

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee February 20, 2026
Rough Draft

SANDERS: Good afternoon, and welcome to the Government, Military and Veterans Affairs Committee. I am Senator Sanders from Bellevue, representing District 45, and I serve as your chair of the committee. The purpose of the public hearing is an information-gathering endeavor in which senators of the committee are seeking information about the proposed legislation that we do not know or have not thought about. It allows individuals representing themselves or a group to share their unique perspective on a proposed measure. It also serves as a record about the proposal for future historical and legal purposes. A key component of the process is the ability for senators to engage directly with testifiers, to ask questions and elicit clarification on the information provided. The committee will take up the bills in the order posted. If you are planning to testify today, please fill out one of the green testifier's sheet for each of the bills that you are testifying on. These are on the table in the back of the room. Be sure to print "clearly"-- clearly, fill it out completely. When it is your turn to come forward, give the testifier-- give the testifier sheet to the page or the committee clerk. If you do not wish to testify but you would like to indicate your position on a bill, there are also yellow sign-in sheets in the back of the room on the table. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone, tell us your name and spell, and spell your first and last name to ensure we get an accurate record. We will begin each hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally, anyone wishing to speak in the neutral capacity. We will finish with a closing statement by the introducer, if you wish to give one. We will be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining, and the red light indicates your time has ended and an audible alarm will sound. Questions from the committee may follow. As-- also, committee members may come and go during the hearings. This has nothing to do with the importance of the bills being heard; it is 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 any handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. If you do not have enough copies, the page will make sufficient copies for you. Please note that thumb drives, CDs, DVDs, oversized documents, books, lists of signatures, and similar will be-- not be accepted as exhibits for the record. Please

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silence or turn off your cell phones. You may see committee members using their electronic devices to access more information. Verbal outbursts or applause, 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 positions comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at legislature.nebraska.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be colluded in the committee's statement. I will now have committee members with us today introduce themselves, starting with my far right.

GUERECA: Good afternoon. Dunixi Guereca. I represent Legislative District 7, which is downtown and south Omaha.

J. CAVANAUGH: Good afternoon. John Cavanaugh. I represent District 9, midtown Omaha.

ANDERSEN: Good afternoon. Senator Bob Andersen to represent District 49: northwest Sarpy County and Omaha.

LONOWSKI: Dan Lonowski. I represent District 33, which is Adams County, Kearney County, and rural Phelps County.

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

F. MEYER: Fred Meyer, District 41: all or part of seven counties north of Kearney and Grand Island.

SANDERS: And Senator Hunt is also on the committee, and she will be testifying today. Senator Bob Andersen is the vice chair of the committee. Also assisting the committee today, to my, to my right is legal counsel Dick Clark, and to my far left is our committee clerk, Julie Cash. We have two pages for the-- three pages for the committee today. They are Luke Perry from Gretna, who's a freshman at UNO and majoring in history and political science. We also have Grace Harper from Loveland, Colorado, who is a junior at UNL and majoring in political science. We also Joel Henson from Lincoln, who's a junior at UNL and majoring in political science and advertising and public relations. Thank

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you all for being here and helping us out. And with that, we'll begin our hearing on 11-- LB1149. Welcome.

HUNT: Thank you, Madam Chair. Good afternoon, Chair Sanders, and fellow members of the Government, Military and Veterans Affairs Committee. I'm Senator Megan Hunt, M-e-g-a-n H-u-n-t, and I represent District 8 in the northern part of midtown Omaha. LB1149 provides transparency in our state contracting process by requiring any private entity seeking to enter into a contract with a state agency to disclose any contracts they have with United States Immigration and Customs Enforcement, or ICE. This bill does not prohibit any entity that may have contracted with ICE from contracting with the state. It would also not remove any such company from consideration for state contracting purposes, or blacklist them in any way. LB1149 simply ensures that if a vendor also has a contractual relationship with ICE that that information is disclosed to the state and therefore can be publicly accessed. It's our responsibility to enact basic quality control and fiscal accountability measures for the entities that our agencies may seek to contract with. There's ample precedent for this type of legislation, as evidenced by the existing statute to which LB1149 adds one additional disclosure requirement. This bill does not tell any agency that they cannot contract with or must disqualify an entity from state contract eligibility if they have contracted with ICE; it simply makes that additional piece of information known so that it can be viewed along with other required information about the vendor, so that the public can access it if they want to. Thank you, Madam Chair.

SANDERS: Thank you. Are there any questions for Senator Hunt? Senator Lonowski.

LONOWSKI: Thank you, Chair Sanders. This sounds like a great idea, Senator Hunt. Thank you. Is-- can we check already? Where do we look now, if we want to find out?

HUNT: Well, now since it's a private company, hypothetically, that the state would be contracted-- contracting with, you could ask them, but they would not be required to disclose that.

LONOWSKI: And then, so this would be made a public record, right?

HUNT: That's right.

LONOWSKI: Could there be any chance of retaliation if it's-- I don't know, if a private company is helping the government in a drug operation or a counter-drug ops or anything?

HUNT: I think that the nature of the cooperation wouldn't be disclosed, just that there is a contact with ICE. So, I don't think that the, like, nature what that is would be disclosed a way that would put any of the operations in danger.

LONOWSKI: OK. Thank you.

HUNT: Mm-hmm.

SANDERS: Any other questions from the committee? Senator Andersen.

ANDERSEN: Thank you, Chairwoman. Senator Hunt, don't-- doesn't-- since ICE is federal-- part of a federal agency, right? They're part of DHS, as-- I believe. Don't they already publish their contracts that they have now, as a federal agency?

HUNT: I'm not sure.

ANDERSEN: OK. Because I would think that they would.

HUNT: I, I don't, I don't think that it's very transparent, and I think that, you know, even if they do, I'm looking at my-- OK, we're going to [INAUDIBLE]. That's something good for close, but--

ANDERSEN: That's fine. That's all I--

HUNT: You know, even if they do-- I hope they do. Let's say they do. Having this in statute would still increase transparency, and it would make it easier for Nebraskans to access that information.

ANDERSEN: Yeah, I'm just thinking about if it's redundant, then we're going to spend money on creating something that already exists. If we already do, why don't we just copy their website over to our website and say here's the ones that are--

HUNT: That, that'd probably be more expensive than this, which has zero fiscal note. But the-- your point about redundancy is well-taken.

ANDERSEN: Thanks.

SANDERS: Any other questions for Senator Hunt? Seeing none.

HUNT: Thank you.

SANDERS: Thank you very much. You'll stay for close?

HUNT: Yes, thank you.

SANDERS: All right. Thank you. Any proponents on LB1149? Please come forward. Good afternoon.

SEAN HILL: Good afternoon.

SANDERS: The floor is yours.

SEAN HILL: Chairperson, council, members of the Government, Military, Veterans Affairs Committee, my name is Sean Hill. I am a U.S. citizen.

SANDERS: Go ahead and spell your name.

SEAN HILL: S-e-a-n H-i-l-l. A U.S. citizen authorized by this U.S. Constitution, and I approach this committee with three years as the CLO and the administrator of federally registered entity with the UEI LKW6XXUJ7PJ7. I have written and filed contracts using the Federal Acquisition Regulations, or FAR, and provided market research to the U.S. DoD. For the record, I do not have any contracts with DHS or ICE. I do have an email with the Office of Legal Counsel for ICE open. I have a professional interest in government transparency, and I am an expert of my own experience. The current civil law, FAR, requires contracting officers publicize contract actions at sam.gov, to answer that question for you. It's administered by the GSA. The sam.gov has a search tab. This is good. It fulfills the spirit of the freedom of information. It is not a perfect system. Even with the freedom of information, it sometimes takes extended periods of time to even get acknowledgement. Most recently, I had an OPM FOIA request that has taken a year for them to actually acknowledge the request, in violation of statutes. On belief, LB1149 addresses the spirit of some concerns. Yesterday, I'm talking with some retired federal workers-- these are people released from their nonpartisan obligations-- and the conversation continues about the continued constitutional

federal and state violations by Immigrations and Custom Enforcement, disrupting the general tranquility and harming the general welfare in excess of administrative discretion. I reaffirm that LB1149 is a good-faith effort to address some of the people's concerns. Though the reform needs to happen at a federal level, which is beyond the scope of this legislative body, I do firmly believe that many of this has to start at the state level with Article IV and X. I pray for a robust debate regarding the actions that are happening nationally and that might be happening within this state, and therefore I approach the committee to show my support of LB1149 so that it might continue. I will yield to questions.

