

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee February 6, 2024

**SLAMA:** Hello and welcome to the Banking, Commerce and Insurance Committee hearing. My name is Julie Slama. I'm from Dunbar and represent the 1st Legislative District. I serve as Chair of this committee. The committee will take up bills in the order posted. Our hearing today is your public 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 to introduce bills in other committees and are called away. It is not an indication we are not interested in the bill being heard in this committee. It's just part of the process. To better facilitate today's proceedings, I ask that you abide by the following procedures: please silence or turn off your cell phones, move to the front row when you are ready to testify. Our order of testimony today will be the introducer, proponents, opponents, neutral, and closing. Hand your green sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. It is my request that you limit your testimony to three minutes. We do have a light system going today. When you see that amber light, you have one minute left. We ask that you wrap up your thoughts then. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard here today, there are gold sheets at each entrance where you may leave your name and other pertinent information. These 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 our page for distribution to the committee and staff when you come up to testify. We will need ten copies. If you have written testimony but do not have ten copies, please raise your hand now so that the page can make copies for you. To my immediate right is committee counsel Joshua Christolear. And to my left at the end of the table is our esteemed substitute committee clerk, Katie Quintero. The committee members with us today will introduce themselves, beginning at my far left.

**BOSTAR:** Eliot Bostar, District 29.

**von GILLERN:** Brad von Gillern, District 4.

**AGUILAR:** Ray Aguilar, District 35.

**KAUTH:** Kathleen Kauth, District 31.

**SLAMA:** Our pages for today are Mattie [PHONETIC] and Mia. The committee will take up bills today in the following order: LB1416,

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LB1147, LB1229, LB1132, and LB849. With that, we will kick off our hearings today with LB1416. Senator Bostar. And before he gets started, can I just get a raise of hands as to who's planning to testify on this bill today? Fantastic. And as we're cycling through, if you wouldn't mind, proponents, coming to the first couple of rows as we kick things off. And then if there's any opponents, doing the same. Just so we don't get into staring contests with each other as things move along. Senator Bostar to open.

**BOSTAR:** Thank you. And good afternoon, Chair Slama and fellow members of the Banking, Commerce and Insurance Committee. My name is Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r. I represent LD 29. I'm here today to present LB1416, a bill introduced at the request of Governor Pillen that would create dual grant programs designed to increase the number of child care providers, support the child care workforce, and provide Nebraska families with reliable, accessible, high-quality child care solutions. Access to affordable, quality child care is inextricably linked to Nebraska's economy. Without it, parents won't be fully engaged in the workforce and our state will struggle to attract and retain new business and industry to our communities. Without meaningful change, hardworking parents will continue to struggle to achieve financial stability for their families. According to a Harvard Business Review report released in 2021, nearly 20% of working parents had to leave work or reduce their work hours solely due to a lack of child care, and only 30% of all working parents had any form of backup child care options. Despite the broad-scale importance of quality child care, Nebraska's child care providers and the educators who operate and work them lack the kind of support and incentives needed to be successful. The most recent data emphasizes the challenges faced by Nebraska's struggling child care industry. According to the licensed child care roster released by the Nebraska Department of Health and Human Services on January 3, 2024, nine counties in Nebraska currently have no licensed child care provider at all: Arthur, Banner, Blaine, Hayes, Keya Paha, Logan, McPherson, Sioux, and Thomas Counties. Examining the Nebraska Department of Health and Human Services license roster over the past few years shows that, in 2023, there were nearly 12% fewer child care programs serving children ages 0 to 5 than in 2019 statewide. According to child care industry employment data received September of 2023 from the Nebraska Department of Labor, the child care workforce in our state currently experiences a 30% turnover rate. The Early Childhood Institute at the University of Nebraska reported in 2021 that 7 in 10 providers report staff members leaving the early childhood field entirely. That same report found that 9 in 10

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providers employing staff have had difficulty hiring for open positions, citing both a general lack of applicants and an inability to offer sufficient pay. As part of the Governor's task force on workforce challenges, public and private stakeholders convened to discuss child care challenges and potential solutions. The group discussed the need to find innovative ideas that would approach this problem through a new lens. LB1416 does just that. This legislation utilizes the private sector and provides communities the opportunity to decide how best to approach their own unique child care needs. LB1416 does this by creating two separate workforce initiatives to be administered by the Department of Economic Development. First, this legislation creates a child care capacity building and workforce grant program. The program would establish a framework for providing funds to develop child care capacity in areas of greatest need to serve children ages 0 to 3 and to support the child care workforce. To qualify as an eligible recipient for this program, any city, village, county, nonprofit, or organization deemed appropriate by the department must provide a one-to-one match for the grant requested. The match can be monetary or an in-kind donation. Applications will be prioritized based on how they will use the funding. For instance, those that want to support the child care workforce or create a new program in a county with no licensed child care access would be given priority. Second, this bill creates the Family Child Care Home Grant Program. As part of this grant program, the department will have the flexibility to create microcenters, a form of care that uses existing space from a business, church, or school to care for up to 12 children. These microcenters would require two staff and would rely on support from regional facilitator hubs to provide administrative and technical support. These facilitator hubs work to lessen the administrative burden and financial overhead on child care providers so that providers can focus on the most important work of all: caring for and educating Nebraska's children. Individuals that will testify after me will be able to provide additional details on these two grant programs. I want to extend my thanks to the many stakeholders that worked with our office to bring this legislation before you. I especially want to thank Governor Pillen for his work to bring early childhood education and child care solutions to every family in Nebraska. I believe that the diverse list of supporters behind me illustrate well what an absolutely critical issue this is to the economic and social well-being of the state of Nebraska. Our economy depends on quality, affordable child care programs to support our working parents. Nebraska job creators are hurting for a workforce to grow our state's economy, and Nebraska parents are hurting for reliable, high-quality child care options to support

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their families. LB1416 provides relief to both, to both by providing flexible grant programs so communities can address their unique child care needs in the ways that best fit their unique requirements. Thank you for your consideration of this important legislation. And I'd be happy to answer any questions you may have.

**SLAMA:** Thank you very much, Senator Bostar. Are there any questions from the committee? Senator Kauth.

**KAUTH:** Thank you, Chair Slama. You said nine counties have no licensed child care. Does it discuss at all how many kids are looking-- or, how many kids need to have child care? Is there a, a need there as well?

**BOSTAR:** There absolutely is. I don't have those numbers in front of me, but I actually think that there will be a testifier that will probably have that information just right at the top of their head. And if not, I will get it before I close.

**SLAMA:** Thank you, Senator Kauth. Senator von Gillern.

**von GILLERN:** Thank you, Chair Slama, Slama. The-- in the fiscal note, I'm, I'm struggling to understand the financial side of this. And if you want to clarify or if you want to wait for the testifiers, that's fine. But it says in the fiscal note there's no prescribed grant formula or amount. Can you explain how we monetize this program?

**BOSTAR:** Did you think we needed a--

**von GILLERN:** I'm curious.

**BOSTAR:** Yes. So we are working-- the Governor's Office, myself, and stakeholders are working to find the right number for, for the, the two programs.

**von GILLERN:** OK.

**BOSTAR:** That's ongoing. Right now, the bill has a \$0 fiscal note, so. Good news.

**von GILLERN:** OK. Thank you.

**SLAMA:** Thank you, Senator von Gillern. Additional questions from the committee? Seeing none. Thank you, Senator Bostar.

**BOSTAR:** Thank you.

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**SLAMA:** We'll now open it up for proponent testimony on LB1416.  
Welcome, Mr. Zoeller.

