

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: The Transportation and Telecommunications Committee hearing will come to order today. Our pages are Sydney-- raise your hand, yes, thank you-- and Kleh. All right, thank you. They'll be helping us with paperwork and other little necessities as we go through our hearing today. My name is Mike Moser, I'm the Chair of the committee, and I represent District 22, which is Platte County and most of Stanton County. We'll introduce the senators, starting on my right.

STORER: Good afternoon, I am Senator Tanya Storer, I represent District 43, 11 counties: Dawes, Sheridan, Cherry, Keya Paha, Boyd, Brown, Rock, Wayne, Loup, Garfield, Custer. I read them so I don't get tongue-twisted. Thank you.

FREDRICKSON: You're getting better.

STORER: I am.

FREDRICKSON: Good afternoon. I'm John Fredrickson, I represent District 20, which is in central west Omaha.

BRANDT: Tom Brandt, District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties.

BALLARD: Beau Ballard, District 21 in northwest Lincoln, northern Lancaster County.

DeBOER: Good afternoon, everyone. My name is Wendy DeBoer. I represent District 10 in vibrant northwest Omaha.

MOSER: Our committee clerk is Katie Coquat, and our legal counsel is Gus Shoemaker. There are green testifier sheets on the table near the entrance. Please complete one if you plan to come up to testify. If you are not testifying but want to record your presence, you can sign the yellow book-- the yellow sheet in the book at the table near the entrance. Handouts from test-- submitted by testifiers will be included as part of the record. Senators may come and go during our hearing. This is common and required, as they may be presenting bills in other committees during these same times. Testimony will begin with the introducer's opening statement, then we'll hear from supporters of the bill, then from those in opposition, and those then speaking in the neutral. The introducer of the bill will then be given the opportunity to make closing arguments, if they wish to do so. Please

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

begin your testimony by giving us your first and last name, and also spell them for the record. We will be using a three-minute timer system today. And be sure to turn off your cell phones or put them on vibrate so they don't ring during our meeting. And with that, that brings us up to our first bill, LB1092, Senator Bostar. We had online comments, 3 proponents, 2 opponents, and no neutral or ADA testimony. Senator, welcome.

BOSTAR: Thank you. Good afternoon, Chairman Moser and members of the Transportation and Telecommunications Committee. For the record, my name is Elliot Bostar, that's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29. I'm here today to introduce LB1092, a bill that updates our alternate license plate statutes and creates two new plate programs, the Back the Blue license plates and Iconic-Design license plates. LB 1092 directs the Department of Motor Vehicles to design and issue a Back the Blue license plate in consultation with organizations that represent law enforcement. The goal is simple, to give Nebraskans a clear and voluntary way to show support for the men and women who serve in law enforcement across our state. The additional fee paid for this plate is deposited into a new Back the Blue Cash Fund administered by the Nebraska State Patrol. Those funds may be used toward-- to award grants to law enforcement associations to support injured officers, their spouses, and their children. LB1092 also creates the Iconic-Design license plates. The bill requires the Department of Motor Vehicles to develop at least two designs, one with a black background and white lettering, and one with white background and black lettering. Each inspired by historic Nebraska plates. The department may also develop up to two additional designs based on their retired Nebraska plates with strong recognition value. Each iconic design plate carries a \$100 issuance or renewal fee. The Iconic-Design plates respond to the growing public interest in simple, high-contrast, blackout-style designs. Across the country, these minimalist black and white plates have become some of the most popular specialty options. In Minnesota, for example, motorists have purchased hundreds of thousands of blackout plates in just the first two years, making them one of the-- one of the state's most requested specialty designs. Iowa now sells well over half a million blackout plates on the road, and Utah and Indiana have each generated several million dollars in revenue from simil-- similar designs for their designated causes. LB1092 directs revenue from the iconic design plates to a newly created Developmental Disability Provider Capital and Equipment

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

Maintenance Cash Fund administered by the Department of Health and Human Services. The funds can be used for capital and equipment investments by developmental disability service providers to improve staff and client safety, provide accessible transportation fleets, and to make better use of facility space for client programs. This is a direct response to what providers are telling us. Developmental disability providers are facing a capacity crisis. Many report that they have had to turn away new referrals or that families cannot find an agency with staff and space to serve them due in part to low wages, high turnover, and thin operating margins. Providers need safe, reliable vehicles to transport individuals with significant support needs and secure accessible facilities in order to support families in a community-based setting. By tying a popular plate design to a dedicated fund, the bill gives providers a way to make these long-term investments without pulling scarce operating dollars away from direct support. And with that, I thank you for your time and attention. I'd be happy to answer any initial questions, and I would encourage your support of the legislation.

MOSER: Questions from committee members? Senator Brandt.

BRANDT: Thank you, Chairman Moser. Senator Bostar, I see you're going to charge \$100 for the iconic plates. Do we have any license plates now that cost \$100? Because to the best of my regulation they're either \$70 or \$40.

BOSTAR: I think you're correct.

BRANDT: OK. And then I'm looking for the Back the Blue, and maybe I missed it. How much are you charging for those plates?

BOSTAR: So that one is in the traditional.

BRANDT: It says the State Patrol will distribute the money for those.

BOSTAR: Correct. So that one doesn't have that much of an extra premium. Let me make sure, because we went back and forth on that a few times. Let me make sure I have that right number and I'll get it to you at the close.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BRANDT: OK, and then I guess my only concern would be on the DD plates. They're going to help the providers, OK, that we know don't get enough money.

BOSTAR: Sure.

BRANDT: In the scenario that, that we don't have enough providers in the state, the state would probably become obligated to provide those services, wouldn't it? I guess what I'm getting at is if we don't have enough developmental disability providers, private providers in the state, basically is where this money is going to--

BOSTAR: Sure, yeah.

BRANDT: --wouldn't the state provide those services? And then what would then-- I, I guess maybe narrow that down so that it would go to the state. You kind of see where I'm getting at with that question?

BOSTAR: Yeah, I think that there are a lot of individuals who are not receiving the services that are needed.

BRANDT: Right. Because there aren't enough providers.

BOSTAR: Right, and the state isn't also there to--

MOSER: Pay for it.

BOSTAR: --you know, pick up that, the provision of services either.

BRANDT: OK.

BOSTAR: So this is an attempt to try to at least meet some of that need.

BRANDT: And then on the DD plates-- on the Back the Blue, is it going to say "Back the Blue" or there's a design on it? It didn't really say in here.

BOSTAR: Right, so it's directing the Department of Motor Vehicles to work with, you know, law enforcement associations to come up with a design.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BRANDT: And then on the DD plates, it's just a black plate or a white plate. It doesn't say developmental disabilities or anything else?

BOSTAR: That's correct.

BRANDT: OK. Thank you.

BOSTAR: Thank you.

MOSER: Other questions? Thank you, Senator.

BOSTAR: Thank you.

MOSER: Supporters of LB1092, please come on down.

ALAN ZAVODNY: Thank you. Last time I saw you, you were putting guitar strings on my son's guitar, so.

MOSER: Well, welcome to our committee hearing and tell us what you think.

ALAN ZAVODNY: All right. Good afternoon, Chairman Moser and members of the Transportation and Telecommunications Committee. For the record, my name is Alan Zavodny, A-l-a-n Z-a-v-o-d-n-y, I'm the chief executive officer of NorthStar Services. We provide supports to people with intellectual and developmental disabilities in 21 counties in northeast Nebraska. I am the last of the dinosaurs, having worked in this field for 45 years on June 15th of this year. I also am a neighbor of Senator Moser, hailing from David City, and I also served as mayor of David City for three terms. So we share that experience as a mayor. I'd like to thank Senator Bostar for bringing forward LB1092. LB1092 represents an effort to help support our fellow Nebraskans that experience intellectual and or developmental disabilities. This bill would allow for the opportunity for grants to help pay for improvements to facilities or vehicles that could help support people. We have issued license plates that featured mountain lions and various other worthy endeavors. While I cannot begin to guess how many of these license plates may be issued, I do know that any amount will help. Providers have struggled for most of the last 30 years with the funding model for supports. I have personally testified for many, many years. To put it succinctly, it is never a good time to fund supports for people with intellectual disabilities. When we have money, we're told it must be returned to the taxpayer. And when we are in a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

deficit, we cannot afford it. LB1092 would be a positive message to families and people that experience intellectual disabilities that they are not irrelevant and that they do matter. We haven't necessarily done that for the last three decades, if you believe that the state budget is a moral document that funds its priorities. I encourage you to advance LB1092 out of committee and to the floor of the Legislature. I'd be happy to answer any questions.

MOSER: Questions for the testifier? Senator Brandt--

BRANDT: Yes.

MOSER: Is that a wave or do you have a question?

ALAN ZAVODNY: I used to live in Fairbury, so.

BRANDT: Oh, great.

ALAN ZAVODNY: Five years there.

BRANDT: Another constituent, yes. What do other states do? I mean, you're in this field, so you probably have some background on this.

ALAN ZAVODNY: Yeah. What the-- thank you for the question, and I apologize in advance that my answer is probably not gonna be that popular. But the states that fund developmental disabilities the best are the ones that have lost lawsuits. We haven't done that in Nebraska, and I'm glad we haven't. I think we just still, we continue to try to work through the system. But I'm gonna tell you this, in my 45 years, what I've seen, we have reached unsustainable, to be honest. And I think you are exactly right. The state is required by the federal government to provide these supports. And if it goes through the state, it would be much more expensive. But I think we're almost at the point with actually that like the minimum wage is an unfunded mandate for us, because we have to pay people to stay overnight and that kind of thing. So it's gotten to a point we've really contracted quite a bit. We have very bare-bones services in Valentine, for instance, because just the population. In South Sioux, we've kind of gone to very minimal services there. So those used to be very vibrant area programs [INAUDIBLE]. What we predicted has occurred, and that's where we are today.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BRANDT: All right, thank you.

MOSER: Other questions? So are most of these providers non-profits, or are some for-profit?

ALAN ZAVODNY: Well, I can-- there are both, there's a combination, and now we have families involved in providing supports and that kind of thing. I work for a provider that was one of the six original, created by the Legislature in 1974, the six regions, which were basically counties that were put together to serve. It started as families, mainly, in, in various towns. And then we put the counties together, like Region 5, I think has 16 counties in southeast Nebraska. We were 22 counties in northeast Nebraska. And so we have a variety of private providers now, and then the original regions.

MOSER: Do you think-- do you see a change in the balance between private and or for-profit and non-profit?

ALAN ZAVODNY: Well, I'm going to tell you this. I was born and raised in a small town and lived most-- well, almost all my life in a small town. And it's kind of akin to if you have one grocery store in town, it can do pretty well. When you get two, you know, they split some of the business. When you get three, that's too many. None of them can do well. I think we've seen so many providers introduced into the state that it's hard for all of them to meet the economies of scale. We talk about Nebraska being run like a business, but we've run this business into the ground, to be quite honest. And I guess I'm close enough to retirement. I told them I'd give them four more years that you're gonna get the truth out of me, whether it's good or bad. But I, I just think we've got serious, serious problems here. So we appreciate anything you guys can do. And Senator Storer was on my governing board, so it's nice to see her again so.

MOSER: Senator Storer.

STORER: Thank you, Chair Moser. And good to see you again, Alan.

ALAN ZAVODNY: You mean that? I wouldn't be offended if you didn't.

STORER: I, I guess just a real quick question. So you'd, you'd made the comment in your testimony that, you know, when you, when you have-- when you're actually historically have been in a good cash position, then those funds get swept. So the cash funds available to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

you have been swept in the past. I mean, has that been sort of a routine practice over the years that has made it difficult for you to establish--

ALAN ZAVODNY: The best comparison I can make is it's kind of like property taxes. We talk about property taxes, well, we didn't raise the levy or anything, but values go up, so you're still paying more. It's kind of that shell game. So what we've seen in funding for DD is, well, we're going to put more money into the system, but it's in services that aren't used, or we do an assessment that lowers what people get. So there's never more money really coming to providers. So it's, it's really complicated of what I've seen evolve over the years. And we've been told with the latest assessment that it should even out. We are seeing well over \$200,000 in losses that we can't afford. So we, we are holding on by fingernails. I've been sitting in these hearings usually Appropriations being told to tighten my belt, tighten my belt. And I'm a farm kid and still involved in farming, and sometimes with property taxes and your inputs, they went up with corn and beans are super high. And guess what? They never came down really too much when you buy [INAUDIBLE] and that kind of stuff. So that's what we're facing now.

STORER: Thank you.

ALAN ZAVODNY: Tried to bail a couple times if you're [INAUDIBLE]. I'm going to go coach basketball.

MOSER: All right, thank you very much for your testimony

ALAN ZAVODNY: Appreciate your time.

MOSER: Are there more supporters for LB1092?

CHRISTA YOAKUM: Good afternoon, Chair Moser and members of the Transportation and Telecommunications program-- Committee, I'm sorry. My name is Christa Yoakum, C-h-r-i-s-t-a Y-o-a-k-u-m, and I'm appearing before the committee in my capacity as chair of the Lancaster County Board of Commissioners. And an aside is that I was just reelected as chair of Apace which is-- the governing board of Apace, which is-- was formerly known as Region 5 services. I'm here to testify on behalf of the Lancaster County Board in support of LB1092. I specifically intend to address the provisions of LB1092 regarding Iconic-Design license plates and Developmental Disabilities Provider

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

Capital Equipment Maintenance Cash Fund. We're also aware of another similar bill, LB972, providing for choice color plates and distributing the funds from those to-- plates to the Department of Motor Vehicles Cash Fund. In order to continue to combat rising property taxes, it is a standing priority of Lancaster County to support policy initiatives that provide full funding for the promotion of the overall health of the community through targeted investments in healthcare that ultimately reduce downstream governmental costs. State-based programs for people with developmental disabilities promote health equity, prevent chronic diseases, and improve quality of life. To ensure that people with developmental disabilities benefit from these services, it's critical that funding and policy support early intervention and policy alignment across state and local partners. Unfortunately, reimbursement rates for developmental disability providers have not kept pace with the rising costs, meaning our community partners cannot make up-- cannot make up the needed capital investments to support service delivery. Given the similarities between the license plate provisions of LB1092 and LB972, we urge the committee to consider amendments that bring forward the best of both bills, including directing revenues arising out of the sales of new choice color plates and similar iconic design plates to the Developmental Disabilities Provider Capital and Equipment Maintenance Cash Fund. This proposed fund would create a meaningful opportunity to bridge the funding gap that this between reimbursement rates and the needs for cap-- investments in capital and equipment. We applaud Senator Bostar for identifying an innovative source of new revenue, and we look forward to seeing this critically-needed funding help ensure that the most vulnerable groups among us, like the development-- developmentally-disabled population, are not left behind amidst a dire shortage of funding for Nebraska's disability services program. Thank you for the opportunity to testify and for your service to our great state. I would be happy to take any questions.

MOSER: Senator Storer.

STORER: Thank you, Chair Moser. And thank you, Mr. Yoakum, for being here. I guess this is-- and I don't know who best to direct this question to, so I'm gonna start with you. You know, we, we did hear a bill previously on the iconic license plates, and there was some testimony there about Senator Bostar's upcoming bill and the desire to direct the funds generated to developmental disabilities. I'm just trying to understand a little bit, the basis for most any other plate

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

that we have in the state that identifies, you know, it's identified the group that the funds are going to and representing. What is the history or the basis in this very unique case for these iconic license plates to be, no pun intended, the vehicle to deliver funds to developmental disabilities rather than just, just developing a license plate that identified that?

CHRISTA YOAKUM: Sure. I think that this has been extremely popular, and the precedent has been set in Colorado. And that's similar to how they've directed their funds, to the best of my knowledge. Probably a good question for Senator Bostar. But the appeal of the plate is the slickness of it. That's what makes it popular. And so people are willing to spend their money for that and might not want one that was branded in a different way, because it takes away from that sleekness.

STORER: OK, thank you.

MOSER: Senator Guereca, do you want to introduce yourself?

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

MOSER: All right, thank you. I didn't want to leave you out.

GUERECA: I appreciate that, Chair.

MOSER: OK, any other questions from committee members? Thank you for your testimony. More supporters for LB1092? Welcome.

MATT KASIK: Thank you. Chairman Moser, members of the Transportation and Telecommunications Committee, my name is Matt Kasik, M-a-t-t K-a-s-i-k, and I am the CEO of Apace, formerly Region 5 Services. I want to first thank Senator Bostar for introducing this bill and thank the committee for the opportunity to testify today. I plan to give you an overview of what it means to be an IDD provider and how LB1092 will help. Apace is the largest provider of services for individuals with intellectual and developmental disabilities in Nebraska. We are based in Lincoln and support about 740 Nebraskans across southeast Nebraska. The families we support, as well as our 900 employees and independent contractors, live in each one of your districts, except for Senator Storer. We don't go that far out.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

STORER: Not many people do.

MATT KASIK: Apace is a political subdivision with no profit motive. So that means that any surplus is reinvested directly into our operation and the people we support. As a provider, we have lifelong relationships, essentially living side-by-side with those that we support. The infrastructure required to fulfill our mission is substantial. It requires safe and accessible homes and reliable accessible vehicles. At Apace, we operate 21 commercial locations, 67 residential homes, and 224 vehicles, the majority of which we own. Capital costs are not built into the Medicaid rate methodology, which means that we can only re-- rely on our operational surplus to make capital improvements. IDD providers are almost entirely funded by Medicaid. At Apace, 94.3% of our \$58 million budget is Medicaid. Our reimbursement rates are set by you, the Legislature, as part of the state budget. This means that providers cannot raise rates when costs increase like any other business. If the cost of beef goes up, McDonald's can raise the price of a Big Mac. IDD providers, on the other hand, like Apace, are stuck at the rates set during last year's session, which included no rate increases for providers. To be clear, Medicaid reimbursement rates are not keeping up with costs. In fiscal year 2025, Apace had an operating loss of \$658,000. We are on track for another loss in '26 and yet another loss in '27. Three consecutive years of operating losses is not sustainable, and Apace is not alone. The pressure is being felt statewide, and the vulnerable Nebraskans who rely on our services will pay the price if these challenges are not addressed. This is why LB1092 is so critical for IDD providers. Medicaid rates do not cover capital costs like vehicles, accessible homes, safety upgrades, or technology that helps people live more independently. Providers are being asked to fund these essentials from margins that no longer exist. LB1092 creates a dedicated, reliable funding source so organizations like Apace can replace aging wheelchair-accessible vans, maintain safe group homes, and invest in the infrastructure these quality services depend on. And this will do this without taking dollars away from direct care. In conclusion, thank you for your time, and I urge you to pass forth this legislation.

MOSER: Thank you. Questions? Senator Brandt.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BRANDT: Thank you, Chairman Moser. Thank you for all that you do. I have relatives that use your services.

MATT KASIK: Absolutely.

BRANDT: Have you seen the fiscal note for the developmentally disabled part of the bill? It would raise \$166,000 statewide.

MATT KASIK: I am not familiar with the mechanics of the bill and what it provides, more so just I know that whatever it provides would be beneficial to the DD community.

BRANDT: OK, I just I guess I figured by the time you divide that over six regions and everybody--

MATT KASIK: Yes.

BRANDT: --it isn't going to amount to a lot for each organization.

MATT KASIK: So the question that was asked earlier, this is modeled after a bill in Colorado. My understanding is that has generated millions in, in funding for the DD community. But I don't have the specifics on that.

BRANDT: All right, thank you.

MATT KASIK: You bet.

MOSER: Other questions? So I was just looking through your handout. And you said your budget is about \$58 million. And you have 740 clients. So just roughly, you're spending \$61,000 a year on each client. And then also, it says in the handout that you have 900 employees. So with benefits and whatever all you have to provide for your employees, it's \$64,000 per employee also. So how have those costs changed? Are they going up at a drastic rate, or what's going on with that?

MATT KASIK: They are. So in a general sense, I want to say it's something like 86% of our budget, I don't have the number--

MOSER: [INAUDIBLE]

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MATT KASIK: High-- yes, high 80% consists of wages, benefits, and contractor pay, all essentially is direct care.

MOSER: So some of your employees are direct employees, some are by contract?

MATT KASIK: We have about 780 employees and then another 150 or so contractors--

MOSER: OK.

MATT KASIK: --to make up that almost 900 number. The cost of insurance has increased substantially through the years.

MOSER: Liability? Or are you talking about health insurance?

MATT KASIK: Both. Both. With the properties that we own and the vehicles that we own, as you can imagine, the cost of-- really, the cost of insuring our homes has gone up in, in some years almost 50% because of the, the losses we've experienced here in the state. Wageswise, so we've passed on, you know, as much of our wages increases to staff. However, we have a significant benefit policy for our staff as well. So one figure I saw was about something like \$4 per hour is what the cost of our benefits do or equate to over a year for every hour worked. So, you know, it, it, it's costing more and more to keep employees. And what we're facing now with minimum wage that just increased, you know, it used to be we would compete with other providers in the state. Now we're competing with everyone. Our starting rate--

MOSER: For employees?

MATT KASIK: Yes. Our starting wage at a pace is \$16.08 per hour, which is 107% of minimum wage. Just five years ago, these roles used to start off at 147% of minimum wage. So essentially the positions are becoming more and more minimum wage positions. And the work that's required as a direct support professional is substantial. I mean, it, it is far-- it far exceeds what a minimum wage job should be.

MOSER: How many clients does an employee serve? It looks like--

MATT KASIK: It depends.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: --it's almost one-to-one in some cases.

MATT KASIK: In some cases, it can be more than that. We have individuals that require two staff per one individual. Conversely, we have staff-- or situations where one person can support a group of five people. But that-- what we're seeing is, and a previous, previous testifier mentioned kind of some of the rates per person are dropping. So it's those ratios are getting stretched more and more.

MOSER: Do you get any contributions or donations or anything?

MATT KASIK: We've had to resort to fundraising. So that is one, one new area where we've become, to become reliant on philan-- basically giving. Years ago, or at least the case for Apace, counties used to provide some funding to the regions. But we no longer do that within Apace, and I don't know if the other counties still provide funding. But it is, like I said, it's 94% Medicaid. And so when our rates are set, we're pretty much stuck at that, at that place.

MOSER: OK. Other questions from committee members? Thank you very much for your testimony.

MATT KASIK: Thank you.

MOSER: Are there more supporters for LB1092?

