

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Well, 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 chairman of the committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill 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 up and testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify today but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit to the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents of the bill, and finally, anyone wishing to speak in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using a three-minute light system for all testifiers. When you, when you begin your testimony, the light will turn-- on the table will be green. When the, when the yellow light comes on, you have one minute remaining, and the red light indicates that you need to wrap up your, your final thoughts and stop. Questions from the committee maybe-- may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It 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 up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position 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 in the committee statement. I might add that we do have 7 bills, I

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Rough Draft

believe, today, if I counted right, so we will try to move as quickly as we can. I would encourage any testifiers that if you're-- if someone has said what you want to say, you can certainly fill out the yellow sheet and not have to testify separately, but, but I would encourage you to, to testify if you're here to do so. I will now have the committee members with us today introduce themselves, starting with my left. Senator Riepe.

RIEPE: Thank you, Senator-- Chairman Jacobson. First of all, I want to say how excited or eager I am to hear our young testifiers here in our front row. So, I am Merv Riepe. I represent District 12, which is defined as city of-- little town of Ralston, but also mostly Omaha and Millard. So I'm an Omaha Senator, but thank you. Thank you, Chairman.

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

HARDIN: Brian, Brian Hardin, District 48, way out west.

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

DUNGAN: And I am George Dungan, LD 26, northeast Lincoln.

JACOBSON: Also assisting the committee today to my right is our legal counsel, Joshua Christolear, and to my far left is our committee clerk, Natalie Schunk. Our pages for today are, are-- that are here today are Jessica and Teresa, both students at UNL. With that, we will begin today's hearing with LB762, Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Good afternoon, Chair Jacobsen and fellow members of the Banking, Commerce, and Insurance Committee. I'm Senator George Dungan, G-e-o-r-g-e D-u-n-g-a-n. I represent Legislative District 26, in northeast Lincoln. Today, I'm very proud to be introducing LB762, which, to put it very simply, requires insurance coverage of pediatric autoimmune disorders, commonly known as PANS, P-A-N-S, and PANDAS, P-A-N-D-A-S. PANS, P-A-N-S, is a-- is Pediatric Acute Onset Neuropsychiatric Syndrome, and PANDAS, P-A-N-D-A-S, is Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections. PANDAS is a subset of PANS specifically triggered by strep, strep throat-- strep infections. PANS is a clinically-defined disorder characterized by the sudden onset of things such as obsessive-compulsive symptoms or eating restrictions co-occurring with acute behavioral deterior-- deterioration in at

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Rough Draft

least 2 designated domains. Comorbid PAN symptoms may include things such as anxiety, sensory amplification, or motor abnormalities, behavioral aggression, deterioration in school performance, mood disorder, urinary symptoms, and/or sleep disturbances. PANS does not require a known trigger, although it is believed to be triggered by one or more pathogens. PANDAS, the pediatric autoimmune neuropsychiatric disorder associated with streptococcal infections, is a subset of PANS, and it was first reported by a team at the National Institute of Mental Health in 1998. PANDAS has 5 distinct criteria for diagnosis, including: abrupt "overnight" OCD or dramatic disabling tics; a relapsing, remitting, episodic symptom course; young age at onset-- average between 6 and 7 years; presence of neurological abnormalities; and temporal association between symptoms onset and Group A strep infection. The 5 criteria are usually accompanied by similar comorbid symptoms, as I previously mentioned, found in PANS. Precise annual diagnosis numbers for PANS or PANDAS are unknown, due to underdiagnosis. A 2023 study found that an annual incidence of 1 in 11,765 children, aged 3 through 12, although this is likely a very conservative estimate, which you might hear some more testimony about later. Key aspects of PANS and PANDAS. The symptoms beyond abrupt OCD and tics: children often experience mood swings, depression, irritability, severe anxiety, hyper behavior, bedwetting, or handwriting deterioration. The autoimmune system oftentimes mistakenly attacks healthy brain cells, likely due to an inflammatory response triggered by infections, as I said, such as strep or other pathogens. This is-- I want to be very clear-- a clinical diagnosis, meaning it is made by ruling out other conditions based on the sudden onset, age, and behavioral symptoms. With early and appropriate treatment, many children can experience significant improvement or even remission. The long-term effects, however, if left untreated, the inflammation can persist, causing long-term neurological and psychiatric issues This is a general overview of PANS/PANDAS. We have many testifiers after me who will speak after this and can provide facts and details about the medical aspects of this, as well as what life is like living with PANS/PANDAS. Colleagues, I very much want you to listen to the testimony of these people and put yourself in their shoes for just a moment. I'd ask you to contrast their testimony with that of the opponents and simply to ask yourself what is the right thing to do. I did not know what PANS or PANDAS was when I started working on this bill. I'll be totally honest. It's something that was completely foreign to me and many folks that I've talked to about this similarly have not heard about it. And I tell folks I'm working on a bill to deal with PANS or PANDAS. They say, what's that? PANDAS, like the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

bear, right, and we have a little laugh about it. The more that I've learned, though, about this illness, the more serious and significant this has become. I don't want to be overly dramatic, but I do think that the testimony you're going to hear after me, both from medical professionals as well as individuals who have been affected by this, will underscore the importance of this piece of legislation. To put it very simply, insurance is currently covering the treatment for this sometimes, but denying coverage for others. When coverage is denied specifically for the rarely used but often necessary IVIG treatment, the infusions of other people's antibodies, it can cost up to \$15,000 per infusion. Those infusions can then go on regularly for up to 8 months. If insurance doesn't cover this, it can bankrupt a family. And so I think that because it is such an unfamiliar illness with many people, it's not an issue that many people talk about, but many other states have started addressing this as well. Over 14 states have passed very similar legislation to what we have here, simply requiring that insurance do cover what is prescribed by a medical professional for treatment for PANS/PANDAS. I think you are specifically going to hear testimony about the very expensive infusions, the IVIG treatment. I want to make very clear that that is only used at the very end of all other things, in terms of other possible treatments, and it's not used in every case. But when it is used, it is very, very necessary. So with that, I will be happy to answer any questions you might have. I do have a bill that is up third in Education that I'm balancing with this, so if I have to duck out for a little bit to go intro that, I will come back and likely do closing in my bill, as well.

JACOBSON: Well, we're not going to take it personal if you have to leave.

DUNGAN: Thank you, I appreciate that.

JACOBSON: Questions from the committee? Senator Hallstrom.

HALLSTROM: Senator Dungan, you mentioned early and appropriate treatment. What would that be, and is that before you get to the point of IVIG infusions?

DUNGAN: That is correct. Yeah, so the medical experts coming up after me can speak more to what the specific prescriptions might be that could help with that. I believe antibiotics, something as simple as that, when caught early, can actually have huge, positive effects on this, but-- exactly. There's other--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HALLSTROM: And those would be covered by insurance?

DUNGAN: That's exactly right. Yeah. There's preventative measures that are much cheaper and save money that as long as they're caught early enough, can, can prevent needing the IVIG treatment, so it's only sort of a-- as I understand it, like a last resort kind of prescription that they get to.

HALLSTROM: And then you indicated the IVIG infusions for up to 8 months. How frequently during that 8, are we talking weekly, monthly, bimonthly, if you know?

DUNGAN: It is weekly, I believe, maybe bi-weekly, we have some folks coming up after me who actually receive that treatment, so they can tell you more about their personal experience.

HALLSTROM: OK. And any anecdotal evidence or otherwise, on what insurance companies have done in the 14 states where this has become law?

DUNGAN: I have actually had a chance to meet with some representatives from the insurance companies. I have not gotten that answer, as to what it's actually looked like in other states that have passed this. I know that it hasn't obviously bankrupted those states, and that it's worked out OK. But I think, again, that might be a good question for some folks who are going to come up and possibly testify from the insurance side of things.

HALLSTROM: OK. Thank you.

DUNGAN: Thank you.

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

DUNGAN: Thank you.

JACOBSON: And you're going to, you're going to stick around while you can.

DUNGAN: I'll wait as long as I can.

JACOBSON: And, and then you'll slip back for a close if you can. Thank you. All right. I would-- I invite the first proponent to step forward.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

PHIL BOUCHER: Good afternoon.

JACOBSON: Good afternoon.

PHIL BOUCHER: My name is Phil Boucher, P-h-i-l B-o-u-c-h-e-r. I am a pediatrician here in Lincoln, and I have the privilege of getting to take care of a lot of families that are going through PANS and PANDAS. We've actually known, as a, as a medical entity, about infections causing behavior changes since the 1600s, way before microscopes or bacteria or DNA was understood, There was a doctor named Dr. Sydenham, who recognized that there was a contagious element that was causing children to have unusual movements. And Dr. Osler, who's considered the father of modern medicine, recognized that strep infections would cause behavioral changes in children, OCD, the things that Senator Dungan talked about. There's a number of infections that can cause changes in behavior, from strep, to rabies, to influenza, to mycoplasma. And the, the, the molecular understanding is that PANS, in particular, causes the immune system to misfire. The immune system gets revved up, it attacks the wrong cells in the brain, which causes the inflammation, which then results in the, the symptoms that Senator Dungan spoke to, the OCD, the difficulty eating, and the restricted eating, the behavior changes. We typically begin treatment with treating the infection and reducing inflammation with non-steroidal anti-inflammatories or steroids. But a subset of these children-- and studies show that it's about 10%-- so we're taking something that's on the rarer side of conditions, and then about 10% of those children need IVIG in order to recover. IVIG has been around for decades. It's FDA-approved for a number of different immune system conditions. And there's been a number of randomized control trials that have shown that in PANS and other neuropsychiatric conditions with OCD as a predominant symptom, that IVIG helps to decrease and eliminate those symptoms in, in those children, adolescents, and adults. It's certainly safe and effective. It's not the first line. But for children that need it, it is life-changing and life-altering in their trajectory and their disease course. With that, I obviously support this bill, and will be happy to answer any questions.

JACOBSON: Any questions? Yes, Senator Hardin.

HARDIN: Do we know the prevalency? For example, in a state of 2 million people, how many kids may have to face this?

PHIL BOUCHER: Annually, I would estimate that there are probably less than 100. So it's unusual.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HARDIN: And so, 10% of the 100 would need the IVIG.

PHIL BOUCHER: Correct. So it's quite the small number.

HARDIN: I see. Thank you.

JACOBSON: Other ques-- Senator Riepe.

RIEPE: Thank you, Chairman. In your practice-- if you have 100 in the state, it's probably fairly small-- who do you partner with, then? Do you partner with a neurologist and a, a psychiatrist, maybe, or mental health, or what's your-- what's the team that you have to put together when you have a-- and I assume there's nothing short of a, a very serious case.

PHIL BOUCHER: Right.

RIEPE: There's not a mild case or there's a-- it's a case and it's a serious case. Who do you partner with and what kind of intervention can you do? Is there no prevention? Will this be something that one can outgrow, or is it just--

PHIL BOUCHER: Right. So, so typically, they do outgrow it, and symptoms diminish.

RIEPE: At what age? Can you tell me?

PHIL BOUCHER: After puberty, typically, is when we see less symptoms. A lot of it depends on how quickly it is identified and managed. So a lot of children will go months if not years before it's identified that this is actually what's going on. Their behavior changes, their OCD is not just a genetic underlying predisposition to OCD. It happened after an, an infection that was otherwise just, you know, a cold, or a sore throat, or something along those lines. As far as our team goes, we typically--we have our, our pediatrician, we have therapy that is often involved. In some cases, we'll involve neurology, or immunology, or rheumatology, and so it does take a lot of different pieces to put the puzzle together, often, when it comes to treatment. And then if we do need IVIG, then that's typically done as an outpatient, in the hospital setting or in the home. And so, there's the infusion team and everyone involved there, as well.

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

JACOBSON: Other questions? Senator Hallstrom.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HALLSTROM: When we look at mandated benefits, as we tend to call them, oftentimes it's looking at investigative or experimental drugs. Where, where's the IPIG infusions on, on that continuum? Is it considered investigatory or experimental?

PHIL BOUCHER: Right. So it, it has-- so IVIG, in general, has FDA approval for a number of immune conditions. And there are a number of consensus statements from different bodies, one out of Stanford, the Neuroimmune Foundation and others, that have put together the consensus on guidelines, because this is a rare condition, and so-- and IVIG is recommended by them. There isn't specific FDA approval for PANS treatment because it's not a well-understood condition and we're still learning, but there are a number of large institutions, Stanford, Mass General, others, that, that investigate and, and come up with treatment plans, and IVIG is considered to be a standard protocol treatment for those severe cases.

HALLSTROM: Is FDA approval in the process or in the works?

PHIL BOUCHER: That I'm not sure on.

HALLSTROM: OK. Thank you.

JACOBSON: Other questions? I, I just have one. So is there a specific test that can be-- how do you, how do you determine that it's PANS or PANDA?

PHIL BOUCHER: Right. So there isn't a specific clinical test, so we spend a lot of time ruling out other things that it could be, looking for previous history of infection, and then looking at the time course of when they developed their OCD, their behavior changes, their restrictive eating, in correlation to any infections that they may have had. But it is a clinical diagnosis that has strict criteria when it comes to making the diagnosis, but there isn't any specific blood test that you can order that says this is PANS or this isn't PANS.

JACOBSON: And, and Pediatric Society, where, where are they at on this?

PHIL BOUCHER: The AAP recently recognized that PANS is a real, clinical entity. They didn't get into the specifics around treatment recommendations because it is so rare compared to the-- everything that the, you know, general pediatricians face on a regular day-to-day basis, that there wasn't specific guidance when it comes to what

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

treatment should be provided, but it is recognized as a real, clinical entity

JACOBSON: Well, I'm guessing we're going to hear from some insurance-- from insurers. But is that, in your mind, the primary reason why we're seeing-- not always covered by insurance?

PHIL BOUCHER: I think that the, the-- my guess would be that the main reason that insurance doesn't always cover it is because it is expensive, and there isn't the, the strongest-- like it's not as common of an illness that we have, you know, thousands of children that have benefited from it, that, that we can say definitively, this is the standard of care. I guess that's still an evolving piece.

JACOBSON: Right. OK. All right. Well, thank you. Other questions? If not, thank you for your testimony. I'd ask for the next proponent.

PHIL BOUCHER: Thank you.

JACOBSON: How are you?

VIOLET TROUPE: Good.

JACOBSON: Good. You can say and spell your first and last name. That would be a great start.

VIOLET TROUPE: Hello. My name is Violet Troupe, V-i-o-l-e-t T-r-o-u-p-e. I'm 10 years old and I have PANS/PANDAS, also known as "brain on fire." When my immune system tries to defend me-- oh, one sec. Here is what life would be like if I could get treatment and not be bothered by PANS anymore. When my immune system tries to defend me, it would not also attack my brain. I would no longer hurt people I love by shouting, hitting, and kicking. I would be able to eat a variety of foods I once would not eat. I would finally be able to stop having mouth noises that bother classmates and make it hard to concentrate and learn for both me and those around me. I would stop trying to avoid school by hiding in the dryer. My parents would not have a hard time, time trying to get me out and into school. I would finally be able to get the sleep I need so I would be refreshed in the morning, instead of struggling all night to fight for sleep. I could stop taking lots of medicine and live just like any normal kid. I would have lots of friends who are not bothered by all of my PANS symptoms. Will you make this future possible for me and my sister? The longer we wait to treat me, the harder it is for my treatment to work. Will you please help us?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: That was outstanding testimony. If I were going to rate that on most of our testifiers, you're well above the average. Questions from the committee? Senator Hardin.

HARDIN: Thanks for being here, Violet. So tell me about sleep time. What, what, what is night like?

VIOLET TROUPE: Well, well when I have-- when I am-- like at night, no matter if we give me 3 melatonins, which are sleep medicine, or one, I just can't fall asleep. One night, I didn't get sleep at all, and the rest of the nights, I'm like-- only fall asleep until like 5 a.m. And I couldn't get sleep, and I was worn out at school. It was very bad.

HARDIN: Thanks for sharing that.

JACOBSON: Other questions? If not, again, thank you very much for being here to testify. You did a great job. Oh, I have more. Talk to Senator Hallstrom.

HALLSTROM: Violet, I just want to thank you for coming in today, and for coming into my office earlier, and filling me in on, on what you face. Thank you.

JACOBSON: Thank you. You can go ahead and go back to your original seat. Thank you. Next testify- next proponent testifier. Hello.

ZOEY FANL: Hi.

HARDIN: Me, too.

ZOEY FANL: Hi. My name is Zoey Fandl, Z-o-e-y F-a-n-d-l, and I'm 10 years old. I'm in the fifth grade at Wysong Elementary here in Lincoln. I have been battling PANS for approximately 6 years. I'm here to tell you that IVIG has made a difference in my recovery journey. Please help those who are unable to afford IVIG. Without IVIG, the only treatment that is successful for me is steroids when I'm in a flareup. I can't be prescribed steroids long-term, so IVIG helps me stay stable. Thank you for taking the time to meet with us, and I hope you will understand the importance of LB762.

JACOBSON: Thank you. Questions from the committee? All right. Seeing none, thank you. You must have done such a great job, they had no questions at all. Thank you. Next proponent. Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

ELIZABETH FANDL: I am Elizabeth Fandl, E-l-i-z-a-b-e-t-h F-a-n-d-l. Our daughter Zoey's life has been profoundly affected because her PANS was not recognized or treated in time. By the time we were connected to the appropriate professionals, we were already in a medical crisis. We have traveled across multiple states searching for doctors who understand this disease, because care and awareness in our own state have been limited. During this time, Zoey spent her 10th birthday hospitalized for varying symptoms, including manic-like behavior, tics, uncontrollable rage, intrusive thoughts, and talk of self-harm. She has endured extreme pain in the episodes where she screams that her head is on fire during these episodes. Although IVIG has significantly improved her condition, we have to fight every 6 months for coverage, despite detailed documentation from her medical team-- and her medical team includes about 10 people. Zoey's school attendance, our repeated use of FMLA, and emotional toll on our family reflect the consequences of delayed and inconsistent care. Families like ours should not have to face threats of CPS involvement, removal of her siblings, or pressure toward inappropriate residential psychiatric placement at Boys Town, simply because the medical treatment is unavailable or unsupported in our state. We urgently need improved awareness, access, and insurance coverage for evidence-based PANS care. You have the power to stop suffering for these children, like 20 other states have, and we know that 8 others are working on it in this session. I have been advocating, supporting, and educating Nebraska schools, medical providers, and fellow parents. Families in our state are suffering and need this support. I urge you to pass LB762 and stand with the Nebraska children whose lives are being affected. Thank you.

JACOBSON: Thank you. Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here. One of the questions I have-- I'm sorry that your daughter was diagnosed apparently late, and I'm not sure what that all means. Regarding insurance plans, were any of the plans, say less than a bronze plan, help pay for, for these particular diagnoses?

ELIZABETH FANDL: Zoey's case is very fortunate. After having third parties help us fight for it, we have had insurance pay for it. But it's always delayed her treatment. So once we have to go get pre-approval, it will delay her treatment, and after the third week, she needs it about every 28 days. She regresses after three weeks. So if she's delayed enough.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: Will catastrophic insurance cover-- will they write this plan or not, or will, will no one write the plan, the protection?

ELIZABETH FANDL: Not for the diagnosis of PANS and PANDAS.

RIEPE: OK. So once it's diagnosed, it's a, it's a tough situation from that point.

ELIZABETH FANDL: Correct.

RIEPE: It's one of the things I really believe in, particularly in pediatrics, is continuity of care. I know-- I was in pediatric administration, and my pediatricians would tell me-- they get to see from this year to this year or to this appointment, and it makes all the difference in the world about watching these kids change or develop, not just them as patients, but to watch to make sure to identify difficult situations, not just this diagnosis. So I want to plug-- put a plug in for continuity of care, and not some of these rapid care places. Thank you very much for the little opportunity to preach. Thank you, Chairman.

JACOBSON: Thank you.

ELIZABETH FANDL: Thank you.

JACOBSON: Next proponent.

CLARA FYNBU EGGERT: Good afternoon. Thank you so much for your time today. My name is Clara, C-l-a-r-a, Fynbu Eggert, that's F as in Frank, y-n-b-u E-g-g-e-r-t, and I am here testifying today as part of Dr. Boucher's medical team. I work with him at Frontier Pediatric Care, and I've had the honor of caring for many children affected by PANS and PANDAS. And fortunately, despite the fact that this is a complex illness, the question that you have before you today is actually less about making a medical decision and more about equity in how we're applying standards. When we think about what insurance typically defines as an experimental or an investigational treatment, they're looking at the safety and the effectiveness. So we already know that IVIG as a product and at these doses is a safe choice, because we use these products for an FDA-approved indication of Kawasaki disease at these exact same doses. As with any treatment, there are risks of side effects, but broadly speaking, it has received FDA approval for use in these frequencies and these doses. So then, the question becomes is this an effective treatment? And I think that it's a little bit tricky for the reasons that people have already

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

talked about. This is a poorly recognized disease. And so we can't look at gigantic, randomized control trials to tell us, without a shadow of a doubt, that this is effective. What I can tell you, though, is when I look at what is covered by insurance companies that isn't FDA-approved, but is covered by those companies that are excluding it for PANs, the body of evidence supporting use in PANS is actually as good or better than some of the other conditions. So, for example, one insurance company covers it for antiphospholipid syndrome, for autoimmune hemolytic anemia, for toxic shock syndrome, and for autoimmune skin conditions like pemphigus. All 4 of those actually have a lower level of recommendation, in terms of the effectiveness and the amount of evidence supporting them from the American, American Academy of Allergy, Asthma, and Immunology. So the real question I think that's before you is, are we playing by the same rules for all of these conditions, or are we getting an opportunity here to right a wrong? I'm happy to answer any additional questions. I think there's a lot of information that I can share with the committee today.

JACOBSON: Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. You talked a little bit and mentioned the word equity, which we hear frequently. My question is, in countries with national health insurance, is this generally covered? Are you familiar? Pick Canada, pick UK.

CLARA FYNBU EGGERT: That's a great question. You know, I think that I would have to double check the references. My understanding is that, for example, in Europe, where they've been able to do more of those trials, that it is more covered than it is here. Yes. I will also mention that there are some insurance companies in the United States now that are recognizing that this tide is changing, and some of them have changed their policies to specifically include PANS/PANDAS. And so my concern is that while we're waiting, how many kids are we going to have with life-altering--

RIEPE: May I have another question, please?

JACOBSON: Go ahead.

RIEPE: Thank you. Is this more predominant in a northern hemisphere versus a southern hemisphere?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

CLARA FYNBU EGGERT: I would say that it is better recognized in the northern hemisphere than in the southern hemisphere. I don't know that we have good data to say that it occurs more frequently here. Rather, that we are better at recognizing it here.

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

JACOBSON: All right. Seeing no other questions, thank you for your testimony. Next proponent. Nice to see you again.