**KENNY ZOELLER:** Thank you so much. Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Kenny Zoeller. That's K-e-n-n-y Z-o-e-l-l-e-r. And I'm Governor Pillen's director of Policy Research Office. I'm here to testify in support of LB1416. I'd like to thank Senator Bostar for bringing this bill on behalf of the Governor. Our state is facing a severe labor shortage. This creates a unique challenge for our existing businesses and hinders our ability to further grow Nebraska. Because of this challenge, Governor Pillen convened a workforce working group to examine our workforce issues. The group was made up of leaders throughout the state who identified three areas of focus to help address our workforce shortage: educational skill set development, housing, and child care and early childhood education. Together, we considered creative solutions to add to Nebraska's child care capacity. LB1416 is one outcome of these efforts. The bill would launch two programs. First, it would create the Child Care Capacity Building and Workforce Grant Program. This program empowers the Department of Economic Development to make strategic investments to support local community efforts to increase child care availability. And the DED grants would require a one-to-one match. The program cri-- prioritizes the creation of child care programs in rural areas of our state where there are currently no all-day, year-round child care options. The Child Care Capacity Building and Workforce Grant Program is flexible to enable communities to use these grants for a variety of purposes. These include bolstering child care workforce, construction or remod-- remodeling of business-- of buildings to serve as daycares, and providing financial support to parents and guardians with kids in child care programs. The second program of LB1416 would create the Family Child Care Home Grant Program. This program would help establish a microcenter network of child care providers. The vision is to help local communities and businesses get creative with esgi-- existing space and resources to meet their child care needs. Another feature of this program is to establish regional facilitator hubs to provide technical and administrative support to family child care home programs. For potential child care entrepreneurs, the process of setting up a licensed child care program can be daunting. These barriers to entry may even dissuade them from providing child care altogether. We want to assist prospective child care providers with applications, zoning permits, and health and safety inspections so that they can quickly and easily start their businesses. The Governor appreciates all the work that

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went into crafting LB1416. The programs created through this legislation will have a tremendous impact on Nebraska. In closing, I want to take a moment to highlight the Governor's broad policy objectives when implementing early childhood education child care policy. First is that we must find the right fit, right fit for the kid. The state should not pick winners and losers between public and private in-home care or parents that want to stay at home. This is because every type of child care will play a role in solving this problem. Second, increasing access for early childhood education will have a direct benefit in educational attainment for kids. And the third, giving parents a choice in, in where they send their kids is imperative. Increasing child care capacity is mission critical for Nebraska. It's essential to the economic prosperity of our state and the well-being of our kids and families. The Governor's Office appreciates the many individuals who have engaged with the state to come up with creative child care solutions. So thank you for the opportunity to testify. And I'd be happy to take any questions at this time.

**SLAMA:** Thank you, Mr. Zoeller. Are there any questions from the committee? Seeing none. Thank you very much for being here today.

**KENNY ZOELLER:** Thank you.

**SLAMA:** Welcome.

**WARD F. HOPPE:** Thank you. Chairperson Slama, members of the committee. My name's Ward F. Hoppe. W-a-r-d F. H-o-p-p-e. I'm a principal of Hoppe Development. We build affordable and workforce housing across the state. We built big projects. We built small projects. In our business, we want to provide housing that meets the needs of our clientele, whether low income or workforce. And to respond to need, we try to develop child care into or in conjunction with every project we have, big or small. We currently see the need for child care in conjunction with the need for affordable housing. We currently are working with the Nebraska Early Child-- Child Care Collaborative and DeOld Andersen Architects of Omaha on a study to create and design the integration of in-home daycares into our project scopes, whether large or small. It is our hope that we can leverage daycare with purpose-built housing to accommodate providing daycare in all the communities with affordable housing needs. Integrating daycare and early childhood education into or in conjunction with projects has turned into a significant effort in our development process. In other words, trying to figure out daycare for our projects consumes a heck of a lot more of our time and effort

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than it should, and equal to about any other portion of a project. So we think this bill would create and facilitate getting daycares and-- daycare into our projects. It should be known-- noted that installing daycare and housing comes at a cost. And in low-income housing tax credit and workforce housing, there's little money to spare. So this bill and grants therefrom potentially could fill the gaps created in projects to allow added daycare facilities. Our model, incidentally, focuses on in-home daycare, i.e. eight or less children per facility, generally. And it-- essentially, we create in a conjunction with our apartments or our units. We build a house so that it could accommodate eight kids in a-- in-home daycare. We support the bill and believe it would be well worth the money for the state to increase affordable daycare. And we're talking across the state.

**SLAMA:** Thank you very much, Mr. Hoppe. Are there any questions from the committee? Seeing none. Thank you very much for your testimony and for your work. Additional proponents for LB1416. Welcome.

**NICOLE VINT:** Good afternoon, Chairman Slama and members of the Banking, Commerce and Insurance Committee. My name is Nicole Vint, N-i-c-o-l-e V-i-n-t. And I am the Child Care and Development Fund administrator for the Division of Children and Family Services Office of Economic Assistance within the Department of Health and Human Services. I'm here to testify in support of LB1416, which will create a Child Care Capacity Building and Workforce Act. The department has made concerted efforts through the work of the Child Care and Development Fund, CCDF, Program to increase the quality of child care and the skills of the child care workforce. CCDF works with many partners and stakeholders statewide to continue to achieve higher quality standards for child care providers and their workforce. The department recently invested \$26 million into a statewide capacity building initiative. The initiative is set to create over 5,900 new child care slots, with 3,683 confirmed slots created to date. This has also eliminated two child care deserts, Boyd and Loup counties, which previously had no licensed child care. In addition to this initiative, the department collaborates with other partners and stakeholders to continue these efforts. The department acknowledges the vital service and role child care plays in Nebraska economy. LB1416 will offer additional opportunities to address the growing concerns related to child care capacity across Nebraska by ensuring increased access for working families. We respectfully request that the committee advances the bill to General File. Thank you for this opportunity to testify. I am happy to answer any questions.

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**SLAMA:** Thank you very much, Ms. Vint. Are there any questions from the committee? Seeing none. Thanks so much for being here today.

**NICOLE VINT:** Thank you.

**SLAMA:** Additional proponents for LB1416.

**NICOLE FOX:** Good afternoon.

**SLAMA:** Good afternoon.

**NICOLE FOX:** I'm Nicole Fox, N-i-c-o-l-e F-o-x. Representing the Platte Institute. The Platte Institute supports ideas that propose to reduce barriers to economic opportunity, which is why I'm here today to support LB1416. LB1416 could provide a positive impact on Nebraska's economy by attracting workers into the child care industry, creating opportunities for entrepreneurship into the child care industry and increasing access to child care for Nebraskans who need to participate in the workforce. During the 2023 interim, the Platte Institute held a week-long series of meetings across the state with the primary intent of discussing Nebraska's high property taxes. We visited Columbus, Kearney, North Platte, and Scottsbluff. In addition to meetings with the public, we met with local chambers of commerce and elected officials. Nebraska's workforce shortage and the lack of available child care was brought up in each community we visited. Child care centers faced significant challenges during the COVID pandemic. Capacity restrictions led to decreased enrollment, and temporary program closures made it difficult for some senator-- some centers to continue operation. Child care workers were forced to search for work in other industries, leading to child care staffing shortages and reduced child care availability. Employment in child care has not returned to pre-pandemic levels. Between January and April 2020, employment in the child care sector declined by 33%, almost three times the national average of overall employment. Labor force participation overall declined during the pandemic, possibly as both a driver and as a result of decreased employment in the child care industry. Like overall labor force participation, it remains below pre-pandemic levels. The emergence of remote work has posed both opportunities and challenges for workers. Mundy-- many industries discovered that the remote work their employees engaged in during the pandemic could become a new way of conducting business, as it was cost-effective and employees were not necessarily required to live locally. Remote work is not an option for all industries. While some medical care can be provided virtually, much of it requires health care providers to be physically present. In terms of



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education, although virtual coursework was temporarily the norm, most educational activities have returned to the physical classroom because of the benefits of in-person learning. Both health care and education employ a significant number of workers across the state. And additionally, workers in the trades and in manufacturing-- also a significant part of Nebraska's workforce-- do not have the option of remote work. For many working families, the cost of child care can be significant. For child care workers in Nebraska, whose mean average wage is \$13.46 per hour compared to a mean wage of \$26.48 across all occupations, the cost of child care is even more of a burden. Because LB14 [SIC] will eventually require the use of taxpayer dollars to create this new grant program, we do feel that a pilot program approach or a program sunset is a prudent and fiscally responsible consideration if needed. Data could be collected to ensure the program is ultimately accomplishing what it's supposed to do; and if so, then the program could be reviewed by the Legislature. I see that my time is up, so I thank you for the opportunity to testify. And again, we just really see this as an important workforce bill for our state.