ALANA SCHRIVER: Good afternoon, Chairman Moser, members of the committee. My name is Alana Schriver, A-l-a-n-a S-c-h-r-i-v-e-r, and I'm the executive director of the Nebraska Association of Service Providers, which is the statewide association for the home and community-based organizations who support individuals with intellectual and developmental disabilities. I'm also the parent of a 13-year-old who is on the family support waiver and will rely on these services full-time after I pass away. So it's important to me that those services are robust. Which is a concern these days, as you've heard from some of my colleagues. Thank you for the opportunity to testify in support of LB1092. I'd also like to thank Senator Bos-- Bostar for introducing this bill on behalf of the disability community. I was going to acknowledge with Senator Fredrickson our conflict with LB972, which we didn't know ahead of time, or we would have proactively tried to figure something out. But thank you for allowing us to talk with you today. So some of my colleagues have covered some of the ground I was going to, so I might bounce around a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

little bit on what you have in front of you. But for Senator Moser, your question about, about \$61,000 per individual at Apace, I'd also like to mention that the alternative to home and community-based services is the Beatrice State Development Center, which costs almost \$400,000 a year per individual. So we are significant cost-savers for the state. And so not only is families' preference home and community-based services, but it also is fiscally responsible for the state to ensure that our services are available as well as a cost-saving measure. So as, as Matt and Alan mentioned, we're utterly dependent on rates set by the Legislature, and these rates have not been rebased since 2019, based on a study from 2017 using data from 2015. CMS requires that states rebase their rates every five years, so we are actually outside of that federal requirement. So it's high time we probably take a look at our DD provider rates and figure out where they should be. Last year, as Alan and Matt mentioned, we did not get a rate increase for DD providers. This year we are facing cuts to the aging and disabled waiver. The last time we did get a rate increase, it was appropriated 2% across the board in 2024, but DHHS chose not to apply it across the board, and certain services were excluded from that rate increase. So we are pretty far behind on inflation. It's important to note that these grants are for one-time expenditures, so they will not create sustainability issues. I did include the website for Colorado's program. This website is dedicated specifically to the revenue they generate from these license plates, which is about \$5 million a year they've dispersed in grants to providers for things like vehicle modifications and upgrades, facility upgrades, tech support for staff and much-needed reinvestment in capital. So there is a strong public demand for these license plates, the license plate revenue can be transformed into meaningful investments. And grant programs can be administered transparently and efficient-- efficiently as demonstrated by Colorado. So to conclude, LB1092 offers a targeted, community-driven revenue source, avoids new operating liabilities, and honors the dedication of service providers who are currently operating on razor-thin margins. So I urge you to advance LB1092 so we can invest in stronger, more resilient system of supports for individuals with IDD. Thank you for your time, and I'm happy to answer any questions.

MOSER: Questions from the committee?

BALLARD: Thank you, Chair.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: Senator Ballard.

BALLARD: Thank you, Chair. Hey, good to see you in this committee.

ALANA SCHRIVER: Yeah. You too, Senator.

BALLARD: So you mentioned Colorado. Can you tell me how they-- so they distribute funds, is it through the Department of Health Human Services?

ALANA SCHRIVER: They've actually created a committee in and of itself, yeah. And it's through their government, it is a, a government oversight committee. So that's why I did include the link to their website, so you can kind of see an example of how oversight might be run. But yeah, it's all through the government, and there's a decision-making committee that looks at the grant applications and disperses those funds.

BALLARD: That's appointed by the, the Governor, by the Legislature? I could do some research on--

ALANA SCHRIVER: Yeah, I don't know for sure--

BALLARD: OK.

ALANA SCHRIVER: --but I can-- Colorado also has a state association who randomly I used to be Disney characters with 25 years ago. He was Goofy and I was chipmunk, so I can always ask him how they're doing it.

BALLARD: OK. Thank you so much. Appreciate it.

MOSER: Senator Fredrickson.

FREDRICKSON: I now have to know, where were you a chipmunk?

ALANA SCHRIVER: At Florida, at Disney World. 20 different characters actually, but our category is by height, so I'm chipmunk height.

FREDRICKSON: That was important for legislative record.

ALANA SCHRIVER: You got to know there's a celebrity sitting here. If your kids need autographs, just let me know.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: We needed that for the record. Any other questions? Thank you very much for your testimony.

ALANA SCHRIVER: All right. Thank you.

MOSER: Anybody else to support LB1092? Welcome.

ROBERT DAVIS: My name is Robert Davis, R-o-b-e-r-t D-a-v-i-s. Thank you, Chairman Moser, Vice Chairman Ballard, and members of the Transportation and Telecommunications Committee. I thank you all for the opportunity to testify today. Again, my name is Robert Davis and I have the privilege to serve as the executive director of Region I, Office of Human Development. We serve individuals with developmental disabilities in the 11 counties of the Nebraska Panhandle. I'm here today in strong support of LB1092. LB1092 does something both practical and forward-thinking. It uses the voluntary specialty plate program to create a modest but meaningful funding stream for capital and equipment needs within Nebraska developmental disability system. For providers across the state and especially in the rural regions, like the Panhandle, this is, this is an area where even a small, steady investment can make a real difference. In our part of the state, the people we support rely on environments and equipment that are safe, accessible, and dependable. That includes everything from aging homes that's structural-- that needs structural updates, to accessible vans that travel long distances for medical opportunities-- or excuse me, appointments, to HVAC systems that must withstand harsh weather. These are not luxuries. They are foundation for health, safety and community inclusion. LB1092 recognizes that, that reality. It doesn't attempt to replace the broader funding conversations that will always be necessary in the human services. Instead, it creates a practical one that Nebraskans can choose to support to help providers maintain the physical infrastructure that keeps people safe. It's a small lever, but it's, it's a smart one. I also appreciate that the bill gives the Department of Health and Human Services the responsibility to administer the fund. That structure allows the state to ensure that the dollars are distributed fairly, transparently, and in a way that reflects the diverse needs of both urban and rural providers. In the Panhandle, we are-- where contractors' availability is limited and travel distances are long, even a single grant can prevent a crisis or extend the life of a critical piece of equipment. Some wonderful-- some may wonder whether the specialty plate fund will make a meaningful impact. From our perspective, the answer is yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

Rural providers are used to stretching every dollar. The roof repair, furnace replacement, lift-van upgrade can be a difference between keeping someone safely in their home or facing-- facing an avoidable disruption in their services. LB1092 gives us the way to address those needs proactively rather than reactively. This bill also reflects something important to Nebraskas-- Nebraskans. When we find creative ways to support vulnerable population, we do it in a way that respects both fiscal responsibility and community and choice. And I, I, I think LB1092 squarely fits within that tradition. And I would hope that you would advance this out of committee.

MOSER: Thank you. Questions for the testifier? OK, seeing none, thank you very much. Appreciate it. Are there more supporters for LB1092? If you're planning to testify, come toward the front to make the transition a little bit quicker. Thank you. Go ahead and begin.

JENNIFER MEINTS: Good afternoon, Chair Moser and members of the Transportation and Telecommunications Committee. My name is Jennifer Meints, J-e-n-n-i-f-e-r M-e-i-n-t-s, and I'm here on behalf of Hands of Heartland, an intellectual and developmental disability service provider. We provide residential services, day services, community services, supported employment, and shared living services in communities across Nebraska with locations from Omaha to McCook. A list of our locations is included in the written copies of my testimony. I am also the parent of a daughter with disabilities. My daughter Grace has a rare medical condition that has impacted her since birth. Our family has been navigating the system for 23 years-- all 23 years of her life. We struggled to find supports when she was first diagnosed, and that experience has made me much more passionate about trying to ensure that other families don't have to navigate the system alone. We are here in strong support of the iconic design provisions of LB 1092, the proceeds of which would be dedicated to the Developmental Dis-- Disabilities Provider Capital and Equipment Maintenance Cash Fund to support infrastructure and safety improvements for developmental disability service providers. Service providers regularly request rate increases from the Legislature to keep pace with inflation, rising minimum wage, and changing rules and regulations that dictate services. In other states, simple, solid-colored license plates have generated millions of dollars for developmental disability providers. We are not requesting that reimbursement rates be funded by the proceeds from the license plate, but a grant program or additionally-- or additional funding for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

necessities such as accessible vehicles to provide with proceeds from license plates. Vehicles are used to transport our clients can be cost-- can easily cost six figures or more. For instance, Hands of Heartland spent \$914,000 on the acquisition of 21 vehicles last year. This includes sedans, vans to use to transport clients. We find creative ways to get small, pre-owned vans with limited equipment because of the cost. But these vehicles can easily run upwards of \$100,000. The funds created in LB1092 would assist providers with covering these costs, and providers across the state would benefit. We appreciate Senator Bostar's efforts in this bill. We thank you for your service to our great state, and we'd love to have all of you come for a tour of one of our facilities and meet our staff and the individuals we serve. With that, I'm happy to answer any questions.

MOSER: Thank you. Questions for the testifier? Seeing none, thank you very much. More supporters for LB1092. Welcome, begin anytime.

MARY PHILLIPS: Thank you. Good afternoon, Chairman Moser and members of the committee. My name is Mary Phillips, M-a-r-y P-h-i-l-l-i-p-s. I'm here as a parent advocate and disability advocate, and I'm in support of LB1092. And thank you, Senator Bostar, for bringing this bill forward. Since our now 37-year-old daughter with intellectual and developmental disabilities aged out of school-based services at the age of 21, we have sought out DD programs that will allow her to grow as an individual, and support her to live and work as independently as possible with community integration. Like all parents, like you, we want our daughter to have a circle of friends and live in a person-centered life and grow from her experiences. She grew from living with us until she was 27 to living in a continuous support home or, or group home, to living with a supported family, and now living in an apartment with a roommate. It has taken her years to learn these skills for independence. And along the way, she's been employed with a agency job coach for 15 years, and she's integrated into her community in a whole variety of ways. Wanting our children to have robust, enriching, independent lives is not unusual for any parents or guardian, and it's not for us either. It's just harder. There are so many barriers that prevent her from achieving these positive outcomes, and the blue cash fund could help meet a void by supporting grants to improve the infrastructure and safety requirements for DD agencies that support people like my daughter. Nebraska currently doesn't have a sustainable funding source for agencies to access capital gain-- access for capital improvement or equipment upgrades. It's also a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

possible funding source for these fleet enhancements, as you've heard. The lack of transportation alone is a barrier to community integration and meaningful connections to their communities. I've attended the Olmstead Advisory Committee, and they have a subcommittee just working on transportation alone and they don't have resolutions. The revenue generated from the Back the Blue license plates would help provide grant funding for those agencies who are trying to do the right thing, the legal thing, allowing people with disabilities to live and work in their communities. As a family, transportation has always been a struggle for us. Our daughter will never drive. She will always be dependent upon her DD provider agency, her family members, and her staff from the DD provider agencies to get her places. Her job coach picks her up. Her residential staff use their POVs to help her with groceries, medical, and community integration. She may not be able to access those things without her agency supporting her. She would not be, be able access those without her agencies supporting her. This fund will allow them to ask for grants for fleet enhancements so that more folks like her can increase their access in their communities. When she's not working or in a day program they-- and they provide transportation to her day program. The day program she works with must stagger their pick-up and drop-offs to support as many people as they can, and she had to wait for months until they had an opening in the van before she could even get on the route. So she literally was waiting for a seat in the van. The Back the Blue bill would also provide grant opportunities for DD agencies to make safety improvements. All parents feel safety is non-negotiable but, as parents of vulnerable populations, safety for us has heightened attention. This cash fund will provide grant funding to support things like safety glass and sensors and smart home features. It's a good idea. It's been successful in other states. We'll buy two. We're, we're already up on for it once you pass it. So please consider supporting that. Increased fleets will provide choices for persons with disabilities which may increase their work opportunities, their community inclusion, and their quality of life. And who doesn't want that for everyone? Thank you.

MOSER: Questions for our testifier.

JENNIFER MEINTS: Sorry I went long.

MOSER: Seeing none. Thank you very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

JENNIFER MEINTS: You're very welcome.

MOSER: I appreciate your testimony. More supporters for LB1092.

MATT SCHAEFER: Good afternoon, Chairman Moser--

MOSER: Welcome.

MATT SCHAEFER: --members of the committee. My name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, appearing today in support of the bill on behalf of the State Troopers Association of Nebraska. We did have a trooper who intended to testify today but was called into work this morning unexpectedly, but we still did want to register our support of bill. Our association has looked at this for a few years. I believe there are similar plates, the Back the Blue plates, in Kansas and Missouri. So we are grateful to Senator Bostar for introducing the bill, and would urge the committee to advance it to the floor so that it can pass this session. Thanks.

BRANDT: Questions from committee members? Senator Brandt.

BRANDT: Thank you, Chairman Moser. Just a clarification on the blue plate then would have a picture like a regular vanity plates do in Nebraska, or is this just a solid blue plate?

MATT SCHAEFER: I, I don't think it would be a solid blue. I think it would be designed by the department, and I think the language says in consult-- with consulting associations.

BRANDT: And it would probably say "Back the Blue" on the plate.

MATT SCHAEFER: Yeah, there's some similar examples in other states.

BRANDT: It would be typical of our other, other vanity plates.

MATT SCHAEFER: Yes.

BRANDT: All right. Thank you.

MOSER: All right, other questions? Seeing none, thank you very much. More supporters for LB1092. Welcome. Begin when you're ready.

JOE VILLAMONTE: Thank you, Chairman Mosier. And thank you, Transportation and Telecommunications Committee. My name is Joe,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

J-o-e, Villamonte, V-i-l-l-a-m-o-n-t-e, and I represent the men and women of the Lincoln Police Union. I'm also here on behalf of the men and women of the Omaha Police Officers Association and the Nebraska Fraternal Order of Police. Thank you for the opportunity to testify in support of LB1092 which, in part, authorizes the creation of the Back the Blue specialty license plates in Nebraska. Nebraska law enforcement officers serve our communities with courage, integrity, and commitment every day. A Back the Blue license plate would allow Nebraskans to visibly express their appreciation and support for those who put their lives on the line to protect public safety. Specialty license plates are a meaningful way for citizens to honor individuals and groups whose service strengthens our state. Specialty plates in Nebraska such as those honoring causes, organizations, values have allowed vehicle owners to display their pride and issues important to them while contributing to associated programs. LB1092 would add Back the Blue plates to that tradition, giving residents options to show support-- show support for law enforcement as a positive public and unifying-- unifying way. Equally-important funds generated from the purchase of these license plate would aid and family members of law enforcement seriously injured or killed in the line of duty. It's also important to note that specialty plates are entirely volunteer-- voluntary for vehicle owners. Those who choose the Back the Blue plate do so because they want to support law enforcement and strengthen community ties. This bill does not impose any requirements on Nebraskans who do not wish to purchase the plate, preserving personal choice while expanding options. For these reasons, to honor Nebraska's law enforcement officers and to provide Nebraskans with another meaningful specialty plate choice, and to foster community appreciation and aware-- awareness, I respectfully urge the committee to support LB1092 and advance it for further legislative consideration. And I'd also like to thank Senator Bostar for introducing this bill. Thank you.

MOSER: All right. Questions from the committee? Seeing none, thank you very much. Are there more supporters for LB1092? Are there any opponents here for LB1092? Is there anyone here to speak in the neutral for LB1092? Welcome.

RHONDA LAHM: Good afternoon, Chairman Moser and members of the Transportation-- Transportation and Telecommunications Committee. I'm Rhonda Lahm, R-h-o-n-d-a L-a-h-m, Director of the Department of Motor Vehicles. I'm appearing before you today to offer testimony in a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

neutral capacity on LB1092. The bill as proposed creates two separate types of alternative plates: Back the Blue license plates and Iconic-Design license plates. Alternative license plates, formally referred to as specialty license plates, were created in 2016 with the passage of LB474, which authorized the mountain lion plate. As of the end of 2025 legislative session, there were 18 different types of alternative plates representing 20 different plate designs. Over the last 10 years, the legislative body has set policy that alternative license plates' designs are representative of the cause the fee for the plate supports. The Back the Blue license plate is consistent with this practice. In contrast, the proposed design of the iconic license plates varies from this practice. As proposed, the department would be mandated to create one plate design with a solid black background with white letters and a second plate design with a solid white background with black letters. In addition, the bill proposes two additional optional iconic plates. The white background with black characters is very similar, if not the same, as several of the general issuance license plates issued by the department, for example, farm trucks, commercial trucks, motorcycles, et cetera. The department would ask the committee to consider language in the bill which would clarify any standard plate issued by the department is not an iconic plate and not subject to the additional \$100 fee. It is likely this design of iconic plate would get misread by toll plate readers, creating problems for Nebraska residents and additional work for the department. The language defining the optional Iconic-Design license plates is very broad and could be construed to include a future general issuance plate design or designed by a future organizational group. The department requests the committee consider language to give them the sole discretion to determine if a new plate design would fall into that category. The department requests the committee consider amending LB1092 to align the design of the Iconic-Design license plate consistent with the past policy of the Legislature over the past 10 years. Thank you for the opportunity to share the views of the department. Happy to answer any questions the depart-- committee may have.

MOSER: Questions for Director Lahm. Senator DeBoer.

DeBOER: Thank you. I was just-- Senator Brandt brought up the fiscal note earlier. Can you speak to the fiscal note for us?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

RHONDA LAHM: Yeah, thank you. So a couple pieces. The fiscal note, there's really two things here, they have the Back the Blue plate and you have the iconic plate. So in our fiscal note, we don't show any revenue for Back the Blue plate because, as I think one of the testifiers alluded to, they followed the process to get an organizational plate. And we approve that and they have a preliminary design. But they were not able to get 250 commitments to get the plate, which is the minimum. So based on that, we felt like there wouldn't be a large amount of sales, which would result in negligible revenue for us. So that's why it's not on the fiscal note. In terms of the iconic plate, we made the assumption that the iconic plate would be labeled at least like all the others, would have some labeling on it that has either "Iconic-Design plate" or "support developmental disabilities" or something like all the rest of the alternative plates do. And in states where they have black background plates with multiple choices, those see significantly less adoption rate than the plain black plate, which is why you see the difference in the projection. To be honest with you, in terms of projecting any plate sales of any type, it's not an exact science. There's a lot of variance. So just give you, for example, we have a standard that we use for fiscal notes for alternative plates. So we had it this year for the women veteran plate, the museum plate, et cetera. But to show you how that can vary, we had the same fiscal note for the breast cancer awareness plate as we did the prostate cancer awareness plate and, at the end of '25, we had 3,767 breast cancer plates and 65 prostate cancer plates. So there isn't really any way to guess what people are gonna buy or not buy. Colorado, as mentioned, had a revenue of about \$5 million a year. Their population is three times our size. So if you take a third of that, it's a little over a million. We don't know what's going to happen. Some other states who have seen huge revenues, Iowa is the biggest, in Iowa, they have limited other options. And also in Iowa, their general issuance plate has been the same for a long time. So people looking for something different in Iowa might be why they have a, a higher degree of adoption. It's very unpredictable. And so that's kind of the piece where, where we do the best job we can with fiscal notes. They're not exact science. I don't know if that answered your question, so.

DeBOER: It did. Thank you. I would ask you more questions, but they're waiting for me in Approps, so I better go.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

RHONDA LAHM: OK, well, let me know. I can answer-- follow-up, if you have questions.

DeBOER: OK.

MOSER: So maybe we should have more boring Nebraska plates and then more people would buy specialty ones.

RHONDA LAHM: Well, they did change the plate cycle from three years to six years, so we do create a new one less often than we used to.

MOSER: Well, I have more questions, but let me let Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you, Director Lahm, for appearing today. If I'm hearing you correctly, you have no problem with the Back the Blue plates.

RHONDA LAHM: Correct.

BRANDT: Those are following the regular order. And the only problem you really have on the developmental disability plates is they need to label those plates as-- with a slogan or, or whatever they want to use on those plates because the state may want to use those other plates for another program?

RHONDA LAHM: So we think that the design should represent the cause that the money's going to, the same as it has for all 20 other plates that we have in that same category.

BRANDT: Is this the only plate that's at a hundred dollars, or do we have other ones at that amount?

RHONDA LAHM: This is the only plate that's currently at a \$100.

MOSER: And I didn't find-- the Back the Blue would be how much? I didn't see it in the bill.

RHONDA LAHM: The Back-- the Back the Blue license plate would be like most of the other alternative plates, with the exception of Husker Spirit and the Support Our Troops Plate. It's \$5 for an alphanumeric, all of which goes to the designated fund. \$40 for a message plate, \$10 of which goes to the DMV cash fund, and \$30 which goes the organizational fund.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BRANDT: And then the last one is kind of a, a informational question. With our budget deficit this year, the, the Governor came in and swept a lot of cash funds. Are these license plate cash funds, let's say the Back the Blue or the developmental disabilities, are they protected from getting swept into the General Fund?

RHONDA LAHM: So I'd have to defer because the Back the Blue is managed by the State Patrol and the other one by DHHS, so I don't know how their funds are set up. So I don't want to-- I don't want to say one way or another because I honestly don't know that, because I'm not familiar with their funds.

BRANDT: Nope, that's fine. Thank you.

RHONDA LAHM: Yeah.

MOSER: So how many specialty plates do we issue a year, roughly? Not the number of different kinds, but the total--

RHONDA LAHM: I actually have that information.

MOSER: I mean, like 20% of the plates are specialty or something?

RHONDA LAHM: No, I don't think it's that high. I actually have a spreadsheet here. I know I had it. So at the end of 2025, we had 151,975 specialty plates.

MOSER: And how many plates total do we issue?

RHONDA LAHM: We have about 2.5 million registered vehicles.

MOSER: 150 K, and how many vehicles?

RHONDA LAHM: 2.5 million.

MOSER: So, yeah.

RHONDA LAHM: That, that includes-- when I say specialty plates, that includes--

MOSER: About 5% or something like that.

RHONDA LAHM: Yeah. That includes all the military honor, because we have several specialty plates that there are only certain people that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

are eligible for. Military honor are a good number of those plates. Military honor are like-- make sure I get on the right number here, so I tell you correctly-- over 21,000 are military honor. And Husker are another-- are the next-biggest one. Husker Spirit are another 21,000 of the 151,000.

MOSER: 6%. Do we charge similar rates for specialty plates to other states?

RHONDA LAHM: It just depends on the plate. So in terms of--

MOSER: Are we leaving money on the table somewhere, is what I'm wondering?

RHONDA LAHM: So, the proposed rate both for the Iconic-Design plate and our proposed rate in LB972 are slightly higher than what is done in other states. What has, what has happened in other states, and I can tell you I actually sent an email to all my colleagues across the country on January 18th through February 2nd, and asked them who has a blackout plate, how much is your plate fee, and what is the cost? I have the summary of those results here. And the next-- South Dakota has one proposed at \$100 that is currently going through their regular session. Texas has one that's \$99. But most of the rest of them are in the neighborhood of \$50, \$30, I mean, I could run down the whole list, but--

MOSER: Is that something you could send the committee?

RHONDA LAHM: I absolutely can. Yeah.

MOSER: It would be interesting information because, you know, we get so many requests for plates. And I never thought that was going to be a real--

RHONDA LAHM: [INAUDIBLE].

MOSER: --prevalent thing. But we get a lot of requests for plates.

RHONDA LAHM: The list on here has where the funds go to. And for the most part, the funds go to highway trust funds or road-use funds or DMV funds or driver-licensing funds. Colorado is--

MOSER: They're not fundraisers for non-profits.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

RHONDA LAHM: Colorado is not the rule, they're the exception.

MOSER: Yeah, OK. Other questions from committee members? Committee members are getting thinner and thinner here as we go along. Thank you, Director. Appreciate your testimony.

RHONDA LAHM: Thank you.

MOSER: Anybody else in the neutral? OK, that will close our hearing on LB1092. Well, except for the closing, I'm sorry. Senator Bostar, welcome back.

BOSTAR: It's good to be back.

