited, inefficiencies in the system can directly translate into reduced access to care. A significant contributor to these challenges is how health information is exchanged across the health care system. Too often, patient information is fragmented across multiple systems that do not communicate effectively with one another. When providers lack timely access to complete and accurate information, care is delayed, tests and services are duplicated, and costs increase for patients, employers, and insurers. LB950 builds on Nebraska's existing statewide Health Information Exchange by strengthening the sharing of health information at the point of care. The bill requires participation by health care facilities and health insurance plans, reinforcing the exchange as the central infrastructure for coordination among providers, payers, and public health entities so clinicians have timely, reliable information when making care decisions. LB950 also places clear limits on data sharing by requiring only the data specifically authorized through the rules and regulations adopted by the Health Information Technology Board. Improved connectivity benefits the entire health care system. For providers, it means better access to clinical information and less time spent tracking down records. For patients, it means more coordinated care, fewer delays, and improved continuity as they move between providers or levels of care. For employers and insurers, it supports more efficient care delivery and helps control costs by reducing duplication and avoiding-- and avoidable utilization. LB950 also strengthens the governance framework of Nebraska's Health Information Technology Board by expanding its membership to include insurance representative and a representative from the Division of Medicaid and Long-Term Care, ensuring that the key payer and program perspectives are reflected in oversight of the statewide Health Information Exchange. AM1881, before you, is a white copy amendment and the product of compromise between stakeholders. The amendment removes the prior authorization API requirements on health care providers. The amendment maintains requirements for health care

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facilities and health insurance plans to participate in the Health Information Exchange and specifies that data sharing must comply with HIPAA privacy and security provisions. AM1881 also adjusts the composition of the Health Information Technology Board by increasing hospital representation to include a critical access hospital seat. The amendment also adds an insurance representative and an individual with experience in electronic exchange of sensitive information, ensuring that the board reflects the full range of stakeholders involved in modern health system data exchange and privacy protection. Nebraska's Health Information Exchange is already recognized nationally as a leader in health technology. It has served as a model for how states can responsibly use health data to improve outcomes while maintaining strong privacy and security protections. LB950 will build on that success by making Nebraska's health care system work better for everyone, patients, providers, employers, and payers, by ensuring that accurate and timely health information can be securely shared. I do want to note that I have received-- I've been in conversation with NABHO about some of the waiver provisions going away related to behavioral health providers. And so we're going to continue those conversations. And we are going to the conversations around the API language that the amendment is removing. So we're removing it, but if there's a path forward that everyone can agree to, we'll be putting API language back in, but again if there is something that people can agree too. So I just wanted to flag those things. And with that, I thank you for your time this afternoon, encourage your support for LB950 and AM1881, and be happy to answer any initial questions.

JACOBSON: Questions from the committee? Senator von Gillern.

von GILLERN: Thank you, Senator Bostar. The elimination of the waiver, and I'm, I'm sure we're going to hear from others and if you'd prefer to, to wait, how many-- health care facility may apply to the board for waiver that's being eliminated. Any idea how many waiver-- how many health care facilities currently have a waiver?

BOSTAR: So I had asked this question and the answers have been either it's exceedingly small or none is from what people's knowledge is, but I don't have a-- I, I don't have a, a, a solid answer for you.

von GILLERN: OK. I'm looking at the, the letters for the record and, of course, I'm sure we're going to, we're going to hear testimony from some of these representatives also, so I'll wait and see if we have any more particular questions at the close. Thank you.

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JACOBSON: Other questions from the committee? All right, seeing none, thank you, Senator Bostar. And I'll ask for the first proponent to step forward. Mr. Blake, how are you?

JEREMIAH BLAKE: I'm good. Thank you. Chairman Jacobson, members of the Banking, Commerce and Insurance Committee, my name is Jeremiah Blake, spelled J-e-r-e-m-i-a-h B-l-a-k-e. I'm the Government Affairs Director and Registered Lobbyist for Blue Cross and Blue Shield of Nebraska, and I am here to testify in support of LB950. I first want to thank Senator Bostar for introducing this important legislation, which, as he described, represents a meaningful step forward in modernizing the electronic exchange of health information in Nebraska. As this committee will recall from last session, you advanced and the Legislature passed LB77, the Ensuring Transparency in Prior Authorization Act. That law established standardized processes and clear expectations for both providers and health plans with respect to prior authorization. At Blue Cross, we viewed LB77 not simply as a compliance exercise, but as an opportunity to reimagine how prior authorization should work in a modern health care system. As a result, we made significant investments in new technology designed to support a digital first approach to prior authorization. Before these upgrades, we were receiving about-- sending and receiving about 400,000 pages of fax documents on a monthly basis. Since implementing the changes as a result of LB77, we have nearly eliminated faxes for prior authorizations, which improves efficiency for providers and frees up resources that can be better used for patient care. In a way, LB77 served as a catalyst for modernizing parts of Nebraska's health care ecosystem. And LB950 is intended to build on that momentum. As reflected in the white copy amendment circulated by Senator Bostar, the goal of LB950 is to enable the secure, seamless, real-time exchange of health information in order to improve patient care and reduce health care costs. This bill seeks to accomplish those goals by building on the existing Health Information Exchange by clarifying its purpose and requiring participation by health facilities. LB950 also proposes strategic reforms to the state Health Information Technology Board, which I believe Mr. Bell will address in more detail. Collectively, these reforms help transform Nebraska's Health Information Exchange into a system capable of delivering real-time clinical data at the point of care. Not only will this improve patient outcomes, but these changes have the potential to lower health care costs by reducing unnecessary treatment and administrative burden. As Senator Bostar referenced, LB950, as introduced, also included a provision to transition prior authorization requests to what's known

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as an Application Programming Interface or API. The API will allow providers to submit prior authorization requests directly from their existing electronic medical records system, further streamlining and standardizing the process. The API will also allow us as health plans to respond in near real time to more prior authorization requests. And as Senator Bostar referenced, we would like to continue the discussions about the API because we think this is an issue that would be beneficial to all parties, making the process more efficient and faster for everyone. Notwithstanding that, we support the white copy amendment establishes a strong framework for Nebraska's Health Information Exchange. And Nebraska, excuse me, Blue Cross and Blue Shield of Nebraska would encourage you to support this legislation. And if I could just really briefly thank Senator Bostar. I also want to thank Bryan Health, who engaged with some really thoughtful conversations with us on this and I think made some suggestions that really improved it, the bill that reflected in the white copy amendment. So with that--

JACOBSON: I just wanted to clarify one statement you made. You said that this would help reduce health care costs. And I think you really meant to say, reduce the increase in health care cost, if that's--

JEREMIAH BLAKE: Fair point. Fair point.