SANDERS: OK. Thank you very much for your testimony. We'll see if there are any questions from the committee. Senator Andersen.

ANDERSEN: Thank you, Chairwoman. And thanks you for being here. Do you-- can you repeat what your UEI is?

SEAN HILL: Yes, I can.

ANDERSEN: What the number is.

SEAN HILL: The UEI is LKW6XXUJ7PJ7.

ANDERSEN: OK. Yeah, I just looked it up on sam.gov, and it's-- it comes back as not-- no match.

SEAN HILL: Hmm.

ANDERSEN: So, I don't know if it's not current, or expired, or something like that.

SEAN HILL: I, I--

ANDERSEN: Just for your awareness.

SEAN HILL: Thank you for the awareness. I was up in the library. Still up there, so, not sure.

SANDERS: Any other questions for Mr. Hill? I see none. You got off pretty easy. Thank you for your testimony today. Are there any other proponents on LB1149? Any opponents on LB1149? Any testimony in the neutral on LB1149? See none. Senator Hunt, would you like to close? And while you're coming up, for the

record, online proponents were 19, opponents 47, and 0 in the neutral.

HUNT: Thank you, Madam Chair, and thank you to that testifier. I think that he actually kind of addressed the question that Senator Andersen brought up, which my staffer discussed with me after I had the opportunity to take a seat, which is basically that ICE detention contracts and other intergovernmental service agreements, like something that Nebraska would go into, are considered public records, but you have to FOIA them. And then those FOIAs come back after a really long time, or they're significantly redacted. And I would also note that our bill, this bill before us, is just to say that a contract exists; it's not to disclose the contract or say what it is. It just says that it exists. And DAS publishes this information about state contracts on their website, and according to the DAS Procurement Manual, once a bid is open for contract, anyone can attend the bid opening, it's considered a public hearing, and bids are available for public viewing when an agency posts an intent to award that bid. So, at that point, members of the public could submit input to DAS. And I'll note again that the bill had no fiscal note, so it seems to be an easier way to have that transparency than what we currently have at a very low cost. So, thank you.

SANDERS: Thank you. Any questions for Senator Hunt? Senator Andersen.

ANDERSEN: Thank you, Chairwoman. Senator Hunt, so it sounds like the advice you got was-- or the information you received was that sometimes the information is redacted; even if you do a FOIA request, it comes, it comes back and it's redacted and does not serve the purposes of informing you what you want. Is that accurate?

HUNT: It can be redacted, it can take a really long time, it-- there is a high cost to fulfilling a FOIA request. If anyone's ever made one and received a bill for it, you know you understand that. This bill, at no cost, would just put it on the website with all of the other information that we're already required to give about bids under Section 73-302.

ANDERSEN: So, I, I can understand why some agencies-- just because of my background, I've done government contracting before-- there are reasons why they will let contracts, and it

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will not fully disclose all information, right? Some of it is considered--

HUNT: Absolutely.

ANDERSEN: --law enforcement sensitive, some of it's considered classified, some they don't want to put the company at risk for targeting because people don't, say, philosophically agree with them. So, if that's the determination by the federal government, then why would we go against that and release that information then? Because we're then undermining the federal government in their decision-making process, right?

HUNT: Well, the first part of what you said was exactly right. You, you understand that. What, what, what you're mistaken about is that all this bill says is that there is a contract. It doesn't say what the nature of it is, it doesn't say the nature the stuff that you could get from a FOIA. If you filed a Freedom of Information Act request, even if it was all redacted, you would get more information than you would from under this bill. So, this is not a bill that exposes ICE to that kind of exposure that you're talking about.

ANDERSEN: So, would it be sufficient to satisfy your intent if the presence of the contract existed without getting into details of what private entity is contracting with ICE? Just saying Company ABC out of Grand Island has a contract with ICE. Is that sufficient for what your intent is?

HUNT: That is what the bill says, sir.

ANDERSEN: OK. Thank you.

SANDERS: OK. Any other questions for Senator Hunt? See none.

HUNT: Thank you.

SANDERS: Thank you very much. Have a good weekend.

HUNT: Well, I'll be here.

SANDERS: You will? OK.

ANDERSEN: Till the last close.

SANDERS: OK. That take-- closed on LB1149, and we will now open on LB975, and I don't see Senator Conrad or staff.

J. CAVANAUGH: She's still in, in Revenue right now.

SANDERS: She's got another--

J. CAVANAUGH: She's opening in Revenue.

SANDERS: OK, well let's see if we have anyone here from LB1108, Senator Clouse or staff here. Don't see, so we'll just--

LONOWSKI: Stand down.

SANDERS: --stand down, stand by, and we can go ahead and stop the recorder as well.

[BREAK]

SANDERS: All righty. Thank you very much.

CLOUSE: Yes, thank you.

SANDERS: Back on TV, and thank you, Senator Clouse, for-- Senator Conrad is testifying in another hearing on-- for LB975. We'll be switched, so we'll hear LB975 after Senator Clouse's LB1108. So, thank you for coming a bit early, and we'll now open on LB1108.

CLOUSE: Well, this is interesting. I forgot my speaking notes. OK.

SANDERS: Wing it.

CLOUSE: Yeah, I will.

SANDERS: Look, looky here.

CLOUSE: There we go.

SANDERS: Magic.

GUERECA: Good staff.

CLOUSE: Yeah. I, I, I could wing it on this one. OK. Good afternoon, Chairman Sanders, committee members. Senator Stan Clouse, S-t-a-n C-l-o-u-s-e, and I represent District 37, which includes much of Buffalo County, including Kearney, Shelton, and Gibbon. The bill concept of LB1108 accomplishes three things that modernizes public bidding laws for entities formed under the Interlocal Cooperation Act that generate electricity as well as public power districts. There is currently, in current-- procurement statute only applies to joint entities formed under the Interlocal Cooperation Act that generate electricity. The only entity formed in that manner appears to be a joint entity formed under the Interlocal Cooperation Act comprising the city of Hastings, the city of Grand Island, the city of Nebraska City, and the Municipal Energy Agency of Nebraska and a rural electric cooperative in South Dakota. This public entity owns the Whelan 2 electric generating facility plant in Hastings. Again, coal-fired power plant that's-- and this is fairly common in the industry. They build a plant, they have several owners, they share in the cost, share in the revenue, share in the, the output. LB1108 will amend Nebraska Revised Statute 13-824-01 [SIC] to raise the public bid threshold for this joint public entity. The current bid threshold for this type of entity is \$100,000; this bill would change the bill threshold to mirror the bidding threshold in Nebraska Revised Statute 70-637 for public power districts of \$750,000 or \$1 million, depending on the size of the district. We also, in another committee, went through this with the cities and the municipalities and power districts, raising those, those thresholds too. So, this kind of mirrors what that bill we had in urban affairs. The function of Whelan 2 power plant is very similar to the function of larger coal-fired generation equipment; they're generation owned by public power districts, and their procurement practices are very similar. LB1108 will also amend the procurement law for a joint public entity to lower the number of times that joint public entities that generate electricity must publish bid notices in the legal newspaper. Currently, this type of entity must publish bid notices three times; LB1108 will lower this requirement to one publication in a legal newspaper. Nebraska municipal bidding law currently requires only one such publication. This bill would make Revised Statute 13-8204(1) consistent with other municipal bidding laws. Three publications takes time, and offer a much-needed part might cease to become available at the time it takes to make these publications. LB1108 will also amend Nebraska Revised Statute 70-637, which is a procurement statute for public power districts, to lower the number of times public power districts must publish bid notices in the legal newspaper.