**SLAMA:** Thank you very much, Ms. Fox. Are there any questions from the committee? Seeing none. Thank you very much. Additional proponents for LB1416. Welcome, Mr. Slone.

**BRYAN SLONE:** Senator Slama, thank you very much, and members of the committee. My name is Bryan Slone, B-r-y-a-n S-l-o-n-e. And I'm the president of the Nebraska Chamber of Commerce. And I'm here today on behalf of the Nebraska Chamber as well as the Lincoln Chamber of Commerce to express support for LB1416. I want to thank Senator Bostar and the Governor for their leadership in addressing one of the top barriers to workforce and economic growth in our state, which is the continued affordability and availability of child care. Our Nebraska Chamber Board has identified this bill as an important priority to strengthen Nebraska's workforce. The legislation obviously creates two grants that increase the supply and capacity of licensed child care-- the first being the Child Care Capacity Building and Workforce Grant Program, which is a strategic move recognizing the challenges faced by families and communities across the state. It's a coordinated approach and also provides technical assistance to grant recipients. This addition will foster greater collaboration between government entities and private organizations looking to solve community issues around child care unique to their communities. Second, the Family Child Care Home Grant Program gives our communities and businesses the ability to create microcenters without overregulation, and, more importantly, acknowledge

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the diverse needs of child care found throughout the state. In total, these grant programs demonstrate a holistic approach to addressing the child care issue while providing flexibility for communities to address their specific community needs. By prioritizing grant recipients based on criteria such as increased child care capacity for younger children, supporting the child care workforce, and addressing specific county needs, this bill ensures targeted and impactful investments. We believe this is a very well-crafted bill and should be part of a comprehensive solution to the child care challenges. Once again, thank you to both Senator Bostar and Governor Pillen for their work in bringing this legislation. The Nebraska's business community con-- encourages the committee to advance this bill to the floor for further consideration and passage.

**SLAMA:** Thank you very much, Mr. Slone. Are there any questions? Seeing none. Thank you very much.

**BRYAN SLONE:** Thank you very much.

**SLAMA:** Additional proponents for LB1416. Welcome.

**ELIZABETH EVERETT:** Hi. Thank you for having me here today. Chair Slama and members of the Banking, Commerce and Insurance Committee. My name is Elizabeth Everett, spelled E-l-i-z-a-b-e-t-h E-v-e-r-e-t-t. And I'm the deputy director of First Five Nebraska. First Five Nebraska is a statewide public policy organization focused on supporting policies that provide quality care and learning environments for our youngest Nebraskans. I am here today to testify in support of LB1416 and would like to thank Senator Bostar for his leadership on this important legislation and Governor Pillen for prioritizing child care as part of his administration's goals. Instead of reading through the rest of my testimony, what I would like to do instead is to answer some of those questions that we had around the gap numbers and then also to specifically discuss the bill and what we're trying to do with it. So as previously mentioned by previous testifiers, this bill was in response to the Governor's Workforce Task Force. It creates two separate grant programs, one specifically designed for those communities that are trying to increase their child care capacity and support the child care workforce. One thing to note is that there is a one-to-one match. So what we're really trying to do is to encourage that private sector investment prior to that state investment, right? So the grant recipient has to show that they have that match available before any grants can be disbursed to the recipient. Additionally, the grant is extremely flexible so that the community can determine how best to

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use it. So they can use it for increasing child care capacity, supporting the child care workforce, helping parents afford child care-- really anything that they need because we do know that each community has their own specific problems to address this cr-- child care crisis. In addition, the second part is a family home provider, specifically around microcenters. We would be one of the first states in the country to actually implement the concept of microcenter. It's another form of care that would hopefully streamline the process for providers. Right? So essentially, what you would do is you, you would create multiple sites in a specific region. You would work with businesses, churches, schools to donate the space. And then there would be a regionalized hub that would provide the administration support, provide tech support, provide curriculum support. So people on-site would be specifically responsible for, for providing care. And the administrative support would be responsible for providing all the back-end work that providers sometimes don't have the time to do so. Now, when we think about need, I would like to throw a couple of data points at you. Right now, pre-pandemic, the most comprehensive data we have is that, pre-pandemic, we had 20,000 children in Nebraska that did not have child care if they needed it. Right? In those nine counties, there's about 319 children that right now do not have child care if they need it. That's again to say that we do not have current demand-- sorry, current capacity to meet the current demand. We are in a huge shortage. And with a 30% turnover for child care workforce, this specific bill is designed to hopefully support the child care industry and support the workforce that our parents can, one, provide the care to their kiddos and then also to make sure that they can go to work and be comfortable doing so without worrying about where their kids are at. So with that, I'm happy to answer any questions that you might have.

**SLAMA:** Thank you very much, Ms. Everett. Are there any questions from the committee? Seeing none. Thank you very much.

**ELIZABETH EVERETT:** Thank you.

**SLAMA:** Welcome.

**AMY MEYER:** Thank you. Chair Slama and members of the Banking, Commerce and Insurance Committee. My name is Amy Meyer, A-m-y M-e-y-e-r. And I am the director of the Orchard Child Development Center in Nebraska City. I am grateful to be here today to speak in favor of LB1416 and would like to thank Senator Bostar for introducing this bill on behalf of Governor Pillen. The first five years of a child's life are the most formative to their ongoing

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development and directly impacts their health, well-being, and overall trajectory of their lives. Quality child care that focuses on research-based practices and implementation of Nebraska early learning guidelines is imperative to raising our next generation. Unfortunately, the absence of accessible, quality child care is negatively impacting Nebraska families and children. In response to community needs, last August we opened the Orchard Child Development Center in Nebraska City. We have the capacity to serve 52 children and are contracted to provide subsidized care to meet the most-- needs of our most vulnerable families. While working to open and serve our community, we received funding from the American Rescue Plan Act and the Business and Partnership Grant offered by the Department of Health and Human Services. This one-time funding allowed us to modify our building to meet licensing and sanitation regulations and current fire codes. We were able to purchase high-quality supplies for health and safety standards, educational materials, and equipment that fully furnished our center. The most impactful result of this funding was the ability to provide paid training to staff prior to enrolling children, which has undoubtedly impacted our program today. Without this funding, we would not have been able to strategically plan and implement the quality our-- care our program offers. Receiving this funding allowed us to open our center and offer child care in a community where accessibility to quality child care is a struggle for families. While the funding we initially received allowed us to open our doors, this one-time funding is not an ongoing source of revenue to allow us the ability to ensure we are operational in the future. Current struggles in our program and many other programs throughout the state include rising costs to pace-- rising costs of operations, the difficulty of recruitment and retention of staff, and being able to pay staff with wages that reflect the importance of their work. Ongoing funding would mean an ability to recruit and retain teachers of quality, would provide an opportunity to modi-- modify our existing building to increase capacity, and would help to ensure the families in the state of Nebraska have accessibility to quality early childhood education that will have a lasting impact on children in our state. Thank you again for allowing me to testify today and thank you again to Senator Bostar for introducing this important piece of legislation. I urge you to move LB1416 to General File. I'd be happy to answer any questions you might have at this time.

**SLAMA:** Thank you, Ms. Meyer. Wonderful to see a District 1 provider here today.

**AMY MEYER:** Thank you.

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**SLAMA:** Are there any questions from the committee? Seeing none. Thank you so much for being here.