MOSER: Sat there for an hour listening to all this. Should have texted me some questions. I could have asked them for you.

BOSTAR: So we could have taken more time.

MOSER: Mm-hmm.

BOSTAR: Well, first of all, thank you, Chair Moser and members of the committee.

MOSER: Member of the Committee.

BOSTAR: There's--

STORER: Two.

BOSTAR: There's two. So I wanted to talk about a couple of things. One, in Colorado, it raises \$10 million, not \$5 million. So there were some misunderstandings there. The reason the \$5 million number was cited, because that's-- they take the \$10 million, they split it in half. It's all for, for DD services, but half of the money, so about \$5 million, goes to grants, and the other \$5 million goes to supporting direct applications for funding. So Colorado, \$10 million. I appreciated the clarity on the fiscal note. The, the intent of the bill is, as drafted, to have just a simple black plate and have the revenue, the fees, go toward DD services. That is, that's how it was written. That's the intent of a bill. And there was discussion of the plates matching the, the purpose of where the money goes. So what's on

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

the front of the plate being aligned with generating revenue to, to some cause.

MOSER: To whom it goes.

BOSTAR: Sure. And I guess the idea is that, you know, if you get a plate that has something on it, you want to ensure that that money is going there. And, and for some of our plates, that actually, that's absolutely true. That's how it works. And for one of the kinds of plate programs we have, that's how it works. But for other plates we have, that's not how it works. So if you get, for example, like the Creighton plate, right? There's no money going to Creighton. You're not supporting Creighton. It's just a plate that says that on there. So we-- and there's many of those. So we already in Nebraska have-- we don't have sort of philosophical purity when it comes to aligning the message on the front of the plate with where any money goes. In some cases we do, in some cases, we don't. We're not, we're not really particularly consistent on that front. Within this, and I'll grant you, within this section of statute with where this falls, there is. But elsewhere in Nebraska, there isn't. So just wanted to kind of throw that out there. I got some questions about how-- why did we end up with two bills, right, to create black license plates? And, and so I thought it might just--

MOSER: Clearly you have the best one.

BOSTAR: Well.

MOSER: That was in jest, of course.

BOSTAR: I thought that was a factual statement, Mr. Chairman. And I agree with you. So I don't-- in some ways, I'm not sure what the answer is there. But to, to kind of provide a little bit of background. We were, over the summer, we were looking at pursuing this idea and we, my office, reached out to the Department of Motor Vehicles for some information and, and kind of feedback on the thoughts on this. They, the department, informed us that, well, they liked the idea and they were looking at doing something-- they were already looking at this sort of-- creating a plate like this. And then they told us that but ultimately that would be up to PRO of whether or not that happened. So that seeming pretty clear, we then went to PRO to see what the administration's position was on this, where

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

ultimately we were told that-- because we, we, we pitched what we wanted to do. And ultimately we were told that the department wouldn't introduce a bill to create a plate and that they could support our bill. So that's sort of why we're here. Ultimately, you know, when Senator Fredrickson introduced his bill, I'm sure he had no idea about any of this, by the way, just to be really clear. It was a surprise. And now we have two bills to create black license plates with the money going to different places. And, you know, and I appreciate that there's interest in having revenue go to the DMV cash fund, and I know that there are probably valuable uses there. And I'm certainly not saying there aren't. But my motivation is to provide a funding stream and support these DD services that are under threat in our state and are incredibly deserving of, of what we could do here. And so-- and I've said along the way here, and I said it to, to Senator Fredrickson on his bill, and I've said to others that I'm, I'm absolutely willing to, to work together on this. I think that there's an opportunity to have folks kind of come out with a win-win, willing to share the revenue on this. And, and I expressed that to the director as well, and I appreciate the director coming and talking to me earlier when these-- sort of when we were bill introduction. I thought that was a good conversation. I expressed to the director that, that I would be absolutely interested in, in trying to find a way forward where these services could also extract some value out of this. And so that's where I hope to go, is to, to find the path forward where kind of we can do some good. And with that, I'm happy to answer any questions. Thank you.

MOSEER: So how do you think-- or I should say, what makes Colorado's plate so popular? Are they doing something different in the way of marketing it or anything or--

BOSTAR: I think, I think these kind of, the black plates are just inherently popular. I think people like them because they're popular in Iowa, they're in Colorado, they're popular in Minnesota. They're just something that people like, and I think want for their vehicles.

MOSEER: It's a good product. The promotion of it isn't necessarily the difference.

BOSTAR: That's my guess.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: Yeah, OK. Questions from committee members? I kind of jumped the gun there. I'm supposed to let my committee talk first. All right, thank you very much for testifying today. That'll close our--

BOSTAR: Thank you.

MOSER: --hearing on LB1092. Senator Hansen, welcome.

HANSEN: Thank you.

MOSER: LB1099. Start when you're ready.

HANSEN: Thank you, Chairman Moser. Hopefully mine doesn't take as last as the long-- the last testifier.

MOSER: Yeah, that was a grueling one.

HANSEN: Yes, that was the longest Senator Bostar bill I think I've ever seen.

BOSN: Are you kidding me? Don't come to Judiciary.

HANSEN: With, with him present, sorry.

MOSER: Where's Senator Bostar to stick up for himself here?

HANSEN: All right. Well, good afternoon, Senator Moser and members of the Transportation and Telecommunications Committee. My name is Ben Hansen, that's B-e-n H-a-n-s-e-n, and I represent Legislative District 16. Today I'm introducing LB1099, the Scarlet and Cream license plate. I figured that since I brought such a contentious bill to this committee a few years ago with the helmet law, I thought I'd do something a little bit easier. So with that, you have in front of you a picture of a license plate that I am hopefully seeing if the committee would be willing to vote on and move forward. I have been in communication with Senator Fredrickson, I'll mention this a little bit later, that he does have a license plate that is red as well. And I, I believe he was open to the fact that he would be willing to scratch off his red license plate and then I would be able to introduce this one in its place. This is more the colors of Nebraska being specifically scarlet and cream. And I likened it after the kind of more retro version of what license plates used to be, like the 1972 license plates on trucks. You wanted something simple and boring,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

Senator Moser, this is it. But I think this is something that instills a feeling of love and, I think, respect and pride and nostalgia in our state. So if you don't like it, just think on that. I brought AM2055 to rename the plate so that we don't have any legal issues with the university. We are changing it from Husker Red plates to Scarlet and Cream. Also, since there is already a proposal for choice color plates being created by Senator Fredrickson, like I mentioned earlier in his LB972, I decided to specify that the fees for this colored plate are used in the same way. AM2055 designates the Department of Motor Vehicles Cash Fund as a recipient of the alternate license plate fees created in LB1099. I have been in communication with the DMV as well. They have assured that we can get a retro font-style included, such as what's in the picture. I have looked at the past license plates and think the font from the year 1972 is the look I'm going for. I wholeheartedly expect this to be an effort that will bring unity and originality. So with that in mind, I ask that you support LB1099. And I think Chairman Moser had a question about how many custom license plates we have, maybe the total number, but just to kind of share with you that specific plate designs as of 2023, Nebraska was the fourth-lowest in the amount of custom license plates at 44. South Dakota has 79, Iowa has 81, Kansas has 88, and Colorado has-- Colorado has 313.

MOSER: Different styles?

HANSEN: So we're one of the lowest ones, so I think introducing another license plate doesn't seem too unfeasible. So with that, I would appreciate your, your vote, and I appreciate you're time today. And I would be happy to answer any questions the best that I can.

MOSER: All right. Members of the committee have questions for Senator Hansen? They burned up some of their energy on the previous bill.

HANSEN: That's just fine with me.

MOSER: Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you, Senator Hansen. I think this ought to be the state license plate.

HANSEN: I know.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BRANDT: Period.

HANSEN: I appreciate that. It looks pretty good in the back of a truck.

BRANDT: That looks, that looks good.

HANSEN: Yes, thank you.

BRANDT: Because you can-- it's just straight forward.

HANSEN: I designed that myself with the help of my staff and OpenAI.

MOSEER: Mostly OpenAI.

HANSEN: Oh, Chat GPT, no, excuse me, sorry. Got to make sure I give my props.

MOSEER: So how'd you get that rusty red with the little--

HANSEN: That's, that's supposed to be the scarlet and cream. The cream is a little bit creamier than I like, so we went with a light cream. There's actually a palette in the color that they have.

MOSEER: Is it supposed to be antique looking like that, or does your--

HANSEN: Yeah, yeah.

MOSEER: --printer need to be cleaned.

HANSEN: That's kind of the font from the 1972 license plate that we used to have.

MOSEER: So yours had some rust in the corners.

HANSEN: Yes, and the fact that Iowa had a black one, not necessarily mimicking the Iowa Hawkeyes, I just wanted to upset them. So we did this one.

MOSEER: All right, more questions for Senator Hansen. Seeing none, thank you.

HANSEN: I'll be here to close.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: Thank you. Thank you for lightening our day. Anybody here to support LB1099? Anybody to testify in support of LB1099? Anybody here to speak in opposition to LB1099? Anybody to testify in the neutral on LB1099? Welcome again.

RHONDA LAHM: Thank you. Good afternoon, Chairman Moser and members of the Transportation and Telecommunications Committee. I'm Rhonda Lahm, R-h-o-n-d-a L-a-h-m, Director of the Department of Motor Vehicles. I'm appearing before you today to offer testimony in a neutral capacity on LB1099. The bill proposes to create a Husker Red license plate, which would have a scarlet background with the cream-colored characters on the plate. The department requests the committee consider merging the provisions of LB1099 into LB972, replacing the proposed red background with white character choice-color license plate currently proposed in LB972 with the Scarlet and Cream license plate. As a result, this would set the fee for the Scarlet and Cream license plate the same as other choice color plates and direct the fees from the Scarlet and Cream plate to the Department of Motor Vehicles Cash Fund. Thank you for the opportunity to share the views of the department, and I'm happy to answer any questions.

MOSER: Thank you. Glad we have an expert here to ask important questions of. Members of the committee have questions? Senator Ballard.

BALLARD: Thank you, Director. Thank you, Director, for being here. Just a question. Is scarlet, is that a more expensive color to get than just a normal red?

RHONDA LAHM: So the way it works now, it would have been in the past. But Department of Corrections updated their equipment a few years ago, and so their printer is really a lot more like a copy machine. However, I don't-- it doesn't necessarily have the same capabilities as a copy machine, per se. So I even want-- I mean, even in terms of a true scarlet and true cream, when we print a plate, it's printed on sheeting. And so the sheeting can vary based on even the lot that that sheeting comes from. It's white but, as you know, white can be different shades of white from one roll to the next roll. And so that it basically is just like a copy machine that goes through and it puts a paint or a print on it. For these color-out plates, they probably are going to have to go through more than once because it's just like copy machine. If you had a solid black paper, it's going to come out a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

little bit light. And so to make them have high quality and look good, they're probably going to require a little extra work for all those. To be honest with you, we looked at the blackout plate as the general issuance plate for this current general issuance cycle, but it would be cost-prohibitive to produce 2.5 million vehicles with that, and also the time. And it, and it would be too hard on the equipment because that much use of the equipment, the Corrections could not keep up. And so we would not be able to use this kind of a plate for a general issuance plate. So in response to what Senator Brandt said, is he thinks it should be the general issuance plate, in practicality it would be very difficult, if not pretty impossible, to do. I don't know if that answered your question at all.

BALLARD: It does, it does. It's interesting. And then one more question, if I-- I should know this. So for every license plate that's not regular issuance, does the department lose-- not lose money but is there a opportunity cost?

RHONDA LAHM: OK, so--

BALLARD: What is that opportunity cost?

RHONDA LAHM: So this is-- I'm going to try to be really simple, but it honestly isn't simple. So when we get ready to do a plate issuance cycle, six years, we project for each year the number and types of plates. Now that's becoming increasingly more difficult to do as you get more and more specialty plates. So based on that, we used to have a cost that's different for specialty plates than regular plates. But that's not how it is now because Corrections updating their equipment allows us to print most of the current specialty plates for no more additional cost than a general issuance plate. But the color-choice plates, blackout plates, those will be a little more expensive to produce than a regular general issuance plate. I don't know if that answers your question or not.

BALLARD: No, it does. I appreciate it. Yeah, thank you.

RHONDA LAHM: Yeah, so it's-- we'll be doing that in this next budget cycle because our general issuance plate starts in January 1 of 2029, which is in the next biennium. But we will begin production of those plates at the end of '27 and starting into '28. We will start potentially producing some of those plates. Print-on-demand will help

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

with that, so we might not have to do that as much. So now I'm remembering we're going to have to change, which is a good thing.

MOSER: Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you, Director, for coming again. Up to this point, I could not get my county number on anything but a standard-issue plate. So, you know, if we go to color plates, is there a possibility you would-- we would move a lot more of these if I could have my county on there?

RHONDA LAHM: So on a color issuance plate, we have room on, on like a-- on the colored-choice plate, we have room for more characters, because you don't have a design on the left side. So on the other specialty plates, there's a reserve for the design on left side. So I would have to look in statute. I, I need to look at it and make sure that the statute authorizes us to use more than five characters on the colored-choice plate. There wouldn't be any production reason that would prohibit us from having the full number of characters on that plate. But previously in statute, I think it says the, the specialty plates are five-digit alphanumerics.

BRANDT: Yes. Right.

RHONDA LAHM: But I'd have to look at that to see if we could authori-- we'd probably leave the alphanumerics the same. But if you wanted to have the message plate, which you could make your message plate. I need to check on that. I just need to get back to you.

BRANDT: And the reason I bring that up is there's a lot of pride in a lot of our counties with our county numbers. You know, I'd rather run a-- I'd rather run my county number, whatever it is, than any alphanumeric.

RHONDA LAHM: Right.

BRANDT: And I think if you could make it so these colored plates, we could run our county numbers, I think it would just explode the number of plates out there. Just an opinion.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

RHONDA LAHM: Let me just double-check to see if that would require any change in the statute and whether that would need to be amended in, be-- to, to the bill. I just need to double-check and make sure.

BRANDT: OK. [INAUDIBLE].

RHONDA LAHM: Does that make sense? I'll, I'll check and get back to you.

BRANDT: All right, thank you.

MOSER: So how many plates do you print at a time? How many are on a sheet?

RHONDA LAHM: So--

MOSER: Are they individual or--

RHONDA LAHM: So the new-- no. The new, the new printer allows us to print almost like a rolling, rolling amount. It just keeps printing, printing, printing, printing. I actually, I have a picture. I can stop by your office and show you a picture of the printer, what it looks like now. But previous-- and now we can just--

MOSER: So it's like paper-towel-roll-kind-of--

RHONDA LAHM: Yeah, and, and now we can print like a Military Honor, general issuance, general issuance, Beef State, and it doesn't matter. Before we had to print all Military Honor, all Beef State, all general issuance, all that. But now we--

MOSER: Now you can scramble them, if you want to.

RHONDA LAHM: Yeah.

MOSER: Do you print two and a half million plates every year then?

RHONDA LAHM: Well--

MOSER: They last several years, right?

RHONDA LAHM: Well, so in the plate issuance year, when we do a plate issuance--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: Oh, and you're turning over here.

RHONDA LAHM: --we print previously, and currently too, so really 5 million plates, currently.

MOSER: OK.

RHONDA LAHM: Now as we go to single plate, it'll go down to 2.5 million in plate issuance a year. But each year, you print additional plates because people get new vehicles. People move out and sell their car, whatever, it stays here. People move in and have to get plates. Sometimes people just decide to change the design of their plate for whatever reason during each year. We don't know why people do--

MOSER: And the plates are all flat, there's no embossing or no relief or anything?

RHONDA LAHM: Correct. We don't have embossed plates anymore.

MOSER: Yeah. Could we do that? Yeah? No.

RHONDA LAHM: So that would be a Corrections question. They're a lot more expensive. The states-- there are a few states that still have embossed plates.

MOSER: They are cool.

RHONDA LAHM: The states that have embossing plates are pro-- are quite a bit higher to produce.

MOSER: They have more stiffness to them because of the dimensions of the rim around the edge.

RHONDA LAHM: They do.

MOSER: Any other questions? Sounds like we've got some things to sort out.

RHONDA LAHM: Thank you.

MOSER: Thank you. Sometime next week, stop in and we'll have a chat. We'll start-- I'll start with you and then we'll go from there. All right. So anybody else in the neutral on LB1099? Come on back, Senator

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

Hansen. You want to be on the committee to straighten out the license plates?

HANSEN: This is great license plate questions I didn't know about. And you heard it first here, folks. They are limited quantity.

MOSER: Buy them now before they're gone.

HANSEN: I appreciate Director Lahm also color-coordinating her outfit with my license plate.

STORER: It's not scarlet.

MOSER: It's not quite the right color.

HANSEN: Well, like she said, we can't always get the color right when [INAUDIBLE]. And as you might notice in the fiscal note, there is some revenue from the making of this license plate. So in essence, the more money we get from these license plate, the more people buy them, the less we have to tax them. So if the more these we sell, and if you don't like them, then you might be in favor of a tax increase on the people. So this is a good way to not tax the people.

MOSER: It's not a tax increase.

HANSEN: Any embossed questions? You know, I thought that was a good question. And Senator Brandt, you had some good questions as well. So, yeah, I think this is, this is a good, a good license plate, I think a lot of people would like, maybe especially in rural Nebraska with the retro look to them. And if we want to work with Senator Fredrickson with his license plates and see what we want do with the red one there, so we're not being duplicative. So, again, with that, I'll answer any questions the best I can.

MOSER: OK, questions from committee members?

HANSEN: Senator Bosn, are you good?

MOSER: All right, thank you very much, Senator. Appreciate it.

HANSEN: Thank you, Chairman. Appreciate it.

MOSER: That will close our hearing on LB1099.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BOSN: Oh, he's got the opponent comments.

MOSER: Oh, let's see here. LB1099, we had 1 opponent, no proponents, no neutral, no ADA. LB1093, welcome Senator Ballard.

BALLARD: It's good to be here.

MOSER: You've been here a while.

BALLARD: Good afternoon, Chairman Moser and fellow members of the Transportation and Telecommunications Committee. For the record, my name is Beau Ballard, that's B-e-a-u B-a-l-l-a-r-d, and I represent District 21 in northwest Lincoln, northern Lancaster County. Today I'm introducing LB1093 to add an exemption to the definition of excavation in the One-Call-- the One-Call so that telecommunication services, community antenna television services, and broadband service providers can install underground drop lines without sometimes multi-week process-- multi-week process causing by calling delays to locat-- calling locates. Currently, even for a shallow dig, there needs to be inspection before the lines can be buried. This can leave wires and holes in yards for days, even weeks, and customers without access to provider service. This bill would allow the service provider to immediately bury their lines in a very narrow set of circumstances, all in the name of providing faster connection for consumers to the network. In an effort to address some of the concerns of the original language, I've shared AM1960, which planned to replace the bill. The amendment language makes three key changes to the original language. First, it limit hand-- it would limit hand-digging from a depth of 18 inches within 12 inches of communication facilities and 8 inches elsewhere. For the purpose of connecting customers to providers' own network. Two, it defines hand-digging. And three, it adds strict liability language so as the unlikely event there is a damage caused by this new process, the communication company is held responsible. LB1093 as amended will limit the number of length and time for temporary communication drops. Drops that inconvenience our constituents and create a negative customer experience. For those reasons, I ask you to vote LB1093 to the full floor, and I would be happy to answer any questions you might have.

MOSER: Senator Fredrickson.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

FREDRICKSON: Thank you, Chair Moser. Thank you, Senator Ballard. So I just want to make sure I-- first of all, thank you for bringing the bill and the amendment. I just want to confirm, understand the amendment, right? So this-- is so basically it says this would allow to kind of bypass the One-Call system if you were literally hand-- like with your hands, like--

BALLARD: Correct.

FREDRICKSON: --not using a machine.

BALLARD: Correct.

FREDRICKSON: My question, I guess is, so there's like the not exceeding 12 inches or 8 inches, is that-- do you-- so typically One-Call is like for utilities, right?

BALLARD: Correct.

FREDRICKSON: [INAUDIBLE] I should know this, but what's the average depth of utilities?

BALLARD: It's, it's, it's pretty far down. So I get-- I'll get the exact, but it's feet instead of--

FREDRICKSON: OK.

BALLARD: --inches.

FREDRICKSON: So the risk of hitting a utility or anything is--

BALLARD: It's minimal.

FREDRICKSON: --incredibly low. OK.

BALLARD: Yes.

FREDRICKSON: Thank you.

BALLARD: Thank you.

MOSER: Well, just about everything there would be considered a utility, though.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BALLARD: Correct. Yes.

MOSEER: But you're, you're speaking in general about the power to the home?

BALLARD: Correct. Yes.

MOSEER: And yeah, usually that's four or five feet deep.

BALLARD: Yes.

MOSEER: But if you hit one--

BALLARD: It's bad.

MOSEER: You could be dead.

BALLARD: Yeah.

MOSEER: Other questions from committee members? Senator Brandt.

BRANDT: Thank you, Chairman Moser. This does not relieve anybody of any liability does it?

BALLARD: And the amendment is trying to correct-- the amendment is trying to correct that.

BRANDT: So, I mean, if you still hit one, you're liable for it. Is that correct?

BALLARD: Correct, yes.

BRANDT: And the utility, if you would electrocute yourself, is not liable for what you're doing. Is that correct?

BALLARD: If you electrocute yourself--

BRANDT: If you hit a power line underground with a spade, as an example that I'm using, you're digging--

BALLARD: In hand-digging.

BRANDT: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BALLARD: Yes.

BRANDT: Because you didn't get it marked.

BALLARD: Correct.

BRANDT: You don't know where this is at--

BALLARD: Yes, you're absolutely correct.

BRANDT: OK, thank you.

BALLARD: Yes.

MOSER: So what distance would you hand dig? I mean, 40, 50 feet?

BALLARD: So this is limiting it to not One-Call to 8 inches or 12. So right now, you still technically have to call even if you're hand-digging for 8 inches.

MOSER: 8 inches of length of trench?

BRANDT: Yeah.

BALLARD: Yeah.

MOSER: OK, any other questions? Thank you. Oh, I'm sorry. Go ahead, Senator Bosn.

BOSN: Is this what the presentation was over the summer--

BALLARD: Correct.

BOSN: --that we went out and they showed us what this was regarding?

BALLARD: Yes.

BOSN: I thought so.

MOSER: OK. All right, thank you, Senator.

BALLARD: Thank you, Chair.