JACOBSON: Thank you. With that, thank you for your testimony. I'll ask for questions from the committee. Yes, Senator Riepe.

RIEPE: Thank you, Chairman.

JACOBSON: I guess I got to do more than look at you, I have to call on you, too.

RIEPE: Thank you. My question is this, or questions maybe, is this a-- this is an all new program, I'm concerned, is this an outside vendor?

JEREMIAH BLAKE: The, the bill does not speak to that, right? So we are not changing anything with the existing framework that is in place for the Health Information Exchange, nor do we change any kind of statutes that require participation with CyncHealth.

RIEPE: I'm going to throw you a question that I would ask you to respond to. My understanding is your interest with LB950 is to move to a more clinical model whereas you feel that CyncHealth is more of a research model. Is that correct or not correct?

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JEREMIAH BLAKE: That is correct. And I will tell you--

RIEPE: And do you intend to replace CyncHealth or do you intend to work with CyncHealth? I don't want to run parallel systems, that's for sure.

JEREMIAH BLAKE: No, we don't want to run parallel systems. Again, I think that's reinforced in my testimony is that we have a system that works today. We need to take some steps to make sure that it's evolving to meet our, our needs moving forward.

RIEPE: Do you see this kind of a program-- I don't see it as-- I'm just making a statement here, I don't see it as a program that HHS is capable of running. I don't think they have the talent nor could they retain the talent to do this. So would you-- you know, I would assume then you would bid for it and in doing that, would you accommodate CyncHealth to be a bidder on it? Or it's like a program. I'm sorry, but--

JEREMIAH BLAKE: Yeah. Yeah. So, Senator, there's another bill that's been introduced that has to do with whether the, the relationship the state has with CyncHealth. This bill does not change or address or raise that question in any way, shape, or form.

RIEPE: OK.

JEREMIAH BLAKE: I'm not, I'm not proposing--

RIEPE: I'm not aware of the other bill. I'll soon find out about it, I'm sure.

JEREMIAH BLAKE: You will. You'll, you'll hear about it in a different committee.

RIEPE: OK. Thank you, Mr. Chairman.

JACOBSON: Other questions from the committee? If not, thank you for your testimony.

JEREMIAH BLAKE: Thank you.

JACOBSON: Next proponent. Mr. Bell.

ROBERT M. BELL: Good afternoon, Chairperson Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Robert M.

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Bell. Last name is spelled B-e-l-l. I'm the Executive Director and Registered Lobbyist for the Nebraska Insurance Federation, and I appear before you today this afternoon in support of LB950. Of course, appreciation to Senator Bostar for introducing LB950. Since this is my first time testifying before the committee this session you get my stump speech. The Nebraska Insurance Federation is the primary trade association of insurance companies in Nebraska. The Federation consists of 50 member companies, members write all types of insurance including, but not limited to, life, health property and casualty. Nebraska insurers provide high value quality insurance products to Nebraskans that provide financial protections to Nebraska during difficult times. Insurance companies also have a significant impact on the Nebraska economy. By any measurement, Nebraska's domestic insurance industry is one of the largest in the nation. According to a study completed by the University of Nebraska, Lincoln Bureau of Business Research, the insurance industry had a \$25.77 billion impact on Nebraska economy in 2022, providing over 32,000 jobs to Nebraskans. The average wage of a Nebraskan working in the insurance industry is nearly \$92,000 annually. I want to focus my testimony on the provisions related to the Health Information Technology Board, a board created during the 2020 session to provide in part governance and oversight to ensure health information and the statewide Information Exchange and the Prescription Drug Monitoring Program may only be accessed, used, or disclosed in accordance with federal Health Insurance Portability and Accountability Act or HIPAA. This past year, the board and the statewide Health Information Exchange set out demands to health plans to provide certain data in accordance with the policies of the board and interwoven with data use agreements with the statewide Health Information Exchange, which is a private entity. Unfortunately, the health plans believe that these requests were far too broad and included requests for information beyond the legislative scope of the board. And we're also concerned that the consumer data would not be protected sufficiently or be provided to others-- may be provided to others outside of the scope of what was initially intended by the Legislature. As we dug into the statutes, we discovered the board could issue policies affecting the rights of insurance plans, health providers, and consumers without utilizing the Administrative Procedures Act, which has a very formulaic process to public notice, public input, and a public hearing, as well as review by both the Attorney General and the Governor with, too, the ability to alert to Legislature as well to concerns. These procedures of the APA or the Administrative Procedures Act provide procedural due process to administrative actions taken by administrative boards, commissions, or

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agencies. Additionally, at the end of the process, the rules and regulations do by the force of law. With adding the requirement of issuing rules and regulations, changing the makeup of the board to include all stakeholders and providing a clear admission to the board, we believe that will help the board achieve the goals initially set out by the Legislature in 2020. For these reasons, the Nebraska Insurance Federation supports the passage of LB950. I appreciate the opportunity to testify.

JACOBSON: Thank you. Questions? Senator Riepe.

RIEPE: Thank you, Chairman. My first question is-- I don't like silos. So my question to you is, do you represent, beyond Blue Cross Blue Shield of Nebraska, you represent United, Humana, Principal, you know, on down the-- I don't know, I can't even name all the vendors and I've worked with all of them.

ROBERT M. BELL: I represent, on the health plan side, Blue Cross Blue Shield, they're members of the Federation, so Blue Cross Blue Shield, UnitedHealth Group, CVS/Aetna, Medica, Cigna, I'm probably forgetting somebody. I'm apologizing to them if they're watching.

RIEPE: But, generally speaking, everybody is on board?

ROBERT M. BELL: Do not represent Humana. I want to make that very clear. I do not represent Humana.

RIEPE: Is everybody pretty much on board?

ROBERT M. BELL: Yeah, pretty much most of the plans that write--

RIEPE: We can't all afford to have two or three models going here at the same time.

ROBERT M. BELL: No, no, no, these are, these are all the major individual under 65 health plans in, in Nebraska.

RIEPE: The other question I have, Mr. Chairman, if I might, is what's the implications for rural health care providers?

ROBERT M. BELL: Well, if we get to the place where we want to be with the exchange of information between various providers and health plans should be helpful, right?

RIEPE: Should be.

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ROBERT M. BELL: So I, I grew up in Wayne, Nebraska. So if, if somebody had an event in Wayne, you'd be stabilized at the Providence Medical Center, right, and then you would be shipped probably to Sioux City, maybe Norfolk, for further care if, if necessary. Well, hopefully those records, if electronic, can make, make their way to the health care provider and the health care plan if there's authorizations that are needed and, and whatnot. So, yeah, we, we would think this would be of benefit if everything goes as planned, which they never do. There's always bumps in the road, but we're, we're looking forward to working with all parties on, you know, electronic health records.