GRACE TROUPE: Good to see you, Senator Jacobson. My name is Grace Troupe, G-r-a-c-e T-r-o-u-p-e. I'm the mother of 2 daughters with PANS/PANDAS. Violet is 10, and you've seen her, and Belle is 8. My family has lived with this disease for almost 9 years. One of my daughters was approved for high-dose IVIG, the treatment that she needs for PANS, and the other was denied. Same diagnosis, same disease and symptoms, same household, same doctors and medical system. The denial letter we, we received was filled with errors. They had my daughter's symptoms wrong, they left out many years of treatments we had already tried, they cited research for the wrong disease, and they used the same research paper to deny treatment for one daughter that they used to justify it for the other-- a paper by one of our own Nebraska doctors. Almost none of the facts were correct. I annotated the letter line by line, correcting the errors, sent it back over to email, even read the changes out loud to them on the phone, and still, no one would fix it, let alone give us a reason why they would treat one kid and withhold treatment from the other. When a child gets treatment for PANS/PANDAS, right now, it is not based on research, data, or medicine. It's based on who happens to review your case. It's random, arbitrary, and dangerous. This bill exists because families like mine have no protection from this randomness. I've been told this is a short session with a budget shortfall and that we may just need to wait till next year. But a year is not small to my family. Every delay in treatment reduces the chance that my children have a shot at putting this disease into remission and living a normal life. Another year is another year of violence, being kicked and punched and strangled. Another year means 3-hour meals and fear and screaming, another year of having my child in the dryer every morning, another year of trauma and caregiver burnout, PTSD, dissociation, strain on my marriage, severe consequences for my own health, and a family barely surviving. Research shows that caregiver burden in this disease is higher than that of Alzheimer's. As you've already heard, IVIG is \$15,000 every 4 weeks, so once a month. No middle-class family can afford that. But letting PANS become chronic does not save insurance

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

money. It creates lifelong disability, long-term care needs, loss productivity, and greater system burden. This bill is not radical. It's responsible. It's medically grounded, it's fiscally smart, and it fixes a system where access to treatment is currently random and unaccountable. Please don't make us wait another year. A year is everything to us.

JACOBSON: Thank you. Questions? Senator Riepe.

RIEPE: Thank you, Chairman. I think we're going to hear later from the healthcare provider industry. My question would be, very pointedly, is there a group or individual health insureds, like UnitedHealthcare, Prudential, or Blue Cross Blue Shield, or Humana-- some pay, some don't, or do they generally, categorically, none of them will pay for this?

GRACE TROUPE: So I'm just a mom, but I'm going to-- but I'm in a lot of patient groups, so I'm going to tell you what I see in there.

RIEPE: OK.

GRACE TROUPE: And so what I see is that it looks a lot like ours. It's kind of random. You-- it just depends on which doctor reviews your case and whether they're familiar with PANS/PANDAS. And so, some of them have kind of an outdated view that the immune system isn't involved with psychiatric symptoms, and so then they deny it, and so it just depends. So Blue Cross Blue Shield, UnitedHealthcare, all of them, it's been random. Except last week, Aetna added PANS/PANDAS as covered and under their plan.

RIEPE: Oh, they did? OK.

GRACE TROUPE: After talks with the Neuroimmune Foundation.

RIEPE: Another question is, has the National Academy of Pediatrics taken a position on this?

GRACE TROUPE: They recently recognized PANS/PANDAS as a disease, last winter.

RIEPE: And gave it a code? And it's coded, with its own codes? Medical codes?

GRACE TROUPE: That's a--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: Billing codes?

GRACE TROUPE: We might have to get--

RIEPE: No. I see a no.

GRACE TROUPE: OK.

RIEPE: OK.

GRACE TROUPE: I don't do billing codes. I'm sorry.

RIEPE: OK. Thank you, Chairman.

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

GRACE TROUPE: Thank you.

JACOBSON: Next proponent.

SHERRI DUVAL: Good afternoon. My name is Sherri Duval, S-h-e-r-r-i D-u-v-a-l. I'm here today supporting LB762. Like the other parents here testifying, my story has similarities, in that seemingly overnight, my son's personality changed in 2020. We blamed it on things like, you know, hormones, and the effects of COVID and the social isolation. But hindsight is 2020, and Will actually had PANS. He had all the symptoms-- eating restrictions, OCD, separation anxiety, declining in school, trouble sleeping, urinary frequency, emotional lability, intrusive thoughts, self-harm, and worst of all, suicidal thoughts. He saw several doctors, but was never diagnosed. Therefore, never treated. They told us it was anxiety-- mental health. January 2, 2023, was the last time I would get to hug or talk to Will. He took his life that evening, 2 weeks after getting sick with influenza. His symptoms after influenza had worsened so much that he was staying up all night, hallucinating and dealing with intrusive thoughts. My heart broke after reading his phone when he was gone. He thought he was going crazy, but much more likely it was encephalitis. PANS/PANDAS has been referred to as your brain on fire. As you know, there's a stigma surrounding these psychiatric symptoms, and I believe that is the reason he never shared it with us, that he was having them. In memory of Will, we started a nonprofit, called Where There's a Will, to help other families who are navigating PANS/PANDAS, as well as anxiety, depression, and suicide prevention. The fact that my husband and I are in the medical field and lost our son to this, means

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

there are so many others out there who are uneducated and unaware. Will-- Where There's a Will is working to change that. Had Will received the proper treatment, I know he would still be here today. I strongly urge you to help these families and children so they don't have to endure the loss that we have had to. It's unbearable to know that there were treatments out there to save my child and he didn't get them. Please don't let finances be the reason we lose another child.

JACOBSON: Thank you. Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here. I'm very sorry for your loss.

SHERRI DUVAL: Thank you.

RIEPE: My question is this. Now, I don't want the name of the physician, but what was the specialty of the physician? Was it a-- that missed-- I will say missed, or-- because they're not accustomed to seeing it that frequently. Was that a general practitioner? Was it a--

SHERRI DUVAL: Well, he saw his pediatrician. He saw a psychiatrist.

RIEPE: OK. So he had--

SHERRI DUVAL: He saw a psychologist. He was-- yeah. He saw--

RIEPE: So it wasn't a-- it wasn't the caliber of the practitioner, as much as it was just a misdiagnosis, which I could see.

SHERRI DUVAL: Yes.

RIEPE: OK. That's what I wanted to know.

SHERRI DUVAL: Well, that-- and that's part of this, is that this, this is often misdiagnosed for mental health.

RIEPE: Well, it's not that frequent.

SHERRI DUVAL: Right. It--

RIEPE: I mean, you know, [INAUDIBLE] or something like that.

SHERRI DUVAL: No, it's not near as frequent as mental health, but yeah. Any questions?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: OK. Thank you. Thank you very much for being here. Thank you, Chairman.

JACOBSON: As hard as it was to be here, thank you for being here.

SHERRI DUVAL: Thank you.

JACOBSON: We appreciate you doing that. Thank you. Other proponents.

ALISON BASYE: Good afternoon. My name is Alison Basye, A-l-i-s-o-n B-a-s-y-e. I'm a former attorney and a stay-at-home mom to 3 daughters, much like these girls up here. I am here today because of my middle daughter Louise, who just turned 10 on Sunday. I also am here to speak up for all the families in Nebraska that are knee deep in this illness and can't speak up for themselves. As you can imagine from hearing the stories already, it's impossible to capture this illness in 3 minutes, so I'm just going to try to give you a little bit of a snippet of our story. I will never forget the day when Louise was just 7 years old and she handed me a note in her little handwriting on a little piece of paper, and it said, I don't know who I am anymore. 3 years ago, much like many of you, I had never heard of PANS/PANDAS. Then the week of March 21, 2023, PANS/PANDAS came to our door and our lives have never been the same since. Suddenly and without warning, Louise had extreme separation anxiety and OCD, tics, sensory sensitivities, fears, and was talking in baby talk. A few months later, after a bad cold that week in August, she suddenly had more symptoms-- restrictive eating, urinary frequency, trouble sleeping, emotional lability, and horrible fatigue. By that point, her separation anxiety to me had completely taken over. That October, just 7 months after onset, Louise could no longer attend school. She lost everything: her school, her friends, her activities. That November, her body basically gave out. She couldn't change clothes, brush her, brush her teeth, take a bath, anything. And I began to feel myself grieving my living child. I didn't know then that there was still more to come. That fall was also the start of us essentially being trapped in our home. She couldn't leave because of her illness, and I couldn't leave because of her separation anxiety. For months, the only time we left the house was to pick up her sisters from school and for doctor and therapy appointments. I couldn't go anywhere or do anything with my other kids, not even things like going to watch their soccer games. Even now, it is still hard for Louise to be apart from me, even for a short time, which makes working outside the home impossible. You will hear testimony today and you've heard about the cost of treating this illness, but I would ask you to think about the cost of not treating

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

this illness. Kids, right here in Nebraska, whose personalities, abilities, and behaviors changed overnight. Parents drowning in stress, and struggling to understand these extremely complex symptoms. Families living in crisis for months and years. Please, help us help our kids. Thank you.

JACOBSON: Thank you. Questions? Senator Riepe.

RIEPE: Thank you, Chairman. You've lived with this for some time. Is it your opinion-- you're obviously a smart person-- that this is a virus-based?

ALISON BASYE: We believe my daughter got it from COVID, and also from strep. She had littler triggers earlier that were related to those viruses, but it can be caused by a variety of things.

RIEPE: OK. But none of your other children had this experience at all.

ALISON BASYE: No.

RIEPE: OK. OK. Thank you, Chairman.

JACOBSON: Senator von Gillern.

von GILLERN: Thank you. Thank you for being here. How's your daughter doing today? Is she undergoing treatment? Is that, if so, has that helped? How are you, how are you able to be here today, which we appreciate?

ALISON BASYE: Yeah. Thank you. It's rough. It's, it's-- because I came from Omaha. It's hard to be gone from her for this length of time. She's doing a lot better. She's had some treatments, but she still has a long way to go. She is back in school for one hour a day. So moving the right direction, but a really long way to go.

von GILLERN: All right. Thank you.

ALISON BASYE: Thank you.

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

ALISON BASYE: Thank you.

JACOBSON: Next proponent. Another proponent?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HEATHER GARNEAU: Good afternoon. My name is Heather Garneau, H-e-a-t-h-e-r, last name G-a-r-n-e-a-u. I want to thank you for the opportunity to speak today. My son, JT, was diagnosed when he was 10 years old, but his illness began when he was 9, right before the fourth grade. He woke up one summer, a completely different child. This is a boy who loved animals, who loved people, who would play with a fly and gently carry it outside because he didn't want to hurt it. Kind, joyful, and full of life. Almost overnight, he became angry, anxious, violent towards himself and others. He lived in constant fight or flight. He stopped eating. He became terrified of school. At 10 years old, he weighed only 49 pounds. He was exhausted, overwhelmed, and trapped in a body and brain that no longer he controlled. We were told it was ADHD. It was-- we were told it was behavioral. We were told it was anxiety, but it wasn't. Eventually, a neurologist diagnosed JT with autoimmune encephalitis, of which PANS and PANDAS are subtypes. For the first time we had answers, but answers did not necessarily mean treatment. We fought for care. We appealed denials. We begged insurance companies to recognize medical necessity. We were told life-saving treatments were experimental. We were denied again and again. Eventually, JT received IVIG. We saw improvement, but not enough. His neurologists then tried to add another infusion, medication commonly used in autoimmune diseases. Insurance denied that, too. In September of 2025, JT was admitted directly to the hospital. His condition had deteriorated. He underwent 7 plasma exchange treatments in 2 weeks, where his blood plasma was removed and replaced with donor plasma to remove harmful antibodies. The day before that hospitalization, JT left school thinking he would return to his friends 2 days later. He never returned. He was expelled from school, because-- not because he was too disruptive, or because he was too disruptive, too far behind, or acquired too much attention. Not because of a bad child, but because he was a sick child. This is what delayed treatment does. It does not just affect health. It affects education. It affects mental health. It affects families. It affects siblings. It affects futures. Parents like us are doing everything we can. We fight for our kids. We fight systems, we fight schools, we fight for services, but we should not have to fight insurance companies for medical care. These children do not want to be sick. They, they want-- they don't want endless doctor's appointments. They don't want infusions. They don't want hospital stays. They just want to be kids. They want to go to school. They want friends. They want normal lives. They want their childhoods back. Delaying treatment causes real, lasting and develop, develop-- lasting harm to developing brains. This is not theoretical. This is not abstract. This is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

happening right now to real children. This bill matters because access matters, coverage matters, timing matters, treatment matters. And without it, kids like JT lose years of their lives, not because treatment doesn't exist, but because it-- they can't access it. Please help to protect our children. Please help our families like mine. Please pass this bill and mandate insurance coverage for PANS/PANDAS treatments, because all kids deserve futures, not fights.

JACOBSON: Thank you for your testimony. Question from the committee? Senator Bostar.

BOSTAR: Thank you. Thank you, ma'am, for being here.

HEATHER GARNEAU: Yes.

BOSTAR: Can you share what the other infusion was that the neurologist had recommended?

HEATHER GARNEAU: It was called "trumoxium" or tru-- tru-- "trumac," tru-- "trumiex." It's-- Rituximab is, is the general name. It was to help along with that, it is "often-ly"-- commonly-- or commonly prescribed with other immune, immune diseases to work in cohesionness of the IVIG.

BOSTAR: Would this bill also take care of that one, as well? Are you aware?

HEATHER GARNEAU: I would hope so, but I am not [INAUDIBLE] for sure.

BOSTAR: OK. Thank you. What-- so your son was expelled, just for--

HEATHER GARNEAU: He had been-- it had just been years of like, they, they felt he was too far behind. They couldn't give him access. He goes to a parochial-- he went to a parochial school at the time, and they felt that they couldn't accommodate his needs.

BOSTAR: I'm sorry. Thank you.

HEATHER GARNEAU: Thank you.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. A quick followup and then I have another question.

HEATHER GARNEAU: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: Are you now homeschooling him?

HEATHER GARNEAU: We did homeschool for a short time after he was out of the hospital, because he was so terrified of going back to school. We did homeschooling through LPS. And now, he is currently enrolled in Pound, and went from doing one hour a day-- so he's now at full-day school days.

RIEPE: How, how is he doing in school?

HEATHER GARNEAU: Well, from, from what I understand.

RIEPE: OK.

HEATHER GARNEAU: We have conferences next week, but have-- with grades of like-- he has A's and B's.

RIEPE: OK. The other question I have is, you said here, eventually, a neuro-- neurologist diagnosed JT with autoimmune encephalitis.

HEATHER GARNEAU: Correct.

RIEPE: Did that delay the diagnosis of PAMS or PANDAS?

HEATHER GARNEAU: He, he, he was diagnosed with autoimmune cephalitis, which is the subtype, so.

RIEPE: Which is a kissing cousin.

HEATHER GARNEAU: Which is like the umbrella over the top of--

RIEPE: Yes.

HEATHER GARNEAU: --what it is. We thought with being called that, we would be not limited to access as much.

RIEPE: So did they treat him then, for the encephalitis, or?

HEATHER GARNEAU: That is what the-- yes. That's what the encephalitis--

RIEPE: Was that misleading then, or that would-- did that advantage him or disadvantage him?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HEATHER GARNEAU: I don't know if it mean-- we eventually had IVIG approved, but that was through a third party that we had to-- the insurance would not-- we went to a third party to get that approved.

RIEPE: But even under a diagnosis of autoimmune encephalitis, the insurance company wouldn't pay him.

HEATHER GARNEAU: Correct.

RIEPE: OK. Thank you, Chairman.

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

EMILY COSTELLO: Good afternoon. My name is Emily Costello, E-m-i-l-y C-o-s-t-e-l-l-o, and I am here in support of LB762. I am the mother of a child who went from thriving to unrecognizable, almost overnight. Maeve, on her ninth birthday, stopped eating because she was terrified she would choke or vomit. She developed intense obsessions and compulsions, severe separation anxiety, abdominal pain, urinary issues, rage, emotional lability that changed by the minute. She ran barefoot down a busy street in Austin, Texas. She had to be dressed like an infant every morning. She wore the same 3 tops and 3 bottoms for nearly a year. She exited a moving vehicle, and she destroyed rooms in our home. She lost 5 pounds in 3 weeks. For months, she ate half a banana a day. She stopped sleeping. She plummeted to the first percentile for weight, from the 25th. This was not behavioral, this was not parenting, this was not anxiety that could be talked through. This was an autoimmune disorder attacking my child's brain. Maeve was diagnosed with PANS and something almost unheard of happened. She began high dose IVIG just 4 weeks later. She did have 10 days of azithromycin, which is an antibiotic prior to the IVIG. She didn't get it quickly because her doctor ordered it and insurance covered it. It was because she got into a study with the aim of treating kids quickly. Most families wait months, some wait years, and not because doctors disagree, not because treatment doesn't exist, but because insurance denies it. Maeve received just three high dose IVIG treatments. She's here with me today. Within months after those treatments, she was back to herself. Today, she goes to sleepovers-- she's 13 now-- she makes honor roll. She plays volleyball and soccer and runs track, and she takes multiple dance classes. She goes to school every single day. Those are big wins. We would have been happy with the little wins, which are: she wears her entire closet, she eats like a champion, she participates in our family, she helps around the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

house, she takes care of herself, and she is herself. A friend who testified here today tells me that Maeve is her North Star, proof that healing is possible for her own daughter. But healing should not depend on luck. It should not depend on financial privilege or how long a family can survive a denial, a denial process. We were able to act quickly and I cannot stop thinking about what happens in a child's brain during those months and years of inflammation while families appeal and reappeal. Imagine if insurance was required to cover evidence-based treatment for these children. Imagine if early intervention was the norm instead of the exception. This bill will not just change policies. It will change trajectories. It will give children their futures back, like my Maeve. It will give caregivers their lives back, like mine and my husband's, and it will get families hope grounded in access, not chance. Thank you so much for your time and for your consideration today.

JACOBSON: Thank you. Questions? Senator Wordekemper.

WORDEKEMPER: Thank you for being here. Glad your daughter's doing all right. Since you got the fast treatment, is there less likely a chance for reoccurrence? Does that factor in it?

EMILY COSTELLO: I believe it does. We have not had what they call a flare, which is when she gets another infection and then they seem to have some of the symptoms come back. I believe that that-- that having it quickly really did save her life. I've heard of people that have had to wait, and they've had the 3 high-dose IVIG, and they do not have as good of an outcome as she did.

WORDEKEMPER: Thank you.

JACOBSON: Senator von Gillern.

von GILLERN: Thank you. Thanks for being here today. The pediatrician that testified earlier mentioned, I believe, that, that puberty-- that these symptoms tend to end around puberty. And it sounds-- just guessing your daughter's probably close to that point. Is-- do you have any idea whether the treat-- whether it's the treatments and/or puberty that is changing her behavior now?

EMILY COSTELLO: Well, so she was 9 when she started the treatment. She was, you know, almost at her 10th birthday when she finished the treatment, so-- and puberty came years later. So actually, I was more afraid that with puberty she might have a flare because of different

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

hormones and things in her body. So no, I, I really believe that we were, you know, years away from puberty when she got back to baseline.

VON GILLERN: OK. Good. Thank you.

EMILY COSTELLO: Yeah.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. When you-- in your testimony, you talked about that she ate half a banana a day. Was there a hospitalization during this period of time, or did it not reach that level?

EMILY COSTELLO: It did not reach that level. We-- actually, her pediatrician at the time-- the first pediatrician that we were with said that she didn't believe that PANS was a thing, and she actually suggested that she should go to a eating disorder clinic for teens. And so, we sought other second opinions, and I really believe that saved Maeve's life, because we were reaching about 6 months of symptoms. And so, we were able to get her to a new doctor, who-- that antibiotic came on. And within 2 days of taking the antibiotic, she was eating again. It was really incredible.

RIEPE: Good for you. The other question I have is, did you have to personally fund all of this, so you, you found some for testing, or not testing so much as the therapy?

EMILY COSTELLO: So we funded-- we did upper endoscopies. I mean, we went through the ringer of things, trying to figure out what was causing her symptoms.

RIEPE: Sure, you would.

EMILY COSTELLO: But no, the IVIG was through a study. She was one of 6 kids across the nation. Her case was labeled as highly severe and debilitating, so she was able to get into a study. And every 3 weeks, she and I traveled from Austin, Texas, where we lived at the time, to Little Rock, Arkansas, for 6 months for treatment. She got 3 high-dose IVIG and 3 placebo treatments.

RIEPE: That was at Arkansas Children's?

EMILY COSTELLO: Mm-hmm. Yes.

RIEPE: OK. OK. Thank you, Chairman.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Other questions? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you ma'am for being here. The study, has that-- is that a published study that we can see?

EMILY COSTELLO: So it was the pro-PANS study. They did-- I think we were in level 3. I don't know how many levels they did. I do know that eventually, it went to 96 kids were chosen in a different level of the study. Because of the confines of the study, they had to receive the high dose of the IVIG very quickly. And for Maeve, they weren't allowed to get hydration with it, which is-- they typically want IVIG, you want to have hydration with it. So the symptom-- or the side effects can be pretty severe. Maeve got very sick, felt very sick during the administration of the infusion, but we pushed through it because we wanted her to finish the study and get the IVIG. But I think that sometimes, families tend to pull their children out of those studies, because they would rather pursue it on their own and get the additional medicine that helps their kids not feel so sick during it.

BOSTAR: Sure. Thank you.

EMILY COSTELLO: Yeah. You're welcome.

JACOBSON: Other questions? Do you know who funded the study?

EMILY COSTELLO: It was Panzyga [PHONETIC], which is one-- or at Octapharma. They are one of the manufacturers of the IVIG product.

JACOBSON: So the manufacturer of the medicine--

EMILY COSTELLO: Yes.

JACOBSON: --funded the study. Thank you. Other questions? Seeing none, thank you for your testimony. Other proponents? How many others wish to testify? Thank you. Go ahead.

KYLIE DOBBS: I did not wake up thinking I would be here today, but something or someone got me here, because you are going to hear something.

JACOBSON: Can you give us your name and spell it, please?

KYLIE DOBBS: My name is Kylie Dobbs, K-y-l-i-e D-o-b-b-s. You are going to hear something different right now because my daughter is in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

a flare. And 2 weeks ago, 3 weeks ago, she was a different girl, full of life, but we have been dealing with this her whole life, but now it has come to a head. My daughter, a few weeks ago, had surgery for her nose, terminate surgery. And we believe that strep, which she suffered with her whole life, has flared up PANDAS. She has extreme, tormenting OCD right now. She has suffered with separation anxiety for the last year. She could not go to school. We homeschool, but we can barely do that. And right now in this flare, we are facing the monster of insurance and where to get help. My husband has taken off this week. We are calling and calling places to see where we can get this help. We're facing thousands and thousands of dollars, all while my, all while my daughter is being tormented in her mind. Yesterday, when she faced an attack, is what I call them, she said she didn't want to live anymore-- my 9-year-old girl. And so, I am speaking up for her, because this is not her. And I applaud all these warrior moms who have done everything they can and given all that they can to get these children help. But I'm telling you, me and my husband are facing it, and we need it-- we need help. We need help and, and money should not be an issue. These kids deserve help. They deserve to live. This has destroyed so many things in my family, but we are still here. And I don't want one more child-- I don't want to hear one more child that is not alive because of this tormenting disease, this sickness that has, that has been attacking us for 7 years of her life. When she was 2, she fell over and started having, we think, a, a seizure. Something was in her body, and she was screaming and screaming. We took her in, and they said it was behavioral, they said we weren't parenting right, they said it was a temper tantrum. We would experience these attacks throughout her whole life. And now that we know that it's PANDAS and we know that there's a way to treat it, this is not just her. This is not our little girl who changes. Days after her surgery, it was night and day difference of OCD, tormenting OCD enough that now she does not want to live, and this is the most joyful girl. I do not-- I was not supposed to be here today to share this testimony, but I feel like for Haven, I am trying to, I'm starting the fight for her life. And I just thank you for letting me share these words, because this is so real. And right now, in the flare, we are in the thick of it. And insurance and costs should not be a burden on top of this severe burden that families are going through. And we are not alone. I thank you for listening to these words that I did not expect to say and considering this help for our kids, our families, who need this help.

JACOBSON: Thank you. There was a reason for you to be here today.

KYLIE DOBBS: I know.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Questions from the committee? Seeing none, thank you, again, for taking the time to come up and testify. Other proponent testimony.