Current law requires that public power districts publish bid notice in a legal newspaper three times; LB1108 would similarly lower this requirement to only one such publication. So, if you would like any more information on this, we'll have some folks from Hastings, and, and they will talk about the issues that these lower thresholds can cause. And we've mentioned it in-- again, in other committees. We talked about, you know, the need, maybe one, or emergency, or those types of things. You can have a single part, say, the turbine, generator, transformer, substations, those types of things that are part of a power plant, and you only have one vendor [INAUDIBLE] OEM equipment, and they don't have the ability to go out and get a lot of bids on it. So, this type of bill and change will help. And, and again, it's the interlocal. They have interlocal agreements, part of the municipal contracts that you have. The interlocals allow you to do some different things because it spreads costs out, spreads the benefits. And so, this applies to those with a generating facility with interlocal agreements. So, with that, do you have any questions?

SANDERS: OK, thank you, Senator Clouse. Are there any questions from the committee? Senator Andersen?

ANDERSEN: Thank you, Chairwoman. Thank you, Senator Clouse. Are these, are these sole-source contracts? Is that what the intent is?

CLOUSE: Some of them can be. If it's-- again, it depends if it's an OEM part. Like I said, if it is a turbine part, boiler part, it can be-- that might be the only place you're going to get it. Some of the have aftermarket parts, but you want to be very careful. I was never a big fan of, say, for example, boiler feed pump, turbine, rotating parts, of going non-OEM, because then you don't know where you're going to get, and you can't afford to risk some of that equipment going down. You can't get a new piece of equipment in there and then have it fail as soon as you get it installed. So, a lot of it is the OEM.

ANDERSEN: Yeah, one of the challenges I face is extending the flexibility of government, right?

CLOUSE: Right.

ANDERSEN: And sole-source contracting does that, right? So-- and even looking at the changes from, I think it was \$100,000 up to

\$750,000. So, seven-and-a-half times increase in what the, the ability is, and the other one going \$5 million or something like that. And that's kind of-- do, do you have any concerns about that?

CLOUSE: No. I don't, because-- just what's happened. I'm going to use a substation transformer, for example. The cost increases of those in the last few years, it's just gone through the roof. And when, when, when I say sole source, sometimes they might have a couple qualified bidders. They know who they're are, they know who to call, so it's not always sole source. If it's an OEM, that's one thing, but you can go out and bid. You can get cheaper pricing on transformers, for example, but a lot of them might be rebuilt. There, there's a lot things that you have to go into consideration. So, these prices, these numbers don't concern me just because of the cost of some of that. It, it can be there. The lower price things, yeah, they, they go out and bid it. They want to get the best price. They don't want to-- you know, that comes on their bottom line in rates.

ANDERSEN: Sure. Do you know when the, the thresholds were set last?

CLOUSE: Pardon?

ANDERSEN: Do you know when the thresholds were changed last?

CLOUSE: No. It's probably been a while, though. I, I, I don't have an answer. We can find that.

ANDERSEN: OK.

CLOUSE: But I don't know when that was.

ANDERSEN: Thank you.

SANDERS: Any other questions from the committee? Senator Meyer.

F. MEYER: Just for my information, this would only affect the hard equipment in the plant. It wouldn't affect fuel loads or anything like that.

CLOUSE: No.

F. MEYER: No.

CLOUSE: No, this would be--

F. MEYER: Parts?

CLOUSE: You know, fuel-- we can, we can ask them when they step up, but that's not-- in my mind, it's not fuel. That's usually a competitive bid, unless it's coal, then you're limited on what you can do there, but.

F. MEYER: Thank you.

SANDERS: Any other questions from the committee? See none. You'll stay for close?

CLOUSE: Yes, I will. Thank you

SANDERS: Thank you very much. Any proponents on LB1108? Good afternoon.

LASH CHAFFIN: Good afternoon. Thank you. My name is Lash, L-a-s-h, Chaffin, C-h-a-f-f-i-n. I'm a staff member at the League of Nebraska Municipalities. Really want to thank Senator Clouse for, for bringing this, this bill forward. This was-- well, a couple of you know this, if you've had background in municipal government. Every, every other year after the elections, we have a newly-elected official seminar for city officials. And, and we-- it's real basic stuff. How does the open meetings law work? But I give a talk on bidding, and, and I open it-- because everybody asks "What's the bidding threshold?" Well, that's the wrong question, because the-- there are actually 53 different statutes dealing with municipal bid-- municipal procurement. Because bidding is an element of procurement. But dealing with purchasing. And, and [INAUDIBLE] there's actually 54, and it was brought to my attention this summer that there is a statute in the Interlocal Act [SIC] that applies solely to power generation. And lo and behold-- so-- and apparently when the Jerry Whelan 2 coal-fired power generation facility was built, they put this in statute as part of the financing. And so, there's a 54th bidding statute, and, and, and, and I'm, I'm glad they brought it forward, because as part of the effort, I think there needs to be an effort to modernize purchasing. And the, the goals of bidding, historically, have been to keep prices low and to create some level of transparency. I think old-school putting stuff in the newspaper doesn't really accomplish that on a regular basis anymore. In the computer age, literally any,

any, any procurement staff understands what the cost of an item is. They can figure that out. And bidding just slows the process down, and it costs money. And if it's an important part, literally you can be costing your ratepayers or your taxpayers money, because you have to wait three, four weeks before you can even get the part, even if the part's readily available at, at the price that you know is, is the lowest price. So, I, I think the concept of old-school bidding in the paper, it really doesn't relate to the old-school goals of what bidding did. Now, that's not to say the procurement doesn't necessarily need to be carefully scrutinized, but I think this is just-- it's kind of becoming a relic. You know, it used to be big vendors had-- they had a person whose job it was to read the newspaper every day to find out, oh, is there something we're interested in? That job doesn't exist anymore. And what, what it is, is it's all on the internet, and-- or emails, or personal contacts. And as Senator Clouse indicated, sometimes the utility industry's gotten very competitive for finding parts; sometimes, there might be one part available in the entire country, and it happens to be sitting in Hastings, Nebraska or Grand Island, Nebraska. They need to buy that part. It might be six or seven years before that part becomes available again. So sometimes, the, the-- and if they have to go through bids, the person who has that part is not going to say, oh, by the way, you know, we're going to-- we'll wait three weeks for you to do it. They're going to go sell it in Ohio or Colorado. But thank you. So, if anybody has any questions, I would certainly avail myself to any questions.

SANDERS: Thank you, Mr. Chaffin. Senator Lonowski.

LONOWSKI: Thank you, Chair Sanders. Thank you for being here.

LASH CHAFFIN: Sure.

LONOWSKI: Can you explain the bid threshold going from \$100,000 all the way up to maybe 1.5?

LASH CHAFFIN: OK, I'm glad you asked that question.

LONOWSKI: OK.

LASH CHAFFIN: The, the Hastings-- the two-- as you drive them-- by them every day.

LONOWSKI: Right.

LASH CHAFFIN: And they, they, they literally are-- and their peers are public power, power districts.

LONOWSKI: Sure.

LASH CHAFFIN: And the public power district, current public power district statutes have the \$750,000 and \$1.5 million dollar bidding thresholds. So, so the, the choice of those thresholds was to mirror what currently the smallest REA might have. You know, the-- an REA in northwest Nebraska has a \$750,000 bidding threshold at this point. Well, and you probably know this, too. I, I've-- should have made [INAUDIBLE]. The, the, the two energy units in Hastings are named after the former Lieutenant Governor Gerald Whelan, who was from Hastings, and he was Lieutenant Governor under-- was it Jim Exon? Was it Jim Exon?

LONOWSKI: I think so.