RIEPE: I consider myself a victim of electronic medical records because the federal government said the same thing and it miserably failed because no, no one was on the same system. That's why I'm so concerned about creating another silo of this one-- you know, electronic medical records need to be put in a truck and dumped. Generally speaking, Epic has dominated but the rest of them are trying to hang on, in my opinion, which is worth just what it costs you. Thank you. Thank you, Chairman.

ROBERT M. BELL: You're welcome.

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

ROBERT M. BELL: You're welcome.

JACOBSON: Other proponents? Welcome.

BEN SPARKS: Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Ben Sparks, B-e-n S-p-a-r-k-s, and I serve as President of Bryan Health Connect, a Nebraska-based physician hospital organization and accountable care organization within Bryan Health. Our organization partners with approximately 200 organizations and 2,500 Nebraska providers to empower them to further the quality, access, and sustainability of health care across communities of all sizes. We work with primary care providers, specialists, hospitals, and community organizations across the state to improve care coordination, reduce unnecessary costs, and, most importantly, help Nebraskans achieve better health outcomes. I'm here today on behalf of Bryan Health and the thousands of patients and providers we support in support of LB950. Timely access to complete clinical information is fundamental to achieving better health outcomes. Whether a patient is seen in a rural clinic, a local

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emergency department, or a tertiary care center in Lincoln or Omaha, their care team must be able to quickly access accurate records. When this information is fragmented or delayed, care is disrupted, costs rise, and outcomes suffer. This impact is magnified in rural communities where access to many specialties entails waiting months for appointments or potentially driving hundreds of miles to the closest provider. These patients may only get 15 or 20 minutes with their provider once every few months. Missed information means missed opportunities to deliver treatment, identify problems and, most critically, to effectively manage chronic illness. LB950 improves Nebraska's designated HIE by strengthening the oversight of the HIT Board, updating its governance structure, and ensuring policies and procedures fully support the providers who rely on the HIE every day. We are at a critical juncture here in Nebraska. The HIE must become more functional, more accessible, and more responsive to the clinicians and care teams who depend on it. When individuals travel from communities like Valentine, Fairbury, McCook, or Pender to receive care elsewhere, their physician should not be relying on USB drives, faxed records, or patient's recollection of their clinical history. LB950 prioritizes real-time clinical data exchange essential for high-quality care coordination across our state. Equally important are the bill's improvements to the prior authorization process. We appreciate the progress made under LB77 last session and are encouraged by the additional refinements in this bill and amendment. Particularly the requirement to implement an API, this technology will offer faster decisions, automated workflows, and significantly reduced delays. In closing, LB950 represents meaningful, necessary reform, it strengthens, strengthens Nebraska's health information infrastructure, modernizes the prior authorization process, and supports the clinicians, health systems, and care teams who are working to provide timely, high-quality care to Nebraskans statewide. I thank Senator Bostar for bringing this bill forward and respectfully urge the committee to advance LB950. The patients we collectively serve and their health outcomes depend on it. I'd be happy to answer any questions. Thank you.

JACOBSON: Thank you. Senator Riepe, surely you don't have a question.

RIEPE: Thank you, Chairman. Does Nebraska Medicine and CHI agree with your position?

BEN SPARKS: I cannot answer that question. So--

RIEPE: OK. Have you tried to find out?

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BEN SPARKS: We, we do talk to them quite a bit. We work on a lot of the same patients, but we have not discussed this bill specifically.

RIEPE: OK. React to this. It seems to me that you may be trying to position Bryan in lieu of CyncHealth that you will become the, the nerve center of the state for information. That won't go over well with Nebraska Medicine or with Omaha. So--

BEN SPARKS: No, no. And our intent is not to do that. So we do share data within our ACO today, but we are very supportive of independent HIE to governance going forward.

RIEPE: OK. Thank you, Chairman.

JACOBSON: Other questions? I may be the outlier. I, I will tell you that the last couple of years, I've had interesting interactions with various health care systems. We talk about Epic, and I, for one, appreciate the fact that when you get health care systems that can talk to each other and exchange information, that's a good thing for patient care. The faster you can get that information, it's consistent, it's fast. I guess at my age I don't really care who really knows about my health history, maybe there are some who do, but I'm not one of them. I think having efficient movement of health information is, is really good and the more we can do to expedite that I think the better. But I, I appreciate you being here to testify today.

BEN SPARKS: Thank you.

JACOBSON: Other questions? If not, thank you for your testimony. I'd ask for any other proponents. Seeing none, any opponents of the bill? Anyone wishing to speak as an opponent? If not, any neutral testifiers? All right. Well, I invite Senator Bostar up, and in the meantime, I will note that there were, we did receive two proponent letters, two opponent letters, and two neutral letters. Senator Bostar, I appreciate your, all of your work through the years, really, to get [INAUDIBLE] off, move forward, last year that was a major, major accomplishment and now this bill this year, so you're welcome to close.

BOSTAR: Thank you, Chairman Jacobson and fellow members of the committee. I, I want to address, I think, a couple of questions that may have come up. Senator Riepe seems exceedingly nervous about this piece of legislation, and so if I can address a few things, this

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doesn't impact the positioning of CyncHealth at all in any way. They do not oppose the bill. They are fully aware of the bill, there are folks who have communicated to them about the bill, they're not here about the bill. Bryan is not interested in replacing CyncHealth, and CHI and Nebraska Medicine have no objections whatsoever to this legislation as I just reverified with their representation here in the room so there's-- I, I-- I'm-- I think maybe a little bit worried that, that folks might be seeing shadows where they don't exist. This is to make things better. A lot of different parties who have approached the health care service space in the state of Nebraska from, from different angles. You don't often see bills with hospitals and insurance companies coming together to say, hey, this is a good thing that we can do but here we have one. And so I'm happy to answer any final questions. But, again, this is, this is, this is the-- the objective here is to provide win-wins for, for everyone within this health care ecosystem in the state and to benefit everybody. And that's, that's absolutely what I hope to do. And happy to answer any questions. Thank you.

JACOBSON: Senator Riepe.

RIEPE: Surprise, I have no questions.

JACOBSON: Oh, no questions. All right.

RIEPE: Thank you, sir.

JACOBSON: All right. Others on the committee? If not, thank you, Senator Bostar, for bringing the bill.

BOSTAR: Thank you.

JACOBSON: Thank you for your testimony today. That concludes our hearing on LB950, and we will now move to our fourth hearing of the day, Senator Prokop for LB1044. Senator Prokop, I think this is the first time you've testified before our committee.

PROKOP: This, this is. You guys have a nice setup here, I really like it.