TRACY AKSAMIT: Good afternoon, Chair Jacobson and committee members. I'm Tracy Aksamit, T-r-a-c-y A-k-s-a-m-i-t, representing myself, here to support this bill because I value open and informed decision-making between practitioner and patient, focused on early treatment and healing. I have just 3 points to offer. First, I have similar experience seeking healing for my family. With some good care, I also, unfortunately, endured frustrating disagreements, from ineffective treatment to insurance denials and exclusions, then followed by long searches for healing options. If there are disagreements about diagnosis and treatment in the marketplace, then disagree better. Let's not be polarized at the expense of the practitioner-patient relationship. A diligent search for healing options uncovers many examples where some evidence-lacking treatments are fast-tracked, gold-seal-approved for wide use, while others relegated to off-label use for what feels like very arbitrary political reasons, closing off access to many potential healing options. I've attached 2 recent examples. Second, I appreciate the addition of a claim denial reporting requirement to reveal trends. If this reporting is not required for other claim denials, I think it should be. For transparency, I would like to see the inclusion of the denial reason code to determine the number of treatments generally interpreted as, say, investigative, unproven, or however the insurer codes the denied claim. Finally, on the fiscal notes, it would be helpful to have enough information to compare the 3 different estimated annual costs. The number of lives covered is provided in the state estimate. However, I didn't see the same data for the other estimates. Senator Dungan, I thank you so much for introducing this bill. I look forward to seeing this and other patient-focused bills enacted. Thank you for your time.

JACOBSON: Thank you. Questions? All right, seeing none, thank you for your testimony. Anyone else wishing to speak as a proponent? If not, we'll move to opponent testimony. Mr. Blake, how are you?

JEREMIAH BLAKE: Good. Thank you. Good afternoon, Chairman Jacobson and members of the Banking, Commerce, and Insurance Committee. My name is Jeremiah Blake, spelled J-e-r-e-m-i-a-h, B as in boy, l-a-k-e. I'm the Government Affairs Director and registered lobbyist for Blue Cross and Blue Shield of Nebraska, and I'm testifying in opposition to LB762. First, I want to thank Senator Dungan for bringing this important bill, and I want to express my appreciation to all the testifiers who

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

came in to share their experiences today. As this committee knows, my testimony is not intended to diminish the, the concerns raised by the proponents. Rather, my opposition to LB762 is grounded in the principle that plan design should be driven by clinical evidence while being mindful of how these decisions affect the cost of insurance. With respect to the treatment of PANS and PANDAS, Blue Cross recognizes PANS and PANDAS as a valid diagnosis and covers many of the therapies referenced in LB762 when medically necessary. However, we do not cover immunoglobulin therapy, commonly referred to as IVIG, for the treatment of PANS and PANDAS because the current body of clinical research does not support the wide use of this therapy for this condition. In 2025, the American Academy of Pediatrics issued a clinical report recommending IVIG only in rare cases and only after consultation with a multidisciplinary team that includes pediatric neurologists and rheumatologists. The report further advised that IVIG be administered only as part of a clinical trial, not in a general outpatient setting, due to the need for close monitoring to ensure patient safety. And I've distributed the relevant page from that study for your reference. Blue Cross regularly reviews and updates our medical policies to ensure that they reflect the most current clinical standards, emerging research, and organizational needs. A medical review committee, which includes physicians from the community, evaluate new and vote on whether to approve changes to our policies. If or when the research evolves to demonstrate that IVIG is safe and effective treatment for PANS and PANDAS, any updates to our medical policy would follow the same rigorous review process. In addition to the patient safety concerns, we are also mindful of the cost of health insurance. We know that families are frustrated by the rising costs of health insurance, but health insurance premiums are not arbitrary. Premiums are based on the underlying cost of care which continues to rise due to many forces, including hospitals, drug companies, insurers, and policymakers. For every premium dollar that Blue Cross collects from Nebraska families and businesses, 91 cents goes directly towards patient care. We are committed to making those dollars work hard by negotiating fair reimbursement rates with healthcare providers and investing in initiatives that help our members stay healthy and avoid more costly interventions later on. But there's no question that we are facing an affordability crisis in healthcare, and we're ready to work with anyone who's willing to build a roadmap towards more affordable care. By advancing commonsense solutions such as modernization, leveraging technology, reducing administrative burdens, and promoting evidence-based care, we can create a stronger, more

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

sustainable healthcare system for Nebraska's future. Thank you for your attention. I'd be happy to answer any questions you may have.

JACOBSON: Thank you. I, I know you handed out this sheet. It, it does indicate funding-- that there's no external funding. So am I to believe that the American Academy of Pediatrics conducted the study?

JEREMIAH BLAKE: I was not part of the study process. All I know is that's the study that they published. I'm not sure where they would have funded it or what research they looked at.

JACOBSON: All right. I think you should know that.

JEREMIAH BLAKE: But again, that's, that's the clinic-- you know, the clinical research as of, I think, March of last year.

JACOBSON: I'm always a stickler for, when I look at a study, [INAUDIBLE].

JEREMIAH BLAKE: Fair point.

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

RIEPE: Thank you, Chairman. Thank you for being here. I guess one of the questions I have, on a little broader basis, how do population-based health providers like Kaiser Permanente, an HMO, how do they address-- because they're taking a large group, how do they-- they have to take some of these, and, and maybe if it's employer-based, they have to take these patients, I, I assume. Do they provide that care, to provide, provide this service?

JEREMIAH BLAKE: Yeah. That's a good question. I don't know that I can speak directly to that--

RIEPE: OK.

JEREMIAH BLAKE: --because we wouldn't fall into that same bucket. But certainly, again, I recognize that this is-- again, as I've mentioned, this is a valid diagnosis, and we are providing treatment for individuals who are diagnosed with PANS and PANDAS. The question is the use of IVIG and that's really, I think, what we're here to discuss today, as a group.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: Do you also have, through Blue Cross Blue Shield, that you're the, for lack of a better term, the backroom payer for maybe large employers who provide self-funded health insurance. And they might say-- if they say, we'll pay for it, then you pay for it?

JEREMIAH BLAKE: Yes. Yes. So again, if-- in those situations where we are the third-party plan administrator--

RIEPE: Yes.

JEREMIAH BLAKE: The employer would design the benefits package that may or may not include treatment for or that may not or may include IVIG as a treatment for PANS and PANDAS. But again, that's up to the employer group. We just administer what they tell us to administer.

RIEPE: But, but some may do that.

JEREMIAH BLAKE: Sure.

RIEPE: Another one, if I may, Chairman. Are we to believe that a proven treatment protocol exists, but the expense of treatment is the sole obstacles?

JEREMIAH BLAKE: I would take issue with that, Senator. We pay for a lot of very expensive therapies. The issue for us is whether or not there is clinical evidence to show that that therapy is, is valid and will actually address the underlying issues. Again, I, I think you've heard some testimony today that suggests it is. We're relying on resources such as the American Academy of Pediatrics, which says that there needs to be more research in this area before they're willing to endorse that as a valid therapy.

RIEPE: How active is the clinical research? I assume that they didn't slam down the hand and say, this is it. And this is-- no more research on this particular diagnoses.

JEREMIAH BLAKE: You're asking a lot of good questions that I'm--

RIEPE: Well, I'm--

JEREMIAH BLAKE: --not sure I'm equipped to answer today, Senator, so.

RIEPE: I'm just a curious cat.

JEREMIAH BLAKE: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: I, I, I assume there's still research going on.

JEREMIAH BLAKE: I would assume so, as well.

RIEPE: I would hope so. I see some heads shaking. OK. Thank you, Chairman.

JEREMIAH BLAKE: Yeah. I mean, my interpretation of this is, this is an, an emerging and evolving issue. So.

JACOBSON: Questions? Senator Hallstrom.

HALLSTROM: I'm looking at the fiscal note and it talks about defrayed cost or defrayal cost and the Affordable Care Act. Can you explain a little bit about what, what that means, and maybe, what's happened in Minnesota?

JEREMIAH BLAKE: Yes. Yes. I can speak to it generally. I think the testifier behind me is going to speak to it more directly. But under the Affordable Care Act, there are the 10 essential health benefits. And if a state passes a law to require coverage of additional benefits beyond that, this--

HALLSTROM: Like, like this?

JEREMIAH BLAKE: Like this-- the state is responsible for paying for the cost of that treatment in the ACA plans.

HALLSTROM: So the estimates in the fiscal note would apply, in part, to that requirement.

JEREMIAH BLAKE: Correct. Correct. So the fiscal note would include any kind of additional expense to the State Employee Health Plan, which is partially funded by the Legislature, the University of Nebraska Health Plan, as well as the defrayal, the ACA defrayal requirement.

HALLSTROM: So we may not like that result, but it would be our cost rather than the insurance industry's cost for that segment of the population.

JEREMIAH BLAKE: For those 3 plans, yes.

HALLSTROM: OK. And, and in your materials that you hand-- handed out, we see all these commercials for new drugs. And it tells you the 12 list of horrors that will happen to you if you happen to take them.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

Can you go-- what's-- adverse effects, can you tell me what some of these relate to and what the impact of those adverse effects are?

JEREMIAH BLAKE: You're referring to, I think, at the top right-hand pa-- side of the page.

HALLSTROM: That page. Yes.

JEREMIAH BLAKE: Yep. So immunocompromise, severe headaches, anaphylaxis, aseptic meningitis.

HALLSTROM: Now, what, what, what, what's the result of those, typically?

JEREMIAH BLAKE: Again, I'm not a, I'm not a clinician, Senator, so I'm not sure I'm, you know, in the best position to answer that question.

HALLSTROM: I just didn't see that death was included in any of them. And we've had some witnesses that have come up and told us tragedies about their children that have, have passed.

JEREMIAH BLAKE: Yeah. And those are terrible stories. My son is here with me today. I don't wish that on anybody, obviously, so certainly empathetic to the stories they shared and what they experienced.

HALLSTROM: OK. Thank you.

JEREMIAH BLAKE: Mm-hmm.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you. I have one more.

JEREMIAH BLAKE: Yeah.

RIEPE: Hospitals across the board, whether it's the Med Center, CHI, Methodist, you name it, have health plans-- Children's. Do most of their plans include or exclude this particular treatment methodology?

JEREMIAH BLAKE: I think, generally speaking, most plans exclude it today.

RIEPE: They exclude it?

JEREMIAH BLAKE: Yes. That would be my-- yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: I find that interesting as health care providers that they would exclude it, but they are businesses, as well, in that sense, but thank you. I was just curious.

JEREMIAH BLAKE: If, if I could just--

JACOBSON: All right.

JEREMIAH BLAKE: Can I just add really briefly on that comment-- is that, again, when the State Legislature passes a mandate to cover certain things, those self-funded plans, ERISA plans, are not obligated to implement those new mandates. I will tell you that some hospital groups have come in here and advocated for those mandates, but have not incorporated them into their plan design, so.

RIEPE: A little hypocritical, but OK.

JEREMIAH BLAKE: Just a fact.

RIEPE: For them to advocate it but not do it. Thank you, Chairman.

JACOBSON: Thank you. Thank you for your testimony.

JEREMIAH BLAKE: Thank you.

JACOBSON: Additional opponent testimony? Mr. Bell.

ROBERT M. BELL: Good afternoon, Chairman Jacobson and members of the Banking, Commerce, and Insurance Committee. My name is Robert M. Bell. Last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am here today in opposition to LB762. As a refresher, the Nebraska Insurance Federation is the primary trade association of insurance companies operating in Nebraska, including most of the health plans operating in the state today, including Blue Cross Blue Shield of Nebraska, Medica, Nebraska Total Care/Ambetter, Aetna, CVS Health, UnitedHealth Group, and Cigna. The Insurance Federation has historically opposed most health insurance mandates introduced in the Nebraska Legislature. Coverage mandates ultimately lead to higher costs for consumers of health insurance. Over the years, I have found with health insurance mandates, most if not all insurers actually cover the service mandated, but it may be a question of how the service is covered, which I believe is the case in LB762, where the treatment is certainly provided by the health plans for pediatric immune disorders, but the type of treatment is at odds, or the clinical utility is at dispute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

The committee should be aware that the health insurance mandate passed by the Nebraska Legislature also has a limited scope. As a function of both federal and other state law, this provision would not apply to ERISA plans, large employers, Medicare, or agricultural organization plans. The burden of the state mandate falls on the individual market and small group market, and state and local governments. The cost of these plans without either governmental or employer subsidies are currently running from \$25,000 to \$35,000 annually for a family, depending on a variety of factors: including age, children, smoking status, et cetera. Additionally, the federal Affordable Care Act requires states to defray the cost of mandates that apply to an individual's [INAUDIBLE] group plan if the mandate goes beyond the essential health benefits for the state that were set back in 2011. The Center for Medicare and Medicaid Services, just last week, issued a proposed rule that included new rules on cost defrayal, with the statement, quote, this proposal would restore previously established standards to mitigate premium increases for unsubsidized enrollees, stabilize a predictable insurance marketplace, provide clear rules for state and issuer responsibilities, and increase transparency to assure that states rather than consumers bear the financial responsibility for additional mandates. Specifically related to LB762, I could certainly appreciate and -- that Senator Dungan did bring this to our attention a few months ago. We thank him for that, and can certainly empathize with the frustration for families with young people that are suffering from these difficult disorders. However, as Mr. Blake pointed out, the science on this issue is in some dispute. I would recommend caution before mandating a treatment recommended, recommended by any licensed healthcare provider that must be covered by an insurance company. With that, I'm out of time. For these reasons, the Nebraska Insurance Federation must oppose the passage of LB762. I appreciate the opportunity to testify.

JACOBSON: Thank you. Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Mr. Bell, we know that you're all-knowing when it comes to health insurance plans. And so my question to you is, Aetna, we heard earlier, is at least alleged to be now including that in certain plans.

ROBERT M. BELL: Sure.

RIEPE: Is that a trend or is that-- how are they able to do that and others aren't? Are they giving up something else, or are you familiar with that?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

ROBERT M. BELL: I'm not, other than from what I heard today. It doesn't surprise me. I think different plans approach this particular treatment for this particular disorder in different ways. And so, their clinical teams have looked at the science and decided that they were going to provide it. I think Mr. Blake did a good job of saying this is an emerging issue, and it is. So-- but he also provided you information from the academy-- the American Academy of Pediatricians, that said, you know, you know, express caution on some areas. And I encourage you to read the whole report. I believe in the handout, it has the link. I do believe they talk about, in the link-- or in the whole paper how the, the study was funded, so. But-- so different plans are approaching this differently. Some are covering the treatment, some are not. Might depend on whether or not your employer has decided to cover the treatment or not. If you're an ERISA plan, obviously this bill would not affect that. So, yeah.

RIEPE: Does Aetna have a plan here-- offer a plan in Nebraska?

ROBERT M. BELL: I do not believe they are on the healthcare exchange, so the plans that they offer would be large group.

RIEPE: It would be a private plan.

ROBERT M. BELL: Yeah, they'd be private plans or they, they may be in the small market. That, I'm not aware. I do know that for a while I did have Aetna coverage through my then-wife's employer, so.

RIEPE: Yeah. That's just curiosity about--

ROBERT M. BELL: Right.

RIEPE: --what the price would be on their plan that would include it. Thank you, Chairman.

JACOBSON: Senator Hallstrom.

HALLSTROM: You indicated the report or the study says to express-- exercise caution, and you also heard of the countervailing theory of throw caution to the wind?

ROBERT M. BELL: Sure. Yeah, well, the-- I-- yes, I have heard that, Senator Hallstrom. Thank you.

JACOBSON: Other questions? Senator Bostar.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

BOSTAR: Thank you, Chair. Thank you, Mr. Bell.

ROBERT M. BELL: Sure.

BOSTAR: I just want to talk for, for a moment about the intravenous immunoglobulin treatment itself. The, the foundational reason for recommending against mandating the coverage for this, other than it's a mandate, is that there isn't enough evidence to support its usage.

ROBERT M. BELL: I, I believe-- yeah, the science is in dispute. Correct.

BOSTAR: If--

ROBERT M. BELL: For this purpose.

BOSTAR: For this purpose.

ROBERT M. BELL: In this population.

BOSTAR: So where IVIG is being used and covered, should I then believe that in all of those cases, there's more robust research behind those, and that's why that's different?

ROBERT M. BELL: That would be my, my belief. Yes. I, I don't know that for a fact. I don't have those-- I've not done the research necessarily on that, but my unders--

BOSTAR: But if we had it-- so I'm just trying to follow this through.

ROBERT M. BELL: Sure.

BOSTAR: So if we, if we had examples of IVIG being used and covered as standard for different treatment requirements for different things, with as much or less sort of research and science backing it, that would be an inconsistency.

ROBERT M. BELL: That would. Yeah. So-- and I don't know where everything, what all different disorders and treatments IGI-- or IVIG is used. I'm, I'm unfamiliar with that. I assume that the clinical teams at the insurance companies are reviewing that and then making their recommendation. And if, if the science becomes solid, they, they will cover it. I know there's a lot of talk of cost or certainly other treatments that are scientifically recommended that are far more expensive than this treatment for other types of disorders and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

whatnot. So, I mean, cost is, is one factor, but it's, it's certainly not the determining factor, from what I understand. So-- I mean, patient safety is part of it as well.

BOSTAR: Why do you think a physician would-- I mean, so from an insurance perspective, the primary reason for denial is patient safety. Is then, the conclusion of that, that their healthcare provider is-- doesn't care about their safety?

ROBERT M. BELL: There may, there may be a diversity of opinions on whether or not that treatment is, is safe, right? So-- and there are-- you know, I was, I was actually listening to the testimony. It was very compelling testimony. And, you know, normally, on bills like this, as I know you're familiar, Senator Bostar, I hear from many medical providers, right, many doctors, or the Nebraska Medical Association and the Nebraska Hospital Association, or their various trade organizations from-- underneath that representing rheumatologists or neurologists or, or whoever, and, and they're absent. Maybe-- perhaps they sent in letters. I don't know. It tells me that the science is not as sound as we heard. What I hear is parents who are very concerned about the health of their children, and believe this treatment would be effective for them, and they want insurance to pay for that and I can certainly understand that. And I do believe in some cases, it does.

BOSTAR: Thank you.

ROBERT M. BELL: You're welcome.

JACOBSON: Other questions? Senator Hallstrom.

HALLSTROM: Do you know of any studies that would reflect the savings from the incurring the upfront cost for the IVIG treatment? I mean, we've heard about residual effects, not only for the child, but the parents, the families. Any studies out there that show, you know, a house of prevention is worth a pound of cure?

ROBERT M. BELL: You got a-- yeah, no. I, I thought about that, actually. I thought I'd probably get that question, and I haven't. [INAUDIBLE] I haven't reviewed that, that research. Certainly, insurance companies, at the end of the day, are, are moving money from one party to another and have some interest in making sure that they're paying for things that prevent further costs down the road. Right? And they-- I would assume that goes into their thought process.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

I'm not aware of those studies. I bet they do exist. I-- when I look at the, the Academy of American Pediatricians, in that study-- and again, I would encourage you to read the full study online, at the link-- is that, you know, they-- I, I don't remember them speaking to that particular issue. But I would assume that would be part of their calculation as, as well, on whether or not to make a recommendation, so.

HALLSTROM: OK. I compare years ago, we had adverse drug interactions.

ROBERT M. BELL: Sure.

HALLSTROM: And the state would spend some money, because it seemed to be a long-term savings to identify those drug interactions because a little bit of money spent up front avoided hospitalizations, the same type of theory.

ROBERT M. BELL: Absolutely. And that's the theory under the Affordable Care Act, where one of the essential benefits is preventive care. Right? So where preventive care typically is not only required to be covered but with minimal to no cost sharing by the consumer, in the idea that hopefully people will go to their annual checkup, right, or they'll get a, a mammogram, or cancer screening, or those other things. I think we've had a fair number of bills on those. And, you know, what's actually unfortunate about that is that people don't go to their annual checkup. They don't-- they-- a lot, a lot of people do, but not everybody. Right? So. But yeah, there-- certainly, if this saves money down the road, there may be reports to say that. I, I don't know that those exist right now, one way or another.

HALLSTROM: Thank you.

ROBERT M. BELL: You're welcome.

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

ROBERT M. BELL: You're welcome.

JACOBSON: Any other opponent testimony? Anyone wishing to speak in a neutral capacity? All right. Seeing none, Senator Dungan, on your way up for your close, [INAUDIBLE] report, there were 208 proponent letters, 2 or-- 208 proponent letters, 2 opponent letters, zero neutral letters, and zero ADA.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

DUNGAN: Thank you, Chair Jacobson, and members of the Banking, Commerce, and Insurance Committee. I appreciate everybody taking the time to listen today. I know we've had a lot of testimony, and we're not a committee that normally has this many people come in on bills. This was actually the tailored testimony. There's more people that wanted to get up and share their stories, and obviously anybody's welcome to do so, but I wanted to make sure that the committee could hear a differing of opinions while still making sure this hearing didn't take us until midnight tonight, which it easily could have. Because there are plenty of folks who want to come and share their stories and talk to you all about these because each and every person who testified about this their life's severely impacted by this and I think it was very helpful to hear from folks who are currently dealing with this to the testifier who came and talked about literally being in the throes of a flare-up right now. Incredibly helpful to see what that's like. I don't wish that upon anybody to have to deal with it. And I also appreciate testifiers coming up and talking about the successes they've seen with the treatments that we're talking about here. I genuinely want to say thank you to everybody who's worked on this bill with me, both the medical experts as well as the individuals who have been parts of these groups that have been fighting for this, fighting for their families, have been tireless advocates. I know they've tried to meet with I think every single one of you on this committee or have reached out to most senators and it's been incredible to see the work they've done, which absolutely eclipses the work we see from many lobbyists on a regular basis. They've done an incredible job. So thank you to them. I want to touch on just a couple of things briefly, and then I'm happy to talk offline with the rest of the committee about this bill. First of all, I'll indicate this bill is very important to me. I am looking at a priority designation for this. I haven't made an official determination about that, but I want to be very clear that that's how important this bill is. In addition to that, I respectfully want to push back on the opposition testimony that the science is out on this. The paper that was handed out to back the testimony from the opposition, from the American Academy of Pediatrics, is a summary. We're reading a summary of a clinical report that actually talks about how these IVIG treatments are used and can be used in limited circumstances. It's not that they're not recommended, it's not they shouldn't be used. It essentially says, and quoting from this. These drugs, the AAP believes that immunodilatory therapies should only be used in rare cases and only after consultation with a multi-specialty team that includes pediatric neurologists, rheumatologists who are experienced in the diagnosis of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

other conditions, and in the use of these medications. Goes on to say that these drugs should be administered in pediatric infusion centers and inpatient pediatric centers and not in general office settings, simply because of the need to monitor patients closely to ensure their safety. Further, ideally, it says, only used in the context of trials designed to improve our understanding and evidence for an effective treatment for PANS. It does not limit it simply to those settings. This says what we're saying, that in every circumstance of PANS and PANDAS, we are trying to use every other thing we possibly can if we catch it soon enough-- antibiotics, steroidal treatment, nonsteroidal treatment. We're trying to avoid the use of IVIG treatment. But by virtue of the fact that this is a rule-out diagnosis and sometimes takes some time, sometimes IVIG treatment or as the other testifier discussed, additional infusions are necessary. The actual study that the opponents gave us says that they can be used in those circumstances and the testimony that we heard here today from the medical professionals who do this work is that this is only used in those limited circumstances after consultation. Senator Bostar, I appreciated your questions specifically about, if I were to paraphrase, why would a doctor prescribe or recommend this treatment if they thought it was going to harm their patients? They don't. And the folks who came in who work in the medical field and the mental health field have indicated that this is a limited use. But in these circumstances where it's necessary, patients should not have to fight and appeal tooth and nail in order to get the treatments that their children need to avoid some of the things that we've heard about here today. I'm happy to provide the committee additional studies. Many have been provided to me. We will continue to provide the committee with those studies demonstrating the efficacy of IVIG treatment over the years. It is not new. The Lancet published a journal study back in 1999, talking about the benefits of IVIG treatment for these kind of issues. We've seen additional ones all through the 2000s, the 2010s. The idea that the jury is still out on this and that I'm asking this committee to mandate coverage of some wild experimental treatment is simply untrue. I do understand that there seems to be some discussions with regards to the efficacy that are outlined in the American Academy of Pediatrics. I did actually, while we were sitting here, peruse this article in greater detail. And one of the studies, the main study they point to in here, regarding the questions they have about IVIG treatment, essentially, they weren't able to come to any conclusions because the study itself, as they put in this report, had parameters that were inaccurate, they weren't able to do some double-blind studies-- the study itself just wasn't good. It wasn't that they had a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

good study that then demonstrated that IVIG treatment doesn't work. And so, I guess I just respectfully disagree with the sentiments from the opponents that this is some wild, brand new, experimental procedure. We've known about it for decades, and I will also say the IVIG treatment is approved by insurance for circumstances and diagnoses with far less research than what we have about PANS/PANDAS. And if it's being approved for those, it certainly should be approved for the circumstances we heard today from these parents and from these children. So I would encourage the committee to look over some more of the reports and studies that I'm happy to provide you offline. I will continue to work with medical professionals to make sure we get that information to you. And I look forward to continuing to work the committee to hopefully vote this out, and I would ask for your support of LB762. Thank you.