LASH CHAFFIN: I think so, too. And, and for years then, then, then Governor-- or, former Lieutenant Governor Whelan sat on the community college board in, in-- for Central, Central Community College for a long time. Very active in public service, so. But it's an interesting piece of trivia.

LONOWSKI: Thank you.

SANDERS: Any other questions from the committee? See none. Thank you very much for your testimony.

LASH CHAFFIN: Thank you.

SANDERS: Any other proponents on LB1108? Good afternoon. The floor is yours.

SHANE STONE: All right. Good afternoon. Thank you, Chair, and committee, for allowing us to speak on behalf of LB1108, LB1108 this morning. As Senator Clouse has mentioned and, and--

SANDERS: Can I get you to--

SHANE STONE: Shane Stone.

SANDERS: --say and spell your last-- first and last name?

SHANE STONE: S-h-a-n-e S-t-o-n-e. And I'm here today to represent Hastings Utilities and PPGA. I work with Hastings Utilities as the director of administration and the operating agent representative for PPGA. Again, as Senator Clouse and, and Mr. Chaffin mentioned, PPGA is a interlocal formed just for the sole purpose of building and operating Whelan Energy Center Unit 2. There's five different entities there that, that are a part of that. The sole purpose is for the operation. The plant started-- a little background on the plant. The plant started in 2011, operation. It uses the best emission control technologies as required, and it does have annual revenues of around \$75 million. Plant operates in the wholesale market, and the output is dispatched to the Southwest Power Pool, as is all of the-- all generation in Southwest. Excuse me. I'm trying to go through notes. I'm try not to double up on a few things. One item that I did have on here-- Senator Andersen, you asked about the last time this was updated. According to our notes was at least 2007, presumably when, when this interlocal was formed.

ANDERSEN: Thanks.

SHANE STONE: As it was mentioned. Even the-- again, even the smallest of the power districts are not required to advertise for sealed bids unless the purchase exceeds \$750,000. All utilities have experienced increase in prices and labor in the recent years. Power plants-- if the power plant is forced to shut down because of equipment failure, repair costs can exceed \$100,000 on many pieces of equipment. We expect that a major feed pump repair-- not replacement-- replacement would take a year and hundreds of thousands-- could easily be over \$130,000 to \$150,000 for just the parts only. Parts for a turbine overhaul could easily exceed \$750,000 at that point as well. Turbines are one of the biggest pieces in these plants, right? Time required to prepare specifications, advertise for sealed bids and award the contract could cause the time that a plant is out of service on a forced outage by at least that three-to-four-week margin. That downtime, we've calculated that a typical three-week forced outage extension due to the big process during the peak months could cost the plant ownership about \$1.4 million in lost revenue opportunity, capacity, and accreditation under the Southwest Power Pool's performance-based accreditation rules. Again, I'm just trying to skip through my notes here and, and come in here. All right. The biggest piece of this is that, that the limit is changed to align with public power districts to bring things up into a competitive, a competitive space with

that, so we can move when the, when the need arises, especially in those emergence-- emergency scenarios. There was question as well on sole-source and, and bid and things, and, and Mr. Chaffin-- oh. There's my time. Any questions?

SANDERS: Any, any questions for Mr. Stone? Senator Andersen? No, that was a no. Senator Lonowski.

LONOWSKI: Thank you, Chair Sanders. Thank you, Mr. Stone, for being here. So, if we only-- if we lower the requirement to put it in the newspaper one time, where are the other places that we're have-- advertising these things?

SHANE STONE: So most of the time, when we go out for bids, we have a-- we have a list of known, known contractors, vendors, suppliers, as was alluded to earlier. You know, it-- it's a nationwide system now, right? There-- we have a ton of, of vendors and, and contractors that come in from out of state. You know, we-- we've got a good network. And so, when we do have a failure, we are, we are direct contacting these, these companies almost immediately. When there is a, a bid, we want them to make sure that they bid. We want that transparency, we want those multiple bids, multiple quotes, if it's not a formal sealed bid con-- contract. You know, we, we do reach out directly to them. We do post-- I'm going to stop there. I'm, I'm not, I'm not 100 percent sure.

LONOWSKI: Are, are they all-- are they all posted, like, on your site?

SHANE STONE: I believe, I believe that they are on--

LONOWSKI: I mean, so any-- so, anybody else that wants to bid, they can, they can, like, go to the Hastings Utilities website and--

SHANE STONE: Yes.

LONOWSKI: --see the process or whatever. OK.

SHANE STONE: There are some with, with the utilities and the PPGA site. I know that I do get-- once in a while, I will get direct emails from, from people asking about some, some of those.

LONOWSKI: OK.

SHANE STONE: And it's not from the paper.

LONOWSKI: Yeah.

SHANE STONE: It's not from the paper.

LONOWSKI: All right. Thank you.

SANDERS: Any other questions for Mr. Stone? See none. Thank you very much for your testimony.

SHANE STONE: Thank you.

SANDERS: Are there any other proponents on LB1108? Good afternoon. Welcome.

KEITH LEONHARDT: Good afternoon. My name is Keith, K-e-i-t-h, Leonhardt, L-e-o-n-h-a-r-d-t. I'm here representing the Public Power Generation Agency. PPJ [SIC] is the company that operates the Whelan Energy Center Unit 2 power plant. The proposed bill, LB1108, proposes to change the state statutes which would streamline the purchasing process and increase the purchasing limits before formal bidding is needed. An unexpected equipment repair at the plant will likely exceed the current \$100,000 limit, requiring formal bidding which will extend the outage time and add significant cost. The proposed changes would match the existing limits for the public power districts that they currently see. I agree with the testimony that was given previously by Senator Clouse and Lash and Shane Stone. I'd like to thank the committee for considering approval of this bill, and also thank Senator Clouse for introducing it. I don't know if there's any questions, or--

SANDERS: Thank you very much for your testimony. Short and sweet. Right to the point.

KEITH LEONHARDT: Friday afternoon.

SANDERS: Any questions for Mr. Leonhardt? We see none. Short and sweet, you got off easy. Thank you very much for your testimony. Are there any other proponents?

RANDI SCOTT: Good afternoon.

SANDERS: Yes, good afternoon. The floor is yours.

RANDI SCOTT: Chairwoman Sanders, members of the Government, Military and Veteran Affairs Committee, my name is Randi Scott, R-a-n-d-i S-c-o-t-t, here today in support of LB1108 as a registered lobbyist on behalf of Omaha Public Power District. OPPD is a political subdivision of the state of Nebraska, a publicly-owned electric utility engaged in generation, transmission, and distribution of electricity. We serve an estimated population of 893,000 in a 13-county, 5,000-square-mile service area, primarily in southeast Nebraska. We would like to thank Senator Clouse for introducing LB1108, and for allowing inclusion of the Chapter 70 Public Power District statutes while updating the bid notice requirements. Ensuring that there's consistency among all power utilities in this realm alleviates confusion. And our communications team, I would say, are outstanding. We have multiple social media outlets, as well as new-- newsletters, online portals, and if anybody is listening, we have a new OPPD.com, if you're a customer, to check out. There's an app, now you can go, where customers connect with our utility and see current events, things that we're working on. We update projects very regularly. I think our team does a great job with that. So, we support LB1108 for the above reasons, and I won't repeat what was said previously, but-- for those reasons as well, and encourage the committee to move to General File. Thank you.

SANDERS: Thank you very much for your testimony. Any questions from the committee? See none.

RANDI SCOTT: Thank you very much.

SANDERS: Thank you very much for your testimony. Are there any other proponents on a LB1111-- LB1108? Any opponents on LB1108? Any testimony in the neutral on LB1108? Looks like Senator Clouse. Would you like to close? And for the online comments, we have 0 opponents-- 0 proponents, 1 opponent, and 1 in the neutral. Floor is yours.

