

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 14, 2022
Rough Draft

WILLIAMS: Good afternoon, everyone, and welcome to the Banking, Commerce and Insurance Committee. My name is Matt Williams. I'm from Gothenburg representing Legislative District 36, and I'm honored to serve as Chairman of the committee. The committee will take up the bills in the order posted. Our hearing today is your part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during the hearing. We have bills to introduce in other committees and are sometimes called away. It is not an indication that we are not interested in the bills being heard. It is just simply part of the process. To better facilitate today's proceeding, I ask that you abide by the following rules and procedures. Please silence or turn off your cell phone. Move to the front row when you are ready to testify. The order of testimony will be first the introducer, followed by proponents, followed by opponents, neutral testimony, and then the senator introducing the bill will be allowed to have an opportunity to close. Hand your pink sign-in sheets to the committee clerk when you come up to testify. When you begin your testimony, please spell your first and last names for the record. We ask that you be concise. It is my request that you limit your testimony to five minutes. We do use a light system that will be in front of you. The light will be green when you begin your testimony. It will turn yellow at the end of four minutes and will turn red at the end of five minutes. And at that point, we ask that you wrap up your testimony. If you will not be testifying at the microphone but want to go on the record as having a position on a bill being heard today, there are white tablets at the entrance where you may leave your name and other pertinent information. The sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee. We will need ten copies. If you do not have ten copies, you can raise your hand and our pages will make those for you. To my immediate right is committee counsel, Bill Marienau; to my left at the end of the table is committee clerk, Natalie Schunk. The committee members with us today will introduce themselves, beginning with Senator McCollister.

McCOLLISTER: Yeah, thank you, Chairman Williams. My name is John McCollister. I represent District 20 and central Omaha.

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SLAMA: Good afternoon, everyone. Julie Slama, District 1. Thank you. Otoe, Johnson, Nemaha, Pawnee, Richardson counties in southeast Nebraska.

LINDSTROM: Brett Lindstrom, District 18, northwest Omaha and Bennington.

AGUILAR: Ray Aguilar, District 35, Grand Island.

FLOOD: Mike Flood, District 19, Madison County, southern Pierce County.

WILLIAMS: Thank you, Senator Flood. Our pages with us today are Logan and Natalie. Thank you for your work. And if you need anything from them, they'll be helpful to take care of it for you. That takes care of the preliminary. We will now open our first public hearing of the afternoon on LB1092, introduced by one of our committee members, Senator Flood, to authorize risk-loss trusts for Nebraska state colleges. Welcome, Senator Flood.

FLOOD: Thank you, Chairman Williams, members of the Banking, Commerce and Insurance Committee. My name's Mike Flood, F-l-o-o-d, and I am the state senator for District 19, which includes Madison County and southern Pierce County. I'm here to introduce LB1092, which would provide the Nebraska state colleges with the authority and requirements necessary to establish risk-loss trusts for the purpose of paying losses and expenses arising out of liability and property claims. This bill provides only the authorization and does not have an intended appropriation. As I'm sure this committee is well aware, liability and property insurance costs have increased substantially and the market continues to experience volatility. The changes in the legal landscape in areas such as Title IX create uncertainty and increase liability exposure leading to higher premiums and more limited coverage. Additionally, property damage due to significant storms and wildfires across the United States continue to lead significant insured losses resulting in dramatic increases in deductibles and premiums. As you may remember, on December 10, 2021, approximately 35 tornadoes created a path of destruction across 6 states killing 90 people and causing insured losses estimated by some to reach \$7.5 billion. The Midwest Higher Education Compact property insurance program, which provides comprehensive property insurance coverage to colleges and universities, experience the impacts of these types of losses. From 2018-2019 to present, deductibles for corrective storm damage have gone from as low as \$50,000 to the greater of

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\$300,000, or 5 percent of the building's value, up to a limit of \$5 million per location. A representative from the Nebraska state colleges will provide more information regarding how these changes have impacted insurance costs. This bill provides the state colleges additional options in structuring its insurance program to respond to a dynamic market and a mechanism for the state colleges to avoid significant financial impacts of substantial deductibles or large claims. The bill mirrors the authority granted to the university system, which currently operates various risk-loss trusts. LB1092 would offer the state colleges the same tools the university has to manage the costs associated with claims, deductibles, and premiums. The state colleges anticipate addressing any costs associated with establishing the fund through a request during the traditional budget cycle. I would ask the committee to support LB1092, and will be happy to answer your questions.

WILLIAMS: Are there questions for Senator Flood? Do you remember when the risk-loss trust was passed for the University of Nebraska?

FLOOD: I believe it was passed in 2007-- 2009.

WILLIAMS: Maybe 1990, according to legal counsel.

FLOOD: Oh, OK.

WILLIAMS: A little further back. So this would be mirroring what they do?

FLOOD: Right.

WILLIAMS: Any additional questions? Senator Pahls.

PAHLS: And has it been successful for the university?

FLOOD: I believe so. The university's experience with this has been a cost-effective measure, I think, and the state colleges want the stability that comes with having one of these trusts so that they can not have to suffer the volatility right now in the market where their premiums right now are extremely high.

PAHLS: Thank you.

WILLIAMS: Seeing no other questions-- whoops, excuse me. Senator McCollister.

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McCOLLISTER: So how do they reduce premiums through this bill?

FLOOD: Well, I-- my understanding, and the state colleges will be here to testify after me, is that, you know, right now we're in a period where there's been some significant losses and to insured. And because of that, the premiums have shot up. In times where there is stability, they're able to bank some money to help offset those premium spikes in years where the premium stays the same. And I think someone from the state college system would explain the benefit of one of these risk-loss trusts. It also helps-- by building up a cash reserve of sorts, they can get different deductibles, higher deductible plans and then be able to pay the deductible with the money that they've saved up.

McCOLLISTER: I see. Thank you, Senator Flood. Thank you, Chairman.

WILLIAMS: Senator Slama.

SLAMA: Thank you, Mr. Chairman. And just to add a little bit to Senator McCollister's comments, we have Peru State College in my district and over the last few years, it's been an interesting mix of weather events for the city of Peru, from a flood to a hailstorm that required that all the roofs on the campus be replaced to, obviously, the windstorm this last December. So it just seems to make financial sense and that this bill would help with some cost savings towards that end, especially given the recent events.

WILLIAMS: Any additional questions? Seeing none, thank you, Senator Flood.

FLOOD: Thank you.

WILLIAMS: We would invite the first proponent. Good afternoon and welcome.

ANGELA MELTON: Good afternoon, Chairman Williams and members of the Banking and Commerce Committee. I am Angela Melton. I am the vice chancellor for risk management and student affairs, which is a little odd mix. My name is spelled A-n-g-e-l-a M-e-l-t-o-n. I'm here today to testify in support of LB1092, and we'd like to thank Senator Flood for introducing this bill on our behalf. By authorizing the state colleges to establish a risk-loss trust, LB1092 would provide the colleges with tools to better respond to the volatility in the insurance market, particularly with respect to our liability cyber and property coverages. We maintain a comprehensive insurance program to address

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the unique risks that are faced by colleges and universities. Unlike a business with, you know, with very defined, you know, set of, of risks that are a little bit easier to anticipate, we have people living on our campuses, we have employees, we have unique federal compliance requirements, and then we have a wide variety of buildings and approximately \$700 million in insured values in those properties. Over the past five years, the state colleges have experienced a cumulative increase in the overall cost of our liability cyber and property coverages of 138 percent. The vast majority of those increases occurred during the last two years. In our property insurance renewal alone, we experienced an 84 percent increase in our overall cost of our insurance program during the 2020 renewal. This last year, we experienced an additional 50 percent increase in that program, and that is operated through the MHEC property program. Additionally, we've experienced increases in our deductibles with respect to hail and the convective storms. To Senator Slama's point, Peru experienced hail damage that pretty much took out every single roof on campus. Had the deductibles been in place during that storm that we do have now, they would have borne the entirety of that \$2.3 million cost rather than having the \$50,000 deductible that we had at the time. That's a significant loss for one of our colleges to absorb during a single year. Our premiums for cyber insurance had remained relatively flat over the past five to seven years until this last year as a result of the SolarWinds attack and other ransomware attacks that happened really in the last quarter of last year. We saw an increase of 86 percent in our cyber insurance premiums. They went from \$78,000 in change to about \$146,000 in a single renewal, and we had no warning for that, no opportunity to prepare. Although the increases in our, our overall liability coverage haven't been as, as increasing as quickly and we haven't seen the same kind of spikes in those, we did see increases over, over the last five years of about 50 percent overall. With the additional uncertainty with the Title IX rule changes and just heightened liability in that area, some of the underwriters have told us that we should expect additional volatility over the coming years. So we've tried to respond to these different challenges by taking advantage of the risk management premium credits that our liability carriers offer. So when you engage in certain activities, we can reduce or get a, a credit of 6 percent towards our premiums in that area. We participate in the MHEC program and all the risk management activities that they have. Unfortunately, it's a market issue, not an individual issue, something we can address. And this type of risk-loss trust will help us moderate that and stabilize it over time so that our colleges can plan a little bit better and not

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be hit with large spikes. So in the end, we would be working with our brokers to design the trusts and determine the scope that will give us a better idea of the amount of appropriation we would need in order to fund it and make it self-sustaining over time. So with that, I'd appreciate-- I appreciate the opportunity to testify before you today, and I urge you to support the bill. Would be happy to answer any questions that you might have.

WILLIAMS: Thank you, Miss Melton. Are there questions? Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. Chairman. And thank you for being here. What extent did you-- do you anticipate raising the loss thresholds with your, your brokers?