JACOBSON: Thank you, Senator Dungan. Questions for the Senator? All right. Seeing none, that concludes our hearing today for LB762. Let's take a 5-minute recess while we get the room rearranged, and we'll proceed with LB525.

Speaker 20: [BREAK]

Speaker 22: I mean, Bo Starr probably would be the guy, because that's right. Thank you.

BOSTAR: We're good? All right. We're going to-- thank you, everyone. If you could take your seats, please. We're going to start the hearing on AM1710. Chair Jacobson, whenever you're ready.

JACOBSON: Good afternoon, and thank you Senator Bostar 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 reintroduce LB525 through AM-- whatever it says on that card. But I also distributed a different white copy amendment, AM2076, and that will be what the ultimate bill will look like. Last year, I sat before you to introduce LB525 as a starting point, a way to bring stakeholders to the table to discuss the wild west of agricultural data. Since then, we have done exactly that. We have listened to producers, tech produce-- tech providers, and equipment manufacturers. The result of these discussions is AM2076, which I am presenting today as a white copy amendment. The core mission remains the same: Nebraska farmers and ranchers must own the data originating from their operations. However, AM2076 moves us from abstract principles towards concrete, concrete protections. We have narrowed our focus to two critical pillars. One, the general

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

prohibition on the sale of data. One of the loudest concerns we've heard from producers was the fear that their proprietary operational data-- their yields, their soil health, their hard work-- could be sold to third parties without their explicit consent. AM2076 establishes a general prohibition against the sale of raw agricultural data. We are drawing a line in the sand. A farmer's data is a byproduct of their labor, not a commodity for a tech provider to flip for a profit. Two, reasonable safety and security measures. Ownership is meaningless if the data isn't secure. This amendment focuses on requiring providers to take reasonable safety measures to protect ag data from unauthorized access, destruction, or disclosure. We aren't asking for the impossible. We are asking for the industry standard of care to ensure a producer's competitive secrets aren't one data breach away from public eye. Why now? I have been fully transparent with this committee. This bill is not perfect because LB525, as amended by AM2076, is the first of its kind in the nation. There is no road--roadmap for us to follow. We are the ones drawing the map. While some may argue for more time or further study, Nebraska cannot afford to wait while our producers' most valuable digital assets remain unprotected. We have a start-- we have to start somewhere. The amendment represents a balanced, fair, and commonsense floor for data privacy in agriculture. It protects the producer without stifling the innovation that makes precision agriculture so valuable. We have spent the last year getting interested parties to the table. While there may be still points of contention, I believe AM2076 is a Nebraska-first solution that ensures our farmers and ranchers remain in the driver's seat of their own operations. I would also say that, that I'm very pleased with the cooperation we had, including the interim study and all of the discussions following that, to really reach what I think is a consensus on how we move forward with first-of-its-kind type of legislation. Probably the biggest changes from LB525 to where we are with the amendment, AM2076, is we tried to bring in the basics, the fundamentals, those things that we essentially need in the bill, with the full understanding that there will likely be changes as we move forward. We met as, as recently as yesterday to have further discussions on minor changes to the bill. I will likely be bringing a floor amendment to the bi-- once this gets on the floor, so that we can have further clarifications, fine-tuning, if you will, to the bill. Technology is moving at a very, very rapid pace, and we've got to make sure we've got the guardrails in place, and I believe this bill, with this amendment, does just that. And with that, I would answer any questions you might have.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

BOSTAR: Thank you, Chair Jacobson. We're going to turn things over to Vice Chair Hallstrom.

HALLSTROM: Thank you, Senator Bostar. Any questions of Senator Jacobson? Seeing none, I assume you'll be staying around?

JACOBSON: I'm going to stick around. I, I like you guys.

HALLSTROM: OK. How many are going to-- intend to testify in support, if I can see a show of hands? Any here in opposition? Neutral capacity? OK. Thank you. First witness, testify in support. Welcome, Ms. [INAUDIBLE].

CICELY BATIE: All right. Good afternoon, Vice Chairman Hallstrom and members of the Banking, Commerce, and Insurance Committee. My name is Cicely Batie, C-i-c-i-l-y B-a-t-i-e. I'm the Ag Policy Advisor in Governor Pillen's Policy Research Office. I want to begin by expressing my sincere appreciation and thanks to Senator Jacobson for introducing LB525 at the request of the Governor last year, and his continued support of the bill over the interim and the dedicated work of his staff to help craft AM2076, which is before the committee today as a white copy amendment. What a journey we have been on together. Senators, the language before you represents a first-in-the-nation approach to legally protect farmers' agricultural data. Indeed, if passed, LB525 as amended by AM2076 would be the only statutes that we know of that clearly identify agricultural producers as the owners of data generated on their fields and farms. In the past 30 years, agriculture production has transformed alongside technology, just like any other business. Today farmers are likely to have GPS-guided steering in their tractors, sprayers, and combines, computerized seeding rate systems, variable rate, chemigation and irrigation technology, and real-time yield data captured during harvest. I passed around a handout that is just an overview of some precision agricultural data technology that was actually given to the U.S. Commerce Department because I know this is not the Ag Committee. It's truly an incredible amount of data that's generated each growing season. It's a new frontier and value for producers to wield the data, if they are able to capitalize on it. This bill will ensure that the expertise producers have gained over the years by their own decision-making and unique production practices is retained through clear data ownership law. Section 4 in AM2076 is the heart of this legislation. It specifically states that the agricultural producer owns the agricultural data that originates from their farm. This puts the farmer in the driver's seat on deciding what to do with that data,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

who to share it with, and how to derive further value from it. LB525 has been through many revisions with the input from an exhaustive list of stakeholders. The language presented to the committee today is the result of detailed negotiation and is a great starting place. As I mentioned before, this is a first-in-the-nation attempt to codify agricultural data privacy. It is very likely that this language will need to be updated or altered in the years to come, as technology evolves and the relationship farmers and ranchers have with their data changes. Establishing producer ownership of agricultural data is a huge priority for Governor Pillen. It is extremely exciting that we have the opportunity as Nebraskans to once again lead the nation in agricultural innovation and add value to our state's economic engine. And with that, I'll thank the committee for your time, and happy to answer any questions.

HALLSTROM: Any questions for Ms. Batie? Senator Riepe.

RIEPE: Thank you, Chairman. My question is this: is there any copywriting going on in this part of this?

CICELY BATIE: Not in this bill, that I know of.

RIEPE: OK. Could that be an important aspect that someone has some technique or technology or something that they would want to-- that they could be-- maybe this protects them. I don't know enough.

CICELY BATIE: Not in, not in the language that you have in this bill. I mean, a producer would be able to probably pursue their own copyright protection if they had something, but--

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

HALLSTROM: Senator Hardin.

HARDIN: We live in the 21st century. Paint the picture. What does life look like in 2 years, 5 years, 10 years for farmers, if this does not pass?

CICELY BATIE: I think you just leave kind of a gray hole and some uncertainty for producers. You'll have, probably, some equipment manufacturers testifying behind me that they feel very comfortable in the production-- protections that they have for producers' data within their contract negotiations, but there's nothing in statute that clearly gives ownership of this data, which is a new, you know,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

property, essentially, to the producers. So this would just help codify some security for farmers, individually, into law.

HARDIN: Your knowledge, is there another multi-billion dollar industry in the United States that does not put safeguards around its data?

CICELY BATIE: I wouldn't be able to speak to that, but I would think that most people would be very sensitive to protect their data.

HARDIN: Thank you.

HALLSTROM: Any other questions? I have, I have a few. With regard to the issues between ownership and control, I-- I've tried to do a little bit of research, which is dangerous, but aren't, aren't they almost-- one is, one is what the other one is. Yet, I'm giving-- I have ownership of the data, but ultimately the ability to control who's it-- who it is shared with, who it can or can't be sold to, aren't those kind of the same elements of, of, of one another?

CICELY BATIE: That's an excellent question. And that is actually probably one of the tweaks that Senator Jacobson was referring to that we might be bringing forward, looking at the exact language that everyone feels comfortable with, and I know that there are some testifiers probably behind me that will speak to that in more detail, from their perspective.

HALLSTROM: And I had-- compare Senator Bostar's bills on, on data privacy, and it seems more that the real driving force is the control element, which, again, I, I don't necessarily sense much difference between control and ownership. The one thing that I did notice, and I think it, it was problematic at the time, is that I think an earlier iteration of this had, as part of the control, the ability to delete, and we no longer have that in the bill. Is that, is that correct?

CICELY BATIE: I don't think that there's a provision to specifically delete in this version.

HALLSTROM: OK. Thank you. Any other questions? Seeing none, you are dismissed. Thank you for your testimony today. Next witness in support.

MICHAEL DIBBERN: All right. Good afternoon, Vice Chairman Hallstrom and members of the Banking, Commerce, and Insurance Committee. My name is Michael Dibbern, which is spelled M-i-c-h-a-e-l D-i-b-b-e-r-n, and I currently serve as president of the Nebraska Corn Growers

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

Association and am a multigenerational corn farmer from Carroll, Nebraska. Today, I am here to support Amendment AM2076 and the underlying bill, LB525. I am test-- I am also testifying on behalf of the Nebraska Corn Growers Association, the Nebraska Pork Producers Association, Nebraska Soybean Association, Nebraska Wheat Growers Association, and Renewable Fuels Nebraska. For the past year, we initiated a task force discussing various aspects of the original bill, and that led to 5 core principles: the first being that farmers own and control their data; those that are storing and/or collecting the data must protect the data; farmers have the right to approve or deny collection of that data; data cannot be sold or utilized by affiliated companies without approval of the farmer; and those collecting the data cannot utilize the data for company benefit and then sell a service based on the utilization of that data unless previously approved by that farmer. We believe AM2076 is a great update in meeting several of our core principles. As corn growers, we have come to rely on technology to assist us in many aspects of our operations. All of my equipment, including tractors, planters, and combines, generates significant amounts of data originating from my own operation. That data reflects my personal investment and management decisions on my farm. AM2076 is crucial because it recognizes a simple but critical principle: farmers own their data. We are grateful for equipment that operates with a high degree of technology that improves efficiency and sustainability. But without clear ownership rights, that data may be later sold or used in ways we never intended. LB525 and AM2076 establishes that agriculture data should be secured through reasonable safeguards and prohibits the sale of data without the written consent of the producer. It is also worth noting that the Nebra-- that the National Corn Growers Association, which the Nebraska Corn Growers Association is a federation of, is a farm industry member of AgData Transparent. AgData Transparent also developed its own core principles and are based upon the fundamental belief that farmers should own information originating from their farming operations. This bill does not stifle innovation. It simply ensures that innovation is built in-- built on trust, transparency, and respect of the Nebraska farmer. As corn growers, we are willing partners in technology. However, we should not sacrifice ownership and privacy of our own data in the process. I encourage you to adopt AM2076 to the underlying bill, LB525, and vote it to the full Legislature for hopeful passage. I appreciate your time today and would be happy to answer any questions.

HALLSTROM: Any questions of the committee? Senator Riepe.

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

RIEPE: Thank you, Chairman. I have a curiosity question. Is there any situation where an individual who owns the data, an individual farmer, could refuse to share the data which then compromises something that ad-- advantages a larger population?

MICHAEL DIBBERN: I would--

RIEPE: Almost like eminent domain, if you will, in a, in a different mode.

MICHAEL DIBBERN: Well, I can speak to-- there are ways, currently, that we can dis-- make it so our data cannot be shared with the OEM right now, in a sense of that it can't be looked into upon in real time. But our concern right now is that in order for us to utilize that data, it goes to a platform that is built by the original equipment manufacturer that, yes, they process that data into a usable form. So once it goes from our machine to that usable form on their platform, it's no longer on our machine, it's in the cloud, which we all know is just another server somewhere in the world. And we have concerns that with that being in case, in case something happened, God forbid, that there would be no legal protections for us if that data were accessed by a bad actor.

RIEPE: OK. Thank you, Chairman.

HALLSTROM: Any other questions? Seeing none, thank you.

MICHAEL DIBBERN: Thank you.

HALLSTROM: Welcome, Mr. Rieker.

BRUCE RIEKER: Thank you, Vice Chair Hallstrom, members of the committee. My name is Bruce Rieker, B-r-u-c-e R-i-e-k-e-r, here testifying to the-- in support of the underlying intent of the amendment. And I may have been one of the people that was involved in the conversation with Senator Jacobson, zeroing in on some of the issues that we're trying to tighten up. But at the center of this issue is data privacy and the fiduciary responsibility of those who hold the producer's data to safeguard it, refrain from using it without permission, and prevent its misuse. There's ample amount of privacy law out there that will help guide us with this, but I will say, as a benefit of me being 66 years old, merv-- or Senator Riepe, you'll like part of this, though, but-- and part of my career was on Capitol Hill. And then, when-- after that, I was representing the Nebraska hospitals. I've had a lot of experience with HIPAA. And

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HIPAA, the Health Insurance Portability and Accountability Act, was initially started in 1996, and it established the foundation. Over a period of time, it evolved to cover other things, such as security, privacy, but at first, it was securing the records and, and making sure, sure that insurance was portable. I've seen this movie before, through that, or what we're doing now, with ag data, and the process, in our estimation, is very similar. And this isn't something that I just dreamt up on my own, but I've had a lot of conversations with Speaker Arch, since he is a former hospital administrator and very familiar with how we go about having the right toggle switches as to who can have what data, who has to protect the data, but its very essence is, is this is a privacy issue, and there's also a fiduciary responsibility associated with it. This is a very important issue. And as I just said, it's going to take several years for us to build upon the foundation that Senator Jacobson has put forward. But we believe that it's essential that we start now, and the intent of what he is working on-- and we're going to zero in on it, but-- is to, to do exactly what I described.

HALLSTROM: Senator Riepe.

RIEPE: Thank you. Thank you for being here. Good to see you again. Is this dependent on-- dependent upon broadband?

BRUCE RIEKER: Yeah.

RIEPE: OK.

BRUCE RIEKER: Yeah. I mean, there's, there's all sorts of connectivity issues, but-- so, yeah. I mean, how, how the data is generated, transmitted, there's a whole transportation distribution warehousing issue relative to this data. And like HIPAA, there will be some information that will be required to be made public, when it comes to public health or things like that, maybe in the livestock arena, so on and so forth. But yes, technology, whether it's broadband, fiber, whatever it may be, we will eventually get to all those, but we have not tackled anything of that nature in this. We're starting with the basics, and that's creating a privacy right and a fiduciary responsibility to use all reasonable efforts to protect it and not misuse it.

RIEPE: And the ability to pay for it, would this be through subscriptions, the use fees, or general taxes?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

BRUCE RIEKER: I have no idea, sir.

RIEPE: Door 1, door 2, or door 3?

BRUCE RIEKER: Door 1, door 2-- it-- you know, it's-- that's a great question.

RIEPE: That is--

BRUCE RIEKER: But I will say that the lion's share of that data is already being collected. And whether it's paid through, you know, subscription fees to a controller, or whether that information is collected by manufacturers through their end user agreements and it may be factored into, maybe not, into the purchase price of a machine. Most of this data is already being collected, but the parameters or the guardrails about how we make sure that it's used in the appropriate way and shared when needed to be, but also kept private when it should be, those are the issues we're talking about.

RIEPE: I was going to share that question for Senator Jacobson, but I thought you have all these users--

BRUCE RIEKER: Yes.

RIEPE: --your members, I just didn't know how the members would respond to it, you know, of-- who pays for it's going to be a big question.

BRUCE RIEKER: Right. Right now, it's in the cloud.

RIEPE: Well, maybe that's where we'll keep it, but thank you very much.

BRUCE RIEKER: Yeah, I mean that's-- you know, and how we put the guardrails around it, it is already being produced and collected.

RIEPE: OK. Thank you.

BRUCE RIEKER: You bet.

RIEPE: Thank you, Chairman.

HALLSTROM: Any other questions? Mr. Rieker, just one question, with regard to the aggregated and derived data are exempted from agricultural data so they're a step removed from ownership and control.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

BRUCE RIEKER: Yeah.

HALLSTROM: Particularly with regard to derived data, do you see any problems with that being personal sensitive information that might cause problems in-- without having consent?

BRUCE RIEKER: Yeah. That's part of what we're working through, too. OK? And I'm not saying that he's the end-all-be-all, but I have a son that's a software engineer, and he has a lot of friends that are, too. And I've been talking to them, and I've had somewhat of an epiphany over the last week, about aggregated data. It's in the eye of the beholder. It's a little bit tough to define. Before this last week, I would have told you that aggregated data is where you take the data from a group of producers, you put it together, you de-identify it so nobody can trace it to any one particular operation. OK? In the software engineering world, here's how, at least-- and my son works in cyber security. But aggregated data, and I don't know how many central processing units there are in a combine. I wish I knew, but there's a lot. And my son and his colleagues would tell you that the raw data collected by the various sensors is raw data. But as soon as it goes through a central processing unit, it becomes aggregated data. So we-- OK, you follow me here? So before it ever leaves the machine, it actually is aggregated. And so, what we have been doing is working with several attorneys, and Senator Jacobson and his team, is to make sure that aggregated data that is protected is what is generated by the producer. OK? Once you start-- if we need a different term that once, once it crosses the threshold of still being the prop-- the proprietary information of the producer, once it gets co-mingled, I'll use that term, then that's a different set of rules that would apply. I'm not saying it's 180 degrees different, but I'm saying that we get into a little bit of the weeds, but that's where technology takes us every day, is what exactly is aggregated data. So we have had conversations about stepping back, not-- I won't say abandoning the intent, but how do we tighten the language to make sure that the producer, their information, is a privacy issue that needs to be protected. Just like in HIPAA, my health information-- there's a lot of entities that have my health information, but some of it has to be encrypted, some of it has-- some of it can be shared when I tell them that they can share that. I can't delete out of HIPAA or anything like that, but--

HALLSTROM: And, and I was more interested in derived data.

BRUCE RIEKER: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HALLSTROM: Because that one, I've done some research on other state privacy laws, and it seems like there's still a question, even with derived data, as to whether or not the producer, in this case, would still have an ownership interest, in certain circumstances, in that derived data.

BRUCE RIEKER: And that is a question that we are trying to answer.

HALLSTROM: OK. Thank you. Any other questions? Seeing none, thank you.

BRUCE RIEKER: Well, thank you very much.

HALLSTROM: Mr. Hansen.

JOHN HANSEN: Good afternoon, Mr. Vice Chairman, members of the committee. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I am the president of Nebraska Farmers Union and also its lobbyist. We have been a part of this stakeholder-driven process that Governor Pillen put into motion that Senator Jacobson has picked up and has helped facilitate, and it's been, I think, a very good process to date, and we have a lot of ground to cover. We have a lot of questions to be asked, a lot of questions to be answered, and this is a really, I think, potentially groundbreaking effort, and it's one that needs to get started. And from an agriculture perspective, the longer we go without taking that first step to get the most going that we need to begin the process of, of helping better answer questions, better identify and separate out interests. It behooves us to move forward. And so, while is this the perfect product? No, it's not. But we have to start somewhere. It's a good enough starting place for us. We want to continue to be a part of the process, and our interests in this are, are similar to what the Governor has said. It is very similar to what the Corn Growers laid out. Our list of kind of concerns is mirrored by what Farm Bureau just presented, and that we agree with the, the need for fiduciary responsibility for the data that is held by, by controllers so that we're sure that until we get things sorted out, until we have decisions made, that the data is being protected and treated as it should be appropriately. We thank Chairman Jacobson for his efforts, and we're glad to be a part of the process as we go forward. We would urge you to move forward with this amendment, and I'd be glad to answer questions if I could.

HALLSTROM: Any questions? Seeing none, thank you.

JOHN HANSEN: Thank you very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

ROCKY WEBER: Good afternoon, Mr. Vice Chairman Hallstrom, members of the Banking, Commerce, and Insurance Committee. My name is Rocky R-o-c-k-y, Weber, W-e-b-e r. I am the president and general counsel of the Nebraska Cooperative Council, representing Nebraska's farmer-owned cooperatives across the state of Nebraska, who combined have approximately 55,000 farmer-rancher members across the state of Nebraska. As farmer-owned companies, we have occupied a unique space in this debate from the time Senator Jacobson introduced LB525 last year. And so, our, our goals with this legislation have been twofold: first, is to support the protection of the farmer-owners in their agricultural production data. They own our companies. We want their data protected. Our boards of directors who guide these companies are, are in, in full agreement with the need to protect agri-- their agricultural data. At the same time, however, we've been concerned about not unduly burdening the efficient delivery of goods, precision agriculture, and the, the purchasing of grain and shipping grains to other jurisdictions in the United States and outside the United States that have certain environmental or sustainability regulations that we must collect data on in order to sell our grain. We believe that AM2076 accomplishes both of these goals. And while this is not a perfect piece of legislation and we are concerned about some unintended consequences that may need to be addressed, we think that AM2076 represents a collaborative effort by the stakeholders and policymakers on this issue and a giant step forward. And I am here today in support of only AM2076, not the underlying bill, but AM2076 as written, with its intent and with its provisions. I'm going to comment on one thing, Senator Hallstrom, that you raised, and that's the issue of deleting data and the rights of persons to delete data. That presents, for our cooperatives, kind of a unique problem. Our entire capital structure is based upon the business the farmers have done with the cooperatives. We issue equity in the cooperative and we issue patronage in the cooperative. In a sense, we return all of the profits in the cooperative back to the farmers, whether in equity or cash, on the basis of the business they've done. The business they're done is the agronomy products they've purchased, the application services they've purchased, where those things have went, what they spent on that, the grain we've purchased from the farmers, all of those kinds of things, and so those records underlie and support all of that capital structure in a cooperative and, and all of the patronage that's been allocated and members' equity credits. And so deletion, from that standpoint, would be kind of a-- it's kind of an existential issue for our cooperatives, in fact. And so, I would, I would urge a lot of caution, in terms of a blanket right-to-delete

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

provision in-- if, if moving forward, we're going to have some amendments that, that that be part, be part of that discussion. Happy to explain and answer any questions on that. But, but that is, that is an issue for us that was presented in LB525. In closing, I want to thank Senator Jacobson, his leader in this--leadership in this process. His open door and his open mind have been tremendous. We appreciate all of the time you've spent, Senator Jacobson, both with us and others-- other stakeholders in this matter. I want to commend and, and compliment Committee Counsel Joshua Christolear, and Cicely Batie from the Governor's Policy Research Office. Over the last 13 months, their hard work in drafting, redrafting, and redrafting proposals and the patience of listening to the input, not only from our membership and from the Nebraska Cooperative Council, but from the other stakeholders, as well, has just been excellent. And also, my fellow stakeholders in this process, we've had great meetings and great discussions about the issues involving this. We don't know if it's perfect, doubt it's perfect, think we'll probably be back seeking amendments in a year, maybe in 2 years, but I think it's a great start as we move forward. So thank you for your time.