MOSER: Appreciate that. Supporters for LB1093. Welcome.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DAYTON MURTY: Thank you. And good afternoon, Chairman Moser, members of the Transportation and Telecommunications Committee. For the record, my name is Dayton Murty, spelled D-a-y-t-o-n M-u-r-t-y. It is my honor to be here before you on behalf of Charter Communications. We do business in the state of Nebraska under the brand name Spectrum, and serve 145,000 Nebraska customers in over 100 communities. We employ over 200 Nebraskans, and invested over \$40 million in private capital in 2024 to connect an additional 4,000 Nebraskans to the rest of the world through internet, television, voice, and mobile services. We are here today in support of LB1093, which creates an exemption in the definition of excavation in the One-Call statutes. LB1093, if passed, will allow for the hand burying of communication drop lines to connect a customer to a communications provider's own network. A communication drop runs from the pedestal to the customer's home, and is buried roughly 4 inches under the sod. The current process to bury such a line can take up to several weeks, leaving a temporary drop line on a customer's property and creating a trip hazard and difficulty when mowing. Eliminating the 811 call will reduce the timeline from a multi-week process to a same-day installation in most cases. Here's how the process would work under LB1093. First, a field tech would identify the buried path and look for obstacles. Then they would dig roughly 6 to 18 inches under the pedestal to place the drop cable and connect to our network. They would run the line under the plastic casing of the pedestal and connect our system, and then they would split the sod along the path 4 to 6 inches deep, creating a path for the drop table. They would place the cable in the seam and then they walk the buried path, clothing-- closing the seam and keeping the cable under the sod. Our requested exemption is not unique. There are five other reasonable exemptions already in state law including for maintenance of roads, tilling for gardening and agricultural purposes, digging graves or landfills, maintenance or rebuilding railroad track or facilities, and hand-digging for maintenance and or replacement of public power poles. LB1093 will create a better customer experience for our subscribers. I know there will be opposition today, and we've been trying to work with the opposition to the bill over the interim, which is how we resulted with the amendment Senator Ballard presented. We're happy to work with anyone. You know, we, we are not only doing these cable drops, we are also utilities in the ground. We are excavators and with our main lines and with these drops. And we want to make sure that we are addressing the concerns of the opposition and also provide for relief with our customers. So I'm happy to answer any

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

questions that you have about the, the bill or the amendment. But thank you very much for your time.

MOSER: Questions? Senator Brandt.

BRANDT: Thank you, Chairman Moser. I guess I'm a little concerned. This is a committee that oversees the 811. You're telling me it's taking weeks for those guys to come out and locate, and they're telling us 48 hours?

DAYTON MURTY: So the, the process altogether can sometimes take up to several weeks. And the reason for that is because we, we would go out after receiving a call to connect a customer, that's a day, and, and that would be the initial call to a customer's residence. Then we would have to request our locates to be, to be done. That can take two to three days. And then they have to be added back into our system before we can get a tech out. And after winter, there are sometimes, you know, thousands of these drop buries, buries needed to happen once the ground isn't quite as hard. So we can have customers, once they get back into that system, have to wait behind hundreds of other customers before we get a tech back out to their house while they had a tech there, you know, four or five days ago that could have just hand-buried the line on that day. So I don't mean to say that the 811 board is causing a delay of, of multiple weeks. But because of the process and how it works and where we are in Nebraska, and the fact that sometimes the ground is, is too cold to bury, that all adds up to some customers having to deal with this in their yard for several weeks.

BRANDT: All right. Thank you.

MOSER: So your drops are all low-voltage. There's nothing dangerous about coax or fiber or whatever, right?

DAYTON MURTY: Yes, sir.

MOSER: Right. But then if you strike somebody else's line, say a legacy phone company or-- then you're still liable for that?

DAYTON MURTY: Yeah, so the, the language in the amendment is very clear that a telecommunications service, community antenna service, or broadband service provider who engages in the the activity described

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

in subdivision six of section 76-2308 who, who damages an underground facility would be held strictly liable for that damage.

MOSER: So they're, they're going to use like a little plow or a little knife or something to make that slot, or I mean--

DAYTON MURTY: Yeah, so it's basically a wide spade is what we use. It's it's kind of a shovel, but not a shovel in a traditional sense that you would, you know, be able to move--

MOSER: Got a little shark fin in the middle or something.

DAYTON MURTY: Yeah, it's, it's basically a piece of steel and, and it goes, I mean, it is about a foot wide. And I think if you were to push it all the way into the ground with none sticking out, it's 10 inches. But that's, that's what we use today. I'm happy to, to bring you a picture of what it looks like to your office.

MOSER: Well, I did get invited to the demo, and I was trying to stay solvent, so I didn't get there to your demo.

DAYTON MURTY: No worries.

MOSER: But I appreciate you answering that. So other questions from committee members? All right.

STORER: Sorry, I'm late.

MOSER: Yes, Senator Storer. Thank you.

STORER: And thank you. I guess just for a little bit of clarification. So when you said like the ground being frozen, this doesn't necessarily kind of make any difference there. I mean, hand-digging versus the ground's froze, the ground's froze.

DAYTON MURTY: Yeah, so this is not going to alleviate the need for some mechanized digging, and it's not going to even alleviate all the need for calling locates to hand-dig because there are circumstances where we'll have to dig deeper than 8 inches in order to go in through. So one, one I got a call about going in, they wanted us to go through a conduit, that piece that was already there. And so we had to dig several feet down to, to find the conduit. And we would still need to, to call in locates for those instances. Whenever we're going into

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

a new neighborhood and might have, you know, a dozen drops in one day, it's more, it's more cost-prohibitive to do it by hand and therefore we would call in locates and do it with mechanized equipment. This is for those instances where a technician would go to a customer's home and be able to identify that a new drop is needed, whether it's a new customer or the current drop needs replaced, and put that in same day so that that customer doesn't have to go back into our system and have to wait for that drop to be replaced. The reason I brought up the ground being frozen is because at the, you know, at the start of spring, after winter's over, we often have our system over-- inundated with these drop bury requests because of the temp cables that were put in place during winter, and that makes the timeline a lot longer for those customers. When if, if we had a, a customer service rep at that person's house that day, or a technician, they, they would be able to connect the customer. Well, now the system is full of hundreds of other customers that, that we have to get to before we can come back.

STORER: So is it necessary? The 18 inches is only for that-- explain again the need to have it that--

DAYTON MURTY: Yeah, so the--

STORER: --exception, I mean.

DAYTON MURTY: Of course, yeah. So the pedestal where you would connect into our backbone of the network is, is a plastic casing that is, is buried. Most of the time, it's around 16 inches, but sometimes that plastic casing can be buried up to 6-- up to 18 inches. And so that's why our request would be within 12 inches from our facilities, from our pedestal, being able to dig down 18 inches so that we can connect that line up under the plastic casing into our network and, and connect them to our backbone infrastructure.

STORER: I mean the way-- my only concern really is the way I read it is that it could allow for the 18 inches sort of-- it's not really limiting it to just that.

DAYTON MURTY: So we tried to be clear in the amendment, the original version of the bill was 18 inches everywhere be-- because of those circumstances. We, we tried to clear in amendment that we don't need 18 inches everywhere and, and I'm happy to, to work with you or any of the opposition on, on making that language even more clear. But that,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

that's where that request for 18 inches comes from, is just to get under the plastic casing for the pedestal.

STORER: Thank you.

MOSER: OK, other questions? Seeing none, thank you. Appreciate it.

DAYTON MURTY: Thank you.

MOSER: Anybody else to speak in favor of LB1093? Is there anyone to speak against LB1093? Come on down. If you're going to testify, if you'd move to the front and make it a little quicker to make the transition, that'd be great. Looks like there's a bunch of them. Welcome.

NATHAN STEWART: Good afternoon, Chairman Moser, members of the Telecommunications Committee. My name is Nathan Stewart, N-a-t-h-a-n S-t-e-w-a-r-t. I am the current chairman of the Nebraska One-Call board. I also work for Black Hills Energy as our damage prevention manager for our gas states. So just a few points to make on the bill. If I look at the broader picture of the United States, FEMSA, who regulates a lot of stuff around the natural gas industry, has really pushed to get rid of exemptions to one-call laws because of the safety impact of those. If you look at Nebraska, we have some exemptions that make sense. One that I was thinking of this morning is the cemetery or graveyard exemption. If you were in a cemetery, you'd have to have a permanent locate on file. And there's not a lot of utilities in a cemetery for obvious reasons, because they're constantly digging. But outside of some common-sense exemptions like that, the safety risk is not outweighed by the convenience factor. I guess, if I look at this exemption that's being proposed, it's really just to get a little bit of convenience. I don't, I don't personally understand the weeks-long projection. The locate is going to be done within 48 hours of when the call comes in, so the the, impact of the actual statute is not weeks-long, it's days. Then if I look at the, the actual exemption, there's nothing that's not unique about it, is the other thing that I was looking at. Every utility service puts service drops in. I don't care if you're a gas lot company or water, other telecommunications, we all have to put drops in. We all call in, use the service to promote the safety of the public. So I don't see anything unique about the fiber that need-- says that it needs to have an exemption. And then the last point I was gonna make is we did vote as a board to

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

oppose this exemption, and it was unanimous. And that includes other fiber and telecommunication companies that voted on that as well.

MOSER: OK.

NATHAN STEWART: With that, I'll take any questions.

MOSER: Senator DeBoer.

DeBOER: Thank you. You're the chair of the-- we call it the "Hit Court," the little--

NATHAN STEWART: No, this would be the Nebraska 811 board.

DeBOER: The 811 board, thank you.

NATHAN STEWART: So we run the notification center--

DeBOER: Yes.

NATHAN STEWART: --that takes the calls that comes in and sends the notifications out.

DeBOER: Yes.

NATHAN STEWART: There is also an enforcement panel that was created, but I'm not on that.

DeBOER: Very sorry about that.

NATHAN STEWART: Nope, no problem.

DeBOER: When was that, that enforcement panel? I'm trying to remember, was that last year or the year before? How long has--

NATHAN STEWART: When it was passed?

DeBOER: Well, that it's been in effect?

NATHAN STEWART: It went into-- it got implemented and went into effect last year.

DeBOER: Last year.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

NATHAN STEWART: Right.

DeBOER: So we've only had a year to see how that's going to sort of affect the whole arena?

NATHAN STEWART: Yeah, and I would say less than a year. You know, the implementation probably got delayed from some logistical concerns. So I, I don't know when exactly the last meet-- first meeting was, but I believe it was July or August. So less than the year since that's been going.

DeBOER: OK. So I can't really fairly ask you how that is affecting things.

NATHAN STEWART: And I'm not on that board, and we don't oversee it. So I probably--

DeBOER: I understand, but like--

NATHAN STEWART: I have opinions, but I don't know that I'm the best one to, to say.

DeBOER: OK, that's fair. Thank you.

NATHAN STEWART: Yeah.

MOSER: Questions from committee members? Seeing none, thank you.

NATHAN STEWART: Thank you.

MOSER: Anybody else to speak in opposition to LB1093?

EDWARD JARRETT: Chair Moser.

MOSER: Welcome.

EDWARD JARRETT: Members of the Transportation and Telecommunications Committee, my name is Edward Jarrett, E-d-w-a-r-d J-a-r-r-e-t-t, and I'm representing Allo Communications and testifying today in opposition, strong opposition, of LB1093. This bill, as introduced, would significantly weaken the protections currently provided by Nebraska One-Call on locating requirements. By exempting certain telecommunications work from a mandatory locate, particularly service lines that run through backyards, LB1093 would create-- it will create

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

conditions that greatly increase the likelihood of damage to varied infrastructure. Backyard service lines are among the most frequently-impacted facilities during excavation activities. Eliminating the requirement to locate these lines does not reduce risk, it dramatic-- dramatically increases it. Without accurate locates, excavator will be working blindly, which will inevitably lead to cut lines, service interruptions, including possible disruptions to 911 and health services, added repair costs, and safety hazards for both workers and the public. The purpose of, of our state's locating and One-Call framework has always been to prevent exactly this kind-- these kinds of avoidable damages. LB1093 moves in the opposite direction from removing essential safety steps for customer connections. This not only jeopardizes system reliability, but also shifts unnecessary risk onto utilities, homeowners and contractors. Maintaining accurate and comprehensive locating requirements is fundamental to protecting critical infrastructure. For these reasons, I respectfully urge the committee to oppose LB1093 and reserve-- preserve the safeguards that keep our communities safe and our utility networks reliable. Thank you for your time and your consideration, and I'm willing to answer any and all questions.

MOSER: Senator Fredrickson.

FREDRICKSON: Thank you, Chair Moser. Thank you for being here and for taking the time to testify. So I'm just kind of thinking about the introducer's testimony, and then kind of what I'm hearing from you as well. First of all, obviously One-Call, I think, all of us would agree is essential. It's incredibly important. This legislation, it's like 8 inches, 12 inches, like it seems like it's not incredibly deep. Help me understand like are there-- what are the risks at that depth? Is that something that we need to be considering with actually hitting or disrupting a line or--

EDWARD JARRETT: Yeah, in some situations, depending on the, the neighborhood or the homeowners property. I also work for a telecommunications company and we, we, we schedule and we collaborate and work with the homeowners on letting them know the timeframe it'll take if we put a temporary drop on the ground. And then from the time we call an 811 locate, we have usually a short time period before we get those drops buried. If they have sprinkler systems, that's the disruptor factor, the disrupting factor that if we're gonna bury with what he was referencing was a quick stick or a shovel spade or a line

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

ward that goes a little shallower than a, than a directional drill or a trencher, then we're not gonna disrupt that homeowner's sprinkler system and cause more capital to, to repair it. And, you know, passing that capital onto the customer. But so it can vary from-- usually we try to bury our service lines to about 8 inches to 10 inches, depending on the situation. If we have to go underneath a structure or some other underlying factor, then we'll, we'll exercise a directional drill or trenching up efforts but it just depends on the situation. And mostly everyone has sprinkler systems, so we try to not disrupt those as much as possible.

FREDRICKSON: Understood. Thank you.

MOSER: Other questions? Thank you. Appreciate your testimony. More opposition to LB1093?

JILL BECKER: Good afternoon, Senator Moser and members of the Transportation and Telecommunications Committee. I'm Jill Becker, spelled J-i-l-l B-e-c-k-e-r, excuse me, and I'm a registered lobbyist on behalf of Black Hills Energy. I'm testifying today in opposition to LB1093 on behalf of both Black Hills Energy and Northwestern Energy. To our company, there is nothing unique about the type of work that the proponents want to perform that would warrant an exemption from the One-Call Act. While we understand that this is a customer service issue to them, honestly all of us as utilities have this. It warms up in the spring, the frost goes away, we've got a lot of catching up to do. That's really just how it works. This legislation would have a negative impact on safety, since natural gas lines would be intersecting with this type of activity the majority of the time. Specifically to Black Hills Energy, over the last three years, we have averaged 110 hits per year, statewide where the cause of damage has been, in quotation marks, excavation practice not sufficient, showing that when things are perfectly marked, even then our lines are still damaged. We also average an additional 48 damages a year due to, in quotation marks, no no-- no notification made to the One-Call Center, 811. That means even though the law requires it, we still have people not calling in for a locate request. Adding what we would estimate to be at least thousands of cable drops statewide per year without locates if this passed, that number of hit lines would just skyrocket. We need to remember that the magnitude of hitting a natural gas line is certainly much more sig-- much more significant than some other utilities, hence the need to follow the One-Call Act. It might be more

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

convenient to skip the locates, but we've made the public policy decision to protect our people and our facilities. Ultimately, we'd like to remind the committee that safety is our top concern and that the One-Call Act is put into place to make sure that that is our priority. We respectfully urge you to indefinitely postpone LB1093, and I'd be happy to take any questions. Senator DeBoer, to-- I'm kind of punting on this one, but you asked about the-- what we commonly refer to as the "Hit Court." We have an individual on that board, and he actually serves as the chairman. Unfortunately he's not here today, but I'd be happy to bring him over to the Capitol and answer any questions that you'd like. Or if you'd like-- any of you would like to share questions with me, I'd be happy to get them answered.

MOSER: Senator DeBoer.

DeBOER: Thank you. No, I-- yeah, if you could come by sometime, I would like to see sort of how we're progressing with that. Because I think that all of these things are sort of related as we look at the whole, you know, arena of the 811, the "Hit Court," all of those things together as we're talking about underground location and all of that. So I would like to know more about it if you guys have an opportunity.

JILL BECKER: Yes, absolutely.

MOSER: Senator Bosn.

BOSN: Thank you. Can you tell me what depth you guys bury at?

JILL BECKER: I will, and I think that the State Fire Marshal is gonna follow up-- follow me, so they can correct me if I'm wrong. In general, we've got to be, depending on the amount of pressure in the line, so service line, typically about 3 feet. And I say typically, because we will put in a line at a certain depth and, over time, as you might expect, there can be erosion or somebody does some landscaping or renovation, that can change. Higher pressure lines are gonna be a little bit deeper.

BOSN: Deeper than 3 feet?

JILL BECKER: Deeper than 3.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BOSN: OK, thank you.

JILL BECKER: And yeah.

MOSER: OK, other questions? Seeing none, thank you.

JILL BECKER: Thank you.

MOSER: Is there more opposition for LB1093?

ELIZABETH ELLIOTT: Good afternoon, Chairperson Moser and members of the Transportation and Telec-- Telecommunications Committee. I'm Elizabeth Elliott, E-l-i-z-a-b-e-t-h E-l-l-i-o-t-t, I'm director of the Lincoln Transportation Utilities Department and here to testify in opposition of LB1093. As a utility that has underground assets and as a department who does excavation regularly, we have serious concerns about the safety of this exemption. While this exemption may seem minor, the implications for public safety and infrastructure integrity are significant. For both Lincoln Transportation and Utilities water system and private property owners who have critical assets within that 18-inch depth, these could include water valve boxes, cathodic protection systems, service line curb stops, sprinklers. Some of these components are visible, but many are buried and not easily identifiable. Damage to these assets can disrupt essential services, such as water service, and create costly repairs for homeowners and utilities. Second, when the private service lines are damaged, LTU must respond often at significant expense and inconvenience to the customers. These lines often are within that foot depth because of some of the reasons that were mentioned in the previous testimony. These repairs not only are costly, but they can also lead to water interruptions that affect homes and businesses. Finally, damage caused during these digs may not be immediately apparent. Latent damages such as compromised protective coatings or minor cracks can surface months or even years later, leading to leaks, corrosion and failures that are difficult to trace back to the original work. Especially if they're not registered with the 811 system, define-- finding out who was at fault for that hit could be impossible. The One-Call system exists to protect life, property, and essential services. This is not just a technical issue, it is a public safety issue. Exemptions, even seemingly small ones such as this one, undermine that protection. And while the proposed amendments may attempt to hold telecommunications company accountable for the damage, that reality is that the harm

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

often services years later as mentioned, and that would make it very difficult to trace back and have them held accountable for those hits. LB1096 [SIC] shifts the risk from private contractors to property owners and public utilities. We often-- it was asked earlier at the depths, sometimes it was mentioned as feet. We actually see these sometimes in inches, less than a feet, especially when it comes to private service lines, the sprinklers that were mentioned, but often gas lines are no deeper than a sidewalk depth. So this is a concern. And for these reasons, we urge you to reject LB1096 [SIC] and maintain the integrity of Nebraska's 811 framework.

MOSER: Senator DeBoer.

DeBOER: Thank you. So now I'm really worried about planting peonies. Like, this is, there are literally 8, 12 inches that could be--

ELIZABETH ELLIOTT: Oftentimes-- we just did a sidewalk removal this summer and the gas line actually was touching the concrete. With a lot of the bores, a lot things are not open excavation to, to bury. They're often bored, so you know the starting depth, but the line doesn't stay straight in many of these areas of work. And so you will get some as shallow as a few inches, and you will get some that are deeper than 12 inches. It just depends.

DeBOER: So do you have like little kids out digging in the backyard or greyhounds or something hitting these lines? I mean, if they're that--

ELIZABETH ELLIOTT: Most of them are in the front yard right of way, other than sprinkler systems for homeowners. But most of them are in front yard between curb and sidewalk.

DeBOER: OK, thank you.

MOSER: Reassuring. Questions from committee members? OK, thank you.

ELIZABETH ELLIOTT: Thank you.

MOSER: More opposition?

JOHN BUCKLEY: Good afternoon, Chairperson Moser and committee.

MOSER: Welcome.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

JOHN BUCKLEY: John Buckley, J-o-h-n B-u-c-k-l-e-y, testifying in opposition for Omaha Public Power District and NPA. I am director of work management at OPPD, and I have underground-cable-locating activities underneath me. And then also I'm a member of the state One-Call board. My comments will be very brief. Exempting this kind of digging goes against the basis of our 811 law, which is designed to protect excavator safety and damage to facilities across the board. So depth of facilities, we've had a few people mention that or have questions, it could change over time due to erosion or human activities. And so with that concern about trying to set a depth on it, all it takes is one, one chance, one dig, where the homeowner or the land is eroded and a gas and electric line is closer than you think. You hit it with a spade, a sharp shovel, you break through the covering, contact the conductor. It's just a chance of, of electrocution or a chance to rupture that, that gas line and cause possibly an explosion, or at least a release of gas and, and a greater impact there. So that's the basis of my, my comments, and I'm willing to answer any questions that you might have.

MOSER: Questions from committee? Senator DeBoer.

DeBOER: Sorry, apparently it's only me that's asking questions today. Sorry, Senator Moser. So you said gas explosions from being hit with a shovel?

JOHN BUCKLEY: Yeah, in my neighborhood this summer, fiber insulation company, they put new gas in my neighborhood, so it's, it's plastic. So those shovels are very heavy and very sharp, and it struck the, struck the plastic and ruptured it. It didn't cause an explosion, but blew gas until MUD could get out there and, and shut things off, so.

DeBOER: What, what did the-- so the last testifier, I think you heard, she said that over-- like there can be a crack or something that doesn't show up for years to come.

JOHN BUCKLEY: We see that with our facility. So like our underground buried cable, if it happens to get nicked during an excavation, a lot of times we'll have fence installers that will accidentally nick our cable and not let us, you know, they don't know, right? They're putting an auger down there, they're close to our marks. And then over time, water gets through that covering to the wire. And then once it contacts the conductor and water, it explodes and causes a fault. And

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

so then the power goes out and we have to come back out and splice
[INAUDIBLE] so.

DeBOER: What's the kind of cost that's associated with a typical residential hit like that?

JOHN BUCKLEY: So that would be a two to three-person crew that would have to go out and hand-dig down. First, we'd have to, to locate that [INAUDIBLE] so we have equipment hooked up, and then hand-dig down to that, to that line and then put a splice on it and then put that back in. Or, depending on the situation with the backyard, we'd have to bring in boring equipment and go from the ped in the backyard of the house, if we, if we weren't able to locate it. Or if they had since they moved in, they put a patio in or a pool or something like that where we wouldn't be able to access that line. So it could vary from, you know, a day of work to a couple days of work for a two to three-person crew.

DeBOER: What's a number on that?

JOHN BUCKLEY: Oh, jeez.

DeBOER: Sorry, I'm going to make you give me a number.

JOHN BUCKLEY: That's funny, yeah. I would say--

MOSER: Thousands.

JOHN BUCKLEY: Yeah, I mean, a line crew, you know, it just depends on how you do it, right? So you, do you look at how much we pay our guys per hour, but then we've got the markup on that. So probably, you know, I'd say eight-hour day for three guys, so 24 hours times \$200. So you're up to, up around, you know, \$4,000, and then equipment and, and those types of things. So I don't know, I would say roughly maybe \$5,000 to \$15,000 would be a fair, fair estimate on that.

DeBOER: It's good just to have a ballpark in our head of kind of the numbers we're talking about. Thank you.