ANGELA MELTON: When you say loss thresholds, I'm not sure I understand what you're--

McCOLLISTER: Yeah, the, the amount of loss, at what point what will the insurance kick in and what point will you self-insure?

ANGELA MELTON: We're working with our brokers to figure out exactly where that point makes sense. It's a little tricky when you, when you compare our liability coverage to like our property coverage because the property coverage under MHEC has a million dollar retention level already, so it would be handling a deductible on top of a self-insurance piece in that program already. So we may have to separate the two to kind of look at them. Right now, our deductibles on our liability side, depending on the nature of the claim, are approximately \$150,000 per claim. We do have some claims that are as low as \$10,000. We'd like to see that go up 200 to 250, up to possibly \$500,000, depending on what kind of premium break that that would give us. We may also be able to kind of use that risk-loss trust to cover more of the deductible piece and then spread it out over time. We're, we're really reaching out to our brokers for that expertise. As much as I would like to say that I'm an expert in insurance, I am not. And so you would be working with them and then get some actuarial services through them to determine the appropriate levels. But we would try and mirror a similar approach, although not the amounts that the university would have just because of our size.

McCOLLISTER: I could look at the fiscal note, but how much money do you want from the state to fund this?

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ANGELA MELTON: At this time, there is no fiscal note on it. The costs of looking at it, doing the actuarial work and all of that, we would absorb ourselves. We would come back once we have a better sense of what was needed and look at what we could actually do on our own to fund that with either savings during years where we have nothing or through some of the dividends that come back to us through the MHEC program so that we have a better, more accurate idea. We wanted the authority first so that we could do the legwork and then come back through the normal budget process in order to, to be able to ask for what was needed.

McCOLLISTER: Is that something you'll, you'll try to do this year, this session?

ANGELA MELTON: We will try and do it for the next session.

McCOLLISTER: Got it. Thank you very much.

ANGELA MELTON: Yes, thank you.

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony.

ANGELA MELTON: Thank you.

WILLIAMS: Invite the next proponent. Is there anyone here to testify in support? Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Seeing none, Senator Flood waives closing. That will end the public hearing on LB1092. We'll move forward now and open the public hearing on LB1127, introduced by Senator Wishart, to adopt the Regulatory Sandbox Act. Welcome, Senator Wishart.

WISHART: Thank you, Chairman Williams and members of the Banking, Commerce and Insurance Committee. I think this might be the first time I've been in front of your committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent the 27th District, including parts of west Lincoln and southwestern Lancaster County. I'm here today to introduce LB1127, a bill to create a Regulatory Sandbox Program in Nebraska. A sandbox is a regulatory approach typically summarized in writing and published that allows live time-bound testing of innovations under a regulator's oversight. The first regulatory sandbox was launched in 2015 in the UK and has generated great interest, interest from regulators. In fact, I was watching as that started in 20-- in 2015 and have been following this issue since then.

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Since then, regulatory sandboxes have been launched in 12 U.S. states and numerous countries helping identify outdated regulations and new technology trends. States like Arizona, Utah, and North Carolina are welcoming more firms, entrepreneurs, and investment by offering regulatory sandboxes. I have spent, colleagues, almost 15 years now working in the Nebraska Legislature as a staff member and now as a senator. And in those years I have learned that when we walk in these doors, it is just as important for us to be looking at getting rid of bad, outdated policy as it is for us to be introducing new laws. Every year we introduce hundreds of new bills that create new laws and create new regulations and we have a long list of agencies dedicated to overseeing those regulations that we create. It would be in our best interest as a state to have additional agencies with the sole purpose of helping to remove regulations that are unnecessary and outdated for the contemporary business and consumer environment. That is the purpose of this legislation. LB1127 creates the Regulatory Relief Office, which is located within the Department of Economic Development. This office is responsible for administering the Regulatory Sandbox Program, including rules and regulations, the application process, and reporting requirements of sandbox participants. This office will also review state laws and regulations that are inhibiting the creation or success of new and existing companies or industries and make recommendations to the Governor and Legislature. It will also create a framework for analyzing the risk level to the health, safety, and financial well-being of consumers related to permanently removing or temporarily waiving laws and regulations and it will propose potential reciprocity agreements between states that use similar Regulatory Sandbox Programs. An applicant chosen to participate in the sandbox will be able to have limited access to the market in Nebraska to demonstrate an innovative offering without obtaining a license or other authorization that might otherwise be required. And in order to apply, applicants must provide the following-- and this is not an extensive list to get that you can review in the bill: confirmation of a physical or virtual location in the state, contact and legal information, criminal background check, and a description of the innovative offering, how this innovation would benefit customers, why it does not break any federal laws-- we're just talking about state laws and regulations, the risk potential of this innovative offering and what agencies are impacted, and then why this participate-- participant should be accepted into this program. Affected agencies, and you may hear from some of them today, are given the chance before admission to recommend whether an application should be granted or denied and a reason as to why. An

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11-member advisory committee will also be created and submit their advice as to whether certain applications should be approved or denied. This advisory committee is made up of members of the Legislature, industry, and regulators. If the office approves an application, the sandbox participant has 12 months after approval to demonstrate its innovative offering. By written notice, the office may end a, a sandbox demonstration at any time and for any reason, and extensive disclosures are also required to be provided to a consumer participating in this demonstration in a clear and conspicuous form, and a consumer shall acknowledge receipt of that disclosure before they participate. I could go on and on about this program because we are creating a new one, so it's a pretty big, it's a pretty big bill, but I think you get the point and I'm happy to discuss more of the details with you in this hearing or afterwards. And I'm also happy to work with any agencies that may come before you today with any concerns. I think that there is a path forward, as we've seen in Utah and North Carolina and Arizona and in pushing forward something that's really going to transform our state in terms of innovation. And then, of course, I have some incredible testifiers behind me today who can speak to specific examples of how this has worked in terms of innovation in, in other states. Colleagues, the benefits of a regulatory sandbox outweigh any distance risk. This is an opportunity for us to have businesses and startups collaborate with state agencies to create smart regulation because oftentimes regulation is not able to keep up with the pace of innovation. Nebraska businesses will benefit with increased access to funding by reducing regulatory uncertainty and Nebraska consumers will benefit through access to better services at a potentially lower cost and our state as a whole will benefit by welcoming more new businesses, more concepts in attracting and retaining entrepreneurial talent. LB1127 reminds me a lot of the autonomous vehicle legislation that I worked on and collaborated with many of you years ago when I was a freshman senator. The passage of that bill, it was a cutting-edge bill. It launched Nebraska into the forefront of AV policy as one of the most innovative and business friendly laws in the country. It became a model for other states and won the Governor a national award. Governor Ricketts at the time was quoted as saying: With LB989, we have positioned Nebraska as a leader in the area of autonomous vehicle technology. As the technology advances in years to come, it has the potential to save lives and make our roads safer for people and, and for people and for Nebraska. Thank you, Senator Wishart and all the senators who helped bring LB989 to my desk. Colleagues, I urge all of you today to help me in bringing LB1127 to the Governor's desk. It would be great to give

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him another opportunity for a national award as he ends his term. Thank you again. I'd be happy to answer any questions. Before I do, I did want to address the fiscal note. I recognize that this is a cutting-edge program and it's new, but I will say I have handed out to you Utah's fiscal note, as well as another state's fiscal note that shows this program can be run with very, very little dollars and I'd be happy to answer any questions. Thank you.

WILLIAMS: Thank you, Senator Wishart. Are there questions? Senator McCollister.

McCOLLISTER: Thank you, Mr. Chairman. Thank you, Senator Wishart. I, I take it the Economic Development has no similar program like this?

WISHART: No, not like this. No.

McCOLLISTER: How about the SBA? Because I know they have a, a similar kind of program where they advise people trying to get into business.

WISHART: I mean, the SBA is beneficial to small businesses, but this is really a, a total holistic approach that the state would take at creating a system where we are continuously looking at how we can reduce regulatory burdens and also ensure our laws are up to date with the newest types of technology and then try those things out in a very safe environment. And we would be one of very few states that would have this if we passed this this year.

McCOLLISTER: So this sandbox would help with business plans and things like that that are pretty basic to a, a startup business?

WISHART: The main thing it would help with is for innovations. So like, let's take ag tech, for example, innovations that a company wants to try in a limited form with consumers to see if certain regulations that currently exist don't need to be on the books. Is there a way to streamline that?

McCOLLISTER: So there's no startup capital, capital coming from the state, correct?

WISHART: No, this is just trying out different innovations with consumers under a, a more limited regulatory environment--

McCOLLISTER: Thank you.

WISHART: --and under the watchful eye of government.

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McCOLLISTER: OK.

WILLIAMS: Senator Pahls.

PAHLS: Thank you, Chair. Well, who sets all these regulations that you're concerned about?

WISHART: That's what I'm saying.

McCOLLISTER: We do.

WISHART: We do. And I think--

PAHLS: Oh, OK.

WISHART: --I think we need to be spending as much time putting in place systems to keep those updated.

PAHLS: Thank you.

WILLIAMS: Any additional questions? Senator Flood.

FLOOD: Thank you, Chairman Williams. Senator Wishart, thank you for this. When you referenced the fiscal note, I count about \$1.2 million. Have you had a chance to review the fiscal note?

WISHART: Just briefly this morning, I did.

FLOOD: So it appears that the agency has looked at this and identified kind of putting together General Regulatory Relief Office within DED, authority for the General Regulatory Relief Office to administer Regulatory Sandbox Program, create an advisory committee. What would be your suggestion on navigating that without a fiscal note? Because it is a balance between the sandbox and the safety of, you know,--

WISHART: Of course.