HALLSTROM: Thank you, and if you weren't finished and you wanted to say something nice about the rest of the committee members, if you need to.

ROCKY WEBER: If you have time, I'd be happy to.

HALLSTROM: Any, any questions of Mr. Weber?

von GILLERN: So that''s a no.

ROCKY WEBER: And by the way, I'm going to add, I hear nice things about Joshua, not only from this group and this experience, but otherwise, as well. You have developed a great reputation as a committee counsel and people enjoy working with you, and, and so I, I want the committee to know that, as well.

JOSHUA CHRISTOLEAR: Thank you.

HALLSTROM: Thank you, Mr. Weber.

ROCKY WEBER: He doesn't have a vote, so I can say that.

HALLSTROM: Seeing nothing, nothing further, next witness. Thank you.

ROCKY WEBER: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HALLSTROM: Welcome, Mr. Edson.

DEAN EDSON: Vice Chairman Hallstrom and members of the Banking Committee, my name is Dean Edson, D-e-a-n E-d-s-o-n, and I'm the executive director of the Nebraska Association of Resource Districts presenting testimony on AM17 [SIC] and other related amendments, I guess, to LB525. I do have a recommended amendment to clarify the bill. I want to give you-- I want to thank Senator Johnson [SIC] and all the parties here, the whole committee, and Joshua, for working on, on trying to resolve this issue. It's very complex. I want to focus in on what we-- what our role is here. The NRD boards need information from producers about nitrogen application fuel goals to make informed decisions on local regulations to address water quality problems where they exist. Our data collection programs exceed 99% of the mandatory reporting on metering and fertilizer application in those areas. We do have producers that will not provide the information. In those cases, we must go to administrative hearing to force compliance with the local NRD regulations. As an example, the Lower Niobrara NRD just went through such a hearing and it cost about \$8,000 just for one producer to force compliance. Each district has similar challenges and we don't want this bill to give producers another avenue to try to circumvent the regulations. The NRDs do not sell the data, but we provide it back to producers in aggregate reports. Producers are starting to adopt better practices, and we have had some success. As an example, the number of producers that exceeded recommended fertilizer rates in the Lower Niobrara NRD has dropped from 91% to about 62% in 2023. We're gaining, but got a ways to go. The exemptions are provided in Section 10, but it specifically refers to state law. I want to point out that state law and management plans for water quality specifies that NRDS must develop a plan to be approved by the Department of Water, Environment, and Energy. It's up to the NRDS to develop that plan through rules and regulations, as the law does not spell that out. I would suggest adding the following in Section 10. Add an item 4) to limit or supersede any data collection, duty, or obligation that is imposed by any natural resource districts or their employees/agents when acting in the performance of their statutory duties. It is also my understanding that language will provide a FOIA exemption. But that is coming. We would support that as well, so that individual producers' data is not subject to FOIA from the NRD. Again, we can't make sound policy decisions without accurate, timely, dependable data. We want to continue down this path to develop sound, workable, accurate policy and encourage you to amend the bill to allow us to do so. Thank you, and I'll take any questions you may have.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HALLSTROM: Any questions of the committee? Mr. Edson, I'm looking at your amendment, and not exactly sure. It says duty or obligation that is imposed by any natural resources district. Is, is that your intent, rather than upon any?

DEAN EDSON: No, it's-- what we require is data reports from the farmers that they have to submit to us. And so, those--

HALLSTROM: So it's imposed upon the producers.

DEAN EDSON: Yeah, the producers.

HALLSTROM: Thank you.

DEAN EDSON: By the NRD.

HALLSTROM: Thank you.

DEAN EDSON: There's also situations where we have to go on property, like to read a meter-- the well meter.

HALLSTROM: OK. Thank you. Any other questions? Seeing none, next testifier. Anyone else in support? Anyone here in opposition? We'll move to neutral testimony. Good afternoon.

SCOTT MERRITT: Good afternoon, Senator, members of the committee. My name is Scott Merritt, S-c-o-t-t M-e-r-r-i-t-t. I'm here today representing the Nebraska Agribusiness Association. We are a trade association that represents ag retailers, applicators, distributors, manufacturers of agriculture inputs and services. We're here today in a neutral capacity. First, I think the Senator, his introduction kind of summed it up very well. It's kind of a wild west out there with data right now, and we do believe that there should be some framework. We believe there should be rules and regulations into this area. But as we've moved through this, we seem to have more questions sometimes, than we have answers. We believe the framework of this bill as it's presented and the amendments are pre-- and with the amendments that have been presented create that framework that we can build forward to. We still have a couple areas that we consider gray areas, so we were not able to support today, but we look forward to working with the Senator and working with the committee to try to address a couple of those. One of the big areas that we continue to hear back from our members was derived data, what the, what the definition of that is, and of course, as we've heard from other testimonies, where agriculture will be with technology in the next 5 or 10 years. There's

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

no, no way to try to wrangle that in. So with that, there is a couple areas we look forward to working with. One of them-- the other one is the bill states that the controller must provide reasonable security. We have members that-- single-man operations that their office may be a laptop computer and a counsel of a pickup on the side of a field to represent, and we also have people that are mul-- or companies that are multinational Fortune 500 companies, so to kind of come up with an idea of what that rate-- reasonable security would be is a pretty vast task to take forward. But all in all, we, we support the, the fact that we're building a framework, and we realize we're going to have to spend quite a bit of time working on it over the next 5 years. With that, I'd be happy to answer any questions.

HALLSTROM: Any questions of the committee? Senator Hardin.

HARDIN: Just the encouragement that someone earlier talked about HIPAA, which started in 1996, and we still haven't settled on that.

SCOTT MERRITT: When, when my members asked me about it, they said, well, what is this? And I said, I think it's the HIPAA of agriculture.

HARDIN: Thank you.

HALLSTROM: Thank you. Next neutral testifier.

PHIL ERDMAN: Senator Hallstrom, members of the Banking, Commerce, and Insurance Committee, I'm Phil Erdman, P-h-i-l E-r-d-m-a-n. I'm the director of Dealer and Government Relations in Nebraska for the Iowa-Nebraska Equipment Dealers Association. We represent 66 locally-owned dealerships in more than 145 locations across the state. We testify in the neutral position on AM2076 to LB525 not from inaction, but after extensive efforts to find consensus. The proposed amendments are a major improvement to last year's bill. Our neutrality reflects a difference in approach, not a difference in goals. We believe that policy should be built on proven marketplace solutions and legal foundations that already balance interests. And we've collaborated with Senator Jacobson, with Governor Pillen's staff, with the talented Joshua Christolear, who is in the running for "Staffer of the Year"-- congratulations, Joshua-- numerous stakeholders and understand-- to understand the concerns and explore practical solutions. And throughout this process, we've engaged with others to try to under-- to understand where true gaps exist. We have landed on the concept and the protection of the sale of data in this amendment. I will note, as I did in our meetings in November, that major

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

manufacturers already have data privacy policies in place that ensure consumer control, explicit consent, and prohibit the sale of data. Senator Jacobson has consistently emphasized that he does not want to disrupt the ag economy or impair producers' access to solutions, and we supp-- we share that goal and have worked to support it. Through our research into state and federal data law, we have found a consistent framework recognizing data control, not data ownership. And data ownership is a novel, legally uncertain concept, while control-- allowing users to share, amend, and Senator Hallstrom, even delete their data-- is the established norm in all other laws, including health, banking, and in the law that Senator Bostar carried and passed in Nebraska, the Nebraska Data Privacy Act for personal information. We do not support introducing new and untested legal concepts within-- when existing legal frameworks provide the same level of protection desired with more confidence in the application. In summary, the amendments to LB525 represent a significant improvement from what was introduced last session. We have contributed extensively to the language before you today, and we are closer than ever to common ground. The remaining differences hinge on legal interpretation and approach rather than principle. And again, our customers currently operate under data privacy policies that ensure their control and prohibit the sale of data. We're grateful for the collaboration, the opportunity to improve this legislation. I'm happy to answer any questions.

HALLSTROM: Thank you, Mr. Erdman. Questions of the committee? Seeing none, thank you, sir.

PHIL ERDMAN: Thank you.

HALLSTROM: Anyone else in a neutral capacity? Welcome.

APRIL PRICE: Vice Chairman Hallstrom, members of the Banking Committee and Insurance Committee, thank you for the opportunity to testify today. My name is April Price, A-p-r-i-l P-r-i-c-e, and I appear on behalf of John Deere, an organization that works closely with Nebraska producers every day. We appreciate the Legislature's sustained focus on agricultural data protection, and in particular, the collaborative work that has occurred over the past year among producers, industry, and policymakers, to thoughtfully scope this bill. We share the committee's goal of ensuring trust, transparency, and security in the use of agricultural data, as well as restrictions on the sale of customer data without authorization, which fully aligns with our policies available at deere.com/trust. In fact, in 2018, John Deere

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

was the first equipment manufacturer to receive the ag data transparent certification, certification, which was established in partnership with farmer-led organizations to help producers understand how their data was being used. However, we are neutral on LB525 as currently drafted because of its reliance on the concept of ownership of data, which introduces significant legal uncertainty, departs from the established data privacy frameworks, and risks unintended consequences for producers and the agricultural economy. Section 4 of LB525 under the current amendment, AM2076, provides that a producer is the owner of certain ag data. I have found no existing state or federal data law that uses ownership as its foundational concept. Nebraska's own data privacy law does not use ownership, nor does Nebraska's UCC law with respect to intangible property. Instead, both of those laws, as well as federal laws like HIPAA, Gramlich-Bliley, and nearly every other modern privacy framework, regulates data through the lens of, lens of control, not ownership. Introducing ownership represents a fundamental departure from these established approaches and places Nebraska on a-- on an untested legal path. Declaring that data is owned raises unanswered legal questions, including, for example, in mergers, bankruptcies, probate, and multi-state operations of producers. LB525 does not resolve these questions, leaving courts, not the Legislature, to define the consequences of data ownership. The Legislature's stated findings for LB525 focus on protecting the economic value of agricultural data, limiting unauthorized sales and ensuring security. These goals are addressed in the draft legislation, but none of these protections depends on establishing ownership. In fact, they function more predictably without it. Ownership language may unintentionally restrict rather than empower producers by creating uncertainty around routine data sharing, complicating existing contractual relationships, and increasing compliance costs that ultimately flow back to producers. We respectfully urge the committee to remove the concept of data ownership from LB525, and instead, rely on a control-based framework consistent with other privacy laws. Thank you for your time. I'm happy to answer any questions.

HALLSTROM: Thank you, Ms. Price. Any questions? Senator von Gillern.

von GILLERN: Thanks for being here. Sounds like you're opposed, not neutral, but that's your choice. The-- it, it's probably not as simple as just swapping out the words control versus ownership, is what you're saying.

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

APRIL PRICE: I, I think it's a minimal-- I think we can get there with a minimal amendment.

von GILLERN: OK. And is-- has that been-- has Senator Jacobson been approached with that?

APRIL PRICE: We, we [INAUDIBLE]--

von GILLERN: Is he amenable to that? I'm trying not to look at him while I'm looking at you.

APRIL PRICE: I am not sure.

von GILLERN: OK. All right.

APRIL PRICE: I haven't talked to Senator Jacobson.

von GILLERN: Probably a conversation you're going to have, though.

APRIL PRICE: Yes.

von GILLERN: All right. Thank you.

HALLSTROM: Any other questions? Senator Wordekemper.

WORDEKEMPER: Thank you for being here. Is there a way an ag producer would know if his data has been accessed, whether he takes his combine in to get worked on, a planter, is there any way that he's notified that his data was personally accessed?

APRIL PRICE: It's a great question. And I can only speak from Deere's perspective. I'm not sure what other providers are doing. But with Deere, we, we very clearly state-- and I'm going to refer you back to our DEER deere.com/trust page, that our, our producers control their-- the access to their data. We set out all the ways in which we will use their data very clearly in that-- on that page, and-- but they don't, they don't get an email notification if something has access. If it's within the scope of what we've told them it would be used for, then, then that's fair game for us, but, but they don't get an individual notification. But they are fully aware of what we outline as potential data uses.

WORDEKEMPER: OK. So they would never know if their access-- their data has been accessed, really.

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

APRIL PRICE: Yeah. I suppose that's accurate. I mean, they do have full visibility to their data within our operations center platform. But I-- and they are the ones who set up the sharing with other entities. Deere does not control that. So they would know that they established a connection, but no, they wouldn't know each time someone sees their data. But, but no one would be able to see that data unless they had given them access.

WORDEKEMPER: Thank you.

HALLSTROM: Once you cross the line into aggregated or derived data, you no longer have ownership or control. Are the definitions of aggregate-- aggregated data and derived data sufficient for the protection of the producer?

APRIL PRICE: I think so. I think-- what, what we're talking about with this bill is protecting individual, individual producer data. Once you start combining that data with other producers and aggregating it so that no single producer's data is either identifiable or significant-- and you're looking for trends usually with this-- then I think that's a different animal than that individual customer's data. And I don't think that's what this bill is intending to protect from, from use. I think it's the individual customer's data that is, is being protected here, not the aggregated or derived data that's combined with others.

HALLSTROM: OK. And then I raised the, the question earlier about derived data seems to be kind of a hybrid that it may be the producer's data and it may not be. Any comments as to that?

APRIL PRICE: Yeah, I think the definition is pretty clear that it's data that's had a significant investment from-- in this case, it would be John Deere or potentially another OEM or other, and no longer reflects just the raw data that the, the producer, cre-- you know, that, that was originated with the producer's equipment or, or farm. So I think, I think that definition is sufficient to isolate derived data, as well.

HALLSTROM: OK. And are you-- if you're familiar, do other state privacy laws treat that as personal or sensitive information?

APRIL PRICE: Generally not. If the, if the person isn't identifiable, it's not considered personal information. So, so long as that is-- the data is aggregated or combined or the identity is removed and you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

can't use that information to identify someone, it is no longer considered private-- personally identifiable information.

HALLSTROM: OK. Thank you very much.

APRIL PRICE: Mm-hmm.

HALLSTROM: Any other questions? Seeing none, that will-- any other neutral testifiers? Yes, ma'am. Welcome.

SHIRLEY NIEMEYER: Thank you. And thank you all for serving. I'm Shirley Niemeyer, S-h-i-r-l-e-y N-i-e-m-e-y-e-r, and I have read this bill several times, but I'm not sure I understand all the complexity of it. I think it's important. I do. And we do own a small farm and I grew up on a farm. I just am puzzled by the term ownership of data and how that relates to some of my environmental concerns. And I guess I have more questions. And I know you can't answer my questions, but I'm going to put them out there, and, and maybe have you think about them, in terms of what this is. And it may not apply at all. But thank you for listening to me. I guess I'm wondering--you're-- I think you're talking about machinery data, electronic data from all the farm machinery and that, but we also have things like water tests, nitric tests, individual farms provide that. And my question is if somebody owns the data, can they limit their right to provide that data to NRDs or to the state, or does our environmental regulations prevent them from keeping that data from the public or from other people? And the reason I'm thinking about this in some parts of our state, I understand the nitrates level are very high. And UNMC has done research that associates high levels of nitrates with infants' cancer rates, or children's cancer rates. And so, I would not want that data not to be provided because somebody says, well, my nitrates are high. I do not want to provide that information. I realize those tests go in, I believe, to the state, but I'm not as familiar on all the regulations on those environmental regulations. But I just want to ask that question and have you think about does this at any way, when you own data, does that person say, I don't want to provide that environmental data? And that's my question, so thank you very much. I appreciate your service.

HALLSTROM: Thank you for your time today. Any questions? Seeing none, thank you. As Senator Jacobson's making his way up, we had no comments because this was not reopened for comments since it's a hearing on an amendment to a bill. Senator Jacobsen to close.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Thank you, Vice Chairman Hallstrom. I do want to address a couple of things. First of all, I want to thank everyone for their testimony. I want to first approach this issue of derived data versus raw data. And we really discussed that quite a bit yesterday, when we were-- Joshua and I got together with several others to talk about that. And when you look at raw data, and I, I think that Farm Bureau raised a question about, is raw data when you look at a combine that's gathering corn through the field, all the sensors that go into calculating what the yield per acre is adjusted for moisture. There's a moisture sensor, there's a sensor that's going to weigh the grain at a certain point, there are sensors that are monitoring speed. And so, are those individual sensors raw data, or is raw data, which we believe would be our definition for raw data, bringing those sensors together, producing what would be yield data that would be coming up on the yield map and recorded as the yield, at that point in the field? OK. That is owned-- we would expect that to be owned by the producer, and we'll make any modifications we need to in the bill to make certain that that is what we're referring to as raw data. Derived data, as was outlined as well, it would be that if you were to take, for example-- I'll use John Deere for an example. I think they probably got somewhere around 275,000 combines running around the Midwest, around, around the country. So you get to harvest time, and if these yield monitors are working in their combines and they're able to see that data and it's coming from individual producers, but if you can aggregate that, all of a sudden you've got a pretty good handle on what the yields are doing in that particular spot of each field and potentially could front run and move the markets, OK, more accurately than maybe what anybody else could derive. So, there are those out there that want us to carry this bill to derive data, but I'm guessing that John Deere and any other manufacturer would be more than just a little bit opposed to bringing that limitation into play. So what the bill is focused on, first and foremost, is protecting farmers' proprietary data from their own operations, what they collect using third-party software that they have purchased a, a subscription agreement for. So we're concentrating on that first level of data as being protected, but we're not focusing on the aggregated data at this point. There could be something down the road. From what I'm understanding, that would be significantly valuable information, but how you harness that, how you regulate that, may be something for another day. Let me speak to ownership versus control. I was standing over here. Almost chewed my tongue off, because let me tell you where this came from. First of all, Ag Data Transparent, which John Deere was one of the first ones to sign onto, mentions ownership of data

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

repeatedly throughout the Ag Data transparent agreement that they signed onto. So if ownership is something that's completely foreign, then why did they sign onto it? OK. Now, we're not stuck on ownership. In fact, we've already agreed that we would amend the bill to go back to control. The other thing that influenced our decision with ownership was when we did the interim study this summer. Let me just set it up for you. LB525 was introduced last year. The committee wasn't wild about it because all that-- everybody testifying was this, this-- there's this problem, there's this problem, there's this problem. And I said, OK. I'm going to pull the bill. We're going to do an interim study, and so we did. And so, we started with all the people in the roundtable, and we dive into it, and seemingly, everybody is saying, this is the most horrible thing I've ever looked at. And finally, I think I stopped and said, well, I don't know. Are we ready-- are we done here? Is everybody ready just to go home and say, forget it, we're not going to go move a bill? And then all of a sudden, everybody said, whoa, whoa, well, no, wait a minute. Not so fast. We, we think there's a bill in here, but we just have all these other issues. And so, a lot of people talked for a while and I went around the room. And I said, OK, I want to hear from all the groups, what do you think is good about the bill? What do you want from the bill? Tell us where we need to go to. Until we got to the new-- the farm equipment new and used farm equipment manufacturers representative, Senator-- our Mr.-- former Senator Erdman, who said, well, would it surprise each of you if I said that the equipment manufacturers have a producer-- or have an, have an agreement right now, with their producers. It's an operating agreement, and that operating agreement defines how this can be used. And would it surprise you if you-- if I told you that it says first and foremost that the producer owns the data, not, not controls, owns the data. Now, don't take my word for it. There are other people in the room who were there at the meeting and heard those words come out. Owns the data. That's where we adopted ownership. In fact, when we got done with the hearing, I made it clear at the time. I said, Senator-- or Mr. Erdman, thank you for sharing that information, because I think you just found the backbone for this bill, is the user agreement between what John Deere and Case IH and other manufacturers are using, why not take the concepts they've already created, their attorneys have already looked at that they've already agreed to and got signed off with producers, and we make that the core of the bill. Well, I didn't get a resounding yes, let's go codify this, but that's the direction we want to go. So I met with, with Phil after the meeting and said, we want to work with you along the way here to bring this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

together. We'd really like the equipment manufacturer to be front and center on what we do. Now it might surprise you to hear that with all this technology, I did not get one phone call, email, or fax from John Deere or any equipment manufacturer today. The first I heard about them coming in neutral was today. The first I heard what their concern was, was today. We could have amended the bill. We could've built the bill originally around control, but you got to communicate. That's how we get stuff done. You can't just be silent and then come in and say, I'm neutral, and, and maybe not move the bill forward. So, again, I think anybody that knows me very well, I tend to reach out and touch testifiers who come the day of the hearing and I ask them the question, have you talked to the bill sponsor before today? No, I didn't have time. OK, then, but you had time to come and testify but you didn't have time to talk to the bill signer before this. So just a little pet peeve of mine. So with that said, yes, we do plan to bring an amendment. We plan to bring an amendment. First of all, we did go with the, the, the change from this white copy amendment from, from the first white copy amendment, the FOIA concerns that the NRDs had, and the Bill Drafters missed it. So Josh will email them, wanting to make the change today. And of course, big surprise, we can't get it done for you today. So we are bringing, bringing FOIA. We will bring-- we are prepared to change ownership to control, and there's a-- you have a couple other little minor tweaks that we think need to be made. Otherwise, I think the testimony heard today was we generally like the bill, OK? And it's a good start to where we need to be. And I think when you listen to the proponents, we need to do something. Producers are demanding that we have something out there that sets up the control and, and the security of their data that they're producing. And we think-- I think we owe it to them to do something, and that's why I believe we've got a bill that should move forward. I intend to name this as my personal priority bill. That's how strongly I feel about the bill. There's plenty of choices for priority bills this year, but this will be my personal priority bill if we vote it out. So with that, I'm going to get off my soapbox. I feel much better now.

HALLSTROM: I'm glad we could be part of it. Any, any questions of the committee? I would say, Chairman Jacobson, as many of the witnesses have already indicated, there's a great deal of work that went into place, not only by you, but your staff and all of the interested parties. And just so the record's clear, I did ask some folks if they wanted me to ask any questions, and nobody took me up on it, so all my questions were my own.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Ah, good. That'd be good. Well, I would say that Joshua had done Yeoman's work, and I would second the motion that many have made, that he is where he worked his tail off in trying to pull it together.

HALLSTROM: Thank you, all. That ends the hearing. And I'll turn it back to Chairman Jacobson for LB1003. You're filling in for Senator Meyer? Filling in for Senator Meyer?

Speaker 4: Thank you.

HALLSTROM: So we're coming back, you think, man? We're going to have to keep going. I should have.

Speaker 15: Three hours. George, I figured George would be gone.

von GILLERN: If you don't get quiet, I'm going to start voting right now.

HALLSTROM: I thought you I saw you at pharmacy lately and a cattle prodder.

Speaker 4: Thank you.

HALLSTROM: Not for you. I don't know who.

Speaker 15: After this.

HALLSTROM: Yeah, yeah

JACOBSON: All right. Next hearing is LB1003. And go ahead for the open. We're not going to be able to ask you any questions, but you go ahead.

JOEL HUNT: Senator Meyer is in the Urban Affairs Committee, defending his personal priority bill, LB988, which is Tiffer form so he couldn't be in 2 places at one time, so I'm going to fill in for him.

JACOBSON: We got you. That's fine.