CLOUSE: OK. Thank you. I'm just looking at the opponents, which is the, the contractors. It's a little bit different than what-- than I envisioned, and what we're talking about here. So, essentially, what this is talking about-- in some of the notes, as I heard some of the comments-- when you're talking procurement, especially some of these large dollar amounts,

there's a lot of accountability. Because you-- as an interlocal, you're accountable to the other utilities, and they're watching what's going on. And so, that accountability with your partners and the interlocal. And then, if it's a, a purchase that is going to raise rates or things like that, they're, they're-- everybody's watching that, because that's important. I was a, a buyer out at Gerald Gentleman Station for a number of years, and we had qualified vendor lists. So, if there were some things on the list, so, yeah, we could go down to the local parts store and get some things, but then also, we had things like conveyor belts, and I'll just use that as an example. Coal, coal plant conveyor belt, it's not something you just, you just go downtown and buy. But we might have three or four qualified suppliers, and they get on those lists by proof of performance and those types of things. So, that might only be two or three, so you just send that bid out to, to those two or three, and then you have some that are, you know, aftermarket, you know, non-specialized parts. So, I think the accountability is there, and I think the, the-- there's a lot of eyes watching what's going on. You, you just-- a buyer just can't go in there and, and make a purchase of that amount without getting reviews from a lot of different areas. So, I, I would encourage you to support this to come out of committee, so it would certainly help them in the energy sector.

SANDERS: Let's check to see if there are any questions from our committee. See none.

CLOUSE: OK. Thank you.

SANDERS: Thank you for bringing LB1108. Have a good weekend.

CLOUSE: Thank you for letting me get back in the queue.

SANDERS: Thank you. This closes the hearing on LB1108, and we'll go ahead and open the hearing on LB975. And thank you, Senator Conrad, for allowing us to skip over.

CONRAD: Yes, of course.

SANDERS: Now the floor is yours in, in the hearing room.

CONRAD: Saved the best for last.

SANDERS: There you go. Welcome.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee February 20, 2026
Rough Draft

CONRAD: Thank you, Chair Sanders. Thank you, members of the committee. My name is Danielle Conrad. It's D-a-n-i-e-l-l-e, Conrad, C-o-n-r-a-d. I represent north Lincoln in the Legislature. I'm here today to introduce LB975. LB975 adopts-- would adopt the Private Attorney Retention Sunshine Act and set clear requirements for the attorney general when they are contracting for outside legal services. This is an ALEC model bill. I introduced this bill in my first term back in 2011, and it was referenced to the Executive Board at that time and advanced unanimously, including from some of my most conservative colleagues in the Legislature who were leaders in our body and serving on the executive branch. So, this is an issue that has been a point of contention for a long time. That measure, while advanced with broad support, failed to move at that time, but just goes to show the strong opportunity for nonpartisan, bipartisan support in improving legislative oversight, in improving sunshine, public transparency, and ensuring that we have a fair bidding process in place when it comes to utilization of public funds for attorney contracts. So, the other thing that I just wanted to lift up is that this issue has taken on, I think, perhaps even greater importance in recent years. In Nebraska, the Attorney General's General Fund budget has exploded by almost 20 percent in just a few years. It has grow-- and this has been reported and is detailed in your budget documents as well. In January 2023, they had a \$7.4 million General Fund budget; now, that has ballooned to \$9 million in 2026. The attorney general gave the policy underpinnings for that huge increase in his budget to be the fact that they were going to support salary increases inside, internally in their office, so they would not have to rely on as much external litigation and support staff. So, this should be in line with the attorney general's thinking in that regard, and we should be even more careful and watchful about the type of contracting they're doing for private attorneys. We've seen this pop up in Nebraska in recent workers' rights case, where the attorney general has contracted with private firms. We have seen significant expenditures with outside counsel and expert witnesses in regards to medical marijuana petition cases. We have seen significant engagement from out-of-state private firms in the consumer field, particularly in relation to social media company litigations-- litigation; so much so that that has even prompted separate and distinct litigation about the terms of that engagement wherein local firms have challenged, through litigation and in the press, the attorney general's law firm's secret deals that are happening. And this is all in our name and with our money as taxpayers, mind you, from very conservative

firms in Nebraska challenging these practices as suspect, mind you. So, I want to be clear that this is in line with my long-standing work to try and increase public transparency and accountability for public resources. There's a host of different components in the legislation that I'm happy to help walk through about how it would work. This measure has been adopted in many of our sister states. And the last thing that I would draw the committee's attention to is the fiscal note itself, which, I will tell you, is mind-boggling to me, in reading the attorney general's response. When I introduced this measure 15 years ago, the fiscal note was zero. The attorney general's office gave a zero-dollar fiscal note 15 years ago. But apparently, under this attorney general, the cost of transparency has risen to be over \$10 million. That speaks for itself. Thank you.

SANDERS: Thank you. Are there any questions for Senator Conrad? See none.

CONRAD: Thank you.

SANDERS: Will you be able to--

ANDERSEN: I have a--

SANDERS: Oh, wait, wait. I think--

CONRAD: Sure.

SANDERS: Senator Andersen.

ANDERSEN: I've got a couple. Thank you, Chairwoman, and thanks, Senator Conrad, for being here. Where it has the, the \$1,000 per hour limitation--

CONRAD: Mm-hmm.

ANDERSEN: Is that, is that per person, or is that per team? Because you may have a multi-person team working on an effort. Is that for the person, or a team?

CONRAD: I think it's-- thank you, Senator, for the question. I think it's usually understood to be per, per billable hour per attorney, not per the team.

ANDERSEN: OK.

CONRAD: Which is a lot, but highly-skilled, experienced litigators sometimes bill out at that level. That would just set a kind of a, a ceiling, so to speak, on the individual billable hours.

ANDERSEN: Do you know what the-- what is the average billable hour-- or, billed hours here in the state of Nebraska?

CONRAD: So, I'll give you a good lawyer answer: it depends. But when you look at, say, for example, applications for attorney's fees, when they decide what a reasonable price is for litigation work, usually, what the attorneys will do is demonstrate their individual background, skill, experience--

ANDERSEN: Sure.

CONRAD: --and ability, and then they'll look at kind of a commensurate array of professionals in the state to decide whether or not that billable hour would be reasonable. Usually, the parties can agree on some of those components, but if not, then the court would, would assess those factors to determine what a reasonable fee is for an attorney with a similar-- a similarly-situated experience and expertise.

ANDERSEN: Do you have reason to believe that they're paying more than \$1,000 an hour for, for some?

CONRAD: I don't know.

ANDERSEN: OK.

CONRAD: Yeah.

ANDERSEN: I just-- I didn't understand if it was just an arbitrary number. But I know what I paid for having retainers for attorneys and all that kind of stuff.

CONRAD: Sure.

ANDERSEN: Not \$1,000 an hour, but--

CONRAD: It'd be high.

ANDERSEN: So, I didn't know the norm is.

CONRAD: It seems high. Yeah.

ANDERSEN: Yeah. OK. On the part of the, the open bidding process,--

CONRAD: Mm-hmm.

ANDERSEN: Is that the norm? I mean, I know for the government at large, right, we use GSA--

CONRAD: Right.

ANDERSEN: --we do multi-source bids, and then we look at competence and qualification, past work history, and all that kind of stuff. Is that what they-- you do on the legal side? It seems very specialized, and I don't know the process.

CONRAD: Thank you, Senator. I think it does work a little bit differently under present law, where it's perhaps not as expansive or engaging or as transparent as some of those procurement kind of processes that we think about typically,--

ANDERSEN: Right.

CONRAD: --and I do understand that there's a need to have, perhaps, specialized counsel. But I do think that a lot of that flexibility can retain even under this proposal because it would still provide flexibility for the attorney general. For example, they're not going to have to just run out and give a contract to any law firm, right? The law firm would still have to meet the parameters, have the experience, et cetera, et cetera. Kind of think about it like it's never just the lowest bidder; it's the lowest responsible bidder, right? Kind of think about it in that, in that parallel that you lift about procurement kind of writ-large. So, I don't think it would inhibit the attorney general's ability to find specialized or boutique expertise where it is needed, but I'd be happy to work with their office or this committee if there is some ambiguity or uncertainty with the, the model bill presented.

