

AMENDMENTS TO LB1300

(Amendments to Standing Committee amendments, AM3227)

Introduced by Bostar, 29.

1 1. Strike sections 1 to 9 and insert the following new sections:

2 Section 1. Sections 1 to 6 of this act shall be known and may be
3 cited as the Pacific Conflict Stress Test Act.

4 Sec. 2. The purpose of the Pacific Conflict Stress Test Act is to
5 prepare and secure the State of Nebraska in order to minimize the
6 disruptive impact of a potential conflict precipitated by foreign
7 adversaries against allies, democratic countries, and the United States
8 Armed Forces in the Pacific theater.

9 Sec. 3. For purposes of the Pacific Conflict Stress Test Act:

10 (1) Critical infrastructure means systems and assets, whether
11 physical or virtual, so vital to this state or the United States that the
12 incapacity or destruction of such systems and assets would have a
13 debilitating impact on state or national security, state or national
14 economic security, state or national public health, or any combination of
15 such matters. Critical infrastructure may be publicly or privately owned
16 and includes, but is not limited to:

17 (a) Fossil fuel production, storage, or delivery systems;

18 (b) Water supply, refinement, storage, or delivery systems;

19 (c) Telecommunications networks;

20 (d) Electrical power delivery systems, including power generation,
21 transmission, and distribution systems;

22 (e) Emergency services; and

23 (f) Transportation systems and services;

24 (2) Critical procurement means those acquisitions made by the state
25 or any agency of the state that are critical to the proper functioning of
26 critical infrastructure or to the health, safety, or security of the

1 State of Nebraska or the United States;

2 (3) Divestment means the sale, forfeiture, or otherwise contractual
3 end of any current or planned ownership or control of assets;

4 (4) Investment means any transfer of funds into any active or
5 passive, direct or indirect, structure which seeks to generate revenue or
6 accomplish any other gain, including nonmonetary gains;

7 (5)(a) Pacific conflict means a declared war or armed conflict
8 between the United States or any of its allies and another nation that
9 occurs in the land, sea, or air area of the Pacific Ocean and threatens
10 or could reasonably escalate to threaten the supply chains, critical
11 infrastructure, safety, or security of the State of Nebraska or the
12 United States.

13 (b) Pacific conflict includes a serious deterioration of diplomatic
14 ties or economic engagement between the United States or its allies and
15 another nation that threatens the status quo of Pacific trade, travel,
16 and military operations or exercises;

17 (6)(a) State-managed fund means any short-term or long-term
18 investment structure that is state-managed, state-run, state-controlled,
19 or otherwise overseen by the State of Nebraska, a state agency, a
20 political subdivision of this state, or any agency controlled by such a
21 political subdivision. This subdivision shall apply only to any fund that
22 is subject to the purview or direction of the state or applicable
23 political subdivision and is populated, wholly or in part, with state
24 funds, including, but not limited to, any such fund managed by a third-
25 party entity, such as a fiduciary.

26 (b) State-managed fund includes, but is not limited to, public
27 pension funds, public retirement funds, or other state-sponsored funds,
28 that are sponsored, maintained, or contributed to or required to be
29 contributed to by this state or any subsidiary of the state;

30 (7) State supply chain means the end-to-end process for shipping
31 goods, purchased by the state, to the State of Nebraska, beginning at the

1 point of origin through a point or points of distribution to the
2 destination; and

3 (8) State vendor supply chain means the end-to-end process for
4 shipping goods, purchased by the state from state vendors, to the
5 vendors, beginning at the point of origin through a point or points of
6 distribution to the destination.

7 Sec. 4. (1) The Department of Administrative Services shall conduct
8 a review of critical procurements purchased or supplied through a state
9 supply chain or state vendor supply chain and produce a report, which
10 shall be electronically submitted using a secure method to the Governor
11 by November 1, 2024.

12 (2) The report shall:

13 (a) Summarize the critical procurements produced in or by a foreign
14 adversary, a state-owned enterprise of a foreign adversary, a company
15 domiciled within a foreign adversary, or a company owned by a company
16 domiciled within a foreign adversary;

17 (b) Summarize the critical procurements manufactured in countries or
18 by companies at risk of disruption in the event of a Pacific conflict;

19 (c) Summarize the critical procurements sourced from any country or
20 company which utilizes Pacific supply chain processes at risk of
21 disruption in the event of a Pacific conflict;

22 (d) Assess the difficulty in identifying potential alternative
23 sourcing, if relevant; and

24 (e) Assess the level of risk to the State of Nebraska associated
25 with such a disruption in sourcing for each procurement that is
26 threatened in the event of a Pacific conflict.

27 (3) The Department of Administrative Services may contract with a
28 private consultant to assist with the review and report required under
29 this section, and such contract need not be competitively bid.

30 (4) Information contained in the report required under this section
31 is confidential. Unauthorized public disclosure of such confidential

1 information is a Class III misdemeanor.

2 Sec. 5. (1) The Nebraska Investment Council shall conduct an audit
3 of all state-managed funds and produce a report, which shall be
4 electronically submitted using a secure method to the Committee on
5 Pacific Conflict created under section 6 of this act and the Governor
6 within one hundred eighty days after the operative date of this section.