JOEL HUNT: All right. My name is Joel Hunt, J-o-e-l H-u-n-t. What I'm going to do, just briefly, is I'm going to tell you what, what this bill does, then I'm going to tell you why we need this bill, and then I am going to explain the amendment. So LB1003 is a consumer protection bill called the Renewable Energy Consumer Protection Act. The bill is des-- is designed to protect customers seeking to purchase a renewable energy system and/or a battery energy storage system. The

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

term renewable energy system refers both to wind and solar power. The bill protects consumers in the following 12 ways-- and I will be brief: number one, the bill requires a renewable energy sales company to disclose essential information about the renewable energy system and/or battery storage system to the consumer at least 30 days in advance of the sale. The bill requires-- number two, the bill requires all financing documents to be written in clear and conspicuous language. Number three, the bill ensures that the renewable energy sales company remains responsible for the compliance of an individual contractor who may be employed as a salesperson for the renewable energy sales company. Number four, the bill protect-- prohibits a renewable energy sales company from using the name, logo, pictures, or other digital material of an electric utility for the promotion of sales without written permission from the electric utility company. Number five, the bill requires the renewable energy sales company and the salesperson to keep all signed agreements pertaining to the sale of a renewable energy system and/or battery storage system for a period of at least 10 years. Number six, the bill requires the renewable energy sales company, the salesman, or a designated representative of the company to make a welcome call to the purchaser within three days after the sale of a renewable energy system or battery energy storage system. This is to ensure that the consumer is fully satisfied with the sales, the installation, and the performance of the renewable energy system. Number seven, the bill requires a renewable-energy sales company to provide the customer with a five-year or more warranty against roof damage due to installation and defects in workmanship. Number eight, the bill stipulates that any violation of the Renewable Energy sale-- Energy Consumer Protection Act shall constitute a deceptive trade practice under the Uniform Deceptive Trade Practices Act. Number nine, the bill requires electric utility companies that offer financial incentives for renewable energy systems and/or battery storage systems to disclose on the company's website information about the availability of incentives, remaining revenue available for such incentive programs, and the process for applying for such financial incentives. Number 10, the bill requires a renewable energy sales company to register the business with the Nebraska Secretary of State. Number 11, the bill requires any installer of a renewable energy system and/or battery energy storage system to be a licensed and bonded electrical contractor in the state of Nebraska, and that a relevant permit must be first obtained by the local municipality or the state of Nebraska before installation may begin. Number 12, the bill adds the Renewable Energy Consumer Protection Act to the list of deceptive trade practices contained in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

Nebraska State Statute 87-302. Consumer complaints have risen sharply in recent years regarding scams involving the sales of renewable energy systems. As the chart on the back of your handout shows-- that I handed out today shows, complaints about residential solar companies to the Federal Trade Commission increased up to 332% in the year 2023, and the number of one-star reviews on solar companies increased 11-fold during those same years. The U.S. Department of the Treasury website says, quote, federal and state regulators have received an increase in consumer complaints about a small number of unscrupulous solar companies. Some people have complained that they were deceived about costs and savings, misled about loans and tax credits, and pressured by aggressive sales and marketing tactics, end quote. These unscrupulous solar companies are now operating in Nebraska. In 2024, the Attorney General, Mike Hilgers, filed a lawsuit against Sundburn Construction LLC, a Wisconsin-based company which also goes by the name "Everlight." Everlight was accused of several unscrupulous business practices in that lawsuit. According to the lawsuit, one, Everlight harasses consumers in their homes, ignores non-solicitation laws, misrepresents material facts to consumers, and falsely associates with legitimate institutions. Number two, Everlight combines aggressive sales tactics and misleading statements to coerce customers into signing contracts with Everlight. Number three, Everlight misrepresents its relationship with a number of respected local institutions in an effort to convey unearned reputational legitimacy. Number four, Everlight has misled consumers with a number of misrepresentations about how much money they would save. We asked Nebraska power companies around the, the state about complaints that they have received. Here are five examples of what has been going on in Nebraska. The first one comes from Elkhorn RPPD in Battle Creek, Nebraska. Quote, it's more than just solar developers who have caused our customers' issues. Number two, Dawson PPD in Lexington, Nebraska. Quote, we have had repeated issues with an installer of solar. Number three, Chimney Rock PPD in Bayard, Nebraska. Quote, the people who install solar to pump water in pastures seem to get along well with solar installers. The ones who connect to houses do not. Number four, Norris PPD, Beatrice, Nebraska. Quote, it is difficult for someone to tell us they made a poor decision or were taken advantage of due to naivety. Buyer's remorse may be common in these situations. A few people have commented that the system isn't paying off like they thought it would. Finally, number five, Cuming County PPD, West Point, Nebraska. Quote, we haven't had any trouble in Cuming since Sun Pro left. Government officials in the state of Colorado have noticed a sizable increase in the number of consumer complaints in their state

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

regarding unscrupulous sales of renewable energy systems. Consequently, last year, Colorado lawmakers passed SB25-299 to address this problem. LB1003 is patterned after this Colorado bill. While opponents will complain that this bill is too restrictive, the committee should bear in mind that this is the way Colorado currently protects their cus-- consumers against fraud and abuse. Where the bill might be too restrictive, please understand that Senator Meyer is open to amending the bill in any reasonable way. According to a recent consumer survey by MarketWatch, solar panels cost between \$15,000 to \$20,000 on average, inclusive of installation costs. While current laws in Nebraska allow consumers to sue renewable energy sales companies, they do not prevent fraud, scams, and unscrupulous sales practices from occurring in the first place. New laws are now needed in Nebraska to prevent these bad actors from saddling Nebraskans with mounds of debt, poorly made products, and lengthy payment contracts that they, that they do not fully understand. Renewable energy sales-- excuse me-- renewable energy systems for residential and small business applications are often very complex and can be very confusing to customers. Many customers are being duped by aggressive sales tactics. Because consumers are often embarrassed to admit that they have been ripped off, this problem is much bigger and more prevalent than what is being reported to our utility companies. Finally, AM2054-- by the way, Senator Meyer dropped that amendment this morning, on the floor. AM2054 fixes a problem raised by the State Electrical Division. Section 16 of the bill requires the State Electrical Division to create and promulgate rules for bonding. The State Electrical Division does not regulate bonding. Therefore, AM2054 strikes Section 16 from the bill and adds language to Section 15, requiring an electrical contractor to simply provide the State Electrical Board with a certificate of insurance before obtaining a permit for the installation of a renewable energy system or battery energy storage system, so providing that certificate would en-- guarantee that they are bonded. Please advance LB1003 to the floor.

JACOBSON: Thank you. And since you're the LA for the Senator, we really can't ask you questions. So we'll move on to the first-- and I-- and we won't-- you won't be able to close unless he comes and closes for us.

JOEL HUNT: Yeah. That's right.

JACOBSON: Thank you. First proponent.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

TIM THALKEN: Chairman Jacobson and members of the committee, good afternoon. My name is Tim Thalken, T-i-m T-h-a-l-k-e-n. I'm a lawyer with the Frasier Stryker Law Firm in Omaha, and we represent the Omaha Public Power District. And I am testing-- testifying on their behalf, as well as on behalf of the Nebraska Public Power District, and we are testifying in support of LB1003. LB1003, the Renewable Energy Consumer Protection Act, provides strong and commonsense consumer protection for electric utility customers who wish to install a renewable energy or battery storage system for their home or business. Section 2 of the bill sets out reasonable definitions of the types of systems and customer agreements covered by the act. These include definitions of renewable energy systems and the installation companies that are the subject of this legislation. The act also provides an enforcement mechanism to redress violations of its terms under the Nebraska Deceptive Trade Practices Act. OPPD supports the written disclosures required under Section 4 of the bill, and does not consider them unduly burdensome for companies in this business. It is important that the disclosures be transparent about system costs, warranties, and projected energy savings. OPPD has received reports from many customers about sales presentations that do not reflect the eventual written agreement or provide the kind of information needed for a customer to make an informed decision. Section 5 builds on the protections in the act by outlining the key terms that must be included in a contract to purchase or finance a renewable energy or battery storage system. This section also provides a five-day right of rescission, which we think is reasonable protection for a customer considering the size of this expenditure. OPPD supports this act's requirements that companies involved in this business register with the state and that energy systems be installed by licensed electrical contractors. Section 8 of the bill prohibits renewable energy sales companies from representing that they are affiliated with a utility, unless the utility has given written consent. This protects the utility providers while avoiding customer confusion about who is supplying these new systems. OPPD supports the terms in Section 13 that outline any financial incentives available from utilities for renewable energy or battery storage systems. I want to note that Section 5 provides a dispute resolution process for customers that involves private arbitration. While arbitration can be less expensive than courts, OPPD would be comfortable with a judicial remedy instead of arbitration. Thank you for the opportunity to address the Renewable Energy Consumer Protection Act. OPPD and NPPD supports the advancement of this bill to General File, and I'd be happy to answer any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Questions from the committee? Yes. Go ahead, Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, sir, for being here. I'm trying to figure out what I'm missing. It sounds like we're talking about one bad actor in the state, and it sounds like the Attorney General's Office is already on top of it. Why are we passing a law?

TIM THALKEN: So the, so the reference to the Attorney General's lawsuit was one bad actor. There is another one who was a trade ally of OPP-- OPPD in the past. We stripped their status as a trade ally as we did with, with Sund-- Sundburn. So this is not limited to one bad actor. We think there are-- or many-- or at least-- we, we certainly know of two in our, in our service tier.

BOSTAR: So knowing of two, OK. But I mean, you know, in the, in the opening testimony, we have some quotes from other public power districts, talking about how, you know-- when that one laughed, everything's good now. Is-- do you feel like the Attorney General's Office is incapable of handling the second bad actor?

TIM THALKEN: No. I wouldn't say that. I would point out that these actions continue. So we've had reports from our own employees, OPPD employees who have been approached in the last few weeks by various contractors who have made promises or representations that are simply not true, and represented that they are essentially affiliated with OPPD when they are not. So this provides additional teeth to the Attorney General. It makes it clear, and it more importantly, provides a, a resolution for the consumer, because it provides a right of rescission, which is not, I believe, provided in the, in the Nebraska Deceptive Trade Practices Act. So this is protecting customer-owners. But there's certainly an enforcement provision by the Attorney General, but this rescission provision is really important for our, our customer-owners.

BOSTAR: Is-- I mean, it sounds like some of, you know-- it sounds like a lot of these things are already fraudulent acts, which is why, you know, we heard that the AG is kind of already going after them. Is the Attorney General-- I mean, I don't-- seen them up in their office. Are they, are they-- do you know if they're coming in on this bill?

TIM THALKEN: I don't know. We, we did not draft the bill. We're, we're, you know, we, we were, we were consulted, I believe, with, with the, with the drafter, but we-- this was not something that we offered. This-- but we are in support of it.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

BOSTAR: Thank you very much.

JACOBSON: Other questions from the committee? I do think the five-day right of rescission is a unique addition, particularly if someone's feeling pressured to sign a contract, then they have five days to review it and say, is this really what I want to do, and maybe make some phone calls and confirm it, so I, I like that being in the bill. And if nothing else, thank you for your testimony.

TIM THALKEN: Thank you.

JACOBSON: And ask for any other proponent testimony. All right. Seeing none, opponent testimony.

GRAHAM CHRISTENSEN: Chairman Jacobson and members of the Banking, Commerce, and Insurance Committee, my name is Graham Christensen. I'm from Oakland, Nebraska. I'm the president of GC ReVOLT, LLC, a solar and alternative energy development company established in 2016, which has constructed approximately 115 systems from Honey Creek, Iowa, to Ogallala, Nebraska. I'm certified annually as a general contractor by the Department of Labor, and I work with a small group of locally based electricians, including Freewave Energy Solutions in West Point, Nebraska, and Christensen Electric, which is my brother's company based right out of our farm. All the systems we have developed as small local businesses are all still operating, and we have always worked hard to comply with already existing electrical codes and the state electrical inspectors, differing utility interconnection guidelines, and new city and county permitting requirements. GC ReVOLT is also a trusted trade ally of OPPD, NPPD, and Lincoln Electric System. This innovative utility idea was developed-- is a developed program that creates expectations and guidelines for contractors to stay in compliance with utility standards, and we comply with these regulations willingly, so we already deal with the very thorough and extensive process, and the thought of 15 pages of additional reporting seems a little bit much. But, we do know and acknowledge, as much as anybody, there are predatory companies out there. The big two were mentioned in the introducer's opening. We've come across systems with panels on the wrong side of the house, with bad electrical work, which can lead to fire hazards, as well as unfinished work. Often, we're the ones called to help get consumers back up and running. I also have big concerns with some of the financial schemes being offered that also seem predatory in nature, so there is some of that going on out there, and there's other-- there's many other concerns as well, so. But I don't think, after talking directly with the introducer, Senator Glen

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

Meyer, that the bill is, is aimed at putting upstanding small developers out of business, but in its current form, it could, and I'm concerned about that. I'm very concerned. A primary concern I have is around disclosure and advanced notice requirements. As contractors, we're already on a timeline we cannot control, due to permitting and interconnection processes, as well as due to customers' changing plans as we continue to educate them through the process, and also just Nebraska's unpredictable weather scenarios. The current bill requirements are not feasible for most contracting companies in any industry, I would argue, let alone in, in the solar development industry. I'd also like to suggest adding consumer incentives for proven trade ally caliber developers if, if this bill is to come forward and keep being spoken about, and merging some of the ideas with existing trade ally programs. I like the idea of positivity and encouragement with incentives for consumers who choose contractors with proven track records. It would be great to have input from these kind of developers and also utility reps involved in the existing trade ally programs, specifically to help readjust this bill towards its true intent if, if that is, if that is the movement forward. I look forward to working towards the bill's intent in consumer protection while maintaining support for consumer's right to choose for the financial, security, and environmental goals of their households. Small business are the backbones of Nebraska's economy--

JACOBSON: We're going to need you to wrap up your comments.

GRAHAM CHRISTENSEN: --and we want to keep it that way. Thank you for your time, and I'll take any questions.

JACOBSON: Thank you. Questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, sir, for being here. You talked a little bit about some of the requirements that you already kind of have to deal with. Can you speak a little bit more to that? What's that landscape look like? What are you-- what are the regulations in place?

GRAHAM CHRISTENSEN: Well, first of all, the trade ally programs, which is, is one of the, one of the systems that we have to comply with, contractually. If, if I don't comply with those contractually, I'm in trouble, so I'm, I'm tied to those. I signed an agreement with all three of these utilities that I would comply with them. A couple of, of things that come forth in those agreements are good practices, as, as the person noted at the beginning, state electrical code

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

guarantees, contractor updates, and, and also, guidelines for financial analysis, requirements around UL listings and standard testing requirements, so these panels go through, you know, standard testing requirements, warranty awareness-- not to use their logos to sell stuff. I have gotten permission from a trade ally to, to use their name when I'm talking about we developed a successful project in their area, and I love to prop up our, our utility partners in that process. Other things that we do? We're seeing a more, I guess-- we're seeing, we're seeing in the permitting processes, especially in Omaha, that the city has really stepped up. They are also basically looking over our shoulder on every development on a rooftop that we have, in order to ensure that it meets engineering specs, that the roof can hold it, and all of those things. As a matter of fact, they usually have somebody that shows up to every single install, you know, that we do. We have to have an interconnection agreement that works with the utilities, to comply by their standards that they already set, which is contractual. And the customer is a part of that. It's a three-- it's a three-way agreement. And every year, we got to register annually with the Department of Labor. And there's a whole number of other things that we kind of-- that are kind of involved in the process, too. But we go through an extensive process already, and I don't mind weeding out bad actors because they give us all a black eye. Like I said, maybe this just goes a little too far.

BOSTAR: Thank you for that. So-- and, and I, and I think that that's-- I'm going to go out on a limb here and assume that's the point, is to go after the bad actors and not--

GRAHAM CHRISTENSEN: Yeah. I think so.

BOSTAR: --unfairly punish the folks who are doing it right and are working with utilities and everything else. Would you-- and, and you know, unfortunately, Senator Meyer is not here. But I mean, I'll, I'll certainly ask him at, at a later point, but-- he is here now. But in-- would you be willing to work with the introducer of the bill to try to find a balance that's more targeted on going after the bad actors and not, not sort of having this, this blanket kind of oppressive program that's going to hurt small businesses that are doing things right?

GRAHAM CHRISTENSEN: Yeah. In my conversation with Senator Meyer, I committed to that. I told them that we could probably put some of these ideas together and make something work. I actually got some other ideas, you know, that I'd like to throw into the conversation, as well, that can help shift towards good actors, allow consumers to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

have more of that choice, to know that who they're working with is solid. So I'm committed if, if Senator Meyer continues to move forward with this bill, you know, to try to bring some ideas here that can make it work for the good actors and, and weed out some of the problems that are unfortunately happening in the state of Nebraska.

BOSTAR: Great. Thank you.

JACOBSON: I would just-- I want to make sure I got this straight. So you said that you did talk to Senator Meyer about your concerns, though you did that before today.

GRAHAM CHRISTENSEN: Yes, .

JACOBSON: That's novel.

GRAHAM CHRISTENSEN: Yes. Well, and, and I, I wish I, I wish I would have absorbed this earlier. I would've gotten a hold of him earlier so we could work on this, you know, which was his biggest concern--

JACOBSON: Yeah. I, I appreciate that.

GRAHAM CHRISTENSEN: But we sat down Saturday, and, and we had a good talk. And he's not trying to hurt a bunch of local small businesses with young families. He made that very-- you know, very clear to me, and, and said we should, we should try to update this so it, so it works for guys and-- or teams like you.

JACOBSON: I can almost hear him saying those exact words, so that, that is true, so. Well, thank you. And I, I would tell you that I-- it's, it's nice to hear, because you're clearly someone who's trying to do it the right way, and, and--

GRAHAM CHRISTENSEN: That's correct.

JACOBSON: I think the last thing this committee would want to do and Senator Meyer would want to do is to try to put excess burden on small businesses. But yet at the same time, we want to weed out the bad actors, and so I appreciate the fact that you guys are or have been working together. I think there's other questions. Senator Wordekemper.

WORDEKEMPER: Thank you. And, and I don't know if you can answer this, but if there is a permitting process and you have to work with connecting utilities, how are these bad actors getting through those

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

cracks? Is it the local jurisdictions or are they not pulling permits and they're just doing this? I'm trying-- where's the gap?

GRAHAM CHRISTENSEN: Some companies take shortcuts. Some companies are fly-by-night. Some companies have come in here and invested a ton of money and have people doing these jobs that aren't qualified, don't know their way around very well. There have been new things added in the permitting process, you know, that we found out along the way, and we, you know, just make quick shifts and, and comply. But I also know there's been shortcuts taken on doing those-- you know, making those quick adjustments out there, which have caused projects to sit around uncompleted. And so, you kind of have all kinds of stuff happening, and that's-- you know, that's what's led to some of these issues. That's about the best I can answer that, you know, from someone else's perspective. Because I see-- I just see and hear things, but I don't know all the details, always.

WORDEKEMPER: All right. Thank you.

GRAHAM CHRISTENSEN: You're welcome.

JACOBSON: I'm trying to understand. If I understood your testimony, you said some of them have installed the panels on the wrong side of the house.

GRAHAM CHRISTENSEN: Unfortunately, by-- next to-- very close to somebody I closely know, they're facing the north. And anybody knows the sun-- you know, south, kind of want to do this; east to west, you can catch, you know, the sun grate, too, if the roof is feasible; but you never do north. I've seen that in my home county of Burt County. I've seen this in Nebraska City. I have seen this in, in, in the Omaha metro. So that's how bad it can get when you have folks that are not qualified to be out there, installing these things.

JACOBSON: Yeah. Thank you. Other questions? All right. Thank you for your testimony.

GRAHAM CHRISTENSEN: Thank you.

JACOBSON: Any other opponents? All right. If not, is there anyone who wishes to speak in a neutral capacity? OK. Step right up here.

SHIRLEY NIEMEYER: Hello. Thank you for your service. My name is Shirley Niemeyer, S-h-i-r-l-e-y N-i-e-m-e-y-e-r, and I'm testifying as myself. I guess I would share with you why I'm testifying. I really

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

struggle on how we're addressing climate change. And I am deeply concerned about the rollbacks on some of the protection at the U.S. level that we've had. I've studied solar and wind, and energy efficiency in housing and so on, and I have provided with you some data that we won't get to probably, but it's about-- and it's older data. I didn't update this-- probably 10 years old in some of it-- about the rising carbon dioxide emissions, about the rising temperatures, and the prediction for the future, about the drying up of lakes, about in the ocean, what's happening and some of the wildlife is dying. Some of the wildlife is moving north, including armadillos. And the birds come two, two weeks earlier. It's 70 degrees out yesterday. That-- that's amazing, wonderful, but-- one day doesn't prove it, but this data does show you some of the, some of the reasons. And I struggle and I worry about the future for our children, and grandchildren, and even ourselves, in terms of what's happening with disasters. So I have some concerns about this particular bill, and I'm neutral on it because I think it helps in some ways get the bad apples out. But does it overreach to affect the other ones that are doing legitimate businesses? If you apply this standard, if you apply this standard to other businesses-- selling automobiles, and that you had to tell them how to get rid of it, you had to guarantee the performance-- not guarantee, but, you know, this is going to perform this way, or if you had to do that with backup generators or, you know, all the other things and all the other businesses and construction things we have. Construction of housing, how do you get rid of it? If we had to apply these standards to all those other businesses, what would happen to the businesses? And could they do it? And so I'm just saying this is maybe a little bit too complex and too much. And I think I've heard you allude to maybe another way would be try to go through the permitting process and, and maybe restrict or apply it to people that, that have not followed normal construction techniques for solar. OK. Thank you very much. I appreciate your listening.

JACOBSON: Thank you for your testimony. Any questions? All right. Seeing none, thank you. Any other neutral testifiers? All right. Seeing none, I would say we had-- Senator Meyer, you're welcome to come up and do your close. We had 2 proponent testify-- testifier letters and 15 opponent letters, and no ADA and no neutral. You're welcome to close.

G. MEYER: Glen Meyer, G-l-e-n M-e-y-e-r. OK. I appreciate the fact my LA had the opportunity to present this bill. I'd appreciate any questions, but I do want to comment on, on Graham Christensen's

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

testimony, the, the tail end that I heard. I appreciated having a conversation with him. You know, I think invariably everyone on, on-- in-- on the committees, everyone in the Legislature, when we propose a bill, we try to do as much work as possible on it, try to get as much information as we can. More information is better than less. But at the end of the day, we appreciate any input that's going to make the bill better. One of the concerns we always have on a bill: is there a need for it? Are we wasting our time? There definitely has been established a need for this type of legislation. And so once again, I look forward to working with Graham and any other, any other individual that would like to participate, give us insight and, and, and any type of contribution that's going to make this bill better, so. I'd welcome any questions.

JACOBSON: Are you looking at prioritizing this bill?

G. MEYER: No.

JACOBSON: OK. So you're not under the gun to get it out of committee, but [INAUDIBLE].

G. MEYER: I am not under the gun--

JACOBSON: All right.

G. MEYER: --to, to, to get it out of committee.

JACOBSON: That's good.

G. MEYER: So not, not as a personal priority.

JACOBSON: All right.

G. MEYER: No. We, we had submitted it as a Speaker priority, whether that has an opportunity to come out, but, but not as a personal priority, .

JACOBSON: Gotcha. Thank you.

G. MEYER: And, and we established that last week already.

JACOBSON: All right. Other questions? All right. If not, thank you very much for, for bringing the bill.

G. MEYER: Thanks.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: And for being here. Gosh, we got to see you. All right. With that, that closes our hearing on LB1003. And we will move on to-- we going to LB768? All right, LB768. And Senator Dover, you're on.