ANDERSEN: Yeah, because I could see that for the reasons of privacies and sensitivities, they may want to use a specific firm or a specific lawyer because they have experience.

CONRAD: Mm-hmm.

ANDERSEN: Maybe they've already litigated cases on behalf of the attorney general.

CONRAD: Sure.

ANDERSEN: If they have specific experience, you say, hey, no, I need Joe Blow, because he's done a great job and I need that guy back, and I'm willing to pay a little more because I know his results are, are sound. So, I mean, I can-- I understand why they do some sole-sourcing. And with the specialized experience, too, I mean, that makes-- some of that makes sense.

CONRAD: Sure. Could I just add one point to that, Senator?

ANDERSEN: Absolutely.

CONRAD: I didn't want to cut you off, but just in the exchange of ideas, I, I think that we would all be thoughtful about wanting to sure our-- ensure our tax dollars are going to, to the most highly-competent litigators--

ANDERSEN: Right.

CONRAD: --to defend our interests in court, which I think is what you're getting at. But I think what we also want to guard against is cronyism, to make sure that it's not just the AG's buddy, whoever the AG might be, right? We want to make sure--

ANDERSEN: Yeah.

CONRAD: --that there is some sort of objective decision-making there, so that we do get the best and the brightest and the best value for, for the taxpayer.

ANDERSEN: Absolutely agree with you. What do you-- what would you comment, in looking at the fiscal note, the comments from the attorney general talking about significant delay and administrative burden would be increased on this, and does that-- do you understand? Do you agree with that or, or, or not?

CONRAD: Thank you, Senator, for the question. I don't agree with it. I, I think it's a classic death-by-fiscal-note kind of analysis, and I think its particularly disappointing. Again, I

introduced this exact bill 15 years ago, and I-- I'm literally looking at it right now. It's got a zero-dollar fiscal note. The attorney general at that point in time said we have no problem implementing something like this. It definitely isn't going to be a significant lift from a fiscal component to do so. So, that goes to show how that is politically weaponized, in terms of the analysis and response that this attorney general put forward to comply with basic transparency, and I think that's pretty shocking.

ANDERSEN: I think it's shocking that you have notes back 15 years. One last question, Chairwoman, [INAUDIBLE].

SANDERS: Please.

ANDERSEN: Do you have any examples of, of exorbitant fees paid by the, the attorney general, and, and if so-- or, regardless whether you have any or not, but have any been turned over to the Auditor? The Auditor seems to be doing a good job of--

CONRAD: You're not kidding.

ANDERSEN: --rooting out fraud, waste, and abuse, and, you know, he's kind of a dog with a bone. No offense to him, but-- in those kind of cases. Do you have examples of the exorbitant fees being paid by the attorney general?

CONRAD: Thank you, Senator, and I just generally speaking can't agree with you more. I, I think that we're very fortunate to have Auditor Foley in Nebraska, and I think he's one of the best auditors we've ever had in-- sitting in that chair, and he does a, a great job, and I have a lot of respect for him, and I'm glad that I've worked hard with Senator Hunt and others to strengthen his, his budgetary resources against veto override over the years. But I, I-- a few things. One, I don't have a great handle on whether or not there has been exorbitant fees or contracts entered into because I don't have a lot of information. I will share with the committee-- I'm happy to follow up afterwards. I'm sorry I didn't bring any, any copies today. But again, there was pretty significant news coverage in January of this year wherein a very conservative firm representing a social media company on significant litigation in Nebraska literally had to sue the AG's office over secret law firm deals to figure out the scope and costs of these private attorney general contracts. So, that's a huge red flag right

there. Additionally, I asked the attorney general's office sometime maybe over the last biennium or so-- I'm sorry, I don't have the exact date in front of me. But I had been reading all of the filings in the litigation about medical marijuana petition cases that had been moving through our courts, and I noticed that there was a huge team of outside counsel that was litigating that case, and there was a significant amount of expert witnesses that had called in that case. And so, I asked the attorney general's office for some basic information, like how much have you expended to litigate on these cases, challenging, you know, what I believe to be citizens' sacrosanct rights to organize and petition their government for change. And I literally just got back a very generalized response. Like, here's a copy of our budget that we submit to the Legislature. So, it's hard to parse through what exactly they're spending in these instances with private out-of-state firms and consultants, which, again, are being paid for with, with taxpayer resources. So, I don't have super clear indication that there have been exorbitant fees, but I also don't have the information, and I've asked for it.

ANDERSEN: OK.

CONRAD: Thank you.

ANDERSEN: That's challenging for me.

CONRAD: Yeah.

ANDERSEN: Thank you.

SANDERS: Senator Lonowski.

LONOWSKI: Thank you, Chair Sanders. Thank you for this bill. Is there any other way we can, I don't know, re-figure the fiscal note or ask for a second shot at it, I guess? I mean, because obviously, that's a bill killer if it--

CONRAD: Yeah.

LONOWSKI: --if that's the price, right? So.

CONRAD: Yeah. I'd be happy to work with the attorney general's office and this committee to figure out if there's some basic agreement that we want to have some increased transparency

around these kinds of transactions and contracts. I'm sure we can look to our sister states or past experience here to figure out how to make that work.

LONOWSKI: Thank you.

SANDERS: Any other questions for Senator Conrad?

CONRAD: Thank you.

SANDERS: Thank you. You'll stay to close?

CONRAD: Yes.

SANDERS: Any proponents on LB975? Any opponents on LB975? Good afternoon. Welcome.

JENNIFER HUXOLL: Good afternoon, Senator Sanders. Thank you. I'll just-- I have-- wait just a moment while those are handed out, copies of my testimony. And while I wait, I'll take a deep breath.

SANDERS: Yes. Everything's been really rushed this week. It's all yours.

JENNIFER HUXOLL: Thank you. Good afternoon, Chairperson Sanders, members of the committee. My name is Jennifer Huxoll, J-e-n-n-i-f-e-r, Huxoll, H-u-x-o-l-l, and I'm the Civil Litigation Bureau chief for the attorney general's office. I've spent the last 20 years of my legal career representing the state of Nebraska in cases that are exactly the types of cases we're going to talk about today, so I'm hopeful I'd be-- I'll be able to answer some of your questions. The attorney general's office believes wholeheartedly and not out of any-- some misrepresentation of some nefarious intention that LB975 would significantly infringe on our office's ability to hire outside counsel when necessary to provide ethical representation on behalf of the state and its public officials. When the state is sued, a public official or the state of Nebraska, I-- generally me, because I'm the civil chief-- I must quickly determine two things. One, do I have sufficient at the-- and knowledgeable staff to handle the case? And do I have a conflict of interest? Just like any other attorney on behalf-- that, that provides representation, we have to determine conflict of interest in state of Nebraska cases. For cases filed in state court, we have only 30 days to make our

initial response, and for cases filed in U.S. District Court, which a large "darket" out of my docket is, we only have 21 days. So, as a practical matter, if outside counsel must be hired, that must-- that means I have to do so within the first week after the state is served with papers to allow the attorney who's hired sufficient time to provide a response with applicable deadlines. LB975 states that if a contract for legal services can reasonably be expected to exceed \$10,000, then we must file the contract with the Appropriations Committee. That is going to be basically every case in Nebraska, or in any state at this point in time. Representation in any civil defense for under \$10,000 just doesn't happen anymore. And it's going to make it exponentially harder for me to, to hire those attorneys because this is not the way that legal services are typically procured. For any of you who have hired an attorney, you know you go looking for the best lawyer, and you hire the best lawyers you can afford. Lawyers don't usually come to us bidding for our services and asking to represent us. So, what-- I'm concerned that the potential impact of that is that I will have fewer qualified attorneys who are willing to represent the state when I need them most, and when you need them most, which is when there's been a conflict of interest or I need specific expertise. I want to speak just briefly about the Consumer Protection Bureau's efforts on behalf of the, the state of Nebraska. They have been filing numerous cases on be-- against major social media companies, and notably, the company who complained and filed a lawsuit against the state was the company that's on the other side in the TikTok case. So, if you want to ask about what their intentions were, go look at the filings. We need to be able to hire the best firms who can compete on a national level against companies like TikTok, Meta, Facebook, and those people have big fees. They just do. But those contracts are, are-- we do our best to be as transparent as possible, sir, but we have to make sure that we maintain-- we have to maintain the integrity of our litigation strategy, we cannot disclose confidential information that might compromise our litigation strategy. And so, there's a lot that goes into that and turning that information over. So. I'm happy to answer any questions.