**AMY MEYER:** Thank you.

**ECHO KOEHLER:** Hi.

**SLAMA:** Hi. Welcome.

**ECHO KOEHLER:** My name is Dr. Echo Koehler, E-c-h-o K-o-e-h-l-e-r. I have a doctor in nursing practice degree and have been a registered nurse for 21 years. I'm here on behalf of the Nebraska Nurses Association speaking in support of LB1416. The Nebraska Nurses Association is the overarching organization for the over 30,000 registered nurses in Nebraska. The most common occupation for working mothers is registered nurse. Women's employment is highly dependent on their ability to find child care. Nurses were not only on the frontlines battling COVID-19. The extreme workload coupled with caregiver role strain due to increased child care and domestic responsibilities have forced women to adapt their schedules and, in some case, leave their jobs entirely. Nebraska has a nursing workforce shortage, and it is critically impacting patient care. Hospitals across the state are reporting delays in access to care, delays in transfer of care to better-equipped facilities, and staffing shortages are forcing hospitals already in the red to invest significant resources to recruit and retain staff. The Center for Nursing reports between 2018 to 2022 there's been a 9.5% decrease in Nebraska's nursing workforce. Of nurses in Nebraska, 6.9% report that they're very likely to leave their primary employment over the next 12 months, and with almost half of them being from the youngest generations, Generation Y and millennials. This would result in nearly a thousand nurses between the ages of 24 and 55 very likely to leave their employment over the next 12 months. A major factor in the nursing shortage is gender role disparity given that 94% of nurses in Nebraska are female. Mothers across all economic sectors are twice as likely to report their ability to work was affected by child care compared to fathers. A study published in the Journal of the American Medical Association found child care stress was associated with anxiety, depression, burnout, intent to reduce hours, and intent to leave the job. Nurses have the added difficulty of trying to find child care outside typical hours such as 12-hour shifts, nights, weekends. One study reported only 8% of center-based care in this country provides nonstandard coverage-- a statistic sure to be closer to zero in rural Nebraska. When I started my nursing career as an emergency room nurse, I paid over \$6 an hour for child care for my

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three-year-old. I could only find a drop-in center. That was half of my take-home. While nursing wages have increased since I started my nursing care, cost and access to child care remains a significant problem. I brought this little guy today not as a prop but truly because I lack access to quality child care. We're currently on a waiting list, and it might even be up to 18 months before we have full-time care available. Helping mothers with children stay employed makes good business sense. The cost to replace a registered nurse can run upwards of \$64,000, and that statistic is from ten years ago, so. Probably a lot more now. And the replacement of an experienced nurse with one with less experience may impact patient safety and quality of care. The nursing shortage impacts not only Nebraska's physical health but altho-- also its economic health, with lack of care impeding the ability of communities throughout the state to attract and retain residents and businesses that employ them. But there is hope. A large study at an academic center nationally demonstrated an association between institution-affiliated child care and lower stress. This bill provides an opportunity to increase child care capacity in Nebraska, providing working moms the ability to enter, reenter, and remain in the workforce. For these reasons, the Nebraska Nurses Association supports LB1416. And we ask you to please advance this bill.

**SLAMA:** Thank you very much, Dr. Koehler. Are there any questions from the committee? Seeing none. Thank you so much for being here today--

**ECHO KOEHLER:** Thank you. Thanks for letting me go.

**SLAMA:** --and for bringing your plus one.

**ECHO KOEHLER:** He's been so good.

**SLAMA:** Absolutely.

**ECHO KOEHLER:** Thanks for letting it be during his nap time.

**SLAMA:** Welcome.

**AMARA MADSEN:** Thank you. Good afternoon.

**SLAMA:** Good afternoon.

**AMARA MADSEN:** My name is Amara Madsen. That's A-m-a-r-a M-a-d-s-e-n. I'm a licensed mental health practitioner and a service director for CEDARS Youth Services. The mission of CEDARS is to help children and youth achieve safety, stability, and enduring family relationships.

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We provide a continuum of services for children, youth, and families, including in-home family supports, child care, emergency services, foster care, supports for youth transitioning into adulthood, and many more. I'm here today in support of LB1416. I commend Senator Bostar for his commitment to child care services in Nebraska and thank him for his recent visit to our facility. I also want to thank Governor Pillen for his recognition and support of child care as a priority for our state. I want to articulate the support of CEDARS Youth Services for this bill because it invests in the social emotional development of children, supports working families, and prioritizes assistance for children ages 0 to 3. Specifically, we support the provisions that develop a process for the provisions of grants that would increase child care capacity for children three years of age or younger, support the child care workforce, and expand the availability of care. CEDARS operates a child care center here in north Lincoln. This center is funded in multiple ways. Some families pay out of pr-- pocket. Many of our families are low income and receive funding through Title 20 federal child care subsidy. And then our CEDARS Foundation certainly helps to maintain the building and subsidize services. But even with all of these funding sources, the cost of care is high, especially for infants and for children who need additional support due to developmental delays or behavioral challenges. LB1416 offers an opportunity for providers like us to receive funds needed to keep up with existing demand and to grow. This is vitally important because, as a mental health professional with experience both in child welfare and child development, I cannot underscore enough the value that access child care has for the social emotional development of children. Not only does quality child care help to develop brain function and social skills in children, but it also strengthens the social support networks of families. Our child care center is well-equipped to connect families to the broad array of services that CEDARS has to offer. As such, our child care center is more than just care. It's truly a part of a continuum of preventative services that help avoid bigger challenges for families. This is especially valuable for families that face challenges such as poverty. Part of our commitment to providing child care is to ensure that an underserved part of our community has access to high-quality yet affordable care. Our center, located in Lincoln's historic Clinton neighborhood, is in a low-income census tract and serves hardworking families, many of whom receive the state child care subsidy and access our child care services with chil-- charitable help from the CEDARS organization. We have been the only licensed child care provider in this census tract for many years. We know well the challenges of providing high-quality care for a working

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population. Additional state support will benefit families that contribute to the workforce needs of our state. Most importantly, I want to articulate our support for the focus on serving children ages 0 to 3, especially infants. There is a much higher staff-to-child ratio required for infant care, and this, along with other care and safety requirements, makes infant care much more expensive and can significantly limit capacity. These challenges make for an incredibly difficult business model for child care providers. LB1416 recognizes this challenge and will help providers expand and innovate to provide safe and high-quality care for our littlest Nebraskans. We urge your wholehearted support for LB1416. I'm happy to answer any questions.

**SLAMA:** Thank you very much, Ms. Madsen. Are there any questions from the committee? Seeing none. Thank you so much for being here.

**DEXTER SCHRODT:** Good afternoon.

**SLAMA:** Welcome.

**DEXTER SCHRODT:** Chair Slama, members of the committee. My name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t. President and CEO of the Nebraska Independent Community Banker Association. Our community bank members are uniquely positioned to understand the needs of their communities. And as you heard from Mr. Hoppe, the two needs are always housing and child care. So that's why we'd like to thank Senator Bostar and Governor Pillen for working and bringing forward this well-thought-out piece of legislation that will help to bring the private and public sectors together to address at least one part of the need, and that is child care. We do appreciate the prioritization of child care needs in the rural areas of our state. And we believe that the regional hubs are an innovative idea that will assist in getting child care programs off the ground. You know, sometimes it comes down to that last bit of nudge that somebody needs, the, the confidence that they need, that they have the right information that they can, can launch their own child care program. And you heard a little bit about the one-for-one grant matches. And we do believe the allowance of in-kind matches will also go a long way in this bill to addressing child care needs because there are communities across the state that might have the space needed for child care, but the-- there's need of the additional liquid capital to really get that off the ground. So we, we do urge your support of LB1416.