FLOOD: --whatever it is, the insurance industry or--

WISHART: Sure. There will-- I'm not saying there won't be a fiscal note.

FLOOD: OK. OK.

WISHART: But I do think that there can be one that's pared down. Also, you know, I introduced this legislation and I think a lot of agencies

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are looking at this, reading it, and this is why we have a public hearing--

FLOOD: Sure.

WISHART: --to address some of those concerns. What I will say is other states have accomplished this in a very streamlined approach, sort of using the same energy as this bill in terms of doing something as efficiently as possible.

FLOOD: And I know there are going to be some people testifying after you. I guess I'd be interested in some, like, real-life examples of what kinds of things the sandbox would do. Because I think it does involve waiving statutes if I understand correctly, it waives certain state laws that allow innovation to happen.

WISHART: Certain state laws and certain regulations. Yes. And we have testifiers behind me who will speak to this.

FLOOD: Thank you.

WILLIAMS: Additional questions?

McCOLLISTER: One more.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. Chairman. In the Executive Committee about a month ago, we appointed a man to serve in the industry with regard to OSHA regulations. That's a federal program. So to what extent would, would the sandbox interface with, with federal and, and state regulations? At least, federal regulations?

WISHART: Yeah, so this law prohibits any sandbox applicants from, from going against any federal regulations. So this is just about state rules and regs in statute. Now I will say, and you'll hear from a testifier, that the federal government is looking at a federal regulatory sandbox and putting in place implementation laws. Recognizing that this country, and one of the greatest things about this country is our innovation and our ability to solve problems through technological achievements in particular and innovation. And I think it's important for, for us as a government and a state to, to keep our-- to keep that as a, as a key part of the way we operate.

WILLIAMS: Any additional questions? Seeing none, thank you.

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WISHART: And I'll be here to close.

WILLIAMS: We'll invite the first proponent. Welcome, Miss Fox.

NICOLE FOX: Good afternoon, Chairman Williams, members of the Banking Committee. My name is Nicole Fox, N-i-c-o-l-e F-o-x, director of government relations for the Platte Institute, and I testify today in strong support of LB1127. I'd like to take this opportunity to say my sincerest thank you to Senator Wishart, not only for introducing this proposal, but also for her support of entrepreneurs and her embracing innovation in our state. In 2019, Blueprint Nebraska released a public report listing a variety of strategic initiatives to promote economic growth in our state. While the report we mentioned-- report mentioned some of the good things Nebraska has in its favor, it also noted that Nebraska faces some challenges. Nebraska has not kept pace with peer states on metrics that assess how well we are fostering innovation and welcoming workforce talent. Nebraska's venture capital funding remains low compared to the rest of the nation. In fact, Nebraska has one of the lowest startup densities in the country. To remain a vibrant place for businesses, the state must create an environment that better enables entrepreneurs and their companies to succeed. LB1127 is a tool in the toolbox to promote economic growth and to foster a more thriving, innovative culture that is welcoming to new business ventures. It would add Nebraska to the growing list of sandbox states. A regulatory sandbox has also been called an opportunity sandbox in the literature. Every Nebraska entrepreneur deserves an opportunity. Senators, as you ran for the very legis-- legislative seat that you hold, wasn't part of the drive the opportunity to serve, and didn't you ask your constituents to give you an opportunity to serve them? Sandboxes may be industry specific or all inclusive. Entrepreneurs are constantly thinking of innovative ways to address consumer needs, often at a pace at which regulators cannot match. The goal is to provide a temporary space giving entrepreneurs the opportunity to develop a new product or service under some degree of regulatory supervision. Like a driver's learning permit or an occupational license that's provisional, potential sandbox participants must meet certain criteria to be allowed entry. Because there's an element of supervision and a requirement that the participant be able to demonstrate they will protect consumers from harm, it is reasonable to allow temporary regulatory flexibility. The advantages are many. They provide an opportunity for collaboration. Regulators can obtain early insight pertaining to market trends, including changes in technology and consumer preferences. They provide an early opportunity for regulators to keep the market on the correct side of the law, while

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allowing startups to enter the market and have compliance in mind. Sandboxes encourage evidence-based policymaking and actively promote cost-benefit insights for rules and regulations that are on the books. A burdensome regulatory environment can create barriers to entry that are disproportionate to risks. Sandbox participants are the litmus test for arbitrary regulatory assumptions. Outcomes may reveal that, yes, appropriate regulations are appropriate or, no, they are outdated, burdensome or costly. Having this information allows the Legislature to better assess what laws are working and what laws may benefit from repeal or updating. Sandboxes provide a means for government transparency. Novel ideas are made public, and the framework for dealing with innovations promotes open communication between regulators and innovators. So somebody asked, what are some, some, what are some examples of a sandbox participant? Well, I have three here. One deals with-- there was a participant in Arizona sandbox that connected consumers with lenders for refinancing auto loans similar to how you can refinance a mortgage. The sandbox participant ultimately exited the sandbox, learning that they could actually outsource to lenders instead of being the lender. During their time in the sandbox, 120,000 consumers accessed their website. There's also a proposal where there was an application kind of similar to, to Uber that was connecting motorists with towing companies. Whether it's a motor vehicle accident or car trouble, the application provides for a convenient way for motorists to connect with towing companies. And then thirdly, there's also-- there was another participant wanting to connect financial advisers with access to digital asset depositories. The applicant noted that consumers were increasingly interested in invest-- in investing in cryptocurrency, but they were apprehensive about doing so on their own. So as you can see, a lot of these sandbox participants, they have platform-based business ideas to connect consumers with those that are already established in the industry. So who are the sandbox states and as Senator Wishart explained that there are 12 so far that have been established. What I will tell you is that LB1127, which is all inclusive, is modeled after Utah's all inclusive sandbox. They passed the first all inclusive sandbox in the country last year. Two other states, Mississippi and Tennessee, also introduced legislation in 2021. This year in 2022, several states, in addition to Nebraska, have introduced such legislation: Indiana, Missouri, Virginia. The list is growing. And I just learned today that Friday, Iowa introduced an all inclusive sandbox. So that's-- and I have a, a map there with your handouts that show you the states that have passed and introduced it. So with that, I see that my light is turning yellow. I do strongly

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urge the committee to give serious consideration to Senator Wishart's proposal. Again, it's a tool in the tool-- toolbox. It's an opportunity for collaboration, and it's an opportunity to facilitate innovation in our state and to attract and keep talent. And with that, I conclude my testimony, and I'm happy to answer or attempt to answer any questions.

WILLIAMS: Are there questions? I have one. Several years ago, we passed legislation that the Platte Institute also supported the Occupational Licensing Act, that those of us that are on committees and those of us that work with agencies have, have been working with that for some time. How does that fit in with this legislation?

NICOLE FOX: Well, I would say both of them are tools in the toolbox to reduce our regulatory burden. Both of them are tools to allow people to enter the workforce or start a business. So they're-- I mean, I think they're, they're very similar. The goal is to, you know, keep our regulatory burden in check. So I mean, they, you know, they're both tools. Yeah.

WILLIAMS: OK. Additional questions? Seeing none, thank you for your testimony. I'd invite the next proponent. Good afternoon and welcome.

JACK RUSSELL: Thank you. Good afternoon, Chairman Williams, members of the committee. Thank you for allowing me to speak here today. My name is Jack Russell. That's J-a-c-k R-u-s-s-e-l-l. I am the policy and research coordinator for the Lincoln Independent Business Association. Our organization represents around 1,000 businesses in Lincoln, Lancaster County, and I'm here to deliver testimony on their behalf in support of LB1127. The Regulatory Sandbox Act would make our state more welcoming toward startups and entrepreneurs. The sandbox proposed in LB1127 would allow new businesses from across industries to temporarily develop under light supervision. This provides a chance for regulators to discover existing policies that need to be revisited and potentially changed. With the possibility to substantially lessen the burden on businesses, it is prudent that our state establishes such a program. Several other states across the country have established sandboxes of their own. Arizona, California, Utah, South Dakota, and North Carolina are among the group of states who have created similar programs. LB1127 would make us more competitive and aid Nebraska's mission to attract and retain talent. By seeking ways to work with businesses, this bill also reflects a growth mindset. That is something that LIBA has been advocating for on a consistent basis, especially after the hardship business owners faced due to the

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pandemic. By reviewing state laws with the intention of removing unnecessary regulation, we send the right message to those looking to start a business in Nebraska. As entrepreneurs strive to meet the needs of consumers, often the territory is uncharted. With changes in innovation, business plan structuring and new technology happening almost daily it is no surprise that regulatory framework needs help keeping up. This bill establishes a creative way to do just that. LB1127 is a good bill that will make Nebraska more competitive for startups and entrepreneurs. It will also help ease the regulatory burden on our local businesses. For these reasons, LIBA supports advancing LB1127 out of committee and onto General File. I want to thank Senator Wishart for bringing this bill forward and to the committee again for allowing me to speak here today. I'd be happy to try and answer any questions you may have.

WILLIAMS: Thank you, Mr. Russell. Are there questions? Seeing none, thank you for your testimony.

JACK RUSSELL: Thank you.

WILLIAMS: Invite the next proponent. Anyone else to speak in support? We'll move then to opposition, invite anyone to speak in opposition. Welcome, Director.