SANDERS: [INAUDIBLE] you may continue. [INAUDIBLE] it's just, like, a paragraph away, if you want to continue.

JENNIFER HUXOLL: Right. It just can't be understated how important the services of the attorney general's office are. The

Nebraska Constitution places that responsibility and the power of the state's legal work with the attorney general and that decision, decision-making, and LB975 would undercut that constitutionally-vested authority. So, we sincerely request that you do not advance this bill. Happy to answer any of Senator Conrad's questions as well. I've turned over billing statements for, for attorneys that I've had to, to use to handle cases for me in public record requests, so. I do occasionally have to redact those so that I don't disclose any confidential information, but I, I don't have a-- I don't have a problem to do that, and I've done it. So.

SANDERS: Thank you very much for your testimony. Let's check to make sure there aren't any questions from the committee. Senator Lonowski.

LONOWSKI: Thank you, Chair Sanders. Thank you for your testimony, ma'am. So, would it be a fair assessment to say a lot of times you're hiring attorneys from out of state?

JENNIFER HUXOLL: I'm not, no.

LONOWSKI: As the attorney general, the-- I guess I look at the TikTok case, I'm like, wow, you probably had to find some, some big corporate attorneys. That's what I'm wondering, that, you know, that have expertise in those types of situations.

JENNIFER HUXOLL: That's a really-- that's a great question, Senator. I appreciate it. So, there-- there's-- we're really talking about two different kind of buckets of litigation. The bucket that I handle for the most part is civil defense. This is when the state is sued. I have over 400 cases on my docket right now that my team is responsible for handling, or that I have to find lawyers to handle. Litigation, everybody's suing, so. I don't know how much that's increased since 2011, but I'd say a lot.

LONOWSKI: Yeah.

JENNIFER HUXOLL: The other bucket is this consume-- the consumer cases that have been brought on behalf of Nebraska consumers. Those are-- oftentimes, those are the cases you're hearing about that are-- that we're using national law firms because that levels the playing field against the lawyers that are hired by enormous firms like TikTok and Facebook and Meta. And, you know,

I'm good; I'm not sure I'm that good. So, we, we just have to be able to compete in that market in order to get the lawyers that are going to level the playing field so that we can do what needs to be done on behalf of Nebraska consumers. And this Legislature has identified that as a need, and, and-- last year and ongoing, and just reining these companies in for the damage that they're doing. That's what our consumer bureau is doing, and that's really where I think this fiscal note comes from. And the current concerns that we would clip their wings and make it harder for them to defend Nebraska consumers, that's a grave concern.

LONOWSKI: Thank you.

JENNIFER HUXOLL: Yes.

SANDERS: Any other questions from the committee? Senator Andersen.

ANDERSEN: Thank you, Chairwoman. Thank you, Ms. Huxoll, for being here. I got a number of different questions, some of which are similar ones I asked Senator Conrad. When you talk about-- it said in there about the-- or, Senator Conrad mentioned the budgetary increase from 2023 from 7.4-- and maybe, maybe you're the wrong person. If you are, I apologize. The budget increase from 2023 is 7.4 to 2026 to \$9 million. Is-- do you-- is there a good reason for that? I mean, I'm sure there is, but can you articulate what the reason is?

JENNIFER HUXOLL: I'm really--

ANDERSEN: Or are you the wrong person?

JENNIFER HUXOLL: I'm sorry Senator, I interrupted you. I'm probably the wrong person to answer that question.

ANDERSEN: OK.

JENNIFER HUXOLL: I manage a team of 11 lawyers in the civil litigation bureau, and the consumer bureau has added attorneys in order to satisfy the needs. We have had numerous-- well, I guess it's, it's not very nice to say, but they're unfunded mandates where attorney general will enforce, attorney general will essentially monitor a database or will be responsible for bringing certain actions.

ANDERSEN: Sure.

JENNIFER HUXOLL: Those require personnel. So-- I'm, I'm making some assumptions here, but I'm sure that the attorney general would be happy to answer any questions you have about his budget, Senator. And I can certainly--

ANDERSEN: OK. Yeah. I'm not saying it's out of line. I'm just saying she brings up a good point, and the question is why? And what's the explanation? I'm sure there is a good explanation for it, so I'm just curious. When-- in the fiscal note, it, it mentioned a significant delay. By that, do you know, does that mean significant delay being outside that 21-day window or that 30-day window, then making it so that you-- we were not able to respond? Is that what that was intended to address?

JENNIFER HUXOLL: That's definitely a, a, a serious concern for me. I don't have-- the court has no obligation to give me more time, and opposing counsel has no incentive to give more time. They've sued a state official or a state agency, and the courts want to move these cases along as quickly as they can.

ANDERSEN: Sure.

JENNIFER HUXOLL: They call that progressing the case. And the opposing counsel wants any advantage that they can in order to, to potentially win their lawsuit against the state. So, I don't have it-- there's no-- I have no leverage whatsoever to get any sort of an extension in that initial time period if I have a conflict of interest, and that happens more than you might think. Many of these lawsuits are brought against multiple public officials, same case, and each of those individuals, under our state statutory-- under our state statutes, are entitled to representation in the action, they are entitled to have attorney-client privileged communications. And if there is any disagreement or dis-- the, the, the positions of the parties are different at all, they each have to have a different lawyer. I can't be that lawyer for every person, no person on my team.

ANDERSEN: Sure.

JENNIFER HUXOLL: We actually have to hire a lawyer, then, to be conflict-- conflicted counsel. So, we look for people who have experience in the subject matter. Might be water law, it might be employment law, could be a CIR case, it could be any

different-- I mean, we get sued-- just, you'd be shocked how often we get sued.

ANDERSEN: Sure.

JENNIFER HUXOLL: And so, there has to be some. Constitutional claims, election claims, lots of different things. So, they have to have some special expertise in that area. There may only be one or two people who even have it. So, it, it will put us at a serious disadvantage in getting qualified counsel, and also in getting that person on board quickly so that they can provide representation in the case.

ANDERSEN: So, the sole-source contracting, countering to the open bidding process-- so the sole-source contracting with a specific law firm or a specific lawyer, that's critical to the success in very specialized lawsuits, whether it's one brought by the attorney general or one responded to by the attorney general?

JENNIFER HUXOLL: I believe so, yes.

ANDERSEN: OK. And in the bill, it talks about \$1,000 limit per hour for a lawyer's time. Is that, is that reasonable or unreasonable?

JENNIFER HUXOLL: So the \$1,000 limit is, is not as big a concern for us as the total limit, which kicks it into contrasting.

ANDERSEN: \$10,000, right?

JENNIFER HUXOLL: Right. What I will say, though, is that in my recent experience, rates for Nebraska attorneys that we've had to retain are more in the \$380 to \$400 range. Nebraskans aren't-- Nebraska lawyers aren't really-- don't seem to be getting up into that thousands range. But if you get into an area of specific expertise, they can command it. And lawyers get to make the decision about who their clients are. So, if you--

ANDERSEN: Sure.

JENNIFER HUXOLL: --aren't willing to pay their rate, they don't have to take your case. So, if they are one of those specialized practitioners who can command those kinds of fees, then your,

your job is to try to find the best one, I suppose. But you, you pay for the-- we want to be able to pay for the best--

ANDERSEN: Right. [INAUDIBLE] pay for.