JACOBSON: It's a pretty, it's a pretty intimating group, but I'm going to let you know it's OK.

PROKOP: Yeah. Yeah, I, I, I appreciate that warm welcome, Mr. Chairman. Well, good afternoon, again, Chair and members of the

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committee. I appreciate your time this afternoon. For the record, my name is Jason Prokop, spelled J-a-s-o-n P-r-o-k-o-p, and I have the privilege of representing Legislative District 27, which is in west Lincoln and covers Lancaster County. Thank you for the opportunity to have a few minutes today to talk about my bill, which would strengthen one of Nebraska's most impactful economic development tools, the Business Innovation Act. And since its enactment in 2011 as part of the Talent and Innovation Initiative, the Business Innovation Act has been a cornerstone of Nebraska's efforts to build a thriving entrepreneurial ecosystem that supports innovators and startups across the state. The act provides early-stage firms with access to capital, technical support, and opportunities to develop and commercialize new technologies, helping to grow Nebraska's economy from within. The programs under BIA, including prototype grants, prototype grants, matching support for federal SBIR/STTR awards, academic research and development grants and seed investment through the Nebraska Seed Investment Fund play a critical role in moving promising ideas to market while creating quality jobs across industries. An independent analysis, impact analysis by the University of Nebraska's Lincoln's Bureau of Business Research shows the BIA-funded businesses have generated \$11.52 in private capital for every \$1 of state funding, and \$15.90 in revenue for every \$1 of state support, results that are among the strongest in the program's history, history. Recently, the Nebraska Department of Economic Development did an internal review of these programs and found that for every \$1 it returned \$15.90 to the state. These firms have helped create 2,386 new jobs with annual wages exceeding \$182 million and produce a total annual economic impact of nearly \$1.2 billion, including \$27 million in state and local tax revenue. These results demonstrate not only a strong return on investment for Nebraska taxpayers but also Nebraska's growing competitiveness in attracting venture capital and commercial success for homegrown companies. From just 13 venture capital ideas-- deals that started in 2011, Nebraska now averages over 60 deals per year, totaling more than \$330 million annually in venture investment, further illustrating the momentum that BIA has helped generate. So the bill before you strengthens the, the Business Innovation Act, providing certainty and sustainability for these proven programs. It does so really by, by three ways. One, it removes the requirement for the Department of Economic Development plans to be approved by the governor streamlining the process while maintaining legislative oversight, mandates a minimum annual funding levels to ensure at least \$4 million per program up to \$6 million for both the prototype and seed assistance preventing year-to-year uncertainty for Nebraska

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entrepreneurs in these critical programs and establishes the legislative intent to appropriate \$50 million annually beginning at FY '26-27, which is in line with what the Governor-- if you might recall proposed in his executive order a few months back. At its core, this bill is about building economic opportunity for Nebraskans, strengthening our innovation infrastructure, and ensuring that the next generation of jobs and companies are created right here in our state. And just-- I, I provided a handout to you all, just kind of shows kind of the historical metrics for BIA. I think just one thing clear, as I was looking at actually right before I was getting ready to step up to the chair here. So if you're looking at the numbers over, over every-- the 2-year period, so that's, that's year over year. So for example the program didn't get \$56.8 million in 2024, it just got additional funds in between 2022 and 2024. So that's historical, that's not annual. But it has been one of the best bets that the state of Nebraska's ever made investing in those programs and the return it's, it's gotten. So with that, I'm happy to answer any questions you all might have.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here. I think we're a long way behind the state in economic development, so I applaud you for that proposal. My question would be, did referencing give you a break by sending you to Banking and Insurance as opposed to the Revenue Committee or the Appropriations Committee? I mean, we're talking about \$15 million, as I saw, in '26-27. That's like now.

PROKOP: Yeah. So Chairman Jacobson and I actually had, had several good conversations about this and I appreciate-- I think I landed in the right spot. I think the Chairman would, would, would agree with me on that.

RIEPE: Safer.

PROKOP: Safer spot with, with many friends here. And, and I, I would tell you Senator Ibach has a bill, actually that's before Business, Business and Labor Committee, that talks more to the pay-for and it's in alignment with, I think, what, what the Governor has, has proposed around the SUI tax, the state unemployment insurance tax, to, to pay for that \$15 million program.

RIEPE: It's in Business and Labor?

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PROKOP: Her, her bill is in Business and Labor, yes.

RIEPE: OK.

PROKOP: Yeah.

von GILLERN: Spreading the load.

PROKOP: Yeah.

JACOBSON: Senator von Gillern.

von GILLERN: Thank you for bringing the bill. A couple of quick questions. I think the fiscal note's fascinating that the math shows 3.75 additional from the General Fund, but that doesn't show up, up above, which seems to be a trend.

PROKOP: Yeah, I think it's, it's not taking into account with the Senator Ibach bill I was just talking about. So the, the plan would be essentially for that SUI tax to pay for the entirety of the, the \$15 million. So that would essentially make the fiscal zero.

von GILLERN: Not arguing with you, but the note, the note can't, can't-- the note can't cross over.

PROKOP: I get it. I don't, I don't, I don't mess with the Revenue Chair when it comes to the numbers. I appreciate that. Yeah.

von GILLERN: No, this continues to, to-- I see this over and over again where the math arrives at a number down below, but it doesn't somehow make it up above.

PROKOP: Sure.

von GILLERN: And then I'm not sure-- and, again, I'm trying to be argumentative. I love the BIA. I think it is, it is, like you said, the return on investment is fantastic. Section 4 says it is the intent of the Legislature, and, and that's, that's not unusual language, but I'm never quite sure what that means.

PROKOP: Yeah.

von GILLERN: That's no guarantee. I mean, that, that is-- every, every year this must come up before Appropriations regardless, right? I mean, this is not a--

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PROKOP: It-- yeah, that intent language issue comes up a lot. I mean, it just kind of stating that, that we would like to do this funds available.

von GILLERN: All right.

PROKOP: Yep.

von GILLERN: This doesn't make it a lock, it's not a--

PROKOP: Right.

von GILLERN: Yeah. OK.

PROKOP: Right.

von GILLERN: All right. Thank you.

PROKOP: Yep.

JACOBSON: Other questions? I, I just have one question. So in terms of the projects that have, that have been used or that have been approved going through this, how much diversification is there throughout the state? How much is outside of Lincoln and Omaha?

PROKOP: There's, there's a lot. And I know there's a handful of folks behind me that are going to be testifying to that. But it is, it is really a statewide program. It has gone to agricultural innovation, biosciences, advanced manufacturing, and those, those locations are all, are all across the state and I think you're going to, going to hear quite a bit more about that here shortly.