JIM MACY: Good afternoon. Good afternoon, Senator Williams and members of the Banking, Commerce and Insurance Committee. My name is Jim Macy, spelled J-i-m M-a-c-y. I am the director of the Department of Environment and Energy. I'm here today testifying in opposition to LB1127. The Department of Environment and Energy opposes LB1127 for several reasons. First, let me say, the agencies actively supports Senator Wishart's efforts to foster businesses' innovation within the state. Though our agencies grow Nebraska team, we, we already coordinate with the Department of Economic Development to provide environmental permit information to new businesses seeking to locate in the state. Our reasons for opposing this bill are as follows. First, the Legislature has already given the agency statutory authority to grant variances from agency rules and regulations. The NDEE variance process considers potential environmental harm in determining whether to grant a variance or not if the department director finds that emissions or discharges occurring or proposed to occur do not endanger or tend to endanger human health or safety, or that compliance with the rules and regulation would produce serious hardship without equal or greater benefits to the public. That statute is 81-1513. Over the last five years, fiscal years from FY '16 through

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FY '21, NDEE has granted 59 variances and has granted 7 this year. LB1127 would create a separate avenue to seek a waiver of the NDEE regulations through its sister agency, the Department of Economic Development. I suspect that Economic Development would admit it does not have the necessary expertise to evaluate the environmental risk and potential harms. Consulting-- the consultation process this bill creates would cause considerable confusion and delay. Second, many of the laws and regulations administered by the Department of Environment and Energy implement federal regulations or contain standards which have been proved-- approved federally and cannot be waived. NDEE would need to reject any application for a waiver of these regulations because a waiver would jeopardize NDEE's delegated authority to administer the federal programs within the state of Nebraska. If EPA were to revoke Nebraska's delegated program, EPA then would step in to enforce those federal programs within the state. Third, LB1127 creates a very complicated bureaucratic process for considering waivers. We're not aware of Nebraska's regulatory environment posing any barrier to the location of new companies within Nebraska. In fact, Nebraska's good air quality, lack of any nonattainment areas, and good water quality and land resources in general have been very-- have been pluses for location and development within the state. Finally, we wouldn't-- we would note the bill does not specifically require consideration of the environmental risk associated with application for a waiver to DED. NDEE's variance authority clearly does and allows this environmental evaluation to be made. Thank you for the opportunity to comment. I'd be happy to answer any questions that you have.

WILLIAMS: Thank you, Director Macy. Senator Pahls.

PAHLS: Thank you, Chair. I hear your concerns, but I do think that it was pointed out to us that they could not deal with the federal government that would be in conflict. But there are as other literature and what has been reported to us there are 12 other states that have approved this. I'm assuming they have departments such as yours in those states.

JIM MACY: I can't speak to another state's or environmental agency's decision on, on their state's process. I can only attest to ours.

PAHLS: OK. Well, then I'll, I'll go on, having been a councilman in the city of Omaha, we've been told a number of times that your department couldn't handle some of the issues because you're not fully

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staffed or have enough staff members, I should say. Is that a fact or is that just--

JIM MACY: I don't know what general characterization that would apply to. We're, we're pretty well-staffed right now and well-- very well handle all the issues that are faced towards us.

PAHLS: Throughout the state right now?

JIM MACY: Yes.

PAHLS: Need?

JIM MACY: Yes.

PAHLS: OK.

WILLIAMS: Any additional questions? Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. Chairman. And welcome, welcome, Director. You currently contract with the federal government to take care of EPA regulations. Is that correct?

JIM MACY: Did you state that I contract with the--

McCOLLISTER: Yeah.

JIM MACY: --federal government to take care of--

McCOLLISTER: It's your obligation to enforce EPA regulations. Isn't that correct?

JIM MACY: We are delegated authority to enforce and oversee environmental regulations, federal and state.

McCOLLISTER: Can you waive any EPA regulations?

JIM MACY: No.

McCOLLISTER: In your testimony, you, you, you said you have the power to waive certain EPA regulations.

JIM MACY: No, my testimony said that I had the power to waive state regulations. Federal regulations, I cannot waive.

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McCOLLISTER: In what way do the state regulations differ from federal regulations with regard to the EPA?

JIM MACY: Do you have a specific that you're thinking about?

McCOLLISTER: Well, it was my understanding that you've adopted the, the EPA regulations [INAUDIBLE], so you wouldn't have the authority to waive any of those regulations, correct?

JIM MACY: No, we have the ability to waive a, a state regulation. So let me give you an example. So for a, a Title V air permit, that's a federal permit that is a-- delegated to the state to implement, yet the state can't change rules on, on that Title V permit. Permits under Title V, and that's a threshold limit of a certain volume of air hazardous air pollutants. On the state side, we have our own program that goes up to the point the federal program kicks in. So let's say it's between 1 and 200 parts per million of, of whatever volatile air pollutant it may be, we would have authority from zero to 100, from 100 and beyond might be where the federal program kicks in. So if a new business came into Nebraska and, and wanted to have a waiver for a startup of their operation, we would have that authority to go from zero to 100. But I couldn't waive the authority from 101 on up.

McCOLLISTER: So a de minimus level is what you would have.

JIM MACY: It's more than a de minimis level. The state's program has a certain-- and, and it's, it's different for a lot of different aspects. That's why it's very complicated engineering. But the short answer is we can waive state criteria. We can't waive, don't have the authority to waive federal criteria.

McCOLLISTER: Thank you, Mr. Macy.

WILLIAMS: Any additional questions? Seeing none, thank you, Director Macy.

JIM MACY: Thank you.

WILLIAMS: Invite the next opponent. Welcome, Director Dunning.

ERIC DUNNING: Hello, sir. Mr. Chairman and members of the Banking, Commerce and Insurance Committee, my name is Eric Dunning. For the record, that spelled E-r-i-c D-u-n-n-i-n-g. I'm the director of Insurance and I'm here today to testify in opposition to LB1127. The bill proposes a sandbox program which will allow the waiver of legal

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or regulatory requirements across a broad spectrum of the economy. But over at the Department of Insurance, we believe a more tailored approach would be more appropriate in the insurance space for reasons that I'll explain. The department has reviewed the concept in the past, and we've not really come across any circumstances in which we had a serious request to, to work with folks that we weren't able to accommodate. And so we've not, we've not asked for this authority in the past. In the case of LB1127, while the focus on identified waivers issued for a limited time under a formal structure has value, we believe that granting that authority to an outside agency with limited solvency regulation experience adds a layer of uncertainty. And if the Legislature ultimately decides to pursue this concept, we'd prefer an approach that is more narrowly tailored to the insurtech space. Our department is primarily a solvency regulator. As part of that, the department reviews applications for potential licenses, including their financial status. Under LB1127, once that applicant to the Regulatory Sandbox Program is applied, the department would only have 30 days on whether to-- opine on whether that application should be approved. And that 30-day timeline, I might add, is a substantial factor behind our fiscal note. The department's concern that this may not be enough time to thoroughly review the solvency of a potential insurer, in our experience, this process may take more than 30 days based on a variety of circumstances, including the responsiveness of the applicant to questions and the complexity of the transaction. And without a proper review, the consequences could be very dire for policyholders, and in some instances, the taxpayers in the guaranty association. Under the bill, the department can only reject the application-- the applicant with the Department of Economic Development if the applicant fails to comply with federal laws or regulation, was previously approved for licensure by the Department of Insurance, or if the health and safety of the public is in jeopardy or if the licensure would create an unreasonable expense for taxpayers in the state. Notably to us, the agency rejection may not consider potential financial harm to the policyholders. The Department of Insurance is, is not a health or safety regulator. We do try to prevent financial harm to policyholders. If the bill is passed and a waiver granted based on an innovative benefit or service, many of the insurance laws including the ways we enforce solvency requirements would be reviewed or, or, or would be waived or suspended for that period of time. So in short, in short, we're concerned that we may be prohibited from providing consumer protections that the Legislature has adopted in the event of a financial collapse of the entity. Additionally, this committee has heard me discuss the necessary

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accreditation standards that are critical to us as an agency and for the insurers who want to domicile in Nebraska. If LB1127 passes as written, there's a-- there is a potential that our accreditation could be in jeopardy. Those are standards that are designed to prevent financial harm to policyholders. We wouldn't have-- again, we wouldn't have the ability to reject an application based on financial harm. Last, I'd note that while LB1127 explicitly denies waiver of taxes collected by the Department of Insurance-- Department of Revenue, there's not a similar restriction on taxes collected by the Department of Insurance. As a reminder, we collect more than \$100 million in tax revenue each year. The department has been a leader in the insurtech space. We try to keep our doors open. I'll try to wrap very quickly. Even though we can't support the bill in front of you today, we'd be very interested in discussing more narrowly tailored legislation designed to accommodate the unique, unique needs of the insurtech space. This time, I'd like to thank the committee for having us here today to discuss LB1127. I'd be happy to answer any questions the committee may have.

WILLIAMS: Thank you, Director Dunning. Senator Pahls.

PAHLS: Thank you, Chair. I understand your concern about the regulations and what-- how would you feel if we looked at what other states have done because they-- again, they have to have insurance like, like we do in the state of in Nebraska,--

ERIC DUNNING: Correct.

PAHLS: --if we could find they have some way or--

ERIC DUNNING: So as I understand it-- and, and, and again, I'm not deeply versed in this area, much of what I know is, is based on conversations with colleagues from other states, I believe they're primarily focused on, on the fintech space or on the insurtech space as, as applied to insurance, as opposed to an economy-wide approach like we see in LB1127. Again, we're just looking for something that's a little tighter focused on, on solvency regulation would be our biggest concern.

PAHLS: Thank you.

WILLIAMS: Any additional questions? Senator Flood.

FLOOD: Thank you, Director. Thank you, Chairman Williams. Thank you, Director for testifying. It's easy to, to state that Nebraska has a

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booming insurance industry as it relates to states in, in the United States. Is that accurate?

ERIC DUNNING: Depending on how you measure it, we're first in the country.