**SLAMA:** Thank you very much, Mr. Schrod. Are there any questions from the committee? Seeing none. Thank you.



**DEXTER SCHRODT:** Thanks.

**SLAMA:** Welcome.

**HEIDI PIEPER:** Thank you. My name is Heidi Pieper, H-e-i-d-i P-i-e-p-e-r. I'm a mom, a licensed foster parent, a rancher, and I'm on staff with Nebraska Farm Bureau. I live outside of Farnam, a small town in the southwest part of the state. And I'm here today in support of LB1416 on behalf of the Ag Leaders Working Group, which represents 96% of all farm gate receipts in Nebraska. There is a massive shortage of child care options across Nebraska, leaving many families without the opportunity for parents to work or requiring families to travel long distances for child care. Staff shortages are at the core of this dilemma, as qualified educators are difficult to find and retain. Affordability is also an issue. Often, it makes more sense for a parent with young children to stay at home because their earnings are not enough to cover the cost of child care. LB1416 intends to remedy this issue in multiple ways by providing support for Nebraska communities who are wanting to work towards long-term solutions for child care programs, the families who utilize them, and the businesses and industries that rely on the workforce that they empower. Access to child care is an issue in Nebraska communities large and small. A one-size solution will not fit all of the various needs across the state. We appreciate that LB1416 creates two grant programs: the Child Care Capacity Building and Workforce Grant Program and the Family Child Care Home Grant Program, providing numerous options for communities to meet their own specific needs. With that said, we're concerned that this bill does not appropriate any funding to these programs and that there's no prescribed grant formula for the second one. To that end, we urge the committee to amend this bill in a way that would provide more clarity as to the funding and priorities of these grants. We commend Senator Bostar for including funding for regional facilitator hubs to provide administrative and technical support to microcenters. That offers a unique opportunity to provide care for a small number of children while having access to support and resources for one's businesses. Also, we appreciate that the grant has a broad base for eligibility and that it's able to support new and existing providers and/or facilities. The mandatory annual reports to the Legislature will be beneficial, maintaining checks and balances about where taxpayer dollars are being spent. They will also help to determine any further modifications needed to improve the program. LB1416 will build a stronger, more dependable workforce while simultaneously providing an opportunity for children to be supported during the most critical time in their development, creating a strong foundation for the

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future. This bill helps us ensure Nebraska remains a great place to live, work, and raise a family. We appreciate Senator Bostar for bringing LB1416 and encourage the Banking, Commerce and Insurance Committee to take our thoughts into consideration as you prepare LB1416 to be advanced to General File. I'm happy to answer any questions you may have.

**SLAMA:** Thank you very much, Ms. Pieper. Are there any questions from the committee? Seeing none. Thank you so much for being here today.

**HEIDI PIEPER:** Thank you.

**SLAMA:** Additional proponent testimony for LB1416. Welcome.

**JENNIFER CREAGER:** Thank you. Chairwoman Slama, members of the committee. I'm Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r. With the Greater Omaha Chamber expressing our support for LB1416. Thank you, Senator Bostar and the Governor, for bringing this forward. I'm very glad that you had gr-- a lot of great testimony today, mostly because it gave me time to sprint across the street when I realized Mr. Slone was-- left us off of his testimony. So I-- in the interest of all the great testimony you've had, I will just say I associate my comments with what he told you earlier. But I will also say that I was honored to be on the Governor's working group on workforce. And child care was absolutely understood by everybody to be a key component of the workforce crisis. You cannot talk to anybody who talks about workforce issues without talking about child care and housing, so. Appreciate the fact that you're taking this up, and, and urge your favorable consideration.

**SLAMA:** Thank you very much, Ms. Creager. Are there any questions from the committee? Seeing none. Thank you for sprinting here. And again, if you're planning to testify as a proponent on LB1416, please feel free to file up towards the front two rows, please. Welcome.

**MARION MINER:** OK. Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Marion Miner, M-a-r-i-o-n M-i-n-e-r. I'm coming on behalf of the Nebraska Catholic Conference, which advocates for the public policy interests of the Catholic Church and advances the gospel of life through engaging, educating, and empowering public officials, Catholic laity, and the general public. I'm here in place of Tom Venzor, who would normally be here to deliver testimony on this issue. So thank you for, for having me as, as your guest today. The Catholic Conference represents, among our other entities, 112 schools, 2,500 educators,

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and 27,000 students. While not all these schools have child care or early childhood education programs, a substantial number of them do. These programs run east to west and north to south throughout our state. We find it a great joy and serious responsibility to assist parents in their role as the primary educators of their child. LB1416 provides an important opportunity to invest in the state's child care and early childhood education programs across the state. The one-for-one match grants specific needs-- excuse me-- address specific needs and provide tracking and accountability mechanisms that help measure outcomes for further review by the Legislature. The challenges that the Catholic Church experiences with operating child care centers and early childhood education programs are similar to those faced by the many other entities and businesses involved in this profession and vocation. Without going into each of those, we would like to highlight one principled concern and one practical concern to highlight how LB1416 can be helpful. Our educational programs work hard to assist the poor. Sacred Scripture reminds us of this responsibility in the 25th chapter of the Gospel of St. Matthew. In the Catholic social teaching tradition, this is referred to as the preferential option for the poor, which has a special form of primacy in the exercise of Christian charity. This preference not only applies to our individual actions, but to our broader social and political responsibilities. By providing one-for-one match grants, this program will strengthen child care and early childhood programs to assist parents, especially the working poor. Our working poor families often have both a mother and father working outside the home, which places on them the moral responsi-- responsibility and financial burden of finding quality child care and educational opportunities. LB1416 would help our schools' financial capacity as well to cons-- to, to, to continue assisting and subsidizing these families' expenses. Additionally, our programs face difficulty with workforce retention. While we strive to be competitive, we are often outpaced by larger corporations, especially in our smar-- smaller rural communities. While no single legislative program is going to remedy the problems experienced in this area, this is a smart step in the right direction to help those who are dedicated to caring for and educating children as a form of assistance to parents, who are the primary educators of their children. I'll stop there. And thank you for the opportunity today.

**SLAMA:** Thank you very much, Mr. Miner. Are there any questions from the committee? Seeing none. Thanks for being here.

**MARION MINER:** Thank you.

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**SLAMA:** All right. Additional proponents for LB1416. Any additional proponents for LB1416? Last call. All right. We'll now open it up for opposition testimony to LB1416. Nobody here to testify as an opponent to LB1416? Fabulous. Is anyone here to testify in a neutral capacity on LB1416? Seeing none. Senator Bostar, you're welcome to close. And as you approach, we do have a number of let-- letters for the record: 37 proponent letters for the record, 0 opponents, 0 neutral received for LB1416.

**BOSTAR:** Great. Thank you.

**SLAMA:** Fantastic.

**BOSTAR:** Thank you, Chair Slama and, and members of the committee. I appreciate your time and attention to this matter. This is a really important bill that I think will do a lot of good across the entire state. There's an extraordinary need for it. And honestly-- this may come as a surprise-- but I, I don't think I can say anything better than what was said before. So with that, I'm happy to answer any final questions about the legislation.

**SLAMA:** Outstanding close. Are there any questions from the committee? Seeing none. Thank you so much, Senator Bostar and everybody who came out to testify today. Senator Bostar, you don't get to go anywhere. You are the next bill up. But we will give you a minute to transition the room.

So. You know when you make the same stops.

Hey, man.

You guys don't get used to that.

You try. Oh.

I'm sorry.

Oh, please. I'm pretty sure you can bring a bill about pretty easily because of the.

Sacrifice I'd have to get.

Right into. Yeah.

Yeah. Oh, yeah. Yeah.