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

PROKOP: Thank you. Thank you for the warm welcome to your committee.

JACOBSON: Oh, you bet. Next proponent. Ms. Hassebrook, how are you?

KRISTEN HASSEBROOK: I'm good. How are you? Good afternoon, Chairman Jacobson, members of the Banking, Commerce and Insurance Committee. My name is Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k. And I appear today in strong support of LB1044. But I hope you'll give me a little grace, as this is actually my first time testifying in my personal capacity as a member of the Invest Nebraska Board of Directors. The Nebraska Business Innovation Act is one of the most

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important tools that this Legislature has created to grow companies here at home, retain its young talent, and attract private capital into our communities. When the Legislature adopted the act in 2011, it had responded-- it was responding to a clear warning that Nebraska lacked sufficient early-stage capital and technology commercialization programs. At that time, Nebraska ranked near the bottom nationally for venture investment, and today, because of the Business Innovation Act, our state's entrepreneurial ecosystem looks very different. According to the 2025 State of Nebraska Venture Report that's being passed around to you, the BIA has clearly become a catalyst for early stage funding statewide and now supports prototype grants, seed investments, SBIR matching grants, and academic research programs. You heard Senator Prokop talk about some of the specific numbers, and those numbers represent real Nebraska businesses, real paychecks, and real tax-based growth. One of the clearest examples is CompanyCam, a Lincoln-based startup that received an early \$50,000 BIA Prototype Grant, and that initial support helped launch what has now become Nebraska's first unicorn company valued at \$2 billion in 2025. CompanyCam's leaders have repeatedly credited the BIA, the BIA funding for helping them reach private investors, scale their operations, and keep their headquarters in Nebraska. Today, the company employs more than 160 people in Lincoln and plans to further hire, creating the very kind of high-wage jobs that the Legis-- that this Legislature envisioned when it created the act. LB1044 builds directly on that proven success. It streamlines the administration by letting the department approve its qualified action plan in a timely manner while removing the Governor's approval requirement. It establishes dependable annual funding floors for both the prototype and commercialization programs, and it sets the legislative intent to invest \$15 million annually beginning in fiscal year '26-27. Most importantly, LB1044 sends a signal to entrepreneurs and investors that Nebraska is serious about remaining competitive. Venture capital increasingly flows to states with predictable policy environments and strong early stage pipelines. Nebraska is now attracting hundreds of investors from across the country because this Legislature chose to put its investment into long-term innovation. LB1044 protects and strengthens that momentum and the success is not speculative but grounded in more than a decade of documented results. This program grows companies, creates jobs, and expands the tax base, and it keeps Nebraska talent right here at home. I respectfully urge the committee to advance LB1044. Thank you so much for your time and I'd be happy to try to answer any questions.

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JACOBSON: Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. My question would be this. Have you been working in concert with Aksarben Foundation? I mean, they've been doing a lot of trying to bust out of a sense of not moving any place for economic development, and they put a lot of work and effort. I'm just, again, trying to avoid silos.

KRISTEN HASSEBROOK: Yes, so the Business Innovation Act and Invest Nebraska specifically have kind of been on the ground floor, and so certainly the staff and team there work extensively across the state with all sorts of partners, including Omaha business partners, to make sure that they're not working in a silo, but developing, you know, [INAUDIBLE].

RIEPE: OK. When you say Omaha business partners, just one at a time or--

KRISTEN HASSEBROOK: I guess, I can't-- I can certainly follow up. I can't speak to a specific, like, articulated partnership, but I know that our staff leader-- our, our, our team at Invest Nebraska and staff speak regularly with all those in sort of the entrepreneurial ecosystem.

RIEPE: What about the state chambers?

KRISTEN HASSEBROOK: Absolutely, I believe they might be testifying today.

RIEPE: OK. Thank you, Chairman.

JACOBSON: Other questions? If not, I trust this was not overly intimidating. I, I do get a lot of complaints about Senator Wordekemper being very intimidating, but, but otherwise it usually goes pretty well.

KRISTEN HASSEBROOK: You all are very gracious.

WORDEKEMPER: I'm holding back.

JACOBSON: Thank you. Next proponent.

EMILY ALLEN: Awesome. Chair Jacobson, members of the committee, thank you so much for the opportunity to speak. My name is Emily Allen, E-m-i-l-y A-l-l-e-n. I serve as the Executive Director of Tech

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Nebraska, which is underneath the umbrella of the State Chamber. We are focused on strengthening Nebraska's tech and innovation ecosystem, and I'm here in strong support of LB1044. At Tech Nebraska, our policy work focuses on strengthening Nebraska's long-term economic competitiveness through pro-growth, through pro-innovation policies, through strong public-private partnerships, and ensuring that opportunity reaches communities across our entire state. We have a strong history of supporting the BIA, which has put those principles into action. According to the UNL Business-- Bureau of Business Research, which you already heard a little about report, companies who have been supported through the BIA have raised \$654 million in follow-on capital, which is \$1,152 in private capital for every \$1 of state funding, generated \$903 million in business revenue, or \$15.90 in revenue for every \$1 of state investment and created 2,386 new jobs with average wages of about \$76,500. When you look at the broader impact, these businesses are responsible for about \$1.17 billion in annual economic activities, supporting nearly 5,000 jobs and generating about \$27 million a year in state and local tax revenue, which is a strong return for taxpayers. The BIA fills a gap that private capital usually doesn't fill. It supports companies at the prototype, at the research and early commercialization stages. The point where the risk is highest, but where success unlocks significant private investment. The data shows exactly what's happening here. The BIA has supported Nebraska companies that punch above their weight. According to research from the Nebraska Chamber Foundation, while Nebraska ranks 34th in the country for new business formation, we're ranked 14th nationally in start-up creation perform, perform, excuse me. And this isn't limited to an industry or region, awards span ag, manufacturing, bioscience software. It's a statewide tool that helps companies grow in Nebraska rather than leaving else-- leaving to find support elsewhere. Tech Nebraska was tremendously pleased when the Governor expressed his enthusiastic support for the continuation of the program. And we are likewise enthusiastic, a lot of enthusiasm from us about the \$15 million General Fund support that LB1044 would reestablish. The uncertainty around recent awards is what concerns entrepreneurs and investors that we have the opportunity to work with. Companies making decisions about where to grow, they look for stability. Other states are expanding their innovation programs and LB1044 is going to help Nebraska send a clear signal that we intend to compete. In the future, the Nebraska Chamber and Tech Nebraska would support building upon this process-- progress, excuse me, by resumption of funding for the BIA from the General Fund, rather than through a reallocation of combined tax revenues as provided for in

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other legislation you heard about today. The BIA and LB1044 will make sure it keeps working for companies, for workers, and Nebraska's long-term economic growth. Thank you, and I'm happy to answer any questions you may have.