FLOOD: That's impressive. Have you talked to any of the insurance companies domiciled in Nebraska or others that are-- have expressed an interest in the regulatory sandbox concept in Nebraska? Are they looking to innovate?

ERIC DUNNING: First of all, Senator, I think it's fair to say that they're always looking to innovate. We regulate some, some, some folks who are at the cutting edge of their space. We have not had formal conversations with any of the folks we regulate about sandbox per se, whether that's economy-wide or, or something more narrowly tailored to insurtech. However, in informal conversations, I-- one point that I have heard raised is some concern about making sure that we have a level regulatory playing field for everyone that we regulate. Therefore, things like the, the limited duration of the waiver, as you saw in LB1127, would be something very important.

FLOOD: So what I heard you say in your testimony was that if we were to do something like this, if we narrowly tailored, tailored it to insurance tech, might be a way for us to start.

ERIC DUNNING: I, I think it would be accurate to say that the Department of Insurance would be delighted to participate in any meeting that we're invited to.

FLOOD: That is a very creative answer. Let me restate my question. If we narrowly tailored this to the Department of Insurance for the purpose of insurance,--

ERIC DUNNING: Sure.

FLOOD: --would that be something the Department of Insurance would support?

ERIC DUNNING: It would be something we would be very interested in. Yes, Senator.

FLOOD: Last question. There's a proposal in front of the Legislature that would increase our premium fees to anywhere from 8 to 12 percent.

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If that were the policy of the state government, what would that do to our insurance industry in Nebraska?

ERIC DUNNING: It would be extremely challenging for those people because insurance premium taxes across the United States are levied on a retaliatory basis, which means that Nebraska insurers pay insurance premium taxes in every state in which they're doing business at the higher of the state in which they're doing business or their domicile state. So the basis for our tax would move to 10 percent or 8 percent. That would be a significant hit, that would be a significant cost to their bottom line.

FLOOD: Thank you very much.

WILLIAMS: Senator Pahls.

PAHLS: Since you-- since Senator Flood brought up premium tax, I'm curious, where does a lot of that premium tax end up?

ERIC DUNNING: The premium tax ends up in a few different places.

PAHLS: But the main-- a good part of it goes where?

ERIC DUNNING: About half of it to the General Fund. The other half roughly divided between local government and schools. There's an amount that goes to something called the Mutual Assistance Fund.

PAHLS: Yes. But the General Fund, it looks like somebody is trying to increase the General Fund off this back of premium tax.

ERIC DUNNING: The, the premium tax does get a significant amount, the premium-- a significant amount of the premium tax does end up in the General Fund. Yes, sir.

PAHLS: OK. Thank you.

WILLIAMS: Is it fair to state that if we were to adopt a consumption tax, which I think is what the, the questions were related around, that that would absolutely decimate the insurance industry in our state costing them somewhere around \$10 billion annually?

ERIC DUNNING: I have heard the number \$10 billion used by my predecessor as an increase in the tax liability as a result of multiplying that amount by a factor of 10.

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WILLIAMS: We're, we're taking you way outside where, where you came up to testify. And I'm going to take it one step further because you're, you're the first lawyer that has sat in this seat today so far, so far, except for Senator Flood, excuse me. Does the state constitution allow the Legislature to authorize a state agency to waive or suspend a statute of the Legislature? And this is not a law school question, although it could be.

ERIC DUNNING: Although it could be. Mr. Chairman, I, I think it would be very difficult without express authorization from someone else for me to waive a statute as Director of Insurance.

WILLIAMS: Thank you. Any additional questions? Seeing none, thank you for your testimony. Invite the next opponent. Welcome, Director Lammers.

KELLY LAMMERS: Chairman Williams, members of Banking, Commerce and Insurance Committee, my name is Kelly Lammers, K-e-l-l-y L-a-m-m-e-r-s. I'm director of the Nebraska Department of Banking and Finance. I'm appearing today in opposition to LB1127. The Nebraska Department of Banking and Finance is a regulatory agency established by Nebraska law. The department is required to enforce the Nebraska Banking Act, the Nebraska Securities Act, the Nebraska Financial Innovation Act, and many other acts that could all fall within the reach of LB1127 as proposed. The department agrees that business and financial innovation is essential to furthering the state's economic development and intelligently meeting customers needs. Financial regulatory sandboxes are a popular means to stoke and develop possible business opportunities. It's important to remember that while economic development is valuable, consumers interacting with regulatory sandbox participants can still be affected and even damaged if appropriate safeguards are not followed. This is especially true in the financial services industries we regulate. Regulatory sandboxes must be delivered responsibly, be monitored appropriately, and preserve consumer financial protections. In its present form, LB1127 does not provide the tools to obtain those objectives. All of the acts within our jurisdiction contain provisions enacted to protect the funds of Nebraskans from students depositing their allowance in a bank or credit union school branch, to first-time car or home buyers, to persons electronically sending emergency money to a family member, to investors hoping to achieve a profit. The Legislature has mandated protections through licensing processes, regulatory standards and agency enforcement authority for financial service providers. The Legislature has also set mandates specific to each industry, such as

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federal deposit insurance for depository institutions, trust accounts for customer accounts held by money transmitters and mortgage bankers, full disclosure for securities transactions, and interest rate caps for lenders. Should these protections be subject to a regulatory relaxation waiver at any time? We think it would be highly inappropriate, but LB1127 could provide the means to do so. We are concerned that LB1127 will seriously hamper, if not prevent, the department from enforcing safety and soundness standards and consumer protection measures. LB1127 removes the department's ability to utilize enforcement actions that are contemplated under any specifically waived statutory section. It removes handling of the complaints process for a company offering a financial industry product away from the department to an agency and personnel that may not have the same expertise or experience. It could lead to fintech companies trying to maneuver around our chartering, licensing, and registration structures by the use of a sandbox waiver with periodic extensions. LB1127 is unclear as to who and when regulatory waivers can be applied. Clear delineation between the Department of Economic Development and other agencies' abilities need to be developed within the proposed act. The mechanisms between making certain recommendations, rejections, and prohibitions needs to be made clear to reduce potential friction points between the agencies involved. Clarification is also needed when laws provide private rights of action. For instance, the Securities Act of Nebraska gives investors a cause of action for the sale of unregistered securities or for fraud in connection with the sale of any security. If registration or disclosure requirements are waived, that would impact the investors' right to sue. It seems that each day brings an announcement of a new fintech startup or an existing financial services company promising new products or services. We therefore believe that there will be a significant number of waiver requests referred to the department. The mandatory 30-day review period and the processes required by LB1127 could not be absorbed without additional resources. LB1127 does not contain a revenue stream to fund those costs. Thank you for this opportunity to present the department's position. I'd be happy to answer any questions.

WILLIAMS: Thank you, Director Lammers. Are there questions? Seeing none, thank you for your testimony. Invite the next opponent. Anyone else to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Welcome.

REES EMPEY: Hello, Chair Williams and members of the Banking, Commerce and Insurance Committee. Thank you for the opportunity to provide

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testimony today. My name is Rees Empey, spelled R-e-e-s E-m-p-e-y, and I am the director of State Government Affairs at Libertas Institute, a nonprofit think tank based in Utah and regulatory sandboxes are something that we have worked on extensively inside and outside of Utah. In short, a regulatory sandbox enables innovator, businesses both big and small, old and new to work with regulators and the Legislature in trialing new products, services, and business models while regulations inapplicable to their idea are temporarily waived. At the same time, consumer protection is critical because, pardon me, an idea that will obviously hurt consumers won't make it past the, the application process and regulators while the trial is taking place keep an eye on businesses in the sandbox. At the same time, businesses aren't immune from being held civilly liable if there is harm. If anything, a business in the sandbox is under heavier supervision than a business outside of the sandbox. And if an application seeks to waive anything related to public health and/or safety, it won't be waived. Now this concept began in 2014, when the United Kingdom launched the world's first regulatory sandbox and targeted financial technologies, or fintech. Shortly after, countries such as Australia, Singapore, Japan, and several others began implementing sandboxes of their own while expanding the concept's application to other industries. Stateside, in 2018, Arizona passed the United States first sandbox, which targeted fintech, and something very similar happened. States such as Vermont, Kentucky, Utah, Hawaii, Florida, and several others implemented sandboxes, sandboxes of their own and explored ways to expand the concept's application to other industries such as insurance, agriculture technologies, energy technologies, legal services, and property tech. In Utah, we have worked on four different sandboxes. The state legislature overwhelmingly passed a fintech sandbox in 2019, an insurance sandbox in 2020, which is also the same year our state supreme court launched a legal services sandbox. And lastly, a universal sandbox in 2021, which is similar to this bill and applies to any and all industries. And as a result of working on fintech insurance, we just had more and more industries approaching us. So that's why we said we need to just get something that can go apply to any and all industries. And now we're dissolving our fintech and insurance sandboxes and consolidating it into our universal. As a result of our extensive work, we are also working with the National Council of Insurance legislators on model language for an insurance sandbox, and we are also working with a member of Congress. Thank you. We're also working with a member of Congress on a very similar bill for a universal sandbox at the federal level. At Libertas, we're fans of sandboxes because it invites the business community to the table

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too so they can highlight troublesome regulations while working with regulators and legislators to update the state's regulatory code to better welcome the innovations of tomorrow. We're happy to see that Nebraska is going for a universal sandbox rather than picking one or two industries to implement this flexible regulatory framework in because it offers the opportunity for innovations of all types to thrive and for sandbox states to share these innovations in the sandbox through reciprocity agreements with other states running similar programs. And now, you know, another benefit of the universal sandboxes, there may be a brand new industry that we haven't yet thought of or an innovation that kind of dips into multiple industries, and that's one of the huge benefits we see of the universal sandbox. Again, thank you for your time and I'd be happy to take any questions.