**SLAMA:** All right. Welcome back, Senator Bostar.

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**BOSTAR:** Thank you, Chair Slama and fellow members of the Banking, Commerce and Insurance Committee. For the record, I just want to point out that apparently the insurance industry regrets not appearing as a proponent on the previous bill. With that, for the record, my name is Eliot Bostar, E-l-i-o-t B-o-s-t-a-r. Representing LD 29. Here today to present LB1147. I introduced LB1147 on behalf of the Nebraska Insurance Federation. The legislation relates to a newer type of annuity entering the insurance marketplace that is defined in the legislation as an index-linked variable annuity, but it's commonly referred to as a registered index-linked annuity, or RILA. RILAs are a type of variable annuity contract that is linked to the performance of a market index, such as the S&P 500, but also includes a level of protection if the index performance goes negative, called buffers. RILAs are good options for individuals whose risk appetite falls between the traditional guaranteed fixed payment of the deferred fixed annuity and the deferred variable annuity, whose performance and value is directly tied to the performance of investments. Nebraska's current annuity law does not contemplate the existence of RILAs, and LB1147 provides the necessary guidance to domestic insurance companies on how to treat the assets held by the company for the RILAs. These statutory rules will allow companies to establish separate investment accounts for RILAs while stating how these separate investment accounts will interact with investments, accounts, and assets otherwise held by the insurance company. These rules ensure that the promises made by the companies who will sell RILAs will be fulfilled in the future and provide direction to the financial examiners of the Nebraska Department of Insurance when reviewing the RILA separate investment accounts. The provisions of LB1147 will allow Nebraska domestic insurers to sell RILAs competitively to consumers all over the nation, including to Nebraskans. I know representatives of domestic life insurance industry are behind me to provide more details on LB1147. And I am passing around a suggested amendment from the industry that removes an unnecessary cross-reference. I urge the committee to advance LB1147. I'd be happy to answer any questions you may have.

**SLAMA:** Thank you, Senator Bostar. Are there any questions from the committee? Seeing none. Thank you very much.

**BOSTAR:** Thank you.

**SLAMA:** We'll now open it up for proponent testimony on LB1147. Welcome.

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**DAVID LAUTENSCHLAGER:** Welcome. Thank you. Chairman Slama and members of the committee, thank you for considering the views of Pacific Life today. My name is David Lautenschlager. Spelled D-a-v-i-d L-a-u-t-e-n-s-c-h-l-a-g-e-r. I'm an actuary at Pacific life, and my role focuses around directing large-scale actuarial initiatives for the organization. Pacific Life has been in business for more than 150 years, offering life insurance and retirement solutions to Americans in need. I've been fortunate to work on many insurance and retirement products during my decade-plus career in Omaha with Pacific Life, and I've recently been very involved in the development of a new index-linked variable annuity product-- from here on, I'll refer to this as a RILA-- that Pacific Life will begin offering later this year. Pacific Life strongly supports LB1147, as it will help ensure our product has appropriate regulatory guardrails and is competitively priced. We would like to thank Senator Bostar for sponsoring this important legislation. I will speak first to what LB1147 does and then to why it's important to Pacific Life. LB1147 adds a new section to the state's insurance statutes to define a RILA, what it is, and make it clear on how the product is treated under Nebraska law. LB1147 also makes technical changes to current law to outline how the accounting treatment works for investments held on behalf of consumers who purchase these products. The legislation lays out the parameters for how those assets can be held and transferred to ensure that consumers get the greatest value from these products. In short, LB1147 would clarify Nebraska law, thereby enabling Pacific Life to be the first domestic insurer in Nebraska to offer a competitively designed RILA for retirement savers in Nebraska and nationwide. In addition to the specific impact of this legislation on Pacific Life, consideration of LB1147 is a critical step to help all Nebraska-based life insurance companies provide innovative solutions to address the pending retirement crisis in the United States. According to FINRA, over half of Americans are concerned they will run out of money during retirement. Annuities are a key savings and insurance option to help individuals and families protect against longevity risk by providing a, a steady stream of income during retirement. Furthermore, annuities are often purchased by middle Americans who are self-employed who work for small businesses and family farms. They're a valuable tool for those who do not have access to employ-- employer-sponsored plans. While RILAs have been around for more than a decade, in recent years they've grown in popularity as an investment option for retirement savers. This type of annuity is popular because it's based in part on the performance of an index, such as the S&P 500, allowing potential gain-- gains from market growth, but contains features that can

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limit risk. In plain terms, what generally sets RILA apart from other types of annuities is consumer choice. The consumer chooses the level of downside protection offered by the insurer he or she is willing to tolerate. RILAs serve a key role as a financial option for retirement plans, providing consumers a way to accumulate assets in a manner that helps ensure that retirement income can keep pace-- keep pace with inflation all while providing more downside protection than direct market investments. If enacted, LB1147 would modernize our state statutes and position Nebraska as a market-leading regulator in this space. The legislation builds upon current laws and regulations in Iowa, Ohio having similar statutes, as well as ongoing work with the National Association of Commissioners. Periodically updating insurance laws like LB1147 will ensure that Nebraska stays a moder-- a modern and competent regulatory regime for insurers. Thank you for this opportunity. I'm happy to answer any questions.

**SLAMA:** Thank you very much, Mr. Lautenschlager. Are there any questions from the committee? Seeing none. Thank you very much. And just a quick reminder to anybody testifying after: we do have the light system. Once that turns red, we ask that you pretty quickly wrap up your thoughts just so everybody has a chance to testify today.

**JACOBSON:** Especially Robert Bell.

**SLAMA:** Well, I mean, given the fact he missed the last bill.

**JACOBSON:** That's right.

**SLAMA:** Welcome, Mr. Bell.

**ROBERT M. BELL:** Good afternoon. Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell. Last name is spelled B-e-l-l. I'm an executive director and registered lobbyist for the Nebraska Insurance Federation, and I am appearing today in support of LB1147. I certainly appreciate Senator Bostar for introducing LB1147 on the federation's behalf. As you know, the Fed-- Nebraska Insurance Federation is a state trade association of insurance companies. Nebraska has a number of domestic insurers who write annuities. You've already heard from Pacific Life, but those members also include Mutual of Omaha, Emeritus, Woodmen Life, Assurity, MetLife, Midwest Holdings, among other companies. I think, Senator Bostar and Mr. Lautenschlager did a fantastic job of describing the provisions of LB1147 and explaining what a RILA is and how an insurance company would account for the assets backing up the

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RILAs. I would merely add that the interested members of the federation have met and reviewed LB1147 and are excited to competitive-- to competitively offer these annuities across the United States. Some non-Nebraska domestics already offer RILAs to their consumers, and this will place Nebraska domestics on the equal playing field with their competitors. I also appreciate the willingness of the Department of Insurance to work with the industry on this legislation. I want the committee to know that is not the case in most states. So again, thank you to Senator Bostar for introducing LB1147. And I appreciate the opportunity to testify.

**SLAMA:** Great. Thank you very much, Mr. Bell. Are there any questions from the committee? Seeing none. Thank you very much.

**ROBERT M. BELL:** You're welcome.

**SLAMA:** Welcome--

**ERIC DUNNING:** Good afternoon--

**SLAMA:** --Director Dunning.

**ERIC DUNNING:** --Madam Chair and members of the Banking, Commerce and Insurance Committee. For the record, my name is Eric Dunning. It's spelled E-r-i-c D-u-n-n-i-n-g. I'm the director of insurance. And I'm here today to talk to you about, LB1147 in support. LB1147 is going to tailor some existing standards from other specific laws in our insurance codes applicable to the separate accounts and variable annuities for a type of individual deferred annuity that includes indexed-linked variable annuities, which I'll be refering-- referring to as an ILVA just to shake things up a little bit this afternoon because I see how-- you know. It's exciting stuff. So. ILVAs are, are growing very quickly in their acceptance and utilization, and it's the fastest-growing annuity product in the country. These annuity proj-- products are very important for, for Nebraskans who want to manage their retirement income over the li-- over the, the course of their lives. The ILVAs are attractive because they're combining features from both fixed indexed and variable annuities, and it's a way to participate in those market gains up to a limit, or cap rate. But very importantly, it also gives them an opportunity to have a, a bit of a buffer against market losses-- excuse me-- against market losses. I'm going to skip through a little bit of this testimony because it's duplicative of, of what we heard earlier. Unlike a nonvariable or fixed annuity, though-- the-- there's an important thing for the committee to be aware of as they



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can consider the, the legislation. Those products only file-- are filed with the Department of Insurance, but an the ILVA must also be filed with the Securities and Exchange Commission as a variable annuity product and security. So the agents who sell these ILVAs must pass security sales representative exams. So a consumer can choose whether an index strategy is appropriate for them with the help of a licensed agent who has been authorized to sell securities and is licensed both by the Nebraska Department of Insurance and an SEC license. I think that's an important safeguard for Nebraskans who are potentially considering this. So with that, seeing the yellow light on, I'm happy to answer any questions that the committee may have.