JACOBSON: Any questions? Senator Riepe.

RIEPE: Yes. It seems like a worthwhile project. Thank you for being here.

EMILY ALLEN: Thank you.

RIEPE: Is it worthy of the state of Nebraska issuing a high-risk \$50 million, \$100 million bond issue to implement this particular program, to do it on borrowed money?

EMILY ALLEN: I don't envy any of you sitting behind these chairs having to make decisions like that. And I'm grateful that I'm not the one who's going to have to make this decision. But when we think about an economic development perspective, this is more of a measurable ROI tool that the state has. The companies are going to generate revenue and you're giving, I believe one of the previous testimonies said it was a \$50,000 investment that turned CompanyCam into our first unicorn \$2 billion, but they're going to generate revenue wages above the state average in tax revenue. So \$27 million annually in state and local tax revenue is tied to the BIA supportive companies. That's not speculative. That's real impact. And that's ongoing economic activity that's going to strengthen in our tax base, so I don't envy you making that decision. But when we have a program that the Legislature put in place in 2011 that has real results that has real data behind the results, I think it should be an easier decision for you to make when you can point to the data.

RIEPE: But the way you've described it, then we should borrow all the money that we could possibly come up with because we're going to be able to leverage it.

EMILY ALLEN: Well, I think you should tell them back there that they have a bigger fund with Invest Nebraska then.

RIEPE: OK. Thank you, Chairman.

EMILY ALLEN: Thank you.

JACOBSON: Other questions? Senator Dungan.

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DUNGAN: Thank you, Chair Jacobson. Thank you for being here. Appreciate your testimony and your experience. Agree that the BIA has been a fantastic return on investment, and I think we should support it however we can. I was reading Senator Ibach's bill, which pertains to the funding mechanism. I think it was mentioned in Senator Prokop's opening, and maybe you can answer this, maybe you can't. You made a brief comment towards the end of your testimony about funding of the BIA through either the General Fund or through the SUI tax. I was reading her bill about that when you said that. Could you just reiterate your thoughts on the funding mechanism and what I guess you would like to see as the funding mechanism for the BIA program?

EMILY ALLEN: I would prefer the-- we want the BIA fully funded. We would love the increase to \$15 million. And I would-- Tech Nebraska strongly supports the General Fund and I would defer any specific questions about the SUI to maybe people who have a little more experience with the SUI.

DUNGAN: And I don't want to put you in a tricky predicament. I was just curious what your testimony said, because I just missed that sentence while I was reading the Senator Ibach bill, so.

EMILY ALLEN: Just that, yes, we would-- man, it was so good, I can't even find where it is. But, no, just we would-- the Chamber and Tech Nebraska would support building upon this progress by the resumption of funding for the BIA from the General Fund rather than through a reallocation of combined tax revenues.

DUNGAN: And that-- and I appreciate that. And that's-- obviously, I, I have not dug into it as deeply yet. We're kind of all taken, like, 15 different directions, but I do have concerns about, you know, the SUI tax is going to be removed from one tranche to another and how the funding works and are we robbing Peter to pay Paul, all those analogies, right? But I appreciate your information about the BIA. I think it's shown real true return on investment, and I appreciate that. So thank you.

EMILY ALLEN: Thank you.

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

EMILY ALLEN: Thank you.

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LAUREL OETKEN: Good afternoon. Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Laurel Oetken, spelled L-a-u-r-e-l O-e-t-k-e-n, and I serve as the CEO of Open Range, a newer nonprofit organization that serves as a backbone for Nebraska start-up and innovation ecosystem. We launched in 2025 to work alongside founders, entrepreneurial support organizations, corporations and public partners to strengthen coordination, elevate what's already working, and help to ensure Nebraska's innovation economy is accessible and competitive statewide. I'm here today to provide a brief testimony in support of LB1044, which makes important updates to the Nebraska Business Innovation Act by refining how projects are selected and funded to accelerate product development, commercialization, and start-up growth across the state. As you've heard since its passage in 2011, as a part of the Nebraska Talent and Innovation Initiative, the BIA has proven to be one of Nebraska's most effective tools for supporting early-stage companies, commercializing Nebraska-based innovation and driving high-wage, innovation-led economic growth. Through programs such as the prototype grants, SBIR and STTR matching, matching grants, excuse me, academic research support, and seed investment, the BIA has truly provided critical early-stage capital that helps companies move from idea to market, attract outside private investment, and retain talent right here in Nebraska. In 2025, following a review of the BIA's performance, state leadership reaffirmed the importance of this program by restoring funding and strengthening support, recognizing its value as a true driver of innovation and economic competitiveness. LB1044 builds on this strong foundation by modernizing key provisions of the Business Innovation Act and improving how these funded-- how these projects can be funded and evaluated long term by providing alignment through the program with the current economic conditions and ecosystem needs. From our work directly with founders, and partners throughout the state, we see how essential this early-stage support is to closing financing gaps that often determine whether a company chooses to grow in Nebraska or leave the state. Strengthening the Business Innovation Act through LB1044 will help Nebraska continue to support its founders, attract outside investment, and create high-quality jobs in both urban and rural communities. For these reasons, I respectfully urge the committee to advance LB1044. Thank you for your time and consideration, and I'm happy to answer any questions you may have.

JACOBSON: Questions? Senator Riepe.

RIEPE: My first question. I'm not familiar with your organization.

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LAUREL OETKEN: Sure.

RIEPE: Where are you located?

LAUREL OETKEN: We're based in Omaha, really, but with a, a purpose of serving the broader ecosystem across the state. Our organization launched in support of really wanting to bring a lot of the ecosystem partners together. A prime example of the work that we've done actually most recently actually pertains to the BIA. We created a coalition group to talk about this issue, knowing that a lot of founders that we support really saw an opportunity for this to continue. So we've been working actively with about 20 partners throughout the full state of Nebraska to talk about this legislation but also to ensure that our founders receive the support that they need and truly we are based in Omaha but want to be a statewide organization.

RIEPE: Are these venture capitalists or are these-- is that--

LAUREL OETKEN: Sure, we're, we're not a venture capitalist group, we're actually grant funded and supported by a couple of the foundations based in the state of Nebraska, truly a 501(c)(3) nonprofit. We have a small board, but really work to support the broader ecosystem.

RIEPE: Have you had, had any victories so far? You started in '25.

LAUREL OETKEN: Yes, we're, we're pretty new. We launched publicly just this last June. I was just named as the CEO of the organization last Monday. So asking for a little bit of grace from the organization, but prior to that actually worked with Tech Nebraska and the State Chamber, and so this issue and supporting the BIA is deeply important to me and to our organization as well.