WILLIAMS: Thank you, Mr. Empey. Senator Pahls.

PAHLS: OK. You heard the-- at least three people from our departments and their concerns. Is that not concerns you have heard in other states?

REES EMPEY: We have heard that. We found that the biggest hurdle is just education and that there are safeguards in place. You know, this doesn't waive anything public safety or health related. It doesn't apply to federal regulations and that, you know, and honestly, these businesses are under heavier supervision than a business outside of the sandbox. So there's very little room for things to go wrong.

PAHLS: So you're telling me the sandbox is, is more regulated?

REES EMPEY: I wouldn't say more regulated. I'd say more supervised--

PAHLS: OK.

REES EMPEY: --by the regulator over the relevant industry.

PAHLS: OK, so insurance would be over insurance, banking would be over banking?

REES EMPEY: Yes, sir.

PAHLS: And-- OK.

REES EMPEY: And the director collaborates with the relevant agency heads before an application is or isn't waived--

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PAHLS: Thank you.

REES EMPEY: --or approved.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. Chairman. Thank you, Mr. Empey, for coming in from Utah. Is that correct?

REES EMPEY: Yes, sir.

McCOLLISTER: I'm curious to know why you testified in a neutral position.

REES EMPEY: We're a nonprofit. So we, we just done extensive research on this. We are not here to support or oppose any legislation.

McCOLLISTER: Thank you.

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony.

REES EMPEY: Thank you, sir.

WILLIAMS: Are there, are there any other neutral testimony? Seeing none, let me check here, we do have letters on LB1127, one in support and one neutral. Welcome back, Senator--

WISHART: Thank you, Chairman.

WILLIAMS: --Wishart.

WISHART: First of all, I want to thank all of those who testified and these were good questions. I also was updated by Director Macy and Director Dunning that they were going to come in opposition. So they did give me the courtesy of that heads up, and I'm happy to work with them and any other agency that has concerns. And I would be willing to look at ways where we could move forward, even if this committee chooses a more limited approach. Personally, I think an economy-wide regulatory sandbox would be fitting for a state that wants to attract and retain talent. But I recognize that, for me, it's important that we move the dial and so I'm willing to have a more narrowed approach if that's the direction that this committee wants to go. I have not chosen a priority yet. And depending on the temperature of this

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committee, would be potentially interested in prioritizing this legislation.

WILLIAMS: Any questions? Senator Flood.

FLOOD: Thank you, Chairman Williams. Senator Wishart, what about the concept of narrowly tailoring this to, for instance, the insurance industry where you have a director, you know, appointed by the Governor. They can do it within the narrow scope of the insurance industry instead of having a sandbox with everybody in it. If we could, if we could bring that fiscal note down to close to nothing and try it with one of our biggest industries, how would you feel about that?

WISHART: Like I said, I'm, I'm interested in Nebraska moving forward in reducing regulatory burdens. And so if that's the direction that this committee wants to go, I'd be open to it.

FLOOD: OK. Thank you.

WILLIAMS: Senator Pahls.

PAHLS: OK. I'm thinking, OK, let's say we're talking universal. Can you have a silo just for banking? A silo just for insurance? Is that possible or--

WISHART: Well, the way that the legislation is created is that it's within the Department of Economic Development. In fact, I've actually received pushback from those who believe this is too overly regulated and there's too much industry input. The goal is to look at ways that we can challenge outdated regulations, which means you want Economic Development overseeing that and working closely with each department where the regulation exists within that department. But again, I'm willing to narrow it, and, and obviously both of the-- all three of the directors that came up here, I'm willing to work with them.

PAHLS: Thank you.

WILLIAMS: Any additional questions? Seeing none,--

WISHART: Thank you.

WILLIAMS: --thank you, Senator Wishart. And that will close the public hearing on LB1127. We will now open the public hearing on LB1215,

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presented by Senator Geist, to adopt the Small Business Assistant [SIC] Act and provide for grants. Welcome, Senator Geist.

GEIST: Thank you. Thank you, Chairman Williams, and good afternoon, members of the Banking, Commerce and Insurance Committee. For the record, my name is Suzanne Geist. That's S-u-z-a-n-n-e G-e-i-s-t and I represent the 25th District, which consists of the southeast part of Lincoln in Lancaster County. I have introduced LB1215 to create the Small Business Assistance Act. This bill would provide up to \$25,000 grants to small startup businesses and grants of up to \$12,500 for small businesses that are up to five years in existence and did not qualify for the Paycheck Protection Program through the federal government. The first five years of a small business is a huge determining factor if a small business is successful or fails. This business also provides small businesses with counseling to help the businesses succeed. The Department of Economic Development will contract with a private business that has expertise to provide the business counseling. These counseling services include accounting, budgeting, human resources, financial planning, and other services that are important to small businesses. These services can be crucial to small businesses when they have not had experience with running a business in the past. I added the income limits to this bill because I wanted to make sure that we provide opportunities for people who are in the middle class and may not have the ability to start a business without these grants. These startups will not typically be high-paying jobs, but normal businesses that we use every day. Some examples would be salons, boutique stores, childcare centers, and many other businesses that provide our much-needed services. Lastly, the bill provides a report that will help judge the effectiveness of the program. It will be submitted every other year to the Governor and to the Legislature. Thank you for your time and attention. I'd be happy to answer any questions and there will be some really smart people behind me that can answer some questions as well.

WILLIAMS: Thank you, Senator Geist. Are there questions? Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. Chairman. Senator Geist, what's the genesis of this bill? Where did the bill come from?

GEIST: The bill come-- came from a friend who is behind me who saw a gap in services for small businesses and specifically in this income range. And so there was a number of people who, who were excluded from the PPP during COVID and these very small, just-getting-started

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businesses were overlooked and so it was an attempt to help those businesses.

McCOLLISTER: Is this model legislation?

GEIST: It is not, just our own idea.

McCOLLISTER: Thank you.

GEIST: Um-hum.

WILLIAMS: Additional questions? Seeing none, thank you.

GEIST: Thank you.

WILLIAMS: We invite the first proponent. Good afternoon and welcome.

LIZA MENDOZA-HOUSE: Hi. I'm here to testify in favor of LB1215. My name is Lisa Mendoza-House. It's L-i-z-a M-e-n-d-o-z-a-House, H-o-u-s-e. I'm a third-generation Mexican-American. I'm a wife, a mother, a sister, a daughter, and a business owner. In fact, I'm the only minority-woman-owned gym in Lincoln, Nebraska, and this is something that I say very proud. Getting here wasn't easy. The way was not paved to me. I had many obstacles that I had to overcome along the way. For 23 years, I was in corporate America, not because I found my dream job or I found a passion in what I was doing. It was just because it was all I knew. My family worked in these positions, so traditionally I just followed suit. When I was 21 years old, I found myself extremely overweight and unhealthy. I knew there was something I had to do about it because my health depended on it. On my own, I find-- I followed, I followed a diet plan and I lost 70 pounds. So it was here that I had found my passion for health and fitness. After losing weight, I felt great, but I wasn't satisfied. I felt a deep desire to help others that were going through what I went through and who were feeling what I felt. And I also wanted to help others who look like me; people whose families didn't discuss nutrition, health, and eating right. I wanted to be able to help provide the tools and guidance that I was looking for through my own journey, but it wasn't available. So with this became LP Fitness. I started with boot camps in the park on Sundays for whoever wanted to join and then I subleased out of a gym during vacant hours. I was managing all this while still working full time and taking care of my family. I was asked many times when I was going to quit my full-time job and open my own gym full time. I knew the demand was there, but this was still just an idea that was very unrealistic to me. So what did I know about running a

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business? How will I support my family? Who could I even talk to about that? I knew that there was nobody like me who was running a successful business, so that felt impossible. I knew I wanted this and I wanted to follow my heart, but I had no idea where to start. So I searched the internet, social media, research on how to start a business, attempted to network and even reached out to attorneys for help and guidance, but I continued to run into barriers. That limited resources that I just couldn't find and it cost money and a lot of money that I didn't have. I knew, I knew banks weren't going to give me a loan without a business plan, so I turned to family loans to help me. I opened a small business in 2019. We demoed, operated, ran it ourselves by family members who all worked for free because I had no funds to help them or to pay them. I was excited to have my own space and moving forward with my dreams. Then in 2019, COVID hit. I found myself searching for resources that I knew were out there, but I had no idea how to access them. I missed opportunities due to like missing deadlines and finding out too late of these resources. I applied for grants, but were immediately turned down and even on the one side, didn't even make the second round on. I had heard of all these other businesses getting financial assistance and I couldn't understand what I was missing out on. So I began to build a greater connection with the community and I was able to network and find some additional support and guidance, but this was only after two years of struggling. If I would have had the access to the right resources, networking groups, financial advisors, and other professionals, I felt I would have stood a chance compared to my competitors. I am now purposeful to giving back to my community by helping other businesses that are facing the same struggles that I have faced and overcome. I want to pave a path for others in the community who look like me to know that they can do something different than what society and tradition tells us we can do. If others were to have the means and connections to other professionals with the knowledge base that I was lacking, I feel minority-owned businesses would have and stand a greater chance of succeeding. And I thank Senator Geist for introducing the bill and thank you for your time.

WILLIAMS: Thank you. Are there questions? I have a few.

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: Is your business still operating?

LIZA MENDOZA-HOUSE: It is, yes.

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WILLIAMS: And you're running a gym.

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: And located here in Lincoln?

LIZA MENDOZA-HOUSE: Yes, it's on Cotner Boulevard right now--

WILLIAMS: OK.