**SLAMA:** Thank you very much, Director Dunning. I appreciate you highlighting that point. Are there any questions from the committee? Seeing none. Thank you very much.

**ERIC DUNNING:** Thank you.

**SLAMA:** Additional proponent testimony for LB1147. Seeing none. Is anybody here to testify in opposition to LB1147? Seeing none. Is anyone here to testify in the neutral capacity on LB1147? Seeing none. Senator Bostar, you're recognized to close. And as you approach, we had no letters for the record on LB1147.

**BOSTAR:** Well, I'm going to take the ten minutes I had originally planned for closing on the last bill and apply it here.

**SLAMA:** No.

**JACOBSON:** Is there a light?

**BOSTAR:** You know, this bill is just about ensuring that we are remaining competitive nationally and that the great companies that are domiciled, headquartered here in Nebraska have the same business opportunities as companies that have just decided to be located in far lesser states. And, and so for that reason, this is really important. It also ensures that Nebraskans who are looking for certain kinds of newer products have the ability to acquire those products from Nebraska companies located in the best state. And so with that, happy to answer any final questions. Appreciate your time.

**SLAMA:** Thank you very much, Senator Bostar. Are there any questions from the committee? Seeing none. Thank you very much. This brings to a close our hearing on LB1147. Next up is LB1229. Senator Wayne.

I'm seeing today I saw you right.

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Did you hear something? Yes.

I have four tornadoes on this. OK. I thought he was up. He killed it, though.

**SLAMA:** And-- so with this brief pause, we'll plan to reconvene at 2:40. We'll just let everybody get up and stretch their legs for about four minutes and stand at ease.

[EASE]

**SLAMA:** Great. Well, thank you. Thank you all for coming back. We'll now kick off our hearing on LB1229. Senator Wayne.

**WAYNE:** Thank you, Chairwoman Slama and the Banking and Finance Committee-- Insurance Committee. Sorry, Finance-- Banking, Commerce and Insurance Committee. Let me get the name-- I'm hardly ever here according to Sen-- well, I am never-- hardly here. All right. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e. And I represent LD 13, which is north Omaha in north Douglas County. This bill today is a third attempt to deal with arguably the to-- one of the top three issues in the state of Nebraska. Last year, I introduced a bill to create the Department of Housing, or maybe two years ago I introduced that bill. That went to Urban Affairs. Another year, I did a housing bill. That went to Government. And this year, I'm doing a, a housing bill, and it's now in front of Banking. It tells you that as-- if this is the number one issue, according to both rural and-- at least in north Omaha, housing and affordable housing, you would think that, one, we would have a place in the Legislature that housed it; and two, you would think we have somewhere in our government system that housed it. And we don't, actually. What you find here is an attempt for me to say, well, three years ago, when I introduced the Department of Housing, everybody said, well, we already had NIFA. So why don't we just have NIFA be the lead on housing? I said, OK. Great. I'll try that now. So I did this now. And the reason why this is important is because we literally have housing programs in DED, NIFA. We actually have it in Health and Human Services. We have a housing program there. And we have one more housing program that I cannot think of-- I'll think of it later. That is in a different part of our government. [INAUDIBLE] I'll probably remember that on closing. And so it makes it hard for us as a state and as a Legislature to deal with the housing crisis if it's spread out through multiple committees and it's spread out through multiple agencies. This is an attempt to bring it underneath one agency. And this is not actually an agency, but I would say a quasipolitical subdivision that is

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created in statute according to NIFA. This is the first time in seven years that I wrote very complicated bills. And the fiscal note says, one, NIFA is not a state agency, and we cannot-- and cannot receive appropriations, which I don't necessarily agree with because they are created in statute, but two, they use the word "inoperable." I've never seen that in a fiscal note before, so. And I do have a easy way to correct that. The easy way to correct that is just give the appropriations the DED, which we, we currently do, and use DED as a pass-through to NIFA to do that. I do make some changes to the board. And I won't walk through line by line of the entire bill, but this is just an attempt to put everything in one place and so people can deal with everything in one place. If the committee does not want to tackle this big problem that we face as a state this-- in this short session, I would ask that, starting on page-- Sections 11 and 12, starting on page 9 through 11, be incorporated in any committee package. And here's the reason why. Out of everything that's important to me in this bill, the most important thing to me is removing the conflicts that are listed on the board. What we have is people on the board who dabble in the industry. Many of them are consultants for the industry. And they just abstain from voting. We know how that really works. If you are a consultant and you're on the board-- quite honestly, you have a inside track. You know what the board is looking for when they hand out LIHTC grants or allocations. And what I'm trying to do is remove that. There's a question on, does that ret-- is it retroactive as far as the conflicts? I would entertain any amendment to say moving forward from this effective date. If you were a part of a LIHTC housing program 15 years ago, 20 years ago, you still may be having some jurisdiction over that program or that project because LIHTC can last for a significant amount of time. And you may not-- and you may have been involved a long time or-- that wasn't my intention. I don't want this to be retroactive. I'm just saying, going forward, that board and those members of the board should not have any financial interest in any of the decisions. It's not fair to the public and it's not fair to those who have-- who are not elected or connected or have the inside track. Just abstaining because they're a consultant or they actually receive funding-- which, one board member-- particular-- also received allocation funding of, of tax credits who was on the board. He did abstain from voting, but I just don't like the appearance. And this is something that I'm doing consistently. If you look at LB1416 and the inland port, you can't even own in-- you can't even have own in, in the area where the inland port is designated because we are trying to be transparent and have no more conflicts among these boards that, that we have. And so out of everything, I think it's important. I

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think if we have a housing crisis, the fact that it's broken up in different areas and we as a Legislature can't even figure out which committee the bill should go to complicates why we're not dealing with our affordable housing and our housing crisis. But more importantly, the only critical thing, I think, is we have to remove these conflicts or the appearance of conflicts that happen too many times-- not just on NIFA, but across our, our agencies. And with that, I'll answer any questions.

**SLAMA:** Thank you very much, Senator Wayne. Are there any questions from the committee? Seeing none. Thank you very much.

**WAYNE:** I will stay for closing because I really don't want to go back to Education Committee.

**SLAMA:** God bless. You can just stay here for the rest of the day. It's fine. We won't tell them. Any proponent testimony for LB1229? And Senator Wayne, is that your Stanley cup?

**WAYNE:** Oh, yeah.

**SLAMA:** Yeah. Don't leave that behind.

**WAYNE:** [INAUDIBLE]. Thank you.

**SLAMA:** Proponent testimony for LB1229. Seeing none. Is anyone here to testify in opposition to LB1229? Seeing none. Is anyone here to testify in a neutral capacity on the LB1229?