JOHN BUCKLEY: I could provide some more details, if you want.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: No, that's-- I mean, yes, great, but also that was very, that was very helpful. We know we're not talking about ten dollars and we know we are not talking about a hundred thousand dollars.

JOHN BUCKLEY: Yeah, somewhere in the middle there, yeah.

MOSER: OK. Other questions from committee members? Thank you very much.

JOHN BUCKLEY: Thank you.

MOSER: Other opposition to LB1093?

TIP O'NEILL: Senator Moser, members of the T&T committee, my name is Tip O'Neill, that's spelled T-i-p O-'-N-e-i-l-l, and I'm the president of the Nebraska Telecommunications Association. The NTA represents 20 companies providing broadband and landline telecommunication services in Nebraska. We oppose LB1093. Since the 811 program was established in Nebraska, our companies have supported efforts to educate the general public about the need to contact 811 before excavating work begins on projects. It is a constant challenge. We believe exceptions to the locate requirements give a negative perception and could result in more violations in the future. It's all about optics as we look at it, Senator Moser. You know, having, having an exception to the need for the public call to 811, any member, including businesses, we think is negative as far as getting people to actually call for locates. So I'd be happy to answer any questions you might have.

MOSER: Seeing none, thank you.

TIP O'NEILL: Thank you.

MOSER: Is there other opposition to LB1093? Is there anybody in the neutral on LB1093?

DOUG HOHBEIN: Good afternoon.

MOSER: Welcome.

DOUG HOHBEIN: Well, Chairperson Moser and members of the Transportation and Telecommunications Committee, my name is Doug Hohbein, D-o-u-g H-o-h-b-e-i-n, I am the State Fire Marshal. I'm here today to testify in a neutral capacity on LB1093. LB1093 would create

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

an exemption to the definition for-- of excavation for telecommunications services when hand-digging to a depth of not more than 18 inches for the purpose of connecting a customer to the service provider's network. The agency has concerns about this exemption, as it could create greater risk to public safety. The installation of these types of lines is common activity in today's markets, and are often in very close proximity to other underground facilities. Natural gas service lines, which are regulated by the agency under sections of the Nebraska Natural Gas Pipeline Safety Act, are installed at a depth of 12 inches. Allowing hand-digging to a depth of 18 inches without a One-Call requirement could create an extremely hazardous and dangerous situation. The State Fire Marshal Agency operates the pipeline safety program through a federal grant program with a small amount of matching state funds. Creating this new exemption to the One-Call requirements could jeopardize that federal funding, as program-- as the program must routinely be evaluated and deemed to be adequate by federal auditors. These auditors can deem the program inadequate if it's determined that the state's system for One-Call notifications does not meet the needs for public safety. The loss of all federal funds would render the agency unable to maintain the pipeline safety program. Thank you for your time and consideration. I would be happy to attempt to answer any questions.

MOSER: Questions from committee members? Senator DeBoer.

DeBOER: Very sorry. Thank you for coming. How often are we seeing these? You have jurisdiction over the smaller-- or you at least used to have jurisdiction over these smaller hits, is that right?

DOUG HOHBEIN: Yes.

DeBOER: How often are we seeing hits in Nebraska right now, less than 18 inches?

DOUG HOHBEIN: I don't know the exact depth. I know an overall number is close to 6,000 reported hits every year. In 2025, it was that many. Now, how many of those were at 18 inches or less? I haven't got that number broken down.

DeBOER: Do you know how many of those 6,000 were because they didn't call, as opposed to they called and it was mislocated, or they called and ignored it, or?

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DOUG HOHBEIN: Yeah, it could fall under any-- the whole umbrella, as they called it or they mismarked, or they "misdug" it. It's just the whole, the gamut under that 6,000.

DeBOER: It's even if they didn't call?

DOUG HOHBEIN: That includes as well. Sure.

DeBOER: OK. So, all right, thank you.

DOUG HOHBEIN: OK.

MOSER: Other questions? Seeing none, thank you.

DOUG HOHBEIN: All right, thank you.

MOSER: Anybody else to speak in the neutral for LB1093? Senator Ballard, you're welcome to close. We had 1 proponent, 2 opponents, no neutral and no ADA testimony on LB1093. I might have read that before, but better twice than never. Go ahead.

BALLARD: You're nothing but efficient, Mr. Chairman. So this was a fun hearing. I appreciate all, all the testifiers in opposition. I know they have busy lives outside of this, trying to, to run cities and public power and natural gas. So I appreciate them taking the time to be here to address some of the concerns. Again, fascinating hearing. I'm going to think twice before planting my tomatoes this year, that I don't want to cause a huge gas leak or have the city of Lincoln run out of water. So I'm gonna think twice. But that's all we're really trying to do. 8 inches is not that deep, I don't believe. So, so I think this is-- this all came about when I was talking to a constituent that was, that was worried about some getting service. So this is all customer service for me. This is working with telecommunications companies to try to get customers connected as soon as possible. And so I, I understand the concerns about safety. Making sure that 811 are protected. I understand Senator DeBoer's concerns that we just started this 811 program. We want to make sure that we're, we have sufficient evidence before we start exempting things. But willing to work with anyone on this issue. I-- there's, you could read in the bill, there's tons of exemptions, tons of carve-outs in the 811 system that I don't think go beyond that 8-- that telecommunications service are asking for, gardening. So it's just, I think it's fairly well-connected. And so again, be happy to work with

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

the committee, be happy and work with any of the stakeholders. But I would urge your strong consideration to move this forward to General File. Thank you, Mr. Chair.

MOSER: Questions for Senator Ballard? Senator Storer.

STORER: Thank you, Chair Moser. Quick, quick question, Senator Ballard, and maybe I just misunderstood you. So the, the amendment isn't changing the depth at all, right? The original requested depth?

BALLARD: It is.

STORER: OK.

BALLARD: So we started-- the original bill started at 18

STORER: Right.

BALLARD: Moved it to 8 to address some of those concerns, because you heard there's concerns about-- I'm a little confused. We had one testifier say it's 3 feet natural gas and we had one testifier say it was 12 inches, so I need to figure that out. That's kind of what we're trying to get at with the 8 inches.

STORER: OK, so it includes 18 for hand-digging within 12 inches, but then there's another provision, OK, for 8.

BALLARD: Yes.

STORER: I see, it added the 8--

BALLARD: Correct. Correct

STORER: --everywhere else. Got it. Thank you.

MOSER: Other questions? Senator, thank you.

BALLARD: Thank you, Chairman. Appreciate it.

MOSER: That will close our hearing on LB1093, and now we will switch to LB1082, Senator Storer. Go ahead.

STORER: All right. Are you ready?

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MOSER: Yes, thank you.

STORER: We saved the best for last, right?

MOSER: Should have started with yours, right?

STORER: Good afternoon, Chair Moser, members of the Transportation and Telecommunications Committee. My name is Tanya Storer, T-a-n-y-a S-t-o-r-e-r, and I represent Legislative District 43. I'm here today to introduce LB1082. LB1082 addresses a critical and growing threat to Nebraska consumers: telecommunications fraud driven by caller ID spoofing. This legislation requires telecommunications providers to take a reas-- to take reasonable steps to protect their subscribers from unwanted calls or text messages originating from unauthenticated phone numbers. According to the Federal Trade Commission, fraud losses nationwide reached \$196 billion in 2024. This is not an isolated problem. It is one of the fastest-growing threats facing our constituents. And increasingly, it begins with a single phone call that appears to come from a trusted source. I'm sure we have all received those. A Nebraska consumer receives a call that appears on their caller ID to be from their bank's, for example, from their bank's fraud department. The number looks legitimate, the caller sounds professional. They warn of suspicious activity and ask the consumer to verify account information for security purposes. Within minutes, that consumer's savings can be gone. This is not hypothetical. It's happening to Nebraskans every day. Our phone system was built on trust between carriers, not authentication. And today, a scammer can choose any number they want to appear on a caller ID. That false number is passed through multiple telecommunications providers and ultimately delivered to a consumer with little to stop it. The FCC's STIR/SHAKEN, which you'll probably hear more about from some testifiers this afternoon, the STIR/SHAKEN framework was designed to address the problem. And while it is a step forward, it still has limitations. It does not function reliably on older networks that remain common in rural Nebraska. It does not effectively stop high-volume calling operations. And even when calls fail authentication, they are often still delivered to consumers. LB1082 takes a measured and reasonable approach. It establishes an affirmative duty for telecommunications providers to protect their customers while explicitly and intentionally not creating a private cause of action against providers. In developing this bill, we have worked with stakeholders including the Public Service Commission and a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

variety of telecommunications companies. Through that process, several key suggestions were raised. First suggestion raised was to clarify the role of the Public Services Commission, including how to direct the commission to establish a mechanism to accept customer complaints and provide information to telecommunication providers. Second, stakeholders noted the importance of safe-harbor provisions that recognize differences among provider types and network capabilities. While these concepts are still under active discussion, I've not yet received any proposed languages to the bill to address those concerns without undermining the bill's core consumer protections. LB1082 is part of a broader fraud-free Nebraska package that addresses fraud from multiple angles, from mail theft to preventing online impersonation of Nebraska businesses. When fraud succeeds, consumers often believe their financial institution is who failed them, even when the fraud originated on a telecommunications network entirely outside the financial institutions' control. Nebraska financial institutions spend billions of dollars annually on fraud prevention, reimbursement, and consumer education. Yet they cannot stop fraud that begins upstream from them in the phone system. LB1082 helps ensure that responsibility is shared appropriately, rather than placed entirely on consumers and financial institutions. So I thank you for your time to listen, and I'm happy to answer any questions. There will be some testifiers following me that are going to be able to answer more technical questions.

BALLARD: Thank you, Senator Storer. Are there any questions? Senator Fredrickson.

FREDRICKSON: Thank you, Vice Chair. Thank you, Senator Storer, for being here, for your, for your bill. So yeah, I mean, I, I certainly agree with you this is an issue. My grandmother has received calls like this for example within the last couple years, so I, I can appreciate this. I guess what I'm trying to understand is so, I mean, currently for example like on my phone it'll say like "potential spam" or something that when I, when I get a call. Obviously to your point, I think, in your opening, that doesn't catch everything, but can you help me like under-- like walk me through like what do you envision this looks like if, if this were to pass? Like what, what would we see if there was a call coming through or yeah?

STORER: Well, I think the ultimate goal is to prevent those calls from coming through. So you're going to hear again some folks behind me

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

that can talk more specifically to what currently is in place. STIR/SHAKEN is sort of the most common thing that we're going hear about. As I continue to learn and understand this, that doesn't, that doesn't entirely prevent those calls from being passed on through. It can help identify potentially the-- where they're originating from. That doesn't necessarily prohibit them from, from ending up on your phone.

FREDRICKSON: Sure. And I guess my other question, too, was, so as technology sort of evolves and, and becomes more and more sophisticated, you know, I, I'm just kind of thinking out loud here, but I'm like-- let's say, for example, a telecom is able to establish a filter of sorts that's effective today. But with AI, whatever it is, changing so fast, they find a workaround the next day or the day after or the day after. Is there a risk of possible liability on the telecom, or how, how, how are they able to keep up with that?

STORER: Yeah, that's a great question. This bill specifically does not include a liability provision. That was, that was not an oversight. That was intentional.

FREDRICKSON: OK.

STORER: So really, this is really pretty simple. It's asking for due diligence. It's asking that tel-- telecoms are doing-- taking proactive actions that they can demonstrate to protect consumers from spoofed calls.

FREDRICKSON: Thank you.

BALLARD: Thank you, Senator Fredrickson. Senator DeBoer.

DeBOER: Thank you, Vice Chair. Apologize for missing part of your opening. I was called outside by the State Fire Marshal, and I was worried he found out that I fell asleep with a candle on last night. But it wasn't that, luckily.

STORER: Good to know. Glad you're safe.

DeBOER: This place makes you very tired and you do dumb things. So we've talked about this. I've asked you what the enforcement mechanism is. And I understand there's probably an amendment forthcoming dealing

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

with that. Do you have an idea of what the enforcement mechanism might be?

STORER: Broadly speaking, it will likely-- likely falls under the Public Service Commission and, you know, they want some clarification on how to respond if they-- if and when they receive those complaints. So yes, we are working with them on an amendment to be more-- to provide more clarity for the enforcement piece.

DeBOER: As you might imagine, I have a vested interest in making sure there is some clarity before next year on that.

STORER: Yes.

DeBOER: OK. So continue to visit about that. But I think if, if we do this, we just to know how it would work, I think I would want a little more clarification.

STORER: Yeah, fair question.

DeBOER: Thanks.

BALLARD: Additional questions? And this may be a question. So how does this, for a different test-- how does this work with federal guidelines, federal regulations? Is this-- because a lot of these are regulated at the federal level. Would this, this be-- what kind of interplay of, of this, of--

STORER: Well, clearly, we're placing this into Nebraska Statute. So, you know, I don't understand that there's any conflict with federal regulations in terms of Nebraska putting, putting these things into statute or codifying this. And it would be our PSC that again would be sort of the enforcement agency. The, the overall goal here, again, there was, there was a lot of conversation, and it was very intentional to not take this to the level of liability or private cause of action, but rather just getting everybody sort of more engaged in the effort to stop fraud, to help eliminate fraud. Because our consumers, Nebraskans, are losing millions of dollars a year. And so we can't really expect that responsibility just to fall on one segment of the industry. In this case, we're talking about the financial institutions. It has to be a shared responsibility. There's additional bills being introduced this year that, that apply very similar standards to social media. I think Senator Bosn's introducing

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

mail as well. So there's sort of a broad effort here to address fraud and, and agent-- or entities, industries across the board, so we're not picking on telecoms specifically.

BALLARD: Perfect. I agree. It's a very, a very important goal, so I appreciate you being here. Additional questions? Seeing none, thank you. First proponent for LB1082.

PAUL BENDA: Chair Moser, Vice Chair Ballard, members of the committee, thank you for the opportunity to testify today. My name is Paul Benda, P-a-u-l B-e-n-d-a, and I serve as executive vice president for risk, fraud, and cybersecurity at the American Bankers Association. I also serve as the chair of the International Banking Federation Scams and Fraud Working Group, as well as sit on the advisory board of the Global Anti-Scam Alliance. Banks have long been on the front lines of protecting consumers from fraud. From chip-enabled cards to multi-factor authentication, from AI-driven fraud detection to real-time alerts, the banking industry has invested billions to make our financial system one of the most secure in the world. And Americans recognize that effort. Surveys shows that 9 in 10 consumers say their bank is taking proactive steps to protect them from scams. But criminals are innovating, too. They've reinvested the \$300 billion stolen during the pandemic to build highly-organized networks that now use deepfakes, spoof-caller IDs, stolen checks, and fake social media accounts to target Americans. This is where banks face a critical limitation. By the time a victim is ready to send a payment, they often believe they know and trust the scammer. Caller ID might display the bank's name. A text message might look identical to a legitimate fraud alert. A social media ad might appear to come from a trusted company. These are tools that banks do not control. That is why banks cannot fight this battle alone. Other stakeholders must step up. In particular, telecommunication companies must stop criminals from impersonating banks through spoofed calls and fraudulent texts. Today, a criminal overseas can make a call appear as if it's coming from the 1-800 number on the back of your debit card. If the phone says it's your bank, most people will believe it. The current system validate and control bad telecom behavior is broken. The ABA partner with the telecom consultant was able to document multiple instances of unscrupulous and unvetted telecoms issuing hundreds of millions of illegal robocalls to consumers, impersonating banks and other businesses. They can do this easily, and at a low cost, creating telecom companies whose sole purpose is to issue spoofed bank calls.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

And the only punishment after months of review is a cease and desist letter by the FCC. These bad actors then simply create a new company and continue their activities unabated. We urge this Legislature and others in the private sector to close these gaps. We should require telecom accountability by closing loopholes that allow spoof calls and texts, ensure caller ID can't be faked, and that bank names are not impersonated. Banks are proud of the role we play in protecting consumers. We continue to invest, innovate, and educate. ABA, along with Nebraska Bankers Association, has launched several anti-fraud campaigns, including Banks Never Ask That, and Practice Safe Checks to help people recognize scams, as well as Safe Banking for Seniors to help combat the ever-growing problem of senior fraud. But unless every player in the fraud ecosystem accepts their responsibility, criminals will continue to victimize Americans at an unprecedented scale. Fraud is not just a banking problem, it is an ecosystem problem. And until all parts of that ecosystem are equally committed to protecting consumers, the American public will remain at risk. Thank you, and I look forward to your questions.

BALLARD: Thank you, Mr. Benda. Are there any questions? Senator Guereca.

GUERECA: Thank you, Mr. Vice Chairman. Thank you, sir, for coming in and for your testimony. Certainly you're, you're resume might be a compression of this question, so does the telecom industry then drop the ball towards protection?

PAUL BENDA: I believe so, yes.

GUERECA: Could we elaborate a little more on--

PAUL BENDA: Sure. I think, so what we can see, you know, it's not necessarily even the telecom provider that you might have, Verizon, T-Mobile, AT&T, they are displaying data that's given to them upstream. At the very front tip of this we have foreign national players, we have cartels that create these telecom companies. And then what they do is illegally attest that they own and have control of the numbers, so they put that bank number in there and then they send that downstream. Who really is at fault in a lot of cases is that second hop, that downstream teleprovider that's saying, wow, I've got a hundred million calls from this provider that didn't exist, you know, last month who is now saying they're Bank of America. But yet, lets

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

those calls all go through because they make a lot of money off those calls. And as it goes forward, that STIR/SHAKEN we talk about, they've attested that it's actually that number, and that's why that gets passed through. So that's when we talk of it being the system failing, it's failing.

GUERECA: Kind of interesting, my, my phone doesn't blow up, but usually it does tend to say spam. So I'm interested to hear some testimony on what's falling through the crack. Thank you, sir.

PAUL BENDA: Yes.

BALLARD: Senator DeBoer.

DeBOER: Thank you. So if you don't know all the technical stuff on this, I'll wait and ask these questions later, but it sounds like you have some familiarity with this. So you said that the phone might say-- my phone says, oh, it's your bank. And I look at that. Oh, yeah. Is that-- so there's a company that's putting, it's your bank, on there, right? That's telling you who, who the number is--

PAUL BENDA: Correct.

DeBOER: --and is identifying it. Who does that? Does the identifying of-- so there's a number, 800 blah, blah, blah--

PAUL BENDA: Correct.

DeBOER: --and then it says something underneath. Who does the editorializing of who it is underneath?

PAUL BENDA: So there are multiple ways. It depends on how your mobile network operator handles that call, and you can get into more detail with some fellow testifiers. But it could be as simple as where they-- it could be as simple as what's in your contacts list, right. And so they might have dropped the name. So sometimes they'll do a reverse lookup with that 1-800 number and then they'll figure out who owns that number, and that's what gets displayed. Sometimes they won't pass that name, they'll just pass that number. And then your phone, if it's in you contacts, many people actually have their bank number in their contacts, it shows up, it shows that, oh, that 1-800 number, oh,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

that's my bank. So actually your phone will show that. So it can vary in the ways that that name and number get presented to you.

DeBOER: OK. It seems like there's someone smiling behind you that they have more technical information.

PAUL BENDA: I would, I would talk to that guy.

DeBOER: But since there's a variety of ways that it can go from a number to your bank, it may even be in your own contacts list--

PAUL BENDA: The name would be, yes.

DeBOER: --how is this, how is a telecom company supposed to prevent the call from going through? That's a piece that I'm trying to understand. Like what-- so you said that they may be able to determine that there were 100 calls made by a number that didn't exist a week ago or something?

PAUL BENDA: Oh, so it's the-- so the bad actors will stand up at telecom, they'll file basically a fake filing with the FCC, a roll call mitigation database, and then they'll start injecting hundreds of millions of calls into the system claiming that they have access to these numbers, claiming that they own these numbers and control the 1-800 number.

DeBOER: So shouldn't we get that actor? That seems like a bad actor.

PAUL BENDA: We should get that actor and the ones that accept those calls because they should know that that is not a legitimate telecom [INAUDIBLE].

DeBOER: OK, so that's my next question. Who are the ones who accepted those call-- you say downstream provider.

PAUL BENDA: Yeah, I would--

DeBOER: Who is that?

PAUL BENDA: So I will let my fellow testifier answer that question. But there, the telecom industry is very complex and there's multiple hops that a call goes through before it comes to your phone. So there are different names of companies that handle, receive. You can place calls, you can have a system that allows you to place calls, but you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

have someone that then injects that into the overall ecosystem, that's your second hop. And then it can go to multiple carriers through multiple states to get to your final end piece. And so--

DeBOER: So, so how do I know-- now there's no enforcement mechanism currently, so let's say the enforcement mechanism for right now is we're going to get mad at, OK? So how do I know who to be mad at? Like is it the first hop, definitely they're a problem, right? Because those are the people who are spoofing it wrong.

PAUL BENDA: Correct.

DeBOER: But then you say the second hop, maybe there's a third hop, a fourth hop, a fifth hop. Now, if I'm a trial attorney and I'm trying to say if there were a private cause of action, which I'm not a trial attorney, but I always think private causes of action are effective. So if there is a try-- there is a cause of action for this, how do I, how do I-- I don't know which hop to get. So how do I know who to be mad at or sue?

PAUL BENDA: So I think it would be, if you have someone who has a test-- so there's different levels of attestation under the STIR/SHAKEN, so you have A, B, and C. And if you had someone that's attested to that at the highest level saying you own that name and that number and you've gone forward, you can create-- the person who injects that call would be the person to be mad at. You can also say, we have multiple reports, and I think this is what some other folks will talk about, that that number is wrong, and so in that person-- that telecom is improperly signing calls and allowing spoof calls to go forward. The company that receives those calls is now aware that that's happening, so you should be mad at them. At some point, it gets diluted and you don't understand. You can't [INAUDIBLE].

DeBOER: OK, so company A is the bad spoofing company.

PAUL BENDA: Correct.

DeBOER: We're mad at them. OK.

PAUL BENDA: Absolutely.

DeBOER: But we can't find them because they're overseas, probably.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

PAUL BENDA: So a lot of times it is overseas individuals that operate shell companies here, yes.

DeBOER: So then we want to be mad at somebody else. OK, so down the sort of line from them, we've got company B.

DeBOER: Yes.

PAUL BENDA: And you say that they get reports that company A is a bad company.

PAUL BENDA: TYes. There are reports both through the FCC and through private companies that report that this spoofing is occurring.

DeBOER: Here's my question. How do I know that company B, I mean, is this a knew or should have known that company A was a bad company that we're trying to prove with company B?

PAUL BENDA: So there's--

DeBOER: I mean, are these cases egregious where everybody knows they knew that they were bad?

PAUL BENDA: Yes, I would say that's exactly right. And I think there-- that people after me can probably [INAUDIBLE].

DeBOER: OK, I'll ask them. I'm sorry.

PAUL BENDA: No, that's okay. I'm trying, trying my best.

BRANDT: Senator Dunixi. Guereca.

GUERECA: It's casual day here--

BRANDT: Yes, it is.

GUERECA: --in the T&T Committee, I guess.

DeBOER: Third-rate Chair.