LIZA MENDOZA-HOUSE: --66th.

WILLIAMS: And were you-- did you apply for a PPP loan?

LIZA MENDOZA-HOUSE: I did. I missed the mark on it. I didn't know how to do it. I went around and tried to find someone who could help me, the resource of someone who could help me do it and I missed the, I missed the guidelines of how to do it. So I wasn't able to get the first one, to answer your question, sorry.

WILLIAMS: Were you able to get the second one?

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: So you, you--

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: --you did qualify--

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: --the second--

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: --round of PPP?

LIZA MENDOZA-HOUSE: Yes.

WILLIAMS: Thank you. Any additional questions? Senator Pahls.

PAHLS: Thank you, Chair. Your lack of knowledge is one reason why-- just because you-- you're new at the gate. What do you suggest to get that information out to other individuals such as yourself? What do we need to be doing?

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LIZA MENDOZA-HOUSE: I, I called around and I did so much research because I was willing to-- I just wanted somebody to help me and guide me. So, you know, how do I start a LLC? You know, I wanted to do it right and I had no idea how to. Regards to the taxes, I just needed different people with the knowledge base just to kind of help me, you know, run my business successfully and like the right way. So really-- and then, you know, you throw the minority part onto it and I just feel that there's lax-- lack of resources for minorities. So I guess to answer your question, I would, I would think, you know, something that could-- we could access. You know, here, here's-- for the minorities or just in general to help us start a business if we have no knowledge of-- on how to do it, so.

PAHLS: Yeah, anybody's listening. I know it's out there. It has to be out there. We just are not making--

LIZA MENDOZA-HOUSE: Yes.

PAHLS: --the connection.

LIZA MENDOZA-HOUSE: Correct.

PAHLS: Are you a member of the Lincoln-- they keep saying they have 1,100 business in the Lincoln business association. Are you a member of that?

LIZA MENDOZA-HOUSE: I'm not. And, and honestly, I've reached out to lots of places, even networking companies and groups, and I've tried to like get the knowledge. And, you know, initially I needed, I needed help making a business plan, like just from scratch. And I reached out to people, but it was always something that was like an annual thing or, you know-- but I needed it now. And then, you know, I was able to reach out to some attorneys, but I just-- I didn't have the funds for that.

PAHLS: But everything's successful right now?

LIZA MENDOZA-HOUSE: So I opened the gym without a business plan. I was able to borrow some money from a family member. So yes, right now it's, it's going good. It's, you know--

PAHLS: That's the way-- we always say that's the American way.

LIZA MENDOZA-HOUSE: Yeah.

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PAHLS: Appreciate it. We just-- probably in your case, we need a smaller sandbox.

LIZA MENDOZA-HOUSE: Yep. I know--

PAHLS: It would be a concept, but we--

LIZA MENDOZA-HOUSE: Yeah.

PAHLS: I think there are probably people out there such as yourself who are willing to make that. They just need--

LIZA MENDOZA-HOUSE: Right.

PAHLS: --to receive that guidance.

LIZA MENDOZA-HOUSE: And just a little-- and just know everything that I've kind of got from everyone, I try to pay it forward to my other small business owners that are just starting that I-- the things I wish I would have known. You know, here's where to start. Call this person. I'll hook you up with-- you know, so now I have connections. Not that by any means am I-- I mean, I'm still a baby small business, but I think it's just passion-- I'm just passionate if it, if it would have been easier to have access to something more put together and especially, you know, the minority component to all of it.

PAHLS: I think it's out there. I just, don't-- you know what I mean?

LIZA MENDOZA-HOUSE: I don't know where-- yeah.

PAHLS: And I know-- right now--

LIZA MENDOZA-HOUSE: Yeah.

PAHLS: --I do not know, but I think the chamber of commerce, that's part.

LIZA MENDOZA-HOUSE: Um-hum.

PAHLS: --of their responsibility.

LIZA MENDOZA-HOUSE: Yeah, it was-- it's been hard to fi-- and if it's there, you know--

PAHLS: OK.

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LIZA MENDOZA-HOUSE: Yeah.

PAHLS: Hopefully we're letting people know.

LIZA MENDOZA-HOUSE: Yeah. Thank you.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah, just a comment.

LIZA MENDOZA-HOUSE: OK.

McCOLLISTER: Thank you, Mr. Chairman. Congratulations on your success so far. My brother is involved with the Small Business Administration, helping small companies, startup companies with business plans and, and even financing, so that might be another place--

LIZA MENDOZA-HOUSE: Yeah.

McCOLLISTER: --for you to go.

LIZA MENDOZA-HOUSE: Thank you.

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony.

LIZA MENDOZA-HOUSE: Thank you for your time.

WILLIAMS: Invite the next proponent. Good afternoon and welcome.

EDWARD BRECKENRIDGE: Good afternoon. My name is Edward Breckenridge. Thank you for allowing me to have the opportunity to come up here and testify for LB1215. First name Edward, E-d-w-a-r-d, last name Breckenridge, B-r-e-c-k-e-n-r-i-d-g-e. I have been-- I have an insurance agency that I have for 20-- the last 23 years. I was on the board of OSBN, which stands for Omaha Small Business Network, and what we did is we had microlending. Anybody below 72nd Street who normally couldn't go get a traditional loan, they would go to like a First National, Wells Fargo, get a denial letter, come to us. We'd have a panel and then we kind of take them through our course as somewhat of an incubator in low monies that way. I think Senator Geist did a wonderful job of introducing this bill because grants are a way to help establish, grow your business without, you know, mortgages yourself-- in debt. Despite providing the economy with an overwhelming number of benefits, small businesses don't receive the same government

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support as large corporations. Small businesses do not receive the same tax breaks and are not provided for large groups-- that are not provided for large corporations. Small businesses also don't receive the same local and state incentives for things like production facilities, research development. Large companies can receive federal bailout money in times of financial turmoil, an option that is not available to small businesses. Also, small businesses have the odds against them but continue to thrive. They bring more jobs to the community. A large percentage of that monies that they create goes right back into the communities that they live and work in. I think startup businesses have the odds stacked against them and I think this bill would be awesome for them. Being a business owner in the community for 23 years, I just think it's really needed because if you-- like, for example, there was a bill four or five years ago that came through where they passed and the government gave Omaha so many millions of dollars to renovate the Omaha Public Schools. Well, they had a organization out of Chicago to oversee the funding and they were supposed to have so many minority contractors, so they reached out to me to help educate a lot of minority contractors on getting bonding. And in this bill, as far as insurance and bonding and consulting and things of that nature, it's huge. It goes a long way because when I started my business, I did not have any of that knowledge at all on how to run a business. It was just my inner drive that enabled me to be successful over those years. I remember I went out and got a loan through-- I opened up a hair salon as well and I went and got a personal loan with Beneficial Financial, which is no longer in business. They're-- I think One Main Financial took them over, but the loan was at 22 percent, which I would never do that. But, you know, I didn't have the financial literacy at that time. So the consulting part and all that is huge. I just think this is something that could really benefit our communities because we have a large part of innovators leaving Nebraska. You know, our homegrown Nebraskans are leaving in droves because sometimes we get it later than sooner. And I think we need to keep them home because we have a lot of talent here. So I think this is a good thing and a move in the right direction. And, you guys, thank you for giving me the opportunity to present to you today and testify on behalf of Senator Geist's bill.

WILLIAMS: Thank you, Mr. Breckenridge. Are there questions? Senator Pahls.

PAHLS: I just-- one more. Sir, would you-- what organization did you say that's available now and--

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EDWARD BRECKENRIDGE: It, it has been defunct. The building has been torn down. The Sherwood Foundation, which is Susie Buffett, bought the building. It was on the corridor at 24th and Lake.

PAHLS: OK.

EDWARD BRECKENRIDGE: Yeah, so.

PAHLS: OK. Thank you.

WILLIAMS: Any additional questions? Seeing none, thank you, Mr. Breckenridge--

EDWARD BRECKENRIDGE: Thank you.

WILLIAMS: --for your testimony. Invite the next proponent. Seeing no one, is there anyone here to speak-- whoop, excuse me. We still have more proponents. Welcome and thank you for being here.

CONNIE EDMOND: Thank you. Good afternoon, Chairman Williams and members of the Banking/Finance Committee. My name is Connie Edmond, spelled C-o-n-n-i-e E-d-m-o-n-d. I would first like to thank Senator Geist for introducing this bill. I have been in the financial services industry for over 35 years and I'm a-- I'm here today to strongly testify on behalf of LB1215 for the Small Business Assistance Act. When I first started my career as a tax auditor 35 years ago, I witnessed firsthand the devastation of small businesses due to the lack of being out of compliance with tax laws, payroll responsibilities, business filings, HR issues, etcetera, and have no resources or access to obtain assistance in these areas. At that time, I went to the State Tax Commissioner and asked that we consider a program to assist small businesses with compliance to help ensure their sustainability. The Tax Commissioner agreed and from changing our perspective, from assessing tax and penalties to providing resources for compliance and education, allows for small businesses to be a going concern, contribute to the tax base, provide jobs, and be retained in our state. The millions of individuals who have started small businesses in the United States have shaped the business world as we know it today. Some small businesses like Henry Ford and Thomas Edison have gained places in history. Small businesses contribute to local economies by bringing growth and innovation to the community. Small businesses also help stimulate economic growth by providing employment opportunities to people who may not be employable by larger corporations. Small businesses generate about 50 percent of the gross

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domestic product. Aside from contributions to our general economic well-being, founders of small businesses also contribute to growth and vitality and specific areas of economic or social economic development. In particular, small businesses do the following: they create jobs, they spark innovation, they provide opportunities for many people, including women and minorities, to achieve financial success and independence. In addition, they complement the economic activity of large organizations by providing them with the components, services, and distributions of their products. In the state of Nebraska, small businesses employ 49.5 of the private workforce. My father was an entrepreneur and one of the things he consistently said was how much more successful he would have been had he had a support system that provided him access to quote those high-level professional accountants, lawyers, and big spenders. As a teenager, I didn't understand the gravity of his statement. Now, as an adult professional, not only do I understand the gravity, but also the domino effect. In my profession, I have-- personally have provided pro-bono business services to several small businesses and the demand for these services continue to grow. In the past year, several businesses missed out on COVID assistance through PPP programs, SBA EIDL loans, and the State of Nebraska stabilization grant because they lack the resources to be engaged with professionals to assist them with the knowledge of requirements to participate in these programs. Today, you possess the key to get these businesses started. Thomas's-- Thomas Edison said many of life's failures are people who did not realize how close they were to success when they gave up. I ask that you choose to adopt 12-- LB1215 and demonstrate to small businesses in Nebraska that you haven't given up. Thank you for allowing me to testify today and I'd be happy to answer any questions.