DOVER: OK. Coming. Thank you. Good afternoon, Chairman Jacobson and committee members. My name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I am-- represent District 19, which is Madison County and the south half of Pierce County. LB768 is about efficiency. By moving Nebraska's housing programs to NIFA, Department of Economic Development can focus more fully on its core mission, economic development, while housing finance and compliance functions are administered by the entity already structured to manage them. NIFA plays a central role in financing, coordinating, and incentivizing housing development across Nebraska. It administers federal housing tax credits, issues housing bonds, manages homebuyer programs, and partners with state agencies and local organizations to finance rental and workforce housing projects. This bill aligns administration of state housing programs with the entity that already manages the majority of Nebraska's housing tool-- finance tools, such as low income housing tax credits, the National Housing Trust Fund, the HOME Investment Partnership Program, and the CROWN Program. This legislation is not intended to diminish Department of Economic Development's work. As you will hear, the Department is here to support-- in support of this measure. We all share the same goal, ensuring that state resources are used in a fiscally responsible manner, and that we are not duplicating efforts across partner agencies. The amendment before you expands, clarifies, and cleans up language from the original bill. I have worked closely with the Department of Economic Development and NIFA to ensure that the transition and administration of the housing programs remain practical, transparent, and workable for the state, housing providers, and local communities. Specifically, the bill clarifies administrative authority, improves grant disbursement language, and strengthens reporting and accountability requirements without disrupting ongoing projects of creating unnecessary risk. It provides clearer guidance on how the funds are to be-- are dispersed and tracked, including the use of escrow accounts, phased payments tied to a, a project(ed) completion, and reasonable enforcement tools when reporting requirements are not met. These provisions are designed to protect public dollars while still allowing housing developers to move projects forward efficiently. You will also see language clarifying that although these state funds-- projects that are not owned or managed by the state will not be subject to state building code requirements intended for state-owned facilities. This ensures

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

appropriate oversight without imposing unnecessary regulatory burdens on housing developments. Excuse me. In short, LB768 does not change the mission of Nebraska's housing programs. It improves how that mission is carried out by placing housing policy where it makes the most structural sense, clarifying roles and responsibilities, and strengthening accountability for the use of state funds. With that, I'll be happy to answer any questions.

JACOBSON: Thank you. Questions? If not, thanks for your open. We'll look for the first proponent.

MAUREEN LARSEN: Good afternoon, or evening, Chairman Jacobson and members of the Banking, Commerce, and Insurance Committee. My name is Maureen Larsen, spelled M-a-u-r-e-e-n L-a-r-s-e-n. I'm the director of the Nebraska Department of Economic Development, or DED. Today I'm here to testify in support of LB768, and I also want to thank Senator Dover for introducing this bill on behalf of the department. LB768 allows DED to contract with the Nebraska Investment Finance Authority, or NIFA, to administer the Nebraska Affordable Housing Investment Act. NIFA was created by the Nebraska Legislature in 1983 to address affordable housing and agricultural development. It's an independent, quasi-governmental [INAUDIBLE], with its core mission as to grow Nebraska communities through affordable housing in agribusiness. NIFA collaborates with public, private, and nonprofit partners across the state to support housing and community growth, with innovative solutions such as providing low-interest financing for homebuyers, farmers, and community developers. I've been at DED for approximately 7 months. During that time, my team and I have been evaluating the agency's programs, with the goal of improving their performance. I'm convinced that there are opportunities to enhance the efficiency and effectiveness of the state's housing programs by having NiFA play the lead role in their administration. Under the current structure of Nebraska housing programs, the director of DED is the chairperson of NIFA's board. DED and NIFA also have overlapping responsibilities in program management, compliance, and inspections. As one example, many housing developments benefit from both federal low-income housing tax credits, or LIHTC, allocated by NIFA, and federal housing awards administered by DED. As it now stands, the two agencies sometimes are reviewing the same documentation and separately performing physical inspections of the same housing projects. NIFA has a track record of doing more, doing more with less. One way the agency has maximized its resources is by reducing reliance on grants in favor of loans. If NIFA were to oversee the Nebraska Affordable Housing Trust Fund, I believe there would be more focus on revolving loans than DED's current grant

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

model. These loans are already permitted by current statute. And NIFA estimates that if 70% of Nebraska's Affordable Housing Trust Funds, all of which are currently granted, were instead utilized for revolving loan funds, the state would have a principal pool of approximately \$52.5 million after 5 years, with additional interest income of more than \$3 million that could be reinvested. NIFA has demonstrated the ability to cost-effectively scale up its operations, and it could effectively administer DED's current housing programs with less personnel costs. Nebraska is extremely competitive with our housing affordability. We recently ranked fourth in the nation, but we can do better. Housing affordability provides a competitive edge when recruiting businesses to the state and attracting talent to our communities. I'm grateful to Governor Pillen and the Legislature for prioritizing investment into affordable housing, and I'm firmly convinced the state can get the greatest return on this investment by allowing DED to contract with NIFA to run the state's housing programs. At this time, I'll do my best to answer any questions you have about this bill.

JACOBSON: Questions from the committee? Senator Hallstrom.

HALLSTROM: This is step 2. There's another proposal out there to combine the housing programs funding under DED. If that happens, is, is this step 2, to then allow the DED to contract with NIFA to administer and coordinate those programs?

MAUREEN LARSEN: I don't believe there's any current legislation that would merge the funding under DED, under the Rural Workforce and the Middle Income into the Affordable Housing Trust Fund. If they were to be combined, nothing would change about the statutory requirements and about the different earmarks.

HALLSTROM: But this is step 2.

MAUREEN LARSEN: No. This is, this is just to, to allow the department to contract with NIFA. And then if this bill were to pass, then we would go with NIFA and we would come up with a contract to allow them to be an agent for the state, to administer the state's housing programs, but I don't believe it would change anything about those programs.

HALLSTROM: What is, what is DED's control currently, over those housing funds, necessitating them to contract with NIFA?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

MAUREEN LARSEN: I believe that we could-- if they contract with NIFA, we would be able to build more houses with less administrative costs and do it more effectively, and then do more of a focus on the revolving loans than simply an 80% upfront grant for a project.

HALLSTROM: So if there had been talk about doing things differently, you would see the siloed funding for these different housing programs-- Affordable Housing, Rural Workforce, and Middle Income-- not being altered in any [INAUDIBLE]?

MAUREEN LARSEN: Not unless the Legislature were to pass something to alter that.

HALLSTROM: OK. Thank you.

MAUREEN LARSEN: You're welcome.

JACOBSON: Other questions? Seeing none, thank you for your testimony. Next proponent testimony. Any other proponent testimony? Don't all stand up at once. Fred, what happened to you?

FRED HOPPE: Had surgery on my foot, so I'm hobbling. Chairman Jacobson and members of the committee, my name is Fred Hoppe, F-r-e-d H-o-p-p-e, and I'm a principal of Hoppe Development, which, as most of you know, a developer and builder of workforce and affordable housing across this state. This bill is to facilitate and enable the Department of Economic Development to outsource the contract administration of state housing programs to NIFA. Outsourcing DED housing program administration to NIFA puts all major housing programs of Nebraska under one roof, and that includes the federal programs that are also-- work in Nebraska. We want DED to have the flexibility to outsource if it needs to, to get the job done. As a developer, we like all programs under one roof. And I'd like to tell you that we're the consumers of all those programs, so it, it makes sense to us. In our business, just to, just to put some numbers to it so you can see how it, it makes sense to combine those, NIFA awards low-income tax credits a couple ways: 9% credits and 4% credits. 9% credits are issued in a competitive process. The, the programs under DED, and I'll tell you some of the different programs that are-- they, they have. They've got pandemic relief funds, national affording-- affordable housing trust funds, state affordable housing trust funds, statewide HOME funds, and statewide CDBG funds. The funds are awarded also on application and on a merit basis. Since 2020, Hoppe Development's done 16 projects with funding in part administered by Department of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

Economic Development. We've done 13 9% credits. I think we've done 8, 8 or 9 bond deals. So we're pretty conversive with making applications to use funds, get awards, and put them in place. But of the LIHTC projects, 12, 12 involved funds from DED to fill a financing gap. So in each of those applications in process, there was an overlap from the get-go, to-- in the determination of who got the funds and what funds went out. Incidentally, the 2027 application for tax credits says, 2027 9% NIFA and DED Application. I'll conclude by saying the administration of the programs, NIFA programs, LIHTC, and the DED housing programs are very similar. NIFA's done a great job and a fair job dis-- distributing the funds. They do that with state funds, as well.

JACOBSON: Thank you.

FRED HOPPE: Thank you.

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

FRED HOPPE: You bet.

JACOBSON: Next, [INAUDIBLE] for proponents, aren't we?

ZEKE ROUSE: Thank you.

JACOBSON: How are you?

ZEKE ROUSE: Good, thanks. Chairperson Jacobson, members of the committee, my name is Zeke Rouse, Z-e-k-e R-o-u-s-e. I'm a policy analyst and lobbyist for Spark, a nonprofit organization based in Omaha, focused on revitalizing disinvested neighborhoods. I want to begin by thanking Senator Dover for his leadership on LB768 and his continued commitment to strengthening Nebraska's housing infrastructure. Spark works with emerging developers, local governments, and community partners to bring new housing opportunities to neighborhoods that have faced years of disinvestment. Through our Developer Academy in Omaha, Fremont, and Norfolk, we train and support first-time and small-scale developers, many of whom are working in communities that have not seen new housing investment in decades, and LB768 would directly support this work by streamlining how funds are administered. By empowering NIFA to partner more closely with nonprofits and local entities, LB768 would make it easier for organizations like ours and the emerging developers we support to access state housing resources, reduce administrative barriers, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

move projects from vision to construction. Importantly, NIFA leads the state's strategic housing framework, which guides planning and coordination efforts to strengthen Nebraska's overall housing ecosystem. Spark has participated in several of the framework's pillars, and we've seen the value of NIFA's statewide coordination. LB768 also aligns well with several other housing bills this session, including LB819, which extends the sunsets on the workforce housing programs. LB1067, which provides sustainable funding streams to those workforce housing programs, LB1246, which you'll hear next, which enhances coordination between NIFA and DED, among several others. Together, these bills represent a comprehensive effort to strengthen Nebraska's housing ecosystem. For Spark, that means being able to more effectively partner with NIFA and DED to get housing projects off the ground, empower small developers, and deliver homes for working families. And for these reasons, I respectfully urge the committee to advance LB768. Thank you for your time. And again, thank you, Senator Dover, for your leadership on this important legislation.

JACOBSON: Thank you. Questions from the committee? Seeing none, thank you. And we'll move to the next proponent.

JUSTIN BRADY: Senator Jacobson and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Home Builders Association of Lincoln, the Metro Omaha Builders Association, the Nebraska State Home Builders Association, Habitat Omaha, and the Nebraska Realtors Association in support of LB768. Just a quick-- brief history. About 3 years ago, I helped put together a coalition of about 24-25 individuals, developers, associations that had interest in housing, to try to come up with what are some ideas we can do to move housing forward? And the number one recommendation out of that committee or that association at that time was to move housing funding over to NIFA. We approached Governor Pilleen about it. And at that time, I understand he had some questions about whether or not-- where it would fit or where it not fit in NIFA, so I do appreciate now, Senator Dover and the Governor looking at this and saying, yes, this is where efficiencies can happen, and we would support that. The one thing I do want to bring up, Senator Hallstrom, you'd asked about-- I refer to it as kind of the silos of the money. There is not a bill that would combine those. However, it's my understanding in one of the budget bills, LB1072, it does exactly that. It takes all the un-- unobligated balance in the Rural Workforce, dumps it in the Affordable Housing; takes all of the one out of the Middle Income, dumps it in the Affordable Housing. So I think if the budget bill still reflects that and we do this, then yes,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

it would be one program that would still have framework out there, but you wouldn't have your separate silos of which the associations I represent today would not be in favor of trying to combine that all into one large program. So with that, I'll try to answer any questions, Senator.

JACOBSON: I was afraid you were going to say, we're going to dump all this into here and all this into here, and then we're going to take all of what's in there and go to the General Fund with it, so that could be problematic. I don't really have any questions. Anybody from the committee? Thank you, Justin, for being here.

JUSTIN BRADY: Thank you.

JACOBSON: Next proponent.

CHARLES WESCHE: Good evening, committee, Chair Jacobson. My name is Charles Wesche, W-- C-h-a-r-l-e-s W-e-s-c-h-e, and I'm the CEO of NeighborWorks Lincoln, which also includes our subsidiaries, Prairie Roots Community Land Trust, and South of Downtown Community Development Organization. I'm also here today testifying in my capacity as a member of the Nebraska Housing Developers Association, or NHDA, as well as the Lincoln Chamber of Commerce. Thank you for opportunity to testify in support of LB768, but also to lay out a couple areas that are causing a little bit of heartburn. I also wanted to just say thank you to Senator Dover, for his work on this bill and for his leadership moving this forward. NeighborWorks Lincoln is a nonprofit community housing development organization, or CHDO, that's dedicated to expanding sustainable homeownership and strengthening neighborhoods in Lincoln. This year, we are celebrating our 40th year serving the Lincoln community. We have long partnered with the state to put housing dollars to work in neighborhoods where they are needed the most-- helping families buy homes, improving existing housing, and supporting local economic growth. From that experience, we see LB68-- LB768 as a thoughtful update that strengthens the framework around Nebraska's housing investments while keeping the focus on serving Nebraskans. Allowing the Nebraska Investment Finance Authority to administer and support state housing programs is a smart step that builds on existing strengths and capacity. NIFA has decades of experience in housing, finance, compliance, and program management and is already a trusted partner for lenders, developers, and nonprofits across the state. By formally empowering NIFA, the state can streamline administration, reduce duplication, and respond more nimbly to changing market conditions. For partners like NeighborWorks

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

Lincoln, this means clearer processes, stronger technical support, and a more predictable environment in which to plan and deliver ever-so-needed affordable housing. While I'm certainly in support of the overall intent of this bill, there are three items I would like to point out that are causing some anxiety within the affordable housing community. First, is the removal of the Housing Advisory Committee in Section 4. Second, in Section 5, the loan application period is reduced from 90 to 60 days. An explanation or rationale for these proposed changes would be appreciated. I'm sure there are reasons. Third, the process related to holding awarded grant funds in an escrow account, also found in Section 5, seems to need some further refinement. I want to mention concern I have regarding some discussion to potentially change the Affordable Housing Trust Fund awards from grants to revolving loans. In my opinion, this would have consequences to affordable housing development in Nebraska as the subsidy brought into trust fund projects allows for the construction and sale of homes serving households under the area median income. I would also second Mr. Brady's point that he just made about putting all the funds into one pot. In conclusion, I think this bill gives Nebraska's housing programs better tools to do what they were designed to do, which is to create and preserve safe and affordable homes across our state, but leaves some questions yet to answer and work to be done, and I would welcome the opportunity to help with these items. On behalf of NeighborWorks Lincoln, our subsidiaries in the NHDA, and the Lincoln Chamber, thank you for your consideration, and I'd be happy to answer any questions you may have.

JACOBSON: I have got to ask. So you've raised concerns about changes you'd like to see. Have you talked to Senator Dover about those changes?

CHARLES WESCHE: Our our group through NHDA has had some conversations and I think--

JACOBSON: About these specific things?

CHARLES WESCHE: These specific things.

JACOBSON: And said change these things to get our support.

CHARLES WESCHE: I think where things are at is-- I think, I think it's fair to say that right now, the housing community is living in a little bit of limbo, understanding what, what the, what the landscape is going to look like. And I, I support this move. I think there is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

some details to work out, and I think those details will be worked out between the, the contract between DED and NIFA, should that, should that go forward.

JACOBSON: Thank you. Questions from the committee? I, I raise these questions because we're getting down to priority bill designations. Things need to move and--

CHARLES WESCHE: Sure.

JACOBSON: --people have concerns about bills that haven't raised them before the day of the hearing. You, you probably--if you were here earlier--

CHARLES WESCHE: Yeah.

JACOBSON: --those get my ire a little higher, so.

CHARLES WESCHE: Sure. I understand that.

JACOBSON: Thank you. If not, thank you for your testimony. I'll ask for any other proponent testimony. Good evening.

DEXTER SCHRODT: Good evening, Chair Jacobson, members of the committee. My name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t, President and CEO of the Nebraska Independent Community Banker Association, here to support LB768. Yeah, I think that's the one. I want to thank Senator Dover for bringing the bill, and Director Larsen and Governor Pillen, for working through the bill with Senator Dover to achieve this goal to make the housing funds more administratively efficient, which we always appreciate because that does result in more funds for the housing programs. And we do have full confidence in NIFA taking over the programs. I, I can say from experience, in the emails I received from NIFA for their existing programs, they do great work in training and education for our state's lender community, the community banks out there in Nebraska. And we do look forward to seeing what kind of programming there would be for lenders that want to participate or, or get involved in their community with these other housing funds out there. So we look forward to the change, and we look forward to the Legislature deciding to keep these silos separate and allow for an effective use for all of our housing programs across the state. So we do urge your support of the bill. Thank you very much.

JACOBSON: Questions from the committee? Seeing none, thank you. Next proponent testifier.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

LYNN REX: Senator Jacobson, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities, and we're in strong support of this bill. Like DED, for many, many years, NIFA has been a valued partner as well, and we know that this will be a very successful effort, in terms of efficiency, transparency, and having everything under one roof. I think that's really important in terms of everyone that has to work with them. And solely, our municipalities across the state have had a great relationship with NIFA, as we have with DED. So we strongly support this, and I'm happy to respond to any questions that you might have.

JACOBSON: Questions? Seeing none, thank you.

LYNN REX: Thank you.

WAYNE MORTENSEN: Chair Jacobson, members of the Banking, Commerce, and Insurance Committee, and Senator Dover, we really appreciate you guys hearing testimony on this bill today. My name is Wayne Mortenson, W-a-y-n-e M-o-r-t-e-n-s-e-n, and I am the vice president of development for Excel Development Group. Both at Excel and in my previous role as CEO of NeighborWorks Lincoln, I was a large consumer of almost all of the financial programs that we're talking today for the support and advancement of affordable housing across the state of Nebraska. Excel, as a company, is proud to have been working in this state for nearly 40 years. We have a footprint of Kansas, Oklahoma, Iowa, Missouri, and Nebraska, but this is where we started and where we want to see most of our great impact. In that time, we've developed 41 communities, comprising more than 1,040 affordable housing units in 18 different counties. I think almost all of your counties are represented in that portfolio. Like I said, at Excel and in my previous role, I had the privilege of working with the dedicated and talented staff of both the DED as well as at NIFA, on most of those programs, including Rural and Middle Income Workforce Housing, the Nebraska Affordable Housing Trust Funds, the National Housing Trust Funds, HUD, HOME, and CDBG funds, stimulus funds, ARPA, and disaster recovery, as well as the 4% and 9% tax credit programs. The proposed--we full-- at Excel, we fully support the proposed administrative structure and believe it will efficiently and effectively deploy the funds I just mentioned in the spirit of each program, which I think is very critical. We ask-- a similar ask to all those that have testified before me, we ask that each of those programs maintain their autonomy, as each fulfills an important and critical need for different communities across the state. And I would

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

add that most of them are already oversubscribed as is, so their autonomy is fairly critical. Our track record with NIFA gives us great confidence in the future of these programs, provided they are sufficiently funded by the Unicameral, and we would ask that you please advance the bill for consideration by the full body.

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

SHANNON HARNER: Good evening, Senators. My name is Shannon, S-h-a-n-n-o-n, Harner, H-a-r-n-e-r, and I'm the executive director at the Nebraska Investment Finance Authority. I'm pleased to be here and thank Senator Dover for bringing this bill. NIFA is, as you know, the state's housing finance "agent-ly"-- agency, and as you've heard, we currently support a lot of programs for the state relating to housing. I won't go over them again, as you've heard them. In NIFA's [INAUDIBLE], this legislation does allow for streamlining the administration and enhance effectiveness of the key initiatives without the expansion of any fiscal commitments by the state. We've been working with Senator Dover's office to review the proposed legislation. Just so you know, we had one-- in one iteration, we had something that we sent to the Bill Drafter and two words were left out, so we're going to work on that piece. At present, we would say that consolidating both the funding and allocation of ongoing compliance under a single entity, which is NIFA, is a logical solution that will streamline processes and improve efficiency for those projects. We are up to the task as-- of doing this work. We look forward to expanding the role that we have in housing finance for the state of Nebraska. We understand that, that there is maybe some reticence regarding the revolving fund piece. We firmly believe that creating an endowment over time for housing is an impactful way to utilize state funds, but we will be cognizant of the needs of the constituents who are using those funds, and, and we will be listening to, to what they need as we move forward in this endeavor, should you pass this bill out of committee. I will be happy to answer any questions.

JACOBSON: Questions?

HALLSTROM: Go ahead.

JACOBSON: No. Go ahead.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

HALLSTROM: OK. Are, are there housing programs that interchangeably operate on a grant basis or a revolving loan basis?

SHANNON HARNER: Most-- I mean, we, we provide loans in-- into low-income housing tax credit projects. It's our multi-family lending program. We also have, through our loan indenture with our, our single-family bond program, we recycle those funds. That's one of the important ways that we provide funding to, to home buyers. And there, there are models across the, the country where the, the funds are revolved in, in order to make sure-- we also do this with our Rural Workforce and Middle Income Workforce Housing match funds that, that we provided. Those are revolving over and again, and we see the, the importance of that revolving in, in ensuring that the money isn't one and done, that it, it continues to help support housing over time.

HALLSTROM: And I think it's a testament to you and your staff that everyone's in supporting NIFA's role in this, so thank you.

SHANNON HARNER: Our pleasure.

JACOBSON: So we shouldn't read anything into the, the fact that you and Ms. Larsen are sitting on opposite ends of the [INAUDIBLE].

SHANNON HARNER: Well, she was opening and I was sort of closing.

JACOBSON: I-- well, that worked out. That's a great explanation. Thank you.

SHANNON HARNER: Absolutely.

JACOBSON: OK. Other proponent testimony? All right. Seeing none, any opponent testimony? How about a neutral testifier? You're an opponent? OK.

BRYCE PUCK: OK. Good evening, good evening members of the Banking, Commerce, and Insurance Committee. My name is Bryce, B-r-y-c-e, Puck, P-u-c-k. I am a licensed professional engineer at the Nebraska Department of Water, Energy, and Environment, but I'm here on my own accord, simply as a knowledgeable person on certain provisions in this bill. I'm here to speak primarily on Section 9 of LB768, which alters Nebraska Revised Stat-- Revised Statute 72-805. And as I understand it essentially eliminates the plan review requirements for energy code compliance for state-funded projects. This statute outlines the process that requires the Department of Water, Energy, and Environment to review building plans for state-funded projects to ensure that the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

building is going to be constructed according to the Nebraska Energy Code. The intent of the statute, as I understand it, is essentially to ensure that the state is getting what it's paying for-- that is, what it's spending taxpayer money on-- as well as protecting the homeowners. This is especially important in the more rural areas of Nebraska where local code enforcement is sometimes lack-- lacking. I have no issue with the primary goal of this bill that most everyone else talked about. I just kind of have a, a concern, I guess, with just this section. It really has nothing to do with the financial side of how the funds are allocated in affordable housing and has to primarily do with energy code enforcement, which is, you know, to me, completely different subject matter, I suppose. And it's one of the reasons why I'd like to see that section, I guess, deleted from the bill, as this subject matter doesn't really belong with the rest of this bill. This is also not really the committee that deals with energy codes, and this should really be its own bill, or in a bill about similar subject matter, which it has been in the past. Moving on to what will happen if this bill passes and that section is left in place. There are various consequences that will arise if Section 9 of this bill is adopted. First and foremost, the review process exists to make sure the state's getting the quality and product that it's paying for and should be getting anyway. It's worth noting that even though the 2018 International Energy Conservation Code is required statewide no matter what, while enforcing a statute, the DWEE commonly receives building designs that do not meet the code, and in fact most don't. This review process exists to confront that reality. The review is done proactively in the planning process because it's much cheaper to catch and correct the problems when they're just lines and text on a paper rather than after construction. A code compliant house is the worst house you can legally build in Nebraska and that's all the process asks for. Removing this requirement significantly diminishes the state's accountability. And I would imagine that most agree that spending money on houses and not making sure that the state is getting what it is paying for would not be considered good fiscal responsibility. There are avenues that homeowners can take after the house is built, but those are much more costly, which brings me to my, brings me to my third reason why this section should be deleted from this bill: this review process protects the Nebraskans moving in to these state-funded homes by ensuring they're getting a product that meets minimum standards. And to close, I'm not sure why I guess this was thrown in with the rest of this bill. While many builders out there are great and are doing the right thing, I am sure that some builders out there would prefer to, you know, be able to cut off-- cut

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

certain corners and save some money to increase their profit margins. So for obvious reasons, we should keep the review process to protect the state's investment of taxpayer money and protect the homeowners of these affordable homes. You know, this should really be its own bill, purely because it doesn't belong with what's-- the rest of what's on this bill.