GUERECA: I mean, you know, it seems like an incredibly complex scheme.

PAUL BENDA: It is.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

GUERECA: And certainly, I think everyone in this chamber and in this body wants to protect our constituents, protect our citizens here in Nebraska. Is this enough to tackle such a complex problem? Because we've just spent 30 minutes kind of understanding the basic outline of how this flows, and I'm just concerned that just saying a telecommunication company has a duty to protect, is-- I don't understand how that fixes an incredibly complex issue that is plaguing our constituents and our citizens.

PAUL BENDA: I guess the answer would be it depend, it depends. I think there's a lot of instances where like, like Senator DeBoer said, that second company know-- we know you're the bad guy, but I'm making a million dollar commission on these calls that are coming through. So those 40 fraud reports I've got, you know, I'm sure the rest of them all are OK. And so if you put that duty to protect on there, I think it does give some teeth to it, like, no, you should know that they're not, you know. We all wink, wink, wink, we know it's not right, but we're gonna look the other way. This would hopefully stop them from looking the other way.

GUERECA: OK. Again, I don't know if that really assures me that this is going to be enough to really [INAUDIBLE]. Thank you, sir.

BRANDT: OK, any other questions? I see none. Thank you.

PAUL BENDA: Thank you.

BRANDT: Next proponent. Welcome.

MICHAEL RUDOLPH: Good afternoon, the name is Michael Rudolph, M-i-c-h-a-e-l R-u-d-o-l-p-h. Thank you for your time today. My background is I sit at an interesting cross-section between about 15 million consumers who have installed my company's app to protect them from incoming calls and texts that they aren't getting protected from currently. And through that relationship with consumers, I've expanded my work where now my team is actively part of probably three dozen active cases, hundreds of cases in the past few years for incoming calls and incoming text messages that have caused consumer harm. So I work every day with the FCC, the FTC, the DOJ, Department of Homeland Security, FBI, many banks, many retailers, and the telecom carriers to get this to stop. So if you guys have a scam that you've received, I probably know where it's coming from and why it's still happening. I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

was the expert for the DOJ's case against the car warranty scams, Social Security Administration imposter scams, the Medicare scams, the timeshare scams. So I've seen lots of data to understand how this problem is still occurring today. I've got a bunch of scary things that I could say about AI is connected to these calls now. You know, one of the cases we worked was the Joe Biden deepfake calls that were a few years ago. So AI being connected to this ecosystem is making the problem a lot scarier. As you heard Mr. Benda testify, a lot of the problem here are dozens of shell companies set up by foreign entities, where they look like a U.S. company. And he also testified that our big problem that the senator here was focusing on is that there are telecom companies who take and let in the front door these continuing round robin of shell telecom companies that are effectively colluding with the threat actors. So your question was, I think, really spectacular, which is, what does this bill do to solve it? And so, in some cases, I've seen other states, what I would say, fire warning shots at the ecosystem, which is like our state's taking more aggressive posture. And I see domestic threat actors start to be a little worried about calling into that state's constituents, and they'll actually take your area codes out of their operation because your state's getting a little bit more aggressive in terms of posture. But if you have any questions about the technical side of it, what STIR/SHAKEN does, I'm here to answer any questions. Thank you.

BRANDT: Let's see. Senator DeBoer.

DeBOER: Big surprise I'd ask you a question here.

MICHAEL RUDOLPH: No worries.

DeBOER: Thank you for coming. First of all, aren't you putting yourself out of business here if you're helping to sort of end these things, and now nobody will need your app anymore?

MICHAEL RUDOLPH: I've, I've transcended from the direct-- so the consumer app actually we give to for free to consumers. And the idea is we've collected billions of pieces of evidence of the wrong-- the, the illegal and lawful communications and then we're trying to take that and effectively weaponize our partners like we work with your state attorney general on a number of multi-state cases. So that's

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

where my, my personal passion is taking the evidence, trying to get justice and trying to help pass laws to protect consumers.

DeBOER: Thank you. That's helpful to understand. So you sort of heard my line of questioning to the previous testifier. If the bad actor is a shell company or located outside of the state at least, at the very least, then we can't really get to them for a variety of reasons, particularly with state law. We might be able to if the feds would do something, but we're here in Nebraska. So if I can't get to them on the state level, so the, the really bad actor, the one that's doing the spoofing, you say there's a telltale sort of sign on these calls that would tell a-- the sort of next company B in the stream that there was something wrong with the call?

MICHAEL RUDOLPH: Yeah, so as you heard Mr. Benda testify, one of the signals that we have here with increased transparency due to technology and industry are who the bad telecom is. All right? So we know there's a telecom out there, 100% of their calls that they're originating are going to impersonate 10 banks. And so you have telecoms, like every call probably travels like 6 to 10 telecom before it gets to you and rings your device. And so the telecoms along the way have a very-- it doesn't sound like it should be difficult, a difficult decision between revenue, collecting the revenue to carry that call forward or block the call from what they know as an outright bad actor.

DeBOER: Who's the "we" that knows, you said we or they or we, used a pronoun, can identify or knows who the bad telecom is? Who's knowing that the-- who the bad telecom who is?

MICHAEL RUDOLPH: So in a lot of cases, there's working groups that involve banks and telecom companies that will discuss the reported communications that are offending in this case. And then that working group will take a look at that data and identify, hey, those all come from this telecom. And then from that, we can pivot to understand the entire breadth of what that telecom operates.

DeBOER: Is there a working group that is handling the telecoms in Nebraska?

MICHAEL RUDOLPH: This is a, a nationwide working group. I'm not aware of a Nebraska-specific one.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: So would that nationwide group be providing information to, let's say, a small Nebraska telecom?

MICHAEL RUDOLPH: I would not think so currently, no.

DeBOER: So how would the small Nebraska telecom know that this bad spoofing company was a bad spoofing company?

MICHAEL RUDOLPH: So the Nebraska telecoms are part of trade associations though, and I, I would always pray that those trade associations are aware of the, that information and would share it to folks like the Nebraska telecoms.

DeBOER: Are these working groups officially organized by the federal government or are they put together by the individual private entities?

MICHAEL RUDOLPH: It's a mixture of trade association working groups and then private entities who do have intimate relationships with the federal gove-- federal government.

DeBOER: OK, so it is at least conceivable that somebody wouldn't have access to that information, is that right?

MICHAEL RUDOLPH: Yeah, for sure.

DeBOER: OK. So if I'm a small telecom in Nebraska, how do I ensure that if this bill passes, and since there's no enforcement mechanism at the moment, but there could be, and it sounds like Senator Storer is working on one for me, that that enforcement mechanism, how do ensure that that reinforcement mechanism doesn't get applied to me when I really, truly didn't know.

MICHAEL RUDOLPH: Well, so you made a great analogy earlier, which is like, should have known--

DeBOER: Knew or should have known.

MICHAEL RUDOLPH: Knew or should have known.

DeBOER: I mean, that's usually what we put in the law for like a private cause of action, would be knew or should have known in this case.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MICHAEL RUDOLPH: Yeah, so that's definitely what's happening, where in some cases there's this, this, this telecom provider who is the continual gatekeeper who's letting the shell telecoms in. And they've been notified, hey, this one telecom you're working with is a bad actor. They're like, oh, I'm so sorry. I'll tell them to stop. And then you-- they get hit again and again and for months and months. And then finally that shell telecom goes away, and a new "shellecom" with the same ownership structure emerges, and the calls continue from that new shell telecom. So that, that, that entity knew or should have known, if you get my, you get my drift. And great news is, I've investigated hundreds of telecom companies. This is not a Nebraska telecom company that's at fault here.

DeBOER: Are there, are these working groups ever wrong? Could they ever be wrong?

MICHAEL RUDOLPH: They tend to move pretty slowly to not be wrong. So I would say it's very rare if-- I'm not aware of a single occurrence.

DeBOER: OK. So they decide this is a bad shell company. I'm now not company B, right? Company A is the bad guy, Company B, but I'm company C. Is there information-- is the information the same no matter where I am in the line after?

MICHAEL RUDOLPH: So one of the things in the ecosystem that creates transparency is something called a traceback.

DeBOER: OK.

MICHAEL RUDOLPH: So when an unlawful call lands on you, say that you're on Verizon, and we trace that call back, Verizon, and then the upstream for Verizon, the upstream for that upstream--

DeBOER: Who's the we?

MICHAEL RUDOLPH: What's that?

DeBOER: Who's the we? You said we trace that call back. Who's the we?

MICHAEL RUDOLPH: When the folks who participate in industry to investigate these calls. So my team, there's a trade association called U.S. Telecom which runs traceback in America, our counterparts at the FCC, our counterparts in the state AG offices. When we're

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

investigating a call, we'll trace it. We or any of these other entities who work on these cases, we'll work on it from the terminating carrier all the way back to the highest originating carrier who's willing to respond. In some cases, you get to the colluding telecom, that shell company, and they ignore that request to participate in, in, you know, determining the originating cause of that. So everybody, when this full-path traceback executes, is notified, hey, this bank imposter call came through you. And so you can imagine your ABC telecom. The C telecom every Tuesday, every Thursday, this bank impostor again, it's you. It's Thursday, the bank impostor is you. Next Tuesday, bank imposter is you. So they're constantly being notified. Their fraud operations team is being constantly notified, hey, you were a part of the trust chain that failed and got this bank impostor calls to reach consumers. So generally speaking, most telecoms who are in the path and have fault here are continuously being notified through an official protocol about their, their, their--

DeBOER: Who's doing-- I'm sorry. I'm a little confused. Who's doing the notifying?

MICHAEL RUDOLPH: So this is, this is an entity called the Industry Traceback Group or the ITG.

DeBOER: And who runs the ITG?

MICHAEL RUDOLPH: It's a trade assoc-- trade association called U.S. Telecom.

DeBOER: And the U.S. Telecom handled, like, every call made in the U.S. they would be able to trace through?

MICHAEL RUDOLPH: They trace calls, calls that hit, so like a, there's certain violative call that hits a threshold and it's-- there's finite resources. So they'd probably trace a few thousand calls per year--

DeBOER: OK.

MICHAEL RUDOLPH: --that are a representative sample of the total calls that are happening. So if you had, if you had a Social Security Administration imposter, right, and I think we knew there were a hundred million such calls of that occurring per month, they would trace a number of those calls per week to understand where are those

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

coming from. And then, you know, cross their fingers that somebody in enforcement would, would, would tell the companies assisting those calls to stop.

DeBOER: And would all the downstream telecoms have access to that information?

MICHAEL RUDOLPH: The ones who participated in that specific call would know that they were participating in that call, yeah.

DeBOER: So if I don't happen to be one of the ones who's participating in one of those 1,000 calls that gets--

MICHAEL RUDOLPH: Traced.

DeBOER: --traced, but I'm in 500,000 other bad calls, how do I know that?

MICHAEL RUDOLPH: I mean the, the, the ecosystem as it's currently employed is trying to illuminate the top routes the calls are taking.

DeBOER: But it doesn't already-- there's no like automatic path already for me. Like my telecom company number G, letter G.

MICHAEL RUDOLPH: Mm-hmm. Yep.

DeBOER: --gets some of these bad calls. And do they have any way that automatically we know, they will know, in every case that this is a bad call?

MICHAEL RUDOLPH: Not, not-- I mean, not in the case of every call, no.

DeBOER: But there would be some cases where they would know, you think?

MICHAEL RUDOLPH: Yeah, I mean, if you're in the call path and you are carrying a call that I would say is like a priority one call or a priority two call in terms of consumer harm, and resources are being applied by the current ecosystem to understand where those calls are originating from, you would be notified that you're, you're one of the enablers of that call.

DeBOER: And that U.S. Telecom is the one that would notify you?

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MICHAEL RUDOLPH: Yes, yeah.

DeBOER: And is that in the industry pretty well known, that, that--

MICHAEL RUDOLPH: Yes, it's very well-known in telecom.

DeBOER: --they're sort of the--

MICHAEL RUDOLPH: Yeah, so you are federally mandated to respond to requests from the traceback group within, I think it's 24 hours, well I'll ask Paul. I think it's 24 hours you have to respond to that. So when it lands on your doorstep as a telecom, you have get on that as a priority and say here's where I got the call from, so you could advance that chain of discovery as fast as possible. You eventually get to some telecoms who are colluding with the threat actor, who just don't respond and they don't know that they're supposed to respond.

DeBOER: And what happens to them?

MICHAEL RUDOLPH: They-- so the FCC used to release a quarterly transparency report that would show all these attempts of calls that would trace and the calls that were non-responsive. And there you would have the telecoms who just did not participate.

DeBOER: So we just get mad at them, but don't do anything?

MICHAEL RUDOLPH: So, I mean, eventually some of those lead to FCC cease and desist letter. And then usually at this point, because the shell companies these days, you could spin them up in an afternoon with very little capital outlay. Once the light's kind of on you, you would just create a new entity that's not discovered yet. So most of the shell telecoms can move very, very quickly, right? Which is why a lot of discussion here is about, well, it's not the shell telecom that we can hold accountable because they're going to reinvent themselves, it's somebody who's not even in the country. It's the beachhead they keep finding in the U.S. telecom network that keeps assisting the same exact shell companies that needs to have some accountability.

DeBOER: About-- do you have any sense of about how often this shell company stuff is churning, like about how frequent are they turning through the--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MICHAEL RUDOLPH: I'll see dozens per month, like Mr. Benda testified earlier, there's one I saw spin up in January. The company didn't exist in December, and they're responsible for about half a billion calls to Americans. This is a company that has no background at all. And so it's-- that's just no plausible explanation for how a company can spring into existence in 45 days and have permission and consent to call half a billion people.

BRANDT: Other questions? I see none. Thank you.

MICHAEL RUDOLPH: All right, thank you. Thank you for your time.

BRANDT: Next proponent. Welcome.

KRISTY BARTAK: Thank you. Good afternoon, members of the Transportation and Telecommunications Committee. For the record, my name is Kristy Bartak, K-r-i-s-t-y B-a-r-t-a-k. I am the chief financial officer of Nebraska State Bank and Trust Company in Broken Bow, and I am here today in support of LB1082. Thank you for the opportunity to testify. I've worked in the banking industry for 20 years, and I have never seen a greater increase in fraud than the past few years. This matters to Nebraskans because unwanted and fraudulent calls are not just a nuisance, they're a serious consumer protection issue. Families across our state receive scam calls impersonating banks, healthcare providers, and even government agencies, eroding customer trust. LB1082 helps address this problem. I would like to share a brief example from our bank. A long-standing customer in her 70s came in to withdraw \$30,000, an unusual transaction for her. She said the money was being-- was for work being done on her ranch. Three business days later, she returned to close her certificate of deposit, paid an early withdrawal penalty, and withdrew another \$30,000 in cash, despite repeated questioning and concern from our staff. The next day she returned and told us she believed she had been scammed. She had received a call on her home phone with no caller ID from someone claiming to be with the U.S. Marshals Service who told her her money was about to be frozen and that she needed to remove it from the bank to keep it safe. The call was convincing and frightening. And she followed the caller's instructions, even after employees' attempt to intervene. In the weeks that followed, she was distraught and deeply embarrassed. She questioned whether life was worth living after her experience. Our staff not only was helping her report the fraud, but our new role was also helping her emotionally. This is a clear example

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

of how effective caller ID spoofing can override even careful banking safeguards. Telecommunications providers must share responsibility in preventing these calls from getting through in the first place. Another common issue is bank impersonation through spoofed calls and text messages. Virtually every bank in Nebraska has had its phone number spoofed. Text message spoofing, known as "smishing," occurs when customers receive messages that appear to come from their bank about suspicious activity. In November 2025, the Omaha World-Herald reported \$45,000 in losses within three financial institutions due to a single smishing campaign. In closing, LB1082 is a reasonable, targeted, and timely response to a growing problem affecting nearly every Nebraskan. For these reasons, I respectfully urge the committee to advance LB1082. Thank you for your time, and I would be happy to answer any questions.

BRANDT: Let's see what we've got. Questions? I see none. Thank you. Thank you for coming down today all the way from Broken Bow. Next proponent.

ANGIE SCHREINER: Good afternoon, members of the Transportation and Telecommunications Committee. My name is Angie Schreiner, A-n-g-i-e S-c-h-r-e-i-n-e-r. I am here today on behalf of Liberty First Credit Union as their senior vice president of marketing. I appreciate the opportunity to testify today in support of LB1082. I represent a credit union that serves over 35,000 members across Nebraska, many of home-- whom we've known and served for decades. Credit unions are built on trust. Our members are not merely customers, but they're member-owners. That close relationship is, is a strength. But unfortunately, fraudsters are leveraging that trust through various communication channels. We see a growing number of impersonation and phishing scams where bad actors pose as credit union employees, executives, or trusted authorities. These scams rely on familiarity, urgency, and trust. And they work. I want to briefly share a real example from our own organization. If I have time, I'll share two. Recently, an employee, just on his third day of employment, received a text message that appeared to come from our CEO. The message said the CEO was in a meeting and urgently needed help purchasing gift cards. The employee was instructed to buy four \$500 gift cards from two different businesses. Believing the message was legitimate and wanting to be helpful, the employee used his personal funds to complete the request. What followed was more than a month of effort trying to recover the money, coordinating with retailers and law enforcement

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

with no guarantee of success. This was a well-crafted impersonation scam, and it worked on someone who had no reason to be suspicious of the phone number. When members see a familiar name or phone number, their instinct is to trust it. Because historically, that trust has been earned. Just a few days ago, we had a member in one of our branches visiting with a loan officer. They got a phone num-- a phone call on their mobile device from our phone number. Our director of security and operations was in there. They put them on speaker. They were claiming to be from our fraud department. They were not our fraud department. The-- but it was our phone number. They questioned the fraudster on this, and within 30 seconds of being questioned, they hung up. Just another example of how they're using numbers to fraud, take our members for their money. From the credit union perspective, we invest heavily in fraud monitoring, member education, and support. But legislation like LB1082 helps placing-- place a clear duty on tele-- telecommunication providers to protect subscribers from unwanted communications. And to reduce fraudulent caller identification that enables these scams. On behalf of the credit union and our members, I urge you to advance LB1082. This bill will help protect Nebraskans from fraud, safeguard trusted relationships, and reduce the harm caused by impersonation scams. Thank you for your time and consideration. I'd be happy to answer any questions.

BRANDT: Let's see what we've got. Questions? Senator DeBoer.

DeBOER: Hi, welcome.

ANGIE SCHREINER: Thank you.

DeBOER: So with a, I'm less familiar with credit unions than I am with banks.

ANGIE SCHREINER: OK.

DeBOER: Preface that. When there is an instance of fraud, are you required to sort of help your customer out, or is that something that you do just on your own volition, or do you not sort of reimburse them when they get defrauded? Or how does that work?

ANGIE SCHREINER: Credit unions operate very similar to a bank. We have the same structure, the difference is a credit union is insured by FD-- FDIC, a credit union is insured by NCUA. All regulations, all

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

statutes, everything that say protect your member from fraud applies to credit unions as well.

DeBOER: So you are required by federal law to protect your--

ANGIE SCHREINER: Yep.

DeBOER: So if someone gets defrauded, and this just happened to my nephew who just moved to Boston, and they called and said it was-- they were from the bank. And luckily it didn't go through, but he would have lost more money than rent for several months. When that happened-- but they caught it in that situation. Let's say you don't catch it. What happens to the consumer in the situation where you don't catch it and they lose however much money?

ANGIE SCHREINER: The consumer can dispute, and then we give them advance to cover for a certain amount of time. And we work with them to try to notify police and other regulation-- other entities that can help with that.

DeBOER: And they may still just be out their money?

ANGIE SCHREINER: They may still be out their money.

DeBOER: All right. Thank you so much.

ANGIE SCHREINER: Yes, thank you.

BRANDT: Other questions? Sorry about that, I got a spoof call from somebody called Senator DeKay.

GUERECA: Definitely fraud.

BRANDT: Yeah, definitely a fraud. Thank you for your testimony. Next proponent. Yeah, yeah, that's what we ought to do, is outlaw gift cards. Welcome.

MICHAEL DeCHELLIS: Thank you, my name is Michael DeCellis, M-i-c-h-a-e-l, last name D-e-C-h-e-l-l-i-s. I am a financial crimes investigator with the Douglas County Sheriff's Office here to testify in support. Obviously you've had some technical experts here on how the fraud happens. I'll just give you three noteworthy examples of times when spoof calls have cost Nebraskan individuals or businesses money. 2024, we've all heard of the warrant scams that are coming from

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

the finest citizens of Georgia, mostly speaking. We had an elderly man in Waterloo who-- saw a Douglas County sheriff spoofed on his phone, was told he had a warrant for missing jury duty. And a month later, he was out \$524,000 that went to a significant number of people in the Atlanta area through complicated means. Last year, a gentleman named Jordan Janvier took two or three flights to Omaha while his counterparts in north Miami used spoofed phone numbers to impersonate three different financial institutions based in Nebraska. I believe it was around \$37,000 later we identified him, got a warrant, got him extradited at great expense to the county. He's currently sitting in Douglas County Corrections. And just two weeks ago, a woman in her seventies was brought into our office, had been looking for help with her computer. Through complicated means, ended up communicating with somebody whose caller ID told her he worked for Microsoft, he was using the name of a real Microsoft employee. She Googled the phone number, did all the things that we would normally do to verify that the person we're talking to is the person they claim that they are. So over the past year, that individual had guided her in what she believed was cryptocurrency investment, and she's lost over a million dollars of her life savings. Which is not something you recover from in your mid-seventies financially. So those are just three examples. I have a ton of them, but those are some noteworthy ones. You got, obviously the, the committee is aware of the seriousness of the problem. So I won't belabor the point.

BRANDT: OK, let's see what we've got for questions. I've got one. So this thing, you know, we've got some great safeguards, but it's just, it's kind of like the Legislature in that technology is always ahead of us. And it seems like the safeguards are always chasing the latest thing and, and I don't know if they've got better hackers than, than we've got, or what's going on. With all the, you now, this thing isn't growing arithmetically two, four, six, eight. It's exponential. I mean, I almost expect on my phone, I just assume it's a scam, you know? I'm sorry, but, and if I hear the word either crypto or gift card, it is a scam. So how do we-- how do you tell the public to protect themselves?

MICHAEL DeCHELLIS: So at the sheriff's office, we do a lot of public education. I go and talk to people in old folks' homes, et cetera. You can't educate your way out of this problem. You need to build systemic fixes. I'll give you one example. Last year, the banking and finance committee passed a Bitcoin ATM regulation law. Our agency, the losses

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

that we've seen from victims from 2024 to 2025 fell 80, 81%. So that regulation over an industry that was not doing what they were supposed to be doing for their users was extremely effective. I think that based upon the technical expertise of the, the prior testifiers, what I'm hearing here is very similar to what I was just in another committee talking about, some regulations for advertising, scam advertisements from social media companies. They're aware of what they're doing in promoting fraud, but they have a \$16 million-- or I'm sorry, a \$16 billion-per-year profit motive to pretend it's not happening and do just enough to claim that they're not responsible for it. And I think that the testimony that we've heard earlier would tell you that the broader telecom ecosystem can do more and should do more. And I think that this law promotes that goal and gives them a reason to choose doing the right thing over making money.