7 (2) The report shall:

8 (a) Summarize the investments at risk of substantially losing value
9 or being frozen, seized, or appropriated by foreign adversaries in the
10 event of a Pacific conflict;

11 (b) Summarize the investments in any arms industry of a foreign
12 adversary;

13 (c) Summarize the investments in state-owned enterprises of a
14 foreign adversary;

15 (d) Summarize the investments in companies domiciled within a
16 foreign adversary or owned by a company domiciled within a foreign
17 adversary; and

18 (e) Recommend strategies for the immediate and complete divestment
19 of the assets described in subdivisions (a) through (d) of this
20 subsection.

21 (3) Information contained in the report required under this section
22 is confidential. Unauthorized public disclosure of such confidential
23 information is a Class III misdemeanor.

24 Sec. 6. (1) It shall be the policy of the State of Nebraska to:

25 (a) Support the civilian and military command of the United States
26 and its efforts to promote and maintain prosperity, peace, and security
27 for America and its allies;

28 (b) Enhance the defensive posture of this state so as to protect
29 state citizens and assets and to contribute to the broader defensive
30 posture of the United States by reducing security vulnerabilities within
31 this state; and

1 (c) Exercise foresight and make reasonable preparations for a
2 potential regional or global conflict centered on the Pacific theater
3 which could involve attacks upon the United States and its allies in the
4 Pacific theater, which could involve asymmetrical attacks on the American
5 homeland, and which could cause the disruption or complete severing of
6 supply chains between this state and its vendors and the People's
7 Republic of China, the Republic of China, or other countries in the
8 Pacific theater.

9 (2) The Committee on Pacific Conflict is hereby created. The
10 committee shall consist of the following seven voting members:

11 (a) The Director of State Homeland Security, appointed pursuant to
12 section 81-830, who shall serve as chairperson of the committee;

13 (b) The Director of Administrative Services;

14 (c) The state investment officer;

15 (d) The Adjutant General; and

16 (e) Three individuals with applicable knowledge of the threats posed
17 to this state in the event of a Pacific conflict, including at least one
18 individual who represents an entity that is responsible for the operation
19 and maintenance of critical infrastructure in this state. Such
20 individuals shall be appointed by the Governor.

21 (3) The committee shall also include four members of the
22 Legislature, to be appointed by the Executive Board of the Legislative
23 Council. The legislative members shall be nonvoting members of the
24 committee.

25 (4) Appointments to the committee shall be made within sixty days
26 after the operative date of this section.

27 (5) The committee shall be authorized for an initial period of three
28 years.

29 (6) The first meeting of the committee shall be held within ninety
30 days after the operative date of this section.

31 (7) The committee shall meet no less than once every three months.

1 Additional meetings may be called at the will of the majority of the
2 voting members of the committee, and emergency meetings may be called at
3 the will of the chairperson of the committee or the Governor. In the
4 interest of state and national security, meetings of the committee shall
5 not be subject to the Open Meetings Act and the records and documents of
6 the committee shall not be considered public records for purposes of
7 sections 84-712 to 84-712.09.

8 (8) At the discretion of the committee, an advisory board may be
9 established and subject matter experts may be consulted to provide
10 expertise or collaborative research support.

11 (9) The committee is authorized to liaise with relevant federal
12 government authorities, authorities from other state governments, and
13 experts from research institutions for the purpose of obtaining
14 information that is useful for the committee's work.

15 (10) The committee is authorized to produce policy recommendations
16 for the State of Nebraska.

17 (11) The committee is authorized to conduct secure hearings or
18 briefings with critical infrastructure providers for the purpose of
19 understanding the threats, risks, and vulnerabilities posed to critical
20 infrastructure in the event of a Pacific conflict, including potential
21 mitigation or emergency response strategies.

22 (12) The Governor shall annually produce and publish a state threat
23 assessment no later than the day prior to the annual address made to the
24 Legislature by the Governor. The annual state threat assessment shall
25 provide an overview of the substantial threats to state or national
26 security, state or national economic security, state or national public
27 health, or any combination of such matters, occurring within and
28 threatening the State of Nebraska to the extent such information can be
29 provided and stored in a manner that meets national security standards.
30 The state threat assessment shall include summary nonconfidential
31 findings of the Committee on the Pacific Conflict. Such summary

1 nonconfidential findings shall include no information that would create
2 any risk to state critical infrastructure or other sensitive state
3 assets.

4 (13) The committee may, at the discretion of the committee and upon
5 an affirmative vote of five of the committee's seven voting members,
6 produce a confidential report that shall be kept in a secure location to
7 be determined by the Governor and which shall only be accessed with the
8 approval of the Governor. Such report shall contain information,
9 instructions, and other findings that the committee deems useful to
10 preserve for the elected leaders of the State of Nebraska.

11 2. On page 12, line 3, strike "or"; and strike lines 8 through 12
12 and insert the following new subdivision:

13 "(c) Any company that sells to a public entity a final technology-
14 related product or service that originates with a company described in
15 subdivision (5)(a) or (b) of this section without incorporating that
16 product or service into another final product or service; and".

17 3. On page 13, line 11, strike "or"; in line 13, strike the period
18 and insert "; or"; and after line 13 insert the following new
19 subdivision:

20 "(c) The purchasing entity is an electric supplier that is not out
21 of compliance with the Critical Infrastructure Protection requirements
22 issued by the North American Electric Reliability Corporation.".

23 4. Renumber the remaining sections and correct internal references
24 accordingly.

25 5. Correct the operative date section so that the sections added by
26 this amendment become operative on their effective date.