JACOBSON: Thank, thank you for your testimony.

BRYCE PUCK: Yeah.

JACOBSON: I guess I have one question. Can you tell me what Senator Dover's response was to this when you talked to him about it before the hearing today?

BRYCE PUCK: I sent a-- I have messaged with my local senator about this topic before, in the past, but I did not reach out to Senator Dover ahead of time. And I will make sure to reach out to--

JACOBSON: So you came in today in a neutral, in a neutral capacity or opposition?

BRYCE PUCK: Neutral on most of the bill just opposition to Section 9 of the bill.

JACOBSON: So opposition?

BRYCE PUCK: Yes.

JACOBSON: OK.

HALLSTROM: You mentioned the word affordability. Isn't there some element to excess regulations driving up the cost of the house that makes them unaffordable for Nebraskans to purchase?

BRYCE PUCK: This isn't really about adding extra regulation, as it more is just making sure that it's being built as the way it's supposed to be being built anyway, if that makes sense. And we're not really trying to push the envelope anywhere here. It's just enforcing, I guess, the, the minimum requirements.

HALLSTROM: But if, if your position was that doing away with this provides extra profit for the contractor, there must be some cost associated with it.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

BRYCE PUCK: There, there is. You know, if you cut any corner, there would be cost savings associated, associated with that. Now--

HALLSTROM: And my, and my only point was-- I don't want to belabor at this late hour.

BRYCE PUCK: Yeah.

HALLSTROM: My only point was it wouldn't necessarily go into the contractor's profit. It might actually enhance the affordability of the house.

BRYCE PUCK: Potentially. And I guess my point with that would, would be, I think that's, you know, completely separate, I guess, from the rest of the bill--

HALLSTROM: OK. Thank you.

BRYCE PUCK: --with how the funding is being allocated.

JACOBSON: Other questions from the committee? All right. Seeing none, thank you.

BRYCE PUCK: Thank you.

JACOBSON: Other neutral testifiers?

RYAN McINTOSH: Neutral?

JACOBSON: Neutral.

RYAN McINTOSH: Make sure.

JACOBSON: I guess that was an opposition testifier.

RYAN McINTOSH: Good evening, Chair Jacobson, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today in a neutral capacity on behalf of the Nebraska Bankers Association. I won't belabor the outstanding success that each of the housing programs that you've heard about today do. We were also very-- have nothing but wonderful things to say about our members working with NIFA and believe that there are significant efficiencies to be gained by making the transition. Our neutral stance on this is with the backdrop of ongoing efforts to consolidate the three funds, the Rural Workforce Housing, the Middle Income Housing, and the Affordable Housing. So we have no opposition to this bill whatsoever, but appear

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

in a neutral capacity to urge, not so much this committee, but you as part of the greater Legislature, to please safeguard these funds and keep them separate. With that, I'd be happy to answer any questions.

JACOBSON: Questions for [INAUDIBLE]? Seeing none, thank you.

RYAN McINTOSH: Thank you.

JACOBSON: Other neutral testifiers? All right. Seeing none, Senator Dover, you're welcome to come up and close. And in the meantime, I will note that for the record, that we had 3 proponent letters, 2 opponent letters, and one neutral letter. No ADA.

DOVER: OK. Thank you, Chairman Jacobson. I want to address a couple things that were said today. Number one, I, I find this somewhat insulting. I built my first back house in 1988. We were building in an SID. I have built in Meadow Ridge affordable housing complex for, for, for literally decades. OK. And nothing against NeighborWorks, but we're actually building what they had, they had basically advantages. We were building a-- I believe, a house as, as-- built as well, or perhaps better than NeighborWorks were, for less money. And the idea that we would cut corners or whatever, is absolutely insulting and ridiculous. And I'll tell you what can happen. So municipalities are able to choose what codes they want to apply, as most, as most municipalities do. And so in Norfolk, I had bid a house in Meadow Ridge, which was an affordable housing development. And the people then, had actually inherited a quarter for irrigation. OK. So we had already start-- entered into a contract, and they said, well, can you build it out here? So we had quoted a price. Little did I know-- and you know, experience always costs a little bit of money. We moved out into the country, and little did I know, I was-- of course, now I'm under the State Energy Code. It cost between \$5,000 and \$6,000, which I did not-- was not able to recoup, because I gave them a price and I stuck with it. So building codes does have ramifications, as far as cost and affordability. And we, as builders, the builders that I know, we lower the price, make it more affordable, because when more people can afford houses, we sell more. Also, I'd like to say this, is so in last, in last session, one of the thing-- NeighborWorks was-- does sometimes do recoverable down payment assistance, right? So they will recover those moneys. So if a house-- if you figure a house is, say, \$300,000, 2% appreciation, 10 years, you're somewhere around, say, \$6,000. Right? And that's conservative appreciation, 2%. So you-- so you're basically going to-- sorry-- you're going to walk away with \$60,000. Now, if they got \$30,000 down payment assistance, I think

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

they can afford to pay \$30,000 back to a revolving fund, and NeighborWorks does this. I thought that was a really good idea. So last session, what I did was I gave the state authority to do revolving funds, and we capped to the down payment assistance. So they have the statutory right, so I don't know what the gentleman earlier was talking about, the problems with that. And as far as anything else, comments I heard, I did talk to them this morning that said they really didn't like getting rid of the committee, but they understand what was going on. So no one, at no time did anyone ask me to change anything to my bill. OK. So in closing, LB768 is about aligning responsibility with expertise and ensuring our housing programs are administered in the most efficient and accountable way possible. It allows the Department of Economic Development to focus on economic growth while placing housing finance functions with the entity already structured to manage them. This bill does not expand programs or spending. It strengthens coordination, reduces duplication, and protects taxpayer dollars. For this reason, I respectfully ask for the committee to advance LB768 with the amendment. And I am happy to answer any questions. I would also add this. I don't know for sure what the bills are all moving, right, right now, so I don't know where the bills are going to land. I would, I would, I would appreciate the, the consideration for the committee to include this in, in a committee bill, which would allow me to free up a priority of mine that would be able to address the funding of Middle Income and Workforce Housing funds. Because currently, I don't see, I don't see any future funding of the General Funds or anything else. I have heard that perhaps that bill may end up in another committee's bill. But anyway, just thank you very much.

JACOBSON: Just a response to that. As long as the bill moves out of this committee, it can always be-- even though you've got a bill in another committee, you would be able to amend this bill into another bill, even though it came out of a different committee.

DOVER: OK.

JACOBSON: So, so that doesn't foreclose-- there's a-- probably a crowd of people wanting to get into our committee packages, so probably not going to happen, but I'm just--

DOVER: All right, no, I appreciate that. I'll probably, I'll probably choose to--

von GILLERN: Because Josh is so cool.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: Yeah. That's right. Yeah. That's right. That's exactly right.

DOVER: Yeah. I'll probably open-- I'll probably use my priority then on it. I appreciate that. I also asked the Governor to prioritize this, too, so we'll see how things come out in the wash.

JACOBSON: Great. Great. Other questions from the committee? Seeing none, thank you.

DOVER: Or not Governor. Sorry. Speaker. Yeah. Sorry about that. I know. I know. Sorry about that.

von GILLERN: I was just going to ask if that was a new thing.

DOVER: He would like, he would like some priority bills, I'm sure.

JACOBSON: This will conclude our hearing on LB768, and our next bill-- go ahead and do the great reveal, LB1246.

BOSTAR: Hey, look who it is.

JACOBSON: Look who it is.

DOVER: Thank you, Chairman Jacobson, and good evening, committee members. For the record, my name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I represent District 19, which consists of Madison County and the south half of Pierce County. LB1246 addresses accountability and transparency when state dollars are administered, administered by the Nebraska Investment and Finance Authority. While NIFA is not a traditional state agency, it may have the capacity to serve as a conduit for significant public funds. This bill ensures that when the state funds pass through NIFA, the same entitle-- entities responsible for fiscal oversight, such as the budget administrator, the legislative fiscal analysis, and other appropriate state officials have proportional access to monitor those funds, just as they would have if the funds were managed directly by the state agency. This bill does two things. First, it establishes clear accountability and reporting requirements for NIFA related to all public funds it administers. Second, it strengthens reporting requirements for grant recipients under the Nebraska Affordable Housing Act, ensuring that awarded funds are being used as intended and that the state has the infor-- information necessary to provide proper oversight. LB1246 does not create new programs or restrict access to housing funds. It simply ensures that when public dollars are involved, the state retains the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

ability to responsibly monitor, track, and evaluate their use. For this reason, LB1246 is a measured and reasonable step toward good governance, and I respectfully ask for your consideration of the bill.

JACOBSON: Any questions? Pretty straightforward. If not, thank you for your open. Are there any proponents for the bill? The guy in the back row, [INAUDIBLE].

von GILLERN: First time.

_____ : Right.

JUSTIN BRADY: Senator Jacobson and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. And to shorten my testimony since I was in the back, I represent a number of housing associations and the Realtors, in support of this bill. With that, I'll answer any questions.

JACOBSON: Great job. Great to have you redeem yourself. Questions? Seeing none, thank you. Other proponents? All right. How about opponents? Wow. How about neutral testifiers? Oh, good.

SHANNON HARNER: All right. I'm back. Shannon, S-h-a-n-o-n, Harner, H-a-r-n-e-r, Nebraska Investment Finance Authority. With regard to LB1246, one of the sections, I believe, Section 2, provides additional reporting required by NIFA to a variety of state agencies. While it's our position that, you know, transparency and reporting is really important, we don't believe that the language is necessary in this instance, because NIFA is not a direct recipient of state funds. NIFA is an administrator of state funds. DED will still have the obligation to report all of the things in that chunk of statute, which is a mirror to what DED is already required to report, and the agreement between NIFA and DED would require us to provide that information to them so that they can report it. That's why I'm neutral versus in favor.

JACOBSON: So what do you suggest that needs to be changed?

SHANNON HARNER: I'm suggesting that that language is just not-- Section 2 is not necessary because it will be addressed specifically in the agreement between DED and, and NIFA, because DED has those reporting requirements.

JACOBSON: I'm guessing that Senator Dover just found that out. OK. Thank you. Appreciate it. Other neutral testifiers? Seeing none, we

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

have 2 prop-- we received 2 proponent letters, zero opponent letters, zero neutral testifiers, zero ADA. And Senator Dover, you're welcome to close.

DOVER: Yeah. I'm more than willing to work with the parties involved. The main concern is Legislative Fiscal Office came to me and they're just concerned-- they just want to make sure they have the same access and can, can make requests to see the various documentation that they would be with any state agency. And I think that's important that we don't accidentally-- and it's good to-- and I, and I, I have the greatest respect for Shannon Harner with NIFA. I worked with her for years on a board. I-- fantastic person. What happens when Shannon's gone? Right? And so, I just want to make sure the Legislative Fiscal Office, et cetera, has-- at least has-- they have access. I know there's been discussions that-- I know in some situations, could LFO just get into their computer system, and that was discussions they had. Whatever, however they can work it out, I'm good. But I want to make sure that the Legislative Fiscal Office can go and ask, and inquire, and get the data that they can now, with DED. The other thing that I do in here actually comes from my business, is I want to make sure that we know-- like, someone ends up getting an award. How much money-- what are the-- what funds are they currently working with, and what are the, what are the uses of those funds? How much money are they sitting on? I mean, to me, that's just good business sense-- and also, their equity position. So when we make these, when we make these funds recoverable, there'll be a lien. It's, it's kind of like an accounts receivable, if you're running a business 30-60-90. But in this situation, I'd like to at least-- I think we should need to know, as a Legislature-- so how much that we're given that we have an equity position, whether we're recovering or revolving funds, for buyer assistance, whatever, how much money do they have coming back in, just so we can monitor that? Thank you.

JACOBSON: As it relates to that last piece, are you thinking you would change the bill, bring an AM to change that, or what's-- what you're thought on--

DOVER: No, it's, it's-- there's two reporting requirements in my bill. One was just making sure that, that the Legislative Fiscal Office budget administrator, et cetera, can have access to data that NI-- that NIFA may have, so they can have the same access to data that they have now, with DED. The second part of my bill was a reporting requirement for people that were getting grants or awards, just to say this is my financial, financial situation What I understand is

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

sometimes, when someone-- when they have an application that's a requirement-- and sometimes it is-- and I think it would be nice just to know what funds they currently have, the uses, how much money are they sitting on, and what is the equity position of accounts receivable.

JACOBSON: Other questions from the committee? Alright. If not, thank you.

DOVER: Thank you.

JACOBSON: And that concludes our hearing on LB1246. And I believe we have one hearing left. We have two left. What's the deal? I'm always behind. LB810. And look who's coming back.

von GILLERN: Can we do a combined hearing?

DOVER: Thank you, Chairman Jacobson. And good afternoon-- good evening, committee members. For the record, my name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I represent District 19, which is-- consists of Madison County and the south half of Pierce County. LB810 is an update to the Nebraska Real Estate License Act, brought forward at the request of the Nebraska Real Estate Commission. The commission is charged with protecting the public in real estate transactions. They fulfill their responsibility through education requirements, licensing standards, and enforcement authority. One of the, one of the tools available to them is the ability to issue a cease and desist order when an individual engages in real estate activity without the required license. For many years, the director has issued cease and desist orders pursuant to Section 81-885.03, when non-licensed individuals attempt to profit from activities that legally require licensure. However, in 2025, during the issuance of one such order, it was discovered that there was conflicting procedural language between Sections 81-885.03 and 81-885.25, regarding how those orders are handled. LB810 resolves the statutory conflict. The bill amends Sections 81-885.03, 81-885.07, and 81-885.25, to clarify the process for issuing cease and desist orders, and eliminate duplicative or conflicting notice language. The goal is simple: to ensure that the commission has clear, consistent authority to act when unlicensed activity occurs, while maintaining due process protections under, under the Administrative Procedural Act. The second component of LB810 addresses the deputy director position within the commission. This position already exists in practice. However, changes in state personnel's classifications eliminated the prior classification tied

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

to statute. At the commission's request, LB810's update statute to formally recognize and protect that position for future hiring purposes. This change does not create a new position and carries no fiscal impact. I would classify LB810 as a cleanup bill. It clarifies enforcement procedures, resolves internal statutory conflict, and ensures the commission can continue to operate effectively in protecting Nebraska consumers.

JACOBSON: Questions? Senator Riepe.

RIEPE: I have a quick question. In your-- in the document, it says you eliminated notice requirements. What, what happens to the deputy director, in this case?

DOVER: Oh, well, what hap-- well, we've always had a-- I was on Real Estate Commission for 8 year-- and my wife was, and my, my dad was, so we, we have a long history dealing with the commission. There always was a deputy director. And what happened when they reclassified-- so normally, we would, we would go into exec and we would decide the, the wage for the deputy director. By reclassifying, the Real Estate Commission lost that authority. So it's just simply getting that authority back, where they can set the wage of the deputy director. And it's obviously-- the, the agency's funded on licensee-- licensure fees.

RIEPE: So it's no change in the head count?

DOVER: No. No. We have a, we have a fantastic deputy director right now. We just don't-- we don't want to lose her.

RIEPE: Thank you, Chairman.

JACOBSON: Other questions? Seeing none, thanks for the open.

DOVER: Thank you.

JACOBSON: First proponent. We're running out of people. We're got to be a number of testifiers.

JOE GEHRKI: And I will be brief. Thank you, Chairman Jacobson and committee. My name is Joe Gehrki. I am the director of the Nebraska Real Estate Commission. First and foremost, I want to thank Senator Dover for bringing forth LB810. As he began with, this is a procedural bill that is primarily cleanup. In real estate transactions, an individual needs a license in the state of Nebraska for many

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

activities. This is for the protection of the public. We often have individuals attempting to engage in licensed activities without the proper licensing. 81-885.03 (2) of the Nebraska Real Estate License Act gives the director the authority to issue cease and desist orders against any person who violates the statute by performing any action without appropriate licenses. However, we have successfully processed orders in this manner for years. However, during the course of an investigation last year, we learned that Section 81-885 (1) states that we need to conduct a hearing before we can issue such an order. In other words, these statutes are in direct conflict with each other. The commission requests the law change to reflect the wording in 81-885.03 (2) only. Once again, we've been operating this way for many years. And as far as the deputy director portion of the bill, it came to light when hiring for my position in late 2024, that this position was formally under the purview of the commission,. But because that was not in statute, State Personnel placed it-- placed the position under them. The commission simply wants to bring it back to, to where it's under their purview. There is no fiscal impact on this request. We are cash funded, as the Senator had stated, 100% of the funds for my agency comes from licensing, licensing fees and renewal fees. And thank you, once again. I am open to any questions.

JACOBSON: All right. Thank you. Questions from the committee? All right. Seeing none, thank you. Any other proponents? Anyone wishing to speak as an opponent? Anyone wishing to speak as a, as a neutral testifier? All right. Seeing none, Senator Dover, you're welcome to come back. And there was one proponent letter, and no, no opponent, and no neutral testifiers.

DOVER: I waive closing.

JACOBSON: You waive closing?

DOVER: Yes.

JACOBSON: And you're back for LB1251.

DOVER: Yes.

JACOBSON: All right. You're kind of like a bad penny.

von GILLERN: He's my favorite senator of the day.

DOVER: I'm feeling like one. Yeah, nickel.

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Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

JACOBSON: We're going to round, we're going to round down down to zero [INAUDIBLE] for a nickel.

DOVER: Thank you, Chairman Jacobson, and good evening, committee members. For the record, I'm-- my name is Robert Dover, R-o-b-e-r-t D-o-v-e-r, represent District 19, which consists of Madison County and the southern half of Pierce County. I'm bringing LB1251 at the request of Nebraska State Bar Association and lawyers in its Real Estate, Probate, and Trust Practice Section. The bill makes a few-- makes just a few simple straightforward changes to how we handle homeowners and condominium associations to ensure clarity and fairness in how they handle liens for unpaid assessments. The bill does two key things. First, it extends the time period for enforcing an association lien from 3 years to 5 years, while also allowing liens to remain valid through the clear continuation process. As you can imagine, assessments for HOAs are typically relevantly small amounts, often in the \$100 to \$200 per, per year range. This means that when they go unpaid, the effort and cost of foreclosing such small amounts makes it difficult to justify collection, leaving the burden of unpaid amounts to fall on the paying homeowners. Making this change, it provides a better approach to foreclosure, allowing the association more time to reach a resolution with a homeowner and avoid recovering on the lien, while it also ensures it is economical for the association's operations. This change recognizes the reality of collection and enforcement while still placing defined limits and responsibilities on associations. Second, LB1251 provides a much needed clarity on which costs can be recovered if a court action is necessary to recover unpaid amounts. Under the current law, the HOA can recover collection costs. However, some courts have inconsistently approached the best way to calculate a fair amount. The bill simply provides additional guidance to judges when determining the cost of items such as attorney fees, court costs, and late fees. This helps ensure the recoverable costs are reasonable, transparent, and subject to judicial oversight, rather than open-ended or unclear. Ultimately, LB1251 is about creating a clearer legal framework that protects property rights, supports reasonable, responsible community governance, and reduces uncertainty from homeowners associations and courts alike. By refining these rules, the bill also aims to encourage fairness, accountability, and stability in Nebraska's shared interest communities. There will be a representative from the NSBA here to testify following me who can answer any technical questions you may have. Thank you for your time and consideration, and I ask for your advance LB1251 to General File.

JACOBSON: Questions? Seeing none, first proponent. Maybe the only one.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

TIM HRUZA: Good evening, Chair Jacobson, members of the committee. My name is Tim Hruza, last name spelled H-r-u-z-a, appearing today on behalf of the Nebraska State Bar Association in support of LB1251. I want to start by thanking Senator Dover for bringing the bill. His introduction really does outline the, the purposes of the bill and the intent of the bill. As you can understand, many homeowners association dues go toward maintenance of a community, upkeep of common properties, parks, drainage areas, sometimes, you know, snow removal and trash upkeep. When those costs don't get paid, the costs of doing those things fall to other members of the community that do pay them. One thing that we run into, as time passes, is that many of those charges are small amounts-- \$100 a year, \$200 a year. Some of them get more expensive, depending on where you live and the community you choose to own a home in, but some can be very small for those communal upkeep properties. That means that the cost of foreclosure can sometimes outweigh the benefit or the value of the actual paid amount. So this bill is brought with, with two goals in mind: one, to make sure that, you know, rather than foreclosing on the current three-year timeline, it makes a little bit more sense to have a longer runway and to try to resolve that with a homeowner before bringing a foreclosures action, to go to that five-year runway. That also puts it in line with the judgment lien process, which is five years with the renewal process, or an option that lawyers are used to advising their clients. The other piece is simply some clarification and some direction to give judges, in terms of how they're awarding already allowable costs and expenses when a foreclosure takes action. The problem that we have right now is that some judges consider certain things and don't consider others or use flat-rate percentages, and it doesn't always reflect the cost of pursuing those unpaid amounts. So we think it's a fair way to address the, the burden that's placed on the paying owners when there are owners that don't make payments, and hope this will make the process smoother for all involved. Happy to answer any questions. Thank you.

JACOBSON: Questions?

TIM HRUZA: Yes, sir.

HALLSTROM: You're, you're striking reasonable attorney's fees, so are we suggesting that the new standard can allow for unreasonable attorney fees?

TIM HRUZA: Boy, Senator, if you-- you would not be surprised to learn that lawyers debated whether that strike was an appropriate thing to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce, and Insurance Committee February 17, 2026
Rough Draft

do or not, I can tell you. I facilitated multiple conversations. I think the idea is that the following sentence that has-- gives the guidance, instead of using reasonable and leaving it kind of up in the ether, when you have that following sentence that lists some factors to consider, it's a little bit more direct-- directing that, that judge.

JACOBSON: Is there any such thing as reasonable attorney fees?

TIM HRUZA: I'll take that as rhetorical for the, for the evening.

JACOBSON: That sounds, that sounds great. All right. Other questions? All right. Seeing none, thank you for your testimony.

TIM HRUZA: Thank you, sir.

JACOBSON: Any other proponent testimony? Any opponent testimony? Any neutral testimony? We had one proponent letter, zero opponent, zero neutral. I would like to do-- I know it's late-- a very quick exec session. It's just going to-- it'll be very quick.

von GILLERN: Move to go into exec.

DUNGAN: Second.

_____ : Third.

BOSTAR: I know. I let you down. I apologize.

JACOBSON: You let me down. You dropped the day-- you dropped the ball. All right. All in favor say aye. All right. We're in exec.