BRANDT: OK. Senator DeBoer.

DeBOER: How often are you able to find who is the sort of bad actor? Like, percent-- because that's your job, right? So--

MICHAEL DeCHELLIS: Yes, so I can tell you that spoof phone numbers are a complete dead end for me. When we do make arrests, whether they be someone on the other side of the country, or even if we are lucky enough to identify the person in India who is, let's say, who is doing a particular fraud, obviously we can't go and arrest them. That's through following the money. The phone numbers themselves, if it is being spoofed, there's absolutely nothing I can do as law enforcement to get to the originator of that call.

DeBOER: So basically, the criminal aspect of enforcement is kind of out. Like we just, we're not going to be very successful at getting these folks with-- through the criminal justice system.

MICHAEL DeCHELLIS: Yeah. The gentleman who was in the spoofing campaign, and by the way, I handle five or six of those a year. This one was unique in that we were able to get enough cell phone data, not from the numbers, but from tower records to verify that our visual identification of this person was correct and get him extradited. That's the exception, not the rule. And it's expensive, it's time-consuming. So you need systemic problems. Because understand that individual is not a tech genius. He is-- he and his eight known co-conspirators in north Miami, who I cannot extradite to Nebraska,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

because they never came here and committed an actual in-person crime, and there's hundreds of them in Miami, by the way. But these are not geniuses. These are people who paid \$4.99 or \$15.99 or whatever the particular ask is to download an app that let them pretend to be credit union X, Y, Z, bank X, right? They're not geniuses. They're dishonest people who are exploiting the fact that it's possible to do this by just downloading an app and paying a small fee.

DeBOER: And they're very rarely-- like you would very rarely finding-- find them working in Nebraska if they're personally located in Nebraska, is that right? Or--

MICHAEL DeCHELLIS: Yes, the--

DeBOER: --are they not genius enough to even figure out that maybe that's not a good plan?

MICHAEL DeCHELLIS: So with the bank smishing, the reason that they send somebody to Nebraska is because once they've convinced you that they're a representative of your credit union, you give them all the information that they ask for, they then digitally link your debit card to his phone that he's using. Because the bank-- the credit union looks at that and says, well, these are all local transactions. Yeah, she's spending a lot, but it's not like it's in Florida, right. It's here in her hometown. And so that allows them to maximize the amount that they can steal before the financial institut-- institution realizes that the debit card has been compromised. And that's what exposes that one individual to criminal charges here, whereas I know who the--

DeBOER: And that's probably not--

MICHAEL DeCHELLIS: --people making the calls are--

DeBOER: That's probably not the head guy anyway.

MICHAEL DeCHELLIS: No. No.

DeBOER: That's some guy they've got something on, so they send him here.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MICHAEL DeCHELLIS: Correct, yeah. So frequently I can tell you that it's homeless drug addicts who are cashing the money orders in Florida on the other end of this.

DeBOER: OK. So criminally we're not going to be able to do it, but we appreciate you keep trying.

MICHAEL DeCHELLIS: We'll get some of them, and hopefully that's enough to convince them to go elsewhere. But it is a systemic problem and it requires a systemic government-level solution. You can't enforce your way out of a system that allows people to pretend to be something they're not.

BRANDT: All right, Senator Guereca.

GUERECA: Quick one. Thank you, Senator Brandt. Just out of curiosity, what percentage of the cases that you see are actually committed-- you can figure out the folks or stateside versus overseas?

MICHAEL DeCHELLIS: Maybe 40% U.S. And they tend to be the smaller-dollar cases. And by smaller dollar, you know, as I say, this one targeted three banks. I think he got around \$37,000 in cash or cash-equivalent. A lot of the India or southeast Asia or Africa-based ones tend to be much longer-term and targeting more vulnerable individuals for a longer period of time. And so, you know, that's when you get the hundreds of thousands, the millions of dollars lost at a time. Yeah, the U.S.-based ones are not uncommon. They just don't go on for as long, and they don't generally have the same dollar loss.

GUERECA: So they're 40% of the total scams, but not 40% of the losses.

MICHAEL DeCHELLIS: That's a rough, I mean, that's a very rough guess on my part.

GUERECA: Sure, yeah, yeah, yeah.

MICHAEL DeCHELLIS: Because we don't categorize them in that way. But basically, yes, I'll work a scam until I get an IP address that tells me it's out of Lagos, Nigeria.

GUERECA: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

MICHAEL DeCHELLIS: And then it's not a good use of my time beyond that point.

GUERECA: Thank you, sir.

MICHAEL DeCHELLIS: Yes.

BRANDT: Well, I see no other questions. Thank you for your testimony. Next proponent.

SARAH BROWN: Hi. Members of the Transportation and Telecommunications Committee, my name is Sarah Brown, that's S-a-r-a-h, Brown like the color, B-r-o-w-n, here today as a volunteer in support of LB1082 on behalf of AARP in Nebraska. So I'm not a money institution. I have been actively involved in fraud prevention work with AARP, including efforts addressing cryptocurrency and online fraud in Lincoln. Every day, older Nebraskans are being targeted by increasingly-sophisticated phone-based fraud. One of the most harmful tools used by scammers is spoofing, the ability to disguise a phone number or caller ID as it appears to come from a trusted source. Spoofing makes fraudulent calls look legitimate, and older adults are disproportionately harmed because scammers exploit trust, urgency and rapidly-changing technology that can be difficult to navigate. Lots of your discussion was difficult for us to follow. At AARP's Fraud Watch Network, we hear from Nebraskans across the state who were drawn into scams that began with a spoof call. These calls often appear to come from law enforcement, Social Security, Medicare, a bank, a utility company, or a far-- or even a familiar local number. When a caller ID appears trustworthy, older adults are far more likely to answer and far, far more like to believe what they are told. Once that trust is established, criminals can pressure victims into handing over personal information, money, or remote access to their devices. In fact, my own husband one time sitting at home received a phone call from himself. He then worried afterwards, where was I, that I was maybe in trouble. It wasn't from me. The data shows just how serious this problem can become. Reports from the Federal Trade Commission reveal a far-- a more fourfold increase since 2020 in older adults losing over \$10,000 to impersonation scams from many losing their entire life savings. Losses over \$100,000 have skyrocketed from \$55 million in 2020 to \$445 million in 2024. Nationally, phishing and spoofing were the most reported cyber crimes in 2024, affecting nearly 193,000 people. Globally, nearly 2 million phishing attacks occurred with a 182%

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

increase since 2021. It's evolving, becoming more technologically advanced every year. LB1082 is a proactive, targeted response to this escalating threat. By aligning Nebraska's definition of the national amer-- excuse me, the North American Numbering Plan with federal standards, the bill strengthens our ability to enforce caller identification requirements and ensure telecommunications carrier block unauthenticated or falsified calls before they ever reach. Thank you for your attention, and I would ask for your support.

BALLARD: Thank you, Ms. Brown. Are there any questions? Seeing none, thank you for your testimony.

SARAH BROWN: Thank you for your time.

BALLARD: I appreciate it. Next proponent to LB1082. Seeing none, anyone in opposition to LB1082?

PAT McELROY: Good afternoon, everyone. My name is Pat McElroy, P-a-t M-c--E-l-r-o-y, and I am the CEO of Northeast Nebraska Telephone Company in Jackson, Nebraska. I'm here today on behalf of the Nebraska Advocacy Group, a group of 10 local telecom providers. And I stand in opposition to LB1082. Our companies share the goal of protecting consumers from unwanted calls, scams, texts, fraudulent caller ID information. These practices harm customers, erode trust in the communications network, and disproportionately affect rural and elderly populations. This is an issue we take very seriously. I'm passing around a letter from one of our company consultants with the information about the numerous federal laws and rules we are already under regarding this issue. LB1082 goes beyond these federal-level laws and rules, and places a statutory duty on telecommunications providers that cannot be fully met with today's network realities, and particular-- particularly in rural America, the risk creating an unworkable standard at the state level for a problem that is fundamentally national and international in scope. Much of Nebraska's telecommunication infrastructure is not yet fully IP-based across all networks. Until networks are end-to-end IP, providers cannot universally authenticate North American numbering plan numbers and reliably block unauthorized traffic without risking the unintended blocking of a legitimate call. That limitation is not a lack of effort or investment, it's a technical constraint that exists across the country. Despite those challenges, many companies like ours invest extra dollars to protect our customers. We pay for additional layers

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

of technology to help protect our customers from scam and spoof calls. These solutions are expensive, particularly for small rural providers, but we believe they are worth the investment to serve our communities responsibly. At the same time, we have been actively engaged in the federal level for at least the past six years, working with the FCC on implementing a call authentication protocol called STIR/SHAKEN. This protocol that we pay for each month guarantees that any call originated from network is legitimate and certified. This work is ongoing because the vast majority of fraudulent calls originate outside the United States and outside the jurisdiction of any single state. LB1082 attempts to solve a global and interstate problem through a state-level mandate. We are concerned this approach risks exposing Nebraska providers, especially small rural telephone companies, to compliance obligations they cannot fully control, even when acting in good faith and making a significant investment. For that reason, while we support the intent behind LB1082, we respectfully oppose the bill as drafted and urge the community to allow this issue to continue to be addressed at the FCC and federal enforcement mechanisms. Thank you for your time. I'd be happy to answer any questions.

BALLARD: Thanks for your testimony. Are there any questions? Senator Fredrickson.

FREDRICKSON: Thank you, Vice Chair. Thank you for your testimony, for being here. So I'm just, I'm digesting everything you said. Am I to understand correctly that, are you saying essentially, that even if this bill were to pass, or if this bill were pass, that the ability to prevent or stop these things like in your own network is outside of your jurisdiction? Can you share more about that?

PAT McELROY: Unless I block every call that doesn't have the proper tagline identifier, that'd be the only method we would have. We don't have a method to stop it.

FREDRICKSON: So educate me a bit on tagline identifiers. Like, if you were to block every call that does not have that. Like, who would you be inadvertently [INAUDIBLE]?

PAT McELROY: Well, every call in Nebraska mostly times has it trip because it has to come through a tandem, the tandem switch today, which is nothing you guys would know. But a tandem switch is how we

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

get our traffic into our exch-- our telephone customers. And it comes from, in our case, CenturyLink up by Norfolk or out of Sioux City or Windstream down in Lincoln. So at those levels then, whatever identification-- identifiers are on the call, that's all that we can pass along.

FREDRICKSON: And the identifiers that get on them from that point are out of your control?

PAT McELROY: Out of our control. So if you look at it, every call, we've invested the money to do stir-shaking. We're federally compliant with everything we're supposed to do. And I, I would bet that most small companies in Nebraska are. With that, every time a phone call is placed from our switch, it goes and does a data dip into a national database that checks that number, and that number belongs to our switch. And then it sends it out as valid. So that goes across the system with that identifier on it. That's the STIR side of the occasion. What they're having trouble implementing is the SHAKEN side, where I can see that call come in and I can see it and I can go data-dip it back. They don't have that in place today, so.

FREDRICKSON: OK, so if this were to pass, what I'm hearing you say is that--

PAT McELROY: What would I do?

FREDRICKSON: You would-- there's no way for you to actually do this.

PAT McELROY: It's like a DoorDash driver getting bagged groceries and giving it to you. Is he liable? What's he, what's he to do? I mean, he just picked up the package, and he delivered it. So--

FREDRICKSON: OK.

PAT McELROY: So but if we block the calls, we risk something coming in that, you know, say-- or it does originate legally in a foreign land, then, then we-- the network isn't really very valid.

FREDRICKSON: So in other words, if there was an international call coming in that is valid, right, family, whatever it might be, friend, you would risk potentially blocking those folks from being able to--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

PAT McELROY: Yeah, then the whole network gets less valuable, in essence.

FREDRICKSON: All right. Thank you.

BALLARD: Thank you, Senator Fredrickson. Senator DeBoer.

DeBOER: Thank you. Do you block some calls right now as part of your fraud? Do you black any calls?

PAT McELROY: No, we block originators coming out, but we don't block any coming in.

DeBOER: Explain the difference between originators and calls to me.

PAT McELROY: We'll-- we will see-- so like in our network, if someone gets a virus, OK, and in essence it will sometimes make their computer spoof out--

DeBOER: A million calls.

PAT McELROY: And we'll stop them.

DeBOER: So you'll stop, you'll cut that off.

PAT McELROY: Yeah.

DeBOER: So you do block some calls.

PAT McELROY: Originating calls.

DeBOER: Do you ever block calls just because the information about that call suggests that it might be from a fraudulent company or might have been spoofed?

PAT McELROY: No, we block calls when generally we'll put a telemarketer call screening on a line if, if oftentimes it's elderly people, we'll work with their--

DeBOER: What does that look like?

PAT McELROY: --their children. You have to-- if a customer tries to call an elderly person, they have to go through and hit some identifier that they're human, you know, that--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: OK.

PAT McELROY: --press 1-0 and record your number so that the person can answer the call.

DeBOER: OK. You heard me talking to the testifiers earlier, and I was talking about being down the stream. You're company G, right? Like you're down at the end.

PAT McELROY: Yeah, yeah.

DeBOER: Do you have an ability through the U.S. Telecom or whatever to understand bad originators, right, these, these stood up briefly, maybe-they-don't-last-very-long companies that is being fed to you as, hey, these are bad guys. Let's not put them through. Do you have that information?

PAT McELROY: We don't. What we have, like they, they referenced, you might get a call-trace request, which we do respond to within 24 hours.

DeBOER: OK.

PAT McELROY: But that's, we, we rarely get those. I mean, because--

DeBOER: But you don't have-- you don't participate in a trade organization or anybody who provides the information about these suspect companies?

PAT McELROY: I think it's-- in our call-mitigation plan, it's implemented by the FCC. It's the ITG group with the FCC, and that's where we see it, so. Excuse me.

DeBOER: So if a company, let's say you did get information that a company was a spoofing company and they're spoofing things, would you-- first of all, how would you get that information? Let's say, how do you think that information might come to you?

PAT McELROY: This is hypothetical, but it, it would probably come from an FCC ITG group.

DeBOER: That be communicated to you via email or phone call or something.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

PAT McELROY: Yeah, and they'd call us and say, you know, watch this number, watch this, you know, we think this is suspicious and we would trace it, so.

DeBOER: And how would you-- do you have the technology to filter that? So if you, if you get told, we think this group is kind of suspect, do you the ability to filter those calls out?

PAT McELROY: I think our only ability would be probably to do what I discussed earlier, put a telemarketer call-screening on, on a customer's line, and that's probably the only feature that we could do that would stop it.

DeBOER: So if a whole-- so company A is the bad spoofing actor, you're down here at G, somebody somehow communicates to you that A is a problem. You can identify which calls are originating from A?

PAT McELROY: No.

DeBOER: You can only, as G, you can only--

PAT McELROY: Terminate the call that I get from the tandem in Norfolk.

DeBOER: So that's maybe not the question I'm asking, which I'm not asking well, so that explains it.

PAT McELROY: Well, I--

DeBOER: If you've got company A and goes through the path--

PAT McELROY: Yeah.

DeBOER: --do you know which ones are originating with that spoof company A?

PAT McELROY: No. If, if-- well, first of all, think of the phone network as a worldwide network, OK? So there are all these standards for the last 70 years, OK? So you want-- everybody wants to move to IP, and that's what cell networks have an advantage over us, because they're young, and they're, they only use IP. We don't.

DeBOER: IP? Internet provider?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

PAT McELROY: Internet protocol, so all they see are dots and dashes and ones and zeros, OK? We as a public switch telephone network accept calls from every source, so we don't have the luxury of saying that, that we only, you know? And when they come from every resource that means that if you're gonna play a game on American consumers, you would enter the market through some sort of old tandem switch that's outside of our network where it would strip off all the, the IP identifiers on the backside of the call, and that terminates into our network.

DeBOER: And how many-- like, are there--

PAT McELROY: Now that's as I understand it, I'm, I'm just a manager in a small phone company in Jackson, Nebraska, so.

DeBOER: Are there a good number of these tandem switches that are basically stripping them off that are still in existence?

PAT McELROY: Yeah, nationwide, they're everywhere. Because there's never been a-- what you have is all the 18-- all the old Bell operating companies.

DeBOER: Yeah, yeah.

PAT McELROY: And if there isn't an FCC program to incentivize them to get there out of their network, they're not going to do it. I mean, it doesn't bring them any more revenue, so.

DeBOER: Who runs, who runs the tandem switches?

PAT McELROY: The former Bell operating companies. So like CenturyLink or Lumen, now, whatever they are this month.

DeBOER: Yeah, whatever they are.

PAT McELROY: Yeah. But they're all Northwestern Bell originally, and they were all-- those were where they were set up. Now, there can be other tandem switching operators that can infiltrate the network also, but that's a whole 'nother--

DeBOER: Sorry, just a second, I want to write down.

PAT McELROY: But my point on all of this is, if this was implemented today, I don't know, unless it's written somewhere from the Public

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

Service Commission, what else I could do. What, what do you want me to do? I mean, I would assume I would just file my call mitigation plan, everything I filed with the FCC with Public Service Commission. I don't know how the enforcement happens in Nebraska.

DeBOER: Since, since they're being sort of washed through these tandem switches, you don't have the information that would tell you whether it's a good call or a bad call?

PAT McELROY: No.

DeBOER: Is that correct?

PAT McELROY: Correct.

DeBOER: OK, thank you.

BALLARD: Thank you--

PAT McELROY: Hope that helps.

BALLARD: Senator DeBoer. Any additional questions? Seeing none, thank you for your testimony.

PAT McELROY: Thank you, Senator. Yeah.

BALLARD: Appreciate it. Thanks. Good afternoon.

TIP O'NEILL: Vice Chair Ballard, members of the Transportation and Telecommunications Committee, sorry I testified against your bill last one. My name is Tip O'Neill, spelled T-i-p O-'-N-e-i-l-l, and I'm president of the Nebraska Telecommunications Association. The NTA represents 20 companies providing broadband and landline telecommunication services in Nebraska. We oppose LB1082. NTA companies and their partners participate in national discussions and dockets led by the Federal Communications Commission, and are committed to protecting customers through a layered robocall-mitigation framework that combines STIR/SHAKEN with analytics, traceback blocking, and enforcement. Our companies are highly regulated at the federal level. The voice ecosystem is extraordinarily complex and involves originating, intermediate, and terminating providers, as well as analytics vendors, branding providers, standards bodies, device manufacturers, operating systems,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

and applications developers. Each of those entities may play a different role in generating, transmitting, validating, or displaying caller identity information. And no single participant controls the full lifecycle of that information from call origination to the consumer, her response to the call or text message. Caller identity information does not move through a single linear path, and responsibilities are often distributed across multiple parties with distinct technical capabilities. A statutory duty to protect under Nebraska law, as used in LB1082, is currently only defined for mental health professionals, who have a duty to warn of threats made by patients to cause physical harm to another person, and to those who work in child and adult protective services, where there is a duty to report abuse or neglect. That duty to protect should not extend to telecommunications companies who provide service to customers. Our industry can attest to the telephone number and the authority of the originating provider to use that number. It cannot attest to the identity, intent, or lawfulness of the caller. We continue to collaborate with our partners and regulators at the federal level to determine the best ways to stop unscrupulous businesses and people from taking advantage of consumers using telecommunications services. We are happy to work with our business partners in the financial industry to advise and educate Nebraska consumers to protect them from fraudulent communications. And going forward, I hope, I hope we can do a, a pilot project or something like that with, with the-- to get better at it, you know. I'd be happy to answer any questions you might have.

BALLARD: Thank you, Mr. O'Neill. Senator DeBoer.

DeBOER: Shocking that I have a question. Thank you for being here. So, Tip, it sounds to me like this, this duty is kind of describing something like a fiduciary duty without putting that specifically in the bill, which I think you probably are pretty glad about. So you've heard that there are Nebraskans getting defrauded.

TIP O'NEILL: Mm-hmm.

DeBOER: It's a problem. We'd like to fix it.

TIP O'NEILL: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: You've heard that there are resources available that could tell you this is a suspect company. Can you all do a better job of providing that resource-- using that resource-- OK, here's this spoofing company, they've sent a bunch of calls out. Can you-all have a mechanism, technologically, that would prevent those spoofed calls from going through? Can you stop it?

TIP O'NEILL: Well, not, not if, not if-- again, you've got the crooks and then you've got the tele-- the originating provider, who, who in this situation is generally also a crook, OK?

DeBOER: Yes, that's what we're saying. That's company A, my crooked spoofing company.

TIP O'NEILL: So once, once they-- we haven't figured out, once they attest that that, that that, that phone call or whatever we call it, whatever we call it, that communication is an A provider, it goes through unfettered.

DeBOER: But so here's my question. If we know that company A is a problem, right, because they're a spoofing company, that's the whole purpose of company A is to spoof phone numbers, to assist the crooks and the fraud. They're like the secondary crooks. Is there a way that you could, upon receiving that information from some source, the FCC, something, tells you that this is a, a problem, can you all identify which calls are originating from that company, a spoofing company? Or does it get lost through these tandem switches you, you heard about?

TIP O'NEILL: I am, I am not certain of the answer to that question. I'd have to, I'd have to find out.

DeBOER: How do I find someone who can speak to the technical aspects, because I'm looking at who's left to testify. And I think they're great testifiers, but I'm not sure if they have the technical--

TIP O'NEILL: No, I--

DeBOER: The technical guy isn't in the room. I'm saying like the technical guy.

TIP O'NEILL: No, I, I-- yeah, I understand.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: How do I get the technical guy in the room?

TIP O'NEILL: I think probably tod--

DeBOER: Nobody wants to be the technical--

TIP O'NEILL: Yeah, we actually have a technical person in the, in the--

DeBOER: There is a technical person who's coming up.

TIP O'NEILL: Yes.

DeBOER: OK. Thank you. That's important to know.

TIP O'NEILL: OK.

DeBOER: But Tip, you understand we've got to do something about these problems, right? Like, there's something that we've gotta do.

TIP O'NEILL: Yeah.

DeBOER: It can't just be the banks that are trying to do this.

TIP O'NEILL: No, I, and--

DeBOER: I understand that you all have put some things in place, but you're probably in a better position than the banks to figure out which ones are the problem calls and which ones aren't, wouldn't you agree?

TIP O'NEILL: I, I, I think the solution is going to have to be at the federal level and not a state-level solution, is my opinion. That really is, because-- and again, there's an open docket right now on how to resolve, you know, issues in, in robocalls and these fraudulent calls. In fact, the, you know, our national organizations have just recently filed comments, including the American Bankers Association, just filed comments on that docket, so.

DeBOER: So maybe not this bill, maybe not this way. But if not this bill and if not this way, what's the way? Can I create a private cause of action that would have a knew or should-have-known standard in it that, yes, it would expose you to liability in a few instances but maybe not in every instance, or maybe not in instances where your

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

folks just don't have the information because it went through a tandem switch?

TIP O'NEILL: Well, in order, I mean there, there certainly would have to be a safe harbor sort of provision in that. I mean--

DeBOER: Safe harbor for?