FLOOD: Thank you very much for your time. Are there any questions? Seeing none, thank you.

CONNIE EDMOND: Thank you.

FLOOD: Are there any other proponents? For the purpose of the transcriber, this is Mike Flood filling in for Senator Williams, who is introducing a bill in another committee.

RON SEDLACEK: Good afternoon, Senator Flood and members of the Banking, Commerce and Insurance Committee. My name is Ron Sedlacek, R-o-n S-e-d-l-a-c-e-k. I'm here on behalf of the Nebraska Chamber of Commerce and Industry in support of the legislation before you. The Nebraska Chamber has an economic development council that did review

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the bill specifically and they're very supportive particularly of the concept of this Small Business Assistance Act in regard to professional counseling services that it might propose and like to just discuss that just a little bit because when we take a look at the concept of this type of a program, it's targeting the smallest and newest business endeavors. We feel it would be most valuable to those budding entrepreneurs, particularly minority-women-owned businesses, and also reaching out to those trying to get ahead in our immigrant community, those that are trying to, to go into business themselves and just lacked a lot of the tools that are necessary to do so. Sometimes it's inexperience, but there's other factors involved as well and we all know this. The Small Business Administration, however, does not really provide management or technical assistance grants for starting a business. That's already that-- you have to already be there essentially. And in addition, many of their programs, as well as other federal programs, are more narrowly constructed, targeting particular startup businesses and in assisting them in that regard. So it can be research and development. So, so we see this as a valuable program in the sense that it would address the needs that were talked about by the previous witnesses. And from own personal point of view in regard to being part of the Nebraska Chamber of Commerce, being general counsel there, quite often, I'm referred telephone calls by those who are looking for assistance. And they would love to, to get assistance in regard to what do I do? How do I start? What-- you know, is there a plan that I can look at? Are there templates that I can utilize and so forth? Quite often, they're referred to by state or local agencies. Well, why don't you talk to the chamber? Maybe they have the information, could be the Lincoln Chamber or the State Chamber or whomever. You mentioned that, Senator Pahls, in your testimony. But we don't have-- we're not a law firm. We don't have a legal license. We're not an accounting firm. We don't-- we're not CPAs. We can't provide those services legally. We don't have a claim to do so. And we're also dealing with the membership issues where they essentially are joining because they already are in, in business. I'd love to start, you know, this type of counseling service, but it's just not-- there's just not the resources available to do so. So this is where the need is. You know, Ms. Mendoza testified-- she wasn't one of the callers, but what she was talking about is exactly the kind of phone calls I do receive. And you try to help people the best they can. Well, it's a payroll issue or, or, or how do I get work comp or unemployment? You know, here where-- here's where you call. You can direct people, maybe, but you're not sitting down and giving them a holistic approach. Here's a business plan. Here's some professional

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consulting services that we can give to them. That's what they're really looking for and that's a gap that just is not filled because you can look and look and look around and say, where do you find these services? And if you can tell me, that would be really helpful so I can refer the people. I don't think they-- I don't think there's a holistic service available in that regard. So that's why we support the legislation. I'd be happy to answer any questions.

FLOOD: Thank you, Mr. Sedlacek. Are there any questions? Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Senator Flood. You've been associated with the Nebraska Chamber a good number of years, correct?

RON SEDLACEK: Yes.

McCOLLISTER: Are you aware of any DED program that's similar to this?

RON SEDLACEK: I believe there is some sort of limited counseling program, but I'm not conversant with it, Senator.

McCOLLISTER: So of late, you don't know of any pro--

RON SEDLACEK: I don't.

McCOLLISTER: Thank you.

RON SEDLACEK: Um-hum.

FLOOD: Thank you, Senator McCollister. Are there any other questions? Seeing none, thank you for your testimony.

RON SEDLACEK: Thank you.

FLOOD: Are there any other proponents to LB1215? Seeing none, are there any opponents to LB1215? Seeing none, are there anybody-- is there anybody that wishes to testify in a neutral capacity on this bill? Seeing none, we will note that there was a comment posted in support, a proponent. His name is Mr. Robert Hallstrom. He lives in Lincoln, Nebraska, according to his address. We will make sure that the record reflects Mr. Hallstrom's support. It's time now to close on LB1215. We now welcome to the stage Senator Geist.

GEIST: To the stage, yes. Well, thank you. Thank you for your attention. And this is a bill that, full disclosure, would love to

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help Senator Terrell McKinney's iHub bill. So we're looking at merging these two together, so serving north Omaha and actually any other part of the state that has very small and often minority-owned businesses. So I'd appreciate your support.

FLOOD: Thank you. Senator Geist. You've heard the closing. Are there questions for Senator Geist? Senator McCollister, you're--

McCOLLISTER: Yeah, thank you, Senator Flood. Are these one-time grants or can they-- can a applicant get repetitive grants?

GEIST: That's a good question. I believe as it's written, I would believe it's one time, but I don't know for sure. I will get back to you and let you know. I'm not sure.

McCOLLISTER: Yeah.

GEIST: We'll take a look.

McCOLLISTER: Thank you.

FLOOD: Thank you, Senator McCollister. Are there any other questions for Senator Geist? Senator Bostar, you're recognized.

BOSTAR: Thank you, Senator Flood. Thank you, Senator Geist.

GEIST: Um-hum.

BOSTAR: I'm trying to kind of understand the funding mechanisms--

GEIST: OK.

BOSTAR: --through the fiscal note--

GEIST: Um-hum.

BOSTAR: --and through the bill. So you have intent language for \$5 million a year.

GEIST: Um-hum.

BOSTAR: But there isn't-- and I think there isn't because there's nothing reflected on the fiscal note itself, but there isn't actually an appropriation to DED from General Funds for-- within this biennium, is that correct?

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GEIST: There should be. Yes, it would be "General Funded"--

BOSTAR: OK.

GEIST: --to DED.

BOSTAR: So if we advance it, you would be interested in having us-- because it, it seems like there is no appropriation with it. And we can, we can certainly talk more about this.

GEIST: OK.

BOSTAR: And I guess that was kind of going to my follow-up question, which is so it does require DED to administer and execute on these grants?

GEIST: Yes, to a business, to a private business that then provides those services.

BOSTAR: Is there a, a limit on total program expenditure that you had in mind or is it just if--

GEIST: You mean--

BOSTAR: It kind of goes--

GEIST: year over year or--

BOSTAR: Yeah.

GEIST: Because originally it was \$5 million every year.

BOSTAR: Got it, OK.

GEIST: OK.

BOSTAR: OK, I understand now what-- all right. Well, if, if you would--

GEIST: [INAUDIBLE]

BOSTAR: --some point after this hearing--

GEIST: OK.

BOSTAR: --if we can work on that a little bit.

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GEIST: Sure.

BOSTAR: Thank you so much.

GEIST: Do you mean work on the intent language being more clear? Is that what you're requesting?

BOSTAR: Add-- actually probably putting in an actual appropriation, maybe with a-- I don't know if, if DED has a specific program that already fits or if they would-- if it makes sense for them to create a new program line.

GEIST: Um-hum.

BOSTAR: But so trying to figure some of those things out--

GEIST: OK.

BOSTAR: --just to make sure that that money was actually going to get there.

GEIST: Thank you. I will do that and I'll get with you ASAP.

FLOOD: Thank you, Senator Bostar. Are there any other questions? Senator McCollister, you're recognized.

McCOLLISTER: Yeah, thank you, Senator Flood. In your testimony, you indicated you'd like to merge your bill with a--

GEIST: Yes.

McCOLLISTER: --Senator McKinney's--

GEIST: Um-hum.

McCOLLISTER: --bill. What number was that?

GEIST: LB450.

McCOLLISTER: LB450?

GEIST: Um-hum. It's on Select.

McCOLLISTER: What's the funding source for that bill?

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GEIST: I do not know. I believe it was a General Fund. I'm not sure if it was general or ARPA, but I believe it was a General Fund appropriation for LB450. Is that what you're suggesting?

McCOLLISTER: But that's not ARPA funding.

GEIST: I don't think so because we haven't passed any ARPA funding out onto the floor yet. So it must be "General Funding" is my guess. I--

McCOLLISTER: OK.

GEIST: --have not studied that part of his bill.

McCOLLISTER: Thank you, Senator Geist.

FLOOD: Are there any other questions for Senator Geist? Seeing none, thank you, Senator--

GEIST: Thank you.

FLOOD: --Geist. That will close the public hearing on LB1215 and that concludes our hearings for today.