RIEPE: OK. Thank you, Chairman.

LAUREL OETKEN: Thank you.

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

LAUREL OETKEN: Thank you.

JACOBSON: Next proponent.

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BRIAN ZIMMER: Chairman, members of the committee, good afternoon. For the record, my name is Brian Zimmer, B-r-i-a-n Z-i-m-m-e-r. I'm testifying today on behalf of Don't Panic Labs, the Lincoln Chamber of Commerce, and the Omaha Chamber of Congress in support of LB1044. I'm Chief Strategy Officer at Don't Panic Labs, a 40-person software innovation company based here in Lincoln. We partner with everyone from entrepreneurs to publicly traded companies to bring their ideas to life and also upskill their workforces. I grew up on a farm near Bellwood, Nebraska, and started my first IT consulting business while still in high school. After graduating from the university, I made the decision to stay here. I've also served as faculty for the Raikes School, led the creation of EliteForm, performed investment diligence for the Nebraska Global venture capital fund, and I participate in the Nebraska Angels. My entire career has been focused on building Nebraska's innovation ecosystem, and have a unique perspective on what works. The Business Innovation Act has been the right solution for our ecosystem. Fifteen years ago, Nebraska investors weren't ready to invest in idea-stage technology ventures. They needed to see something tangible. The Prototype Grant addressed that gap, helping entrepreneurs turn ideas into working prototypes that investors would back. The Seed Investment Program added diligence, matched funding, and the confidence our investors needed to make impactful investments in early-stage ventures, Together, they created momentum. This momentum is not limited to just technology companies. Every business now must become a software company in order to compete. This includes innovation in agriculture, biosciences, manufacturing, insurance, and other cornerstone Nebraska industries. This is a crucial moment for Nebraska's innovation ecosystem. We've had successes and failures. Both have built the experience and the networks that are now producing results. With successes like CompanyCam's \$2 billion valuation, more people believe success can happen here, and they could be the ones to do it. At the same time, advances in AI are creating more opportunities than ever for the creation of new ventures. These opportunities are more complex, which makes the BIA resources even more critical. They create the conditions for innovators to partner with experts who can compress their launch timeline and increase their chances of success. This combination of readiness and opportunity is rare. The BIA has provided the oxygen for us to get this far. Now is the time to maintain or increase the flow so we will not miss this moment. I'd also be remiss if I didn't note that the business groups are torn on this funding source discussion. We appreciate all the legislative bills senators have offered standing up and advancing the BIA program. We also appreciate the current budget situation and how

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it complicates this funding discussion. I urge you all to strengthen the BIA by maintaining or increasing the funding, especially the Prototype Grant and Seed Investment Programs. These are the tools that have grown our ecosystem and will continue to do so at this moment. Thank you and I'm happy to answer any questions you have.

JACOBSON: Questions? Senator Riepe.

RIEPE: Thank you, Chairman.

BRIAN ZIMMER: Yeah.

RIEPE: I'm always, I guess, befuddled maybe at missing parts. You have the Lincoln Chamber, the Omaha Chamber, what about the State Chamber?

BRIAN ZIMMER: Emily was here testifying on their behalf as part of Tech Nebraska.

RIEPE: I saw a waving hand back there. Oh, OK. OK, fair enough. I was just trying to figure-- wanted to know if they were in some way on the outs on this or whatever. OK. Thank you, Chairman.

JACOBSON: Other questions? If not, thank you for your testimony. Are there any other proponents?

DEVON SEACREST: Good afternoon, Committee Chair Jacobson and members of the Banking, Commerce and Insurance Committee. For the record, my name is Devon Seacrest, spelled D-e-v-o-n S-e-a-c-r-e-s-t. I appear before you today as the cofounder and CEO of CodeBuddy, located in Lincoln, Omaha, and McCook, Nebraska, and in full support of LB1044. CodeBuddy is tearing down barriers to building new software. Our mission statement reads: The world will be a better place when anybody can build software to improve their lives. Through a combination of building our own surgically-focused AI development tools and a network of human software professionals, we are helping companies build software that they could have never forwarded faster than they could've imagined. Not just software to be the next billion-dollar Facebook, but custom software that is helping measure seed size and maturation in rural Nebraska. Software that helps military trainers prevent injury and fatigue by tracking the pressure placed on the soles of the soldiers' boots. Software that helps residents in Texas navigate the complexities of unregulated electrical markets. Software that is helping a girls' school in London assess their students with less social bias. And software that is helping a manufacturing company in Nebraska double their revenue and production in a matter of months.

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Our company has maintained a competitive advantage against venture-backed AI developer tools that have raised billions of dollars. We've successfully stood up against China's largest corporation, Tencent, for trying to infringe upon our U.S. trademark and technology. We've onboarded over 8,100 companies onto our platform, growing at a rate of 250 new companies per week. We've raised over \$1.5 million and served customers in over five different countries in three different languages. I'm not sure if I could have said any of that without having received support from the BIA. Such programs such as the Prototype Grant and the Seed Fund. We submitted our first Prototype Grant for CodeBuddy in September 2021, outlining an AI-like chat bot for developers over a year before ChatGBT released to the public in November of 2022. The Prototype Grant helped us take a leap of faith into the world of entrepreneurship. The Seed Fund through Invest Nebraska helped sponsor our local accelerator, generator, and motion, who helped us close our first seed round in under four weeks. The Seed Fund also helped us participate in our second fundraising round, bringing in an additional \$872,000 in funding, over 60% of that capital coming from out of the state of Nebraska. 11 out of 11 of our hires have been Nebraska natives or Nebraska transplants. Our average wage for state payroll taxes is over \$90,000 per employee, and over 80% of our sales revenue now flows into the state of Nebraska from out of state or out of the country. Start-ups like-- start-ups are the majority of net job creators in Nebraska and the U.S. economy. Companies like CodeBuddy are bringing massive new innovation and research in AI, keeping the Midwest as an active zone of innovation and economic development. Economic development programs like Prototype Grant and Seed Fund are the few exceptions that help increase our state's available budget. Thank you for your time, and I'd be happy to answer any questions.

JACOBSON: Questions from the committee? Seeing none, thank you--

DEVON SEACREST: Thank you.

JACOBSON: --for your testimony. Next proponent.