JENNIFER HUXOLL: --so that we have the best chance of success.

ANDERSEN: You get what you pay for, right?

JENNIFER HUXOLL: Right.

ANDERSEN: To the best of your knowledge-- and if you're not the right person, please tell me. I, I asked about-- I asked Senator Conrad, was she aware of any times of exorbitant fees paid, any referrals to the Auditor for further investigation? Are you aware of any, any complaints filed against the attorney general referred for investigation?

JENNIFER HUXOLL: I'm not. I'm not. I do review. So, if the case is due to a conflict, I can't review the actual work of the attorney--

ANDERSEN: Sure.

JENNIFER HUXOLL: --because that would violate the conflict of interest. But those are still reviewed. The, the bills are submitted and they're reviewed by DAS, or they're reviewed by someone for reasonableness. And we have the ability to go back and, and speak to an attorney if we believe that they are over-billing us for time. But I'm not aware of any complaints or any investigations by, by the, by the Auditor.

ANDERSEN: So, it doesn't appear that there's a systemic problem that this would address?

JENNIFER HUXOLL: No.

ANDERSEN: OK. Thank you. Thank you, Chairwoman.

SANDERS: Any other questions? See none. Thank you for taking time out of your schedule to testify.

JENNIFER HUXOLL: Thank you for your time.

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SANDERS: Any other opponents on LB975? Any testimony in the neutral on LB975? I see none. We'll go ahead and close. Senator Conrad.

CONRAD: Thank you--

SANDERS: And the online comments for LB975: we had 3 proponents, 0 opponents, and 0 in the neutral.

CONRAD: Thank you, Chair Sanders. Thank your-- thank you, members of the committee, for your good questions and kind attention. Just want to again reiterate that I'd be willing to work with the committee if there is some sort of agreement or consensus that we should always work together to improve transparency, particularly when it comes to the utilization of public funds. And I want to also lift up the fact that not only did we previously have a zero-dollar fiscal note in order to accomplish that, but to varying degrees, about 15 to 20 of our sister states have adopted this very ALEC model policy that's before you in LB875-- LB975 today, including some of the most aggressive attorney generals in the country in Colorado, Connecticut, Kansas, Minnesota, North Dakota, Texas, Virginia, Arizona, Indiana, Missouri, Iowa, Mississippi, and Georgia, just to name a few. Their offices have not been hobbled by basic transparency that you heard put forward on a basis of what I believe to be political scare tactics and conjecture today from the attorney general's office. So, we don't have to guess, we don't to rely upon conjecture. We can look at the experiences of 15 to 20 of our sister states and see that aggressive litigation happens in those states on behalf of their consumers and on a host of other important serious issues. So, I, I, I just want to lift that up because, you know, it's really divorced from the reality when you look across the national landscape. The last piece that I would want to lift up here is-- I guess it kind of begs the question from the attorney general's representative comments that we heard today. Like, if they don't have the expertise to handle a case in-house, why are they bringing it? That, that's a legitimate question, and, and kind of undercuts the, the thinking in that regard. It also, I think, undercuts that fact that this attorney general has worked with members of this Legislature to seek expansive grants of authority and power to his office in the realm of social media, in the realm of China spies or foreign adversaries, or-- list any number of things. So, it's a bit disingenuous on the one hand to say, like, well, we don't have any expertise in-house to handle these

kinds of new issues, but they're the ones who were supporting and pushing for that expansive grant of authority on the same side. And no matter how you cut it, at the end of the day, this work is being done with taxpayer dollars, in our name and with our resources. And at the very least, we have a right to know how those dollars are going out the door. Is it fair? Is it equitable? Is it transparent? And our, our sister states have figured out a way to continue aggressive litigation and tip the balance in favor of transparency. So, whatever we need to do to get the bill to work in that direction, I'm confident we can.

SANDERS: All right. Are there any questions for Senator Conrad? Senator Andersen.

ANDERSEN: Thank you, Chairwoman. Thank you, Senator Conrad, for being here.

CONRAD: Yep.

ANDERSEN: The question I have is based on your last comment.

CONRAD: Sure.

ANDERSEN: And talking about if they don't have the expertise in-house, why are they bringing the suit?

CONRAD: Right.

ANDERSEN: It seems to me-- and I'm not an attorney general. I'm not even an attorney. But in some cases, they're actually defending the state from a lawsuit. So, if they do not have the expertise in whatever that subject matter is that they're defending, they need to go out and get the expertise, whether that's sole source contracting-- and maybe it is because of time delay. I, I don't know.

CONRAD: Sure.

ANDERSEN: Could that be the case, do you think?

CONRAD: It could be, I guess. Maybe, say, for example, like, in the water litigation, that might be where we're not necessarily perhaps initiating it. Well, I guess we filed original jurisdiction on that right now, but-- looking back. So, that-- it might be. It depends, right? That could very well be. But

there is, of course, total discretion in terms of what the attorney general's office decides to bring proactively.

ANDERSEN: Sure.

CONRAD: That's different than being in a defensive posture. Maybe that's something that we could look at in, in terms of how these issues would, would play out, but-- I mean, at the end of the day, like, I'm not a patent lawyer. If I brought a patent case, somebody should sue me for malpractice, right? That's kind of a basic thing. So, I understand that the attorney general is charged with basic defense of the state, et cetera, but I, I, I also think that we have to temper it against the fact, like, if they literally don't have the expertise to handle the kinds of cases they're bringing, and they have to push our taxpayer dollars out of state or to big, high-powered law firms out of state, that that-- that's kind of problematic. And one thing that we should do is at least know about how that's happening. And if they have an unlimited checkbook from the Nebraska taxpayer to pursue their political agenda in court, that's, that's, that's tricky, and I think can, can lead to poor litigation results, and definitely poor results for the taxpayer. If they have to at least comply with some sort of basic transparency and fairness in terms of how they dole out those, those contracts, I think that we'd probably be more focused on matters of serious public concern rather than political agendas.

ANDERSEN: OK. Last, last question. Or, I [INAUDIBLE] actually maybe a comment.

CONRAD: Sure.

ANDERSEN: You, you made the comment about transparency and--

CONRAD: Mm-hmm.

ANDERSEN: --and all that. And one of the challenges, to be frank with you, that I have with, with this bill is that it's not confined to transparency and accountability. It actually implements and restricts what the attorney general can do, and, and that's what I think is the most-- the greatest deliberation or concern for me is--

CONRAD: Mm-hmm.

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ANDERSEN: --should we be putting handcuffs on the attorney general?

CONRAD: Mm-hmm.

ANDERSEN: You know? And maybe [INAUDIBLE] said there has to be a left and right margin and guardrails on everything we do.

CONRAD: Right.

ANDERSEN: But, you know, at what point does it become counterproductive?

CONRAD: Yeah. I think-- that's a good question, Senator, and I guess my, my response is this: I don't think transparency is handcuffs. I think transparency is transparency. And the same could be said for our public records laws, the same could be said for our open meetings laws. We-- all this measure says-- it doesn't say you can't do it; it says how you go about it and how you report upon it and why, right? So, I-- we're not handcuffing them, we're not saying you can't utilize outside or external services, you just have to tell us how much you're spending and why you're spending that. That's the heart of the measure. Now, if we have to tinker with the details to get there, that's fine, but I don't think transparency are handcuffs or punishment or a barrier. I think transparency is sunshine, and the best disinfectant against abuse.

ANDERSEN: Thank you.

CONRAD: Yeah.

SANDERS: Would you like to ask a question?

GUERECA: I wouldn't know where to begin.

SANDERS: [INAUDIBLE] yeah, yeah.

GUERECA: I've read the title of the bills.

SANDERS: Any, any other questions from the committee?

CONRAD: Thank you.

SANDERS: See none. Thank you very much. This closes the hearing on LB975, also closes the hearing on today in Government Committee. Thank you very much.