TIP O'NEILL: For a company for complying with, with, with the appropriate regulations. I mean, what can we do other than comply with STIR/SHAKEN at this point? Otherwise, it's a strict liability standard.

DeBOER: Yeah, OK. OK. Thank you.

BALLARD: Thank you, Senator DeBoer. Additional questions? Senator DeBoer took all mine. Thank you. Appreciate it.

DeBOER: Oh, here's our technical guy.

KEN SCHILZ: That's right, watch out. Watch out. Good afternoon, Vice Chair Ballard and members of the committee. My name is Ken Schilz, K-e-n S-c-h-i-l-z, and I appear on behalf of Uniti Group Kinetic, Lumen, who are both telecommunication providers serving Nebraska households, businesses, and public institutions. And U.S. Telecom as well, a trade association that represents the interests of the country's telecommunications industries. Member companies represent a diverse set of communications-related businesses, including those that provide wireless, internet, cable, television, long-distance, local exchange, and voice service. Trent Fellers, Uniti's VP of government affairs, was set to testify on this bill, however he was unable to be here this evening. We share your goal of protecting consumers from [INAUDIBLE] and fraudulent communications. However, we respectfully oppose the bill as drafted because it imposes unidentified, conflicting, and impractical duty that will unintentionally harm legitimate communications and public safety. One of, one of the issues is overblocking will harm consumers, businesses, and public safety. A blanket duty to block unauth-- unauthenticated traffic will sweep in legitimate calls and texts from hospitals, schools, banks, utilities, alarm systems, and emergency notification services that traverse networks without full attestation. Many critical one-time passcodes, fraud alerts, prescription reminders, and appointment notifications travel via A2P channels, 10 DELC shortcode toll-free that use

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

brand-vetting rather than number-level authentication. Many legal calls necessarily will traverse networks without full attestation due to TDM legacy copper technology. The predictable result is dropped or delayed communications when people need them most, during medical events, severe weather, and urgent fraud, fraud prevention, undermining consumer protection and trust. So in addition, we have proposed to the Nebraska Bankers Association and Senator Storer a solution to run a pilot program with the Industry Traceback Group. The Industry Traceback Group, ITG, which was established and is led by U.S. Telecom, the Broadband Association, is the FCC-designated industry-led consortium responsible for conducting traceback investigations of illegal and fraudulent voice traffic in the United States. For more than a decade, the ITG has worked across the voice ecosystem, impersonation call providers, law enforcement, and enterprise partners to identify the source of scam and impersonation calls, and to support rapid mitigation and enforcement act. To date, the ITG has conducted tens of thousands of tracebacks, and its work serves as a primary data source for federal and state enforcement agencies. The ITG already works with some of the largest U.S. Banks supporting investigations of the impersonation scams and related fraud campaigns. Those growing partnerships have demonstrated that structured traceback collaboration can materially improve both disruption of active scams and investigative outcomes. With the ITG, there is a great potential to find ways to work for broader engagement with the regional and community banks, which requires a coordinated, collective framework to be both efficient and effective. Short-term, three-month proof-of-concept pilot with the Nebraska Bankers Association provides an opportunity to test exactly that kind of coordinated framework. By operating through an association-led or designated point of coordination, the pilot would enable the ITG to extend the capabilities already used by the largest banks to regional, smaller, and community institutions in a structured way and scalable way, while assessing whether this model delivers meaningful investigative and mitigating value. In doing so, Nebraska and the NBA would also demonstrate leadership in developing an approach that can inform similar efforts by other associations and in other states or at a national level. Just one more thought. This pilot could position the Nebraska Bankers' Association as a leader in developing a coordinated multi-bank approach to addressing bank impersonation fraud, leveraging the ITG's established capabilities to support banks of all sizes. So please let the private sector try to work on this issue and do not

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

advance LB1082. Let's let the industry work on some partnership. And I'm happy to take questions, however, Senator DeBoer, as you will know, I will forward those all on to Mr. Fellers for you. Thank you.

BALLARD: Thank you, Mr. Schilz. Any questions, even though we went over time?

KEN SCHILZ: Yeah.

BALLARD: Thank you. I appreciate it.

KEN SCHILZ: Appreciate it, yeah.

BALLARD: Next opponent to LB1082. Good evening.

ANDREW VINTON: Good evening, Vice Chair Ballard, members of the committee. For the record, my name is Andrew Vinton, that's spelled A-n-d-r-e-w V-i-n-t-o-n, I'm the director of legal and regulatory affairs for Allo Communications, here today in opposition of LB1082. Allo is the largest nebraska-based and headquartered telecommunications company. Our 100% fiber networks pass over 600,000 nebraskans across our 30 fully-fiber communities. Rather than-- I'm passing out some testimony. Rather than repeat the points made by the previous three testifiers, Mr. McElroy, Mr. O'Neill, and Mr. Schilz, I think I'll summarize my statements by saying that we believe this bill is extremely important, well-intentioned. This is a, a legitimate issue. However, as drafted, it would be impractical or impossible for most Nebraska telecommunication companies to comply due to the mismatch of both SIP and Legacy TDM network components that, that make up the Worldwide Telecommunications Network. It would create legal and regulatory uncertainty, making Nebraska a less attractive place to do business for national companies, and that these issues are, are better addressed at the federal level, as they are national and global issues, not through a state-level mandate. And that being said, we're happy and excited to have a seat at the table with the Bankers Association and other stakeholders and working groups, or to brainstorm solutions to this, this problem. I think that'll conclude my testimony. I'm also well aware of the Huskers tip off in less than an hour. But I'm happy to answer any questions.

BALLARD: 49 minutes, so. Senator DeBoer.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: Now, withstanding that, I'm still going to ask you questions.

ANDREW VINTON: Of course.

DeBOER: In part, this is a who's who of people who used to be committee council while I have served on this committee.

ANDREW VINTON: I'm a proud alumni.

DeBOER: Where's Mike Hybl? Let's get him up here too. OK, so is this just a problem with the legacy network? I mean, when we transition to off of copper, when we transition, is-- I don't know. Are the tandem switches, are those part of the old network and they're going to be replaced in time or no?

ANDREW VINTON: So my understanding is, I mean, those, those old tandem switches, Pat McElroy explained this, all part of the original Bell network, the nationwide telecommunications network. Allo is a fiber overbuilder. Our network's 100% fiber, and all of the interconnections that we make, that we initiate, we try to do through SIP. So SIP is voiceover internet, and that STIR/SHAKEN applies to all SIP-based calls, so it attaches that authentication certificate to that call. My understanding is as, as legacy providers continue to upgrade their network, continue to build fiber and continue to move towards SIP interconnection, STIR/SHAKEN will be more effective. However, I can't speak for those companies' plans or the cadence for which they'll retire those, those legacy switches.

DeBOER: And that's helpful information, but is the problem then, is the kind of scrubbing of the information happening because there are some folks that are not yet on some sort of higher technology? Or am I getting that wrong?

ANDREW VINTON: No, you're, you're correct. That is one factor. I think the other factor is a lot of these calls are initiated internationally. So there's just different components to an international call that, that allow these bad actors kind of hide their identity more effectively.

DeBOER: What does that mean, initial components? When you get a call through, there's a packet of information attached to it in my brain. Is that correct?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

ANDREW VINTON: My understanding is, if, if a call comes internationally or it comes through a TDM switch, there really isn't a packet attached to it. There's a packet attached to every SIP-based call, but those legacy calls, they don't carry that same data because it's going from an analog system over to a digital system.

DeBOER: Do you, I mean, I know that you might have a call that comes through your network, maybe there's something that starts from your network and ends up in a legacy network. Sure, that makes sense, if the person who's subscribing-- does it ever go through your network from a legacy? So it starts somewhere else, goes through the legacy and then gets to your network?

ANDREW VINTON: I'm afraid you have exhausted my technical--

DeBOER: I apologize.

ANDREW VINTON: --expertise, Senator DeBoer.

DeBOER: I apologize. I do that a lot. All right, thank you.

ANDREW VINTON: Thanks.

BALLARD: Thank you, Senator DeBoer. Any additional questions? Seeing none.

ANDREW VINTON: Thank you.

BALLARD: Thank you. Good evening.

DAYTON MURTY: Good evening. Again for the record, my name is Dayton Murty spelled D-a-y-t-o-n M-u-r-t-y. I will keep this very short because I think most of the points have already been hashed out. I'm testifying in opposition to LB 1082. In short the bill imposes a duty on carriers to monitor and block certain calls that is far broader than that is required by the FCC and, regarding a potential enforcement mechanism, comes with added risk if we are not to screen calls as effectively as a regulator might have wished. These types of issues should be handled at the FCC level and not in a state-by-state patchwork of regulation. And then I have been emailing in the back, and I would never claim to be any type of technical expert, but an alternative would be that we can carve out carriers who have certified their compliance with FCC regs. And that would help because bad actors

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

are, are not necessarily certifying they're with the FCC. And that reference is 47 CFR 64.6305, subsection (d): Certification by voice service providers in the Robocall Mitigation Database. So happy to answer any questions but, again, I'm not a technical expert.

BALLARD: Thank you, Mr. Murty. Are there any questions? Senator DeBoer?

DeBOER: I'm so sorry. Can you take me through what you just said at the end there? What is the thing that you could do? You could filter out those calls that are not originated through?

DAYTON MURTY: I didn't, I didn't get into any kind of technical how the calls originate or move.

DeBOER: Can you just say the sentence again?

DAYTON MURTY: What I'm saying is the alt-- the, the alternative would be to carve, carve out carriers who have certified their compliance with FC--

DeBOER: Carve them out for what?

DAYTON MURTY: From the language of LB1082.

DeBOER: Got it.

DAYTON MURTY: And those carriers would have certified under 47 CFR 64.6305 (d), titled Certification by voice service providers in the Robocall Mitigation Database. So I guess our, our alternative language would be--

DeBOER: So you're saying: just exclude us?

DAYTON MURTY: Well, it would be that bad actors are not certifying under the federal law. And if we have companies in Nebraska who are certified under that federal law, then to exclude them from the language of LB1082.

DeBOER: OK, thank you.

BALLARD: Thanks, Senator DeBoer. Additional questions? Seeing none, thank you for your testimony.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DAYTON MURTY: Thank you.

BALLARD: Additional opposition testimony? Seeing none, anyone in the neutral capacity?

DAN DAVIS: Good afternoon--

BALLARD: Good afternoon.

DAN DAVIS: --members of the Transportation and Telecommunications Committee. My name is Dan Davis, last name spelling D-a-v-i-s. I do not have any pre-filed testimony, by the way. I'm here to-- I was the one who sponsored a letter basically stating that the FCC already has implemented many of the provisions of the TRACED Act, which was a law that was passed in 2019, trying to address many of the issues that you are discussing here today. One of the things, I'm not a technical expert, but maybe a little bit more than some of the other testifiers here today, what I would say is that the FCC has recently, in, in a document that they put out, prepared by the Wireline Competition Bureau kind of talked about what the real issue is with STIR/SHAKEN. Basically they state that the STIR/SHAKEN framework is tied to its ubiquity. So the commission has observed that STIR/SHAKEN has beneficial network benefits in that increasing its use will help voice service providers identify calls which are with illegally spoofed caller ID information before those calls reach the subscribers. However, the fact that it's not-- that STIR/SHAKEN is not ubiquitous throughout the nation, the benefits of STIR/SHAKEN are basically not seen as it will be when IP technology is fully implemented throughout the United States. Unfortunately, that may not be for five or, you know, maybe four or five years from now. But basically, I hear a question about who's originating these calls. Well, generally it's not a telephone company that's originate a call, it's a bad actor, it's person or a company that's, that's originating the calls. But usually not a telephone company, not a telephone company in the United States.

DeBOER: OK.

BALLARD: You finished?

DAN DAVIS: Yes.

BALLARD: OK. Thank you for your testimony. Senator DeBoer?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: Shouldn't have said OK. Thank you. I just asked the pages to remove that because I cannot actually see you. So that was sort of strange. OK, so this basically is a problem of having copper still and all the kind of incumbent? If we get to the IP technology, that's going to-- is it IP?

DAN DAVIS: Yeah, IP. Yeah, IP technology, internet protocol.

DeBOER: And that's going to solve the problem, we think?

DAN DAVIS: Well, it won't. It won't necessarily solve the problem. I think I heard someone earlier say, you know, it's kind of like once the bad guy-- once you figure out one way to help solve the problem, someone else will come out and figure out how to get around it. But it will greatly enhance this-- well, STIR/SHAKEN only works if everyone in the call path has implemented IP technology and the STIR/SHAKEN network, the STIR/SHAKEN protocol.

DeBOER: Is there ever a situation where you have someone has implemented this STIR/SHAKEN, someone else, someone else, someone who hasn't, and then down the line you have a bunch of other people that have, but there was someone in the middle that interrupted it?

DAN DAVIS: Yep, once, once there's one non-IP--

DeBOER: And that happens?

DAN DAVIS: Yep-- then it doesn't work. The attestation level in the call is dropped. So if I'm in California and I call you in Nebraska, it's gonna go from a voice provider in California, let's say they're IP. They go to a tandem provider that Pat talked about, they're IP. In this case, let's say they are. And I'm a voice provider in Lincoln, Nebraska. I'm Allo, I'm IP. In that case, the STIR/SHAKEN capability can work for that entire call. And according to the statistics in some of the stuff that I've read, it appears that about 80% of all cause, all cause in the United States are STIR/SHAKEN-capable from beginning to end. But until everyone in the call path is IP-capable, then the STIR/SHAKEN technology doesn't work.

DeBOER: You said four to five years, but we know that we're not going to have built out with fiber until a lot further along.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DAN DAVIS: Probably now because there's no fiber available because they're all being used for AI infrastructure.

DeBOER: Well, and also, it's just expensive to put fiber in the ground in every place and we had the money to do it, and now we don't. So that's [INAUDIBLE].

DAN DAVIS: Well, I mean, the FCC is-- the FCC actually has an open docket on IP transition, and the FCC is trying to do what they can to push and incentivize companies to go to all IP.

DeBOER: And would that include those tandem switches that are--

DAN DAVIS: All telephone companies in the United States.

DeBOER: OK. But that's going to take a little while, and in the meantime, people are being defrauded.

DAN DAVIS: That would be correct.

DeBOER: OK. Thank you.

BALLARD: Thank you, Senator Warren. I just have one que-- one question. So if I understand this right, FCC-regulated, I appreciate that, 2019, but we're still seeing this uptick in, in fraud and spoofing calls, so we just wait for FCC guidelines? Or is there anything we can do from the state? Maybe it's not LB1082. Is there anything that we can when we, we hear from constituents of this is a problem? We just have to wait, do education. That's what I'm, that's I'm trying to figure out.

DAN DAVIS: Probably because, I mean, if you're talking about what, what can telephone companies do, I don't know how telephone companies can go after the bad guys in Bangladesh or Pakistan or India who are responsible for originating, you know, the criminal activity.

BALLARD: OK, I appreciate that.

GUERECA: So just to clarify when you're going back and forth with Senator DeBoer, 80% of the call volume in the country is IP to IP?

DAN DAVIS: I-- that's according to, you know, some statistics that I just read.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 10, 2026
Rough Draft

GUERECA: So the, so the bulk of the fraud occurs in that leftover 20%?

DAN DAVIS: Well, not necessarily. I mean, because when a, when a call is originated, the switch that where the call is originated, if it's in the United States, they have to provide an attestation level to that particular call. What's the attestation level mean? That the, that the company where the call originates knows the customer. They have to know the customer and they have to know that that telephone number belongs to that customer. If that's the case, then the originating provider can provide an A-level attestation level to that call and say, yeah, I know the guy that's originating that call is not a criminal. And then that level, that A-level attestation level would get passed on to the next IP carrier. That would then get passed on to the terminating carrier who then terminates the call to Senator DeBoer. However, I, I think the biggest issue are the fact that most of these calls are originating outside the United States. Obviously, we don't know whether the telecom provider in Pakistan or India has implemented IP technology or not. We don't know whether that provider has STIR/SHAKEN. So, you know, it really ends up with the statistics that I gave you are basically calls within the United States.

GUERECA: Right.

DAN DAVIS: So once we start talking about international-made calls, I don't think that statistic applies.

GUERECA: So the-- and this might not be something you could answer, but I'm curious of what level of the total fraud that we see in this country occurs with that A-level attestation.

DAN DAVIS: If we're-- no, I don't-- I, I'm not going to be able to provide you with that, with that. I mean, it would be simply speculation.

GUERECA: I appreciate that.

BALLARD: Thank you, Senator Guereca. Senator DeBoer.

DeBOER: Is it a non-zero number, the fraud that occurs on an IP?

DAN DAVIS: No, I don't think it'd be zero.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

DeBOER: OK.

DAN DAVIS: But I mean, it, it's greatly-reduced because what that A-- like I, what I was explaining is the A-level attestation level says that the telephone company that where that call originated knows the subscriber, and they know that that telephone number belongs to that subscriber. Generally, if the telephone company knows that, that, that the guy, I mean, if there's criminal activity that's originating from that subscriber, then they have a duty under the FCC rules to make sure that that call does not get originated. They have a duty to make sure that, yep, that that doesn't happen.

DeBOER: So some of the fraud comes from the A-level, but we would get rid of a whole lot of it if we could get everything at-- attested?

DAN DAVIS: Yes, yes.

DeBOER: OK. Thank you.

BALLARD: Thank you, Senator DeBoer. Any additional questions? Seeing none, thanks for your testimony. Additional neutral? Seeing none, as Senator DeBoer comes up, we did have--

FREDRICKSON: Senator Storer.

BALLARD: So used to saying Senator DeBoer.

DeBOER: Hey.

BALLARD: Very good questions, Senator DeBoer. As Senator Storer comes up, we did have 12 proponents for LB1082, 1 in opposition, none in the neutral, no ADA. Senator Storer, welcome back.

STORER: Now, I'm standing between you and whoever is going to try to get to the basketball game. So I will, I will try to keep this as brief as possible. But this has been, I think, a very enlightening hearing. I appreciate all the questions. I appreciate all those who came to testify. I, I just want to kind of bring us full circle and get us back with our feet on the ground again. A lot of the opposition, I certainly appreciate the concern of the telecoms. I don't want to be dismissive of that at all. But I want to put that in perspective of what this bill does and what this bill does not do. A, it's-- you have it in front of you, it's two pages. It's very, very

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

simple. There is nothing in this bill that provides a specific protocol of what telecoms are required to do. There is no protocol. There is not specific list to check off. There-- it does not say monitor and block anywhere in the bill. What it does call for, and there is no, again, there is not liability or private cause of action in this bill. All we're doing is saying, hey-- I'm gonna put this in my own words-- you're on the team. We all have a responsibility to be on the team and to do our part to the best of the tools that we have at our disposal to prevent and deter fraud, to protect our consumers from fraud. It is duty, duty to protect. There's a reason that there's not a specified protocol, because that is changing. The technology changes quicker, it's changed probably in the time we've sat here and had this hearing, quite frankly. So, so to put something very specific in here would be foolish, quite frankly. It is saying given-- in my paraphrase-- given the tools that you're going to have reasonably at your disposal and the size of your operation and your technology, we're expecting you to be on the team. We're expecting to do your part to prevent and protect, prevent fraud and protect consumers and customers. It's not an unreasonable request. We heard a lot of testimony here. And by the way, I, I don't have a real, probably the super clever way to put this. But when I heard the comment about, you know, let's wait for the FCC, all I could think of is that's like waiting for the Grinch to deliver Christmas dinner. Like I don't-- that's, that's probably not a real realistic approach when we have something imminent in front of us. We would all agree that government moves at a slow pace, and the federal government probably moves at the slowest pace, quite frankly. And that's not always bad, but that's just the reality. And so in Nebraska, we have a duty to serve and protect Nebraskans. And so I think, I think it's very realistic that, that we sort of take this proactive action. You know, duty to protect is just that. It's, it's calling someone to take a active approach, in this case, to prevent, detect, and mitigate fraudulent activities. There is no, there is no determined list of what that's going to look like because that changes. Without-- the other thing, again, just reiterating there is no liability written into this bill. And a couple of the things that I-- the pilot program I think is a great idea. There is nothing-- there's no reason we can't be doing that tomorrow. I don't think there's going to be any opposition to participating from the banking industry and to participate in a pilot program, and that may indeed be part of what, what helps us learn to all work together and be better at preventing fraud. That doesn't, that doesn't have to

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

happen separate from the passage of LB1082. And waiting one for the other, I don't think really is, I don't think there's any connection, in my opinion. I think the pilot program certainly is gonna be a learning experience and, and again prepare both the banking industry and the telecoms to know better how to, to, to fulfill that duty. Without-- I think I've covered all the notes that I sort of jotted down. And, you know, just to kind of tie that up in a bow, what, what this does and what it doesn't do, it just takes a measured, reasonable approach by requiring affirmative duty to protect customers. It does not create a private cause of action against telecommunication providers. And we are continuing to work with stakeholders to make some of those clarifications to the Public Service Commission, and certainly remain open to suggestions from all of our friends in the telecom industry. But, but in no way do I believe this is putting some sort of an unrealistic financial burden or risk or something that's unattainable. Again, it is, it is just saying, hey, we're all on the team, and we all have a responsibility to protect Nebraskans.

BALLARD: Thank you, Senator Storer. Any questions? Senator Fredrickson.

FREDRICKSON: Thank you, Vice Chair. Thank you, Senator Storer. So this was certainly I think an informative hearing, and I think, you know, obviously shared goal around the, the fraud perspective. I guess just kind of given some of the opposition testimony, are, are you open to kind of working with some of the opponents to see if there is a way to massage this or get an, an amendment of sorts that might be workable?

STORER: Yeah, we have always been open to that.

FREDRICKSON: OK, OK.

STORER: I've had some conversations with some of the folks here in the room and the companies they represent and have, you know, asked for any recommended language. You know, we haven't received that yet. I look forward to what, what may come before, you know, anticipating this would get out of committee. I know this is very important to, again, there's a whole package of bills that are addressing fraud. And it's all along the same lines. Just, there's a variety of avenues that fraud can occur. And so, yes, to answer your question. Yes.

FREDRICKSON: OK, thank you.

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Transportation and Telecommunications Committee February 10, 2026
Rough Draft

BALLARD: Thank you, Senator Fredrickson. Senator DeBoer.

DeBOER: Thank you, and you know, I am very interested in trying to solve this problem. I would say that if we passed this bill as written, I would think an enterprising attorney would say you have created a private cause of action because you've said "duty of care," which is the negligence standard. You've created a duty of care. So I think what you're doing here, I mean, I don't think it's quite-- so one of the reasons I asked you what your, your mechanism was, is I want to know if there's some guardrails, if there are elements of what needs to be shown, if it's strict liability or know or should have known. That's part of the reason why I was asking. Is it your intent then to create something-- like, by creating this duty, is it your intent to create something someone could sue someone on?

STORER: No. There was, there-- it was a very clear intention to not include liability in the bill.

DeBOER: OK. So that's kind of my concern, is I think it may inadvertently be doing that, and we can talk about that later.

BALLARD: Thank you, Senator DeBoer. Additional questions? Seeing none, thank you. That will close our hearing on LB1082 and our hearings for the day.