PHIL ERDMAN: Senator Jacobson, members of the Banking, Commerce and Insurance Committee, Phil Erdman, P-h-i-l E-r-d-m-a-n, representing the Iowa-Nebraska Equipment Dealers Association. We're here to share our thoughts and support for LB1044. We are also the operators and owners of the Nebraska Ag Expo, which is the second largest indoor farm show in the United States. And just like we invited you all last year, we hope you'll join us this year, December 8th through the 10th

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in Lincoln. We're testifying in support of the BIA, just like we testified in front of the Appropriations Committee last year in opposition to the cuts to that program because we think that the program helps small and start-up businesses bring new ideas to life in Nebraska. As you know from our conversations on ag data, agriculture is changing fast and technology is helping farmers to grow more food while using fewer resources. Some of those latest in tools include smart irrigation systems, AI-powered crop management, and autonomous vehicles. At the Nebraska Ag Expo, we have a special area called the Innovation Hub. This is where the latest ag technology is displayed. It brings together farmers, business owners, and investors who want to support new ideas and create jobs in agriculture in Nebraska. We have welcomed companies from Switzerland, Israel, Brazil, Australia, Canada, and many other states to the Hub. However, we're especially proud of the Nebraska businesses that we have invited and who have participated in this space. In my testimony, I list a handful of the companies that, that have been in our show and call Nebraska home. Senator Jacobson, just for your reference, ALA Engineering is based out of Gering. They're working on an autonomous speed truck, something that would become pretty important, I think, in the future of, of livestock production, especially in western Nebraska. And there's a number of other companies that, that you would recognize listed on your testimony. The disruption of the BIA funding and programming last fall impacted the momentum that was occurring for the last 15 years. It put at risk jobs, investment, and opportunities, and it sent a message that instead of encouraging and attracting companies to locate or start here, they should look to other states. Thankfully, that effort was changed, and the Governor and his administration has reiterated their support for the program, and they recognize what I think we've all heard today. Nebraska has everything that a company needs to grow and succeed, and especially in ag technology. When businesses look for a place to grow, they want a strong market for their products, opportunities to evaluate and develop their ideas, and support from experts in their field. So we're grateful for that course correction, and we believe that by adopting some commonsense reforms to the BIA and LB1044, we can provide stability in this volatile economic space and help small and start-up businesses grow, create jobs, and keep Nebraska at the front of agricultural innovation. Thank you.

JACOBSON: Questions? All right, seeing none, thank you for your testimony.

PHIL ERDMAN: Yep.

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JACOBSON: Is there anyone else who wants to speak as a proponent on this bill? Anyone wishing to speak in opposition to the bill? How about neutral testifiers? All right, seeing none, Senator Prokop, you're welcome to close. I have-- we did receive a couple of comments in here, we had, we had three proponent letters, two opponent letters, and zero neutral letters, no ADA.

PROKOP: Thank you, Mr. Chairman, again, for, for your time this afternoon and, and to the rest of the committee members as well. Just a couple, couple things to close on. One is specifically around why I decided to set the \$4 million floor around the prototype and commercialization seed fund programs, those have proven to, to show great returns on investment. And so making a targeted push in those areas, I think, gives us an even better return on investment as far as what we've, we've, we've invested there, have decided to invest in the past. And then in regards to some of the questions around funding specifically for the program. So I took a look at Senator Ibach's bill while I was sitting back here and it, it creates the Business Innovation Act Cash Fund and it speaks to the SUI tax specifically on that. And I would say as a member of, of the Appropriations Committee, you know, General Fund dollars, and, and putting anything like that does concern me. And so I think SUI tax is definitely the preference. And as I've, as I've had conversations with Senator Ibach as well, I think-- I believe that's her intent, too, to, to marry these things up. So the last thing I would just mention is, I think the program has been so successful because it fills that gap as far as initial dollars that BIA has put into the program. It's, it's kind of ahead of the time where you're going to get private investment. So it's, it's giving-- it's given so many Nebraska companies that we all know now kind of that launching pad to, to be really big successes and, and create great paying jobs for, for our fellow Nebraskans. So thank you very much.

JACOBSON: Thank you. Any questions? Yes, Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you, Senator Prokop. So you heard my questions earlier, and I think you've answered some of them. Broadly speaking, I'm trying to just sort of connect the dots between your piece of legislation, Senator Ibach's piece of legislation, and then some of the press releases and news reports we had from the Governor back in December with regards to the reversal of the course we had on the BIA. It sounded like the original issue was there was a freeze on some of the grant money that had been going out and I think a lot of the business community, many who testified today, were very

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nervous about that. Then there was this pronounced shift of we're actually going to continue to fund the BIA. In fact, we're going to put 15 million more dollars into the BIA. As Senator von Gillern indicated, this bill has that intent language of we intend to give the \$15 million in the next fiscal year. Is it your understanding that the, I guess, appropriation or the hope of filling that \$15 million hole is incumbent on Senator Ibach's bill passing? Does that have to happen for this to continue to be funded?

PROKOP: Yeah, so that would be the pay-for, and it is in the budget, the, the \$50 million in the budget for that. So-- and you've got the history on it right, so actually as part of the budget considerations last year, the program was going to take about a \$5 million cut that, ultimately, got reduced down to 2.5, and then as some of the information came out, and, and you're absolutely right on, on the, on the grant freezes, and I think as more information came out of reinstating of that, and not only a, a, a-- keeping it at the 12.5 but increasing it to the \$15 million because we've seen the kind of impact for it, but there's, there's language in the, in the budget bill around this and I think it's just marrying all three of the budget bill, Senator Ibach's bill, and this all together.

DUNGAN: OK, and that's kind of what I'm trying-- I'm just trying to wrap my head around the funding. I know that-- I looked at Senator Ibach's bill here and it's lengthy. So I was trying to read it while we were here. I also had a chance to go in and look at the comment section for Senator Ibach's bill. I know we're not on that bill right now,--

PROKOP: Yeah.

DUNGAN: --but there's an individual that submitted a comment that I would encourage everyone to go look at who benefited from the BIA, talked about how the BIA built their company, made it what it is, and how they're concern is that if we switch to a funding model like what Senator Ibach has proposed, the BIA is not consistent, it makes it more volatile, certainly makes it more difficult, I think, moving forward for the businesses we've heard about to benefit from it. So I guess I have a little bit of heartburn about that funding mechanism, but you on the Appropriations Committee understand how hard general funds are.

PROKOP: Yeah, and I, I, I wouldn't disagree with you at all. I mean, general funds definitely would be, be the priority in any way, shape,

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or form, but I think, based on current circumstances, just making sure that there's funding in the program to make it work and, and advance more programs, so.

DUNGAN: Well, thank you for all your work on this. Appreciate it.

PROKOP: Yeah, thank you.

JACOBSON: All right, thank you. Well, this concludes our hearing on LB1050-- LB1044, rather, and it concludes our committee hearings. We'll, we'll plan to exec tomorrow after we get done. We have a few bills we'll take a look at along with a, a confirmation. So with that, we're adjourned.