**SHANNON HARNER:** Good afternoon, Chairwoman Slama and the member-- members of the committee. My name's Shannon Harner, S-h-a-n-n-o-n H-a-r-n-e-r. I'm the executive director of the Nebraska Investment Finance Authority. As an involved entity in this legislation, our testimony on this bill is neutral. NIFA appreciates the confidence that Senator Wayne's bill shows in the NIFA staff. Our entity is motivated by our mission, which is growing Nebraska communities through affordable housing and agribusiness. NIFA staff are passionate about their work, which has continued to expand over the last few years. But today, our testimony is intended to provide relevant information regarding our work and our interaction with the state and DED. And as I'm sure you're aware, the director of DED is NIFA's board chair, and NIFA has a very close working relationship with our DED staff. Fundamen-- fundamentally, there were two items that I wanted to just tag as problematic. And the first was the transfer of duties and functions, the transfer of the employees. Under the bill, the duties and functions of the housing division at

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DED would be transferred as of the effective date to NIFA. And this purports to also transfer the positions of the employees to NIFA. The concerns that we have regarding this are that NIFA, while we are authorized under our statute, specifically 58-239(10), to receipt-- receive and accept from any source aid or contributions of money or property or labor or other things of value, we're not, as Senator Wayne noted, a government agency. We are a government entity. And as a result of that, with consultation with DAS, what we have determined is that we would not be able to accept wholesale providing of state employees to us and keeping them in the state system or the state pension system. They would have to-- you could give them to us, but they would then be NIFA employees. They would not be eligible for any of the state documentation that they, they currently get. I see I have one minute left. Our-- the second thing to point out is existing tract-- contractual obligations. There would have to be some significant vetting of contracts that DED has signed to ensure that they can be transferred if they need to be transferred. So those are just kind of the, the two highlighted portions of things that-- we, we applaud the, the importance of having housing people across the state work together. The agency-- other agency that Senator Wayne was thinking about was NDEE. So there, there's housing at DED, at NDEE, at DHHS. And then NIFA works to try to stay in the middle and sort of float all of those things together, which we do through the statewide housing framework and council. And we've been working very closely over the last three years on trying to consolidate our communications with those other agencies. If there any questions.

**SLAMA:** Thank you very much, Ms. Harner. Are there any questions from the committee? Seeing none. Thank you so much for your perspective on this.

**SHANNON HARNER:** Thank you.

**SLAMA:** Any additional neutral testimony on LB1229? Seeing none. Senator Wayne, you're welcome to close. And as you approach, we received no letters for the record on LB1229.

**WAYNE:** Thank you. Clearly, this is a-- the biggest problem we have and we have no testifiers. This is great. So I, I would just end saying that, one, there's nobody in opposition, so a consent calendar is possible. That's a joke. You can laugh, Senator von Gillern. It's OK. Second thing is is-- I, I mean, seriously, like, at the end of the day, I would accept if we can just do Section 11 and 12 to remove the conflicts and that's the only thing that came out of this

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committee. I, I would, I would work that on the floor. I, I, I just think it's important that we remove some conflicts.

**SLAMA:** All right.

**WAYNE:** Thank you.

**SLAMA:** Thank you very much, Senator Wayne. Are there any questions from the committee? Seeing none. Thank you.

**WAYNE:** Thank you.

**SLAMA:** And we won't tell the Education Committee if you want to hang out here.

**von GILLERN:** Don't forget your cup.

**WAYNE:** [INAUDIBLE].

**von GILLERN:** I'm laughing now.

**JACOBSON:** Need some help back at the, at the other hearing room?

**SLAMA:** This brings to a close our hearing on LB1229. We will now kick off our penultimate hearing of the day on LB1132. Senator Lippincott. And I'd ask anybody wishing to testify on LB1132 please come up to the first couple of rows just so we can expedite things and save everyone's time getting out of here today.

**JACOBSON:** My bill's chopped liver?

**SLAMA:** What?

**JACOBSON:** My bill's chopped liver?

**SLAMA:** I said penultimate. That's next to last. Senator Lippincott, welcome.

**LIPPINCOTT:** Good afternoon, Chairwoman Slama and Banking and Insurance Committee. My name is Loren Lippincott. That's L-o-r-e-n L-i-p-p-i-n-c-o-t-t. And I do represent District 34. LB1132 seeks to double the rate of liability insurance an individual must carry. Nebraska has not raised the amount of liability insurance someone must carry since 1983. That's 41 years ago. And you can see that in the original bill that was being passed out to you right now. The world's more expensive place now than it was. And it's-- this has been specifically for victims of car accidents when they receive

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medical bills they anticipated would be covered by either their insurance or the offender's insurance. Behind me, I have someone who could explain better details to you on those specifics and answer your questions, but I want to tell you about a friend of mine very briefly. In Central City, we had a young man-- his name's Chris [PHONETIC]. Chris, 51 years old, out one day riding on his motorcycle. And he gets broadsided by a driver who was cited for his third DUI-- that's a subject for another day. But Chris had to be revived in Central City, our hometown. Flown to Lincoln to a hospital. Had to be revived a second time. He ended up spending about 30 days in the hospital, underwent three surgeries on his leg, two for his-- one for his heart, one for his chest. Had to be revived twice. His insurance was \$1.2 million. Also \$20,000 of lost wages and-- he had to pay \$20,000 out of pocket. So the insurance coverage right now-- which it is in many states-- is 25/50/25. Most of us all have that in our liability coverage that we have for our cars. But this bill, this proposal would raise that up to 50/100/50. Specifically, it would be \$50,000 because of bodily injury, sickness, disease, or death of one person in any one accident and subject to such limit for one person. That's the first figure. The second figure is \$100,000 because of bodily injury, sickness, disease, or death of two or more persons in any one accident. And then the third figure is \$50,000 because of injury to-- the destruction of property or other persons in any one accident. Some of these titles are things that we don't normally talk about: liability, comprehensive insurance, collision insurance. So I did write on your handout there what each one is. And what we're talking about today is just simply liability insurance, which pays for damage to another person's car from an accident that you cause. So if I hit Senator von Gillern's car-- no cause on his part, but it's me, my insurance would pay for his automobile. Comprehensive insurance would be optional coverage that-- to protects against damage to your vehicle caused by noncollision events that are outside of your control. So Senator Aguilar's car is parked in his parking lot. His neighbor's car-- or, neighbor's tree falls on his automobile, that would cover his car, comprehensive insurance. And then collision coverage helps to pay for or replace your vehicle if it's damaged or destroyed in an accident with another car regardless of who is at fault. That's collision. With this bill, there would be no cost to the state, as you can see in the fiscal note. Costs keep going up. This bill helps to bring liability insurance up to a better standard of care. And behind me, I do have someone who can answer better any questions you might have. Thank you.

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**SLAMA:** Thank you very much, Senator Lippincott. Are there any questions from the committee? Seeing none. Thank you very much.

**LIPPINCOTT:** Thank you.

**SLAMA:** We'll now open it up for proponent testimony on LB1132. Welcome.

**KATHLEEN NEARY:** Madam Chair, members of the committee. My name is Kathleen Neary. I am speaking in favor of LB1132. Just by way of background, I am a lawyer--

**SLAMA:** Oh. I'm sorry. Could you spell your name for the--

**KATHLEEN NEARY:** Sure.

**SLAMA:** --transcribers?

**KATHLEEN NEARY:** Kathleen, K-a-t-h-l-e-e-n. Last name is Neary, N-e-a-r-y.

**SLAMA:** Thank you very much.

**KATHLEEN NEARY:** For nearly 30 years, I have represented persons who were injured in automobile collisions or were killed as a result of motor vehicle accidents. I am appearing on behalf of the Nebraska Association of Trial Attorneys today. Now, as Senator explained, LB30-- LB1132 would propose to increase the minimum liability limits for motor vehicles from 25/50. And the way that's explained easily is \$25,000 per person, but for any one collision never to exceed \$50,000. So if there's five people hurt in a collision, the policy limits would never exceed-- or, payments of \$50,000. Just by way of reference: in 1983, when this bill, when this-- 41 years ago, in 1983, was the last time that the Legislature increased the liability limits for motor vehicle collisions policies. And they increase it from 15 to 30-- 15/30 to 25/50, where it has remained 41 years later. And that is well before some of the members of this distinguished committee were even born. And we know that, in 1983, a stamp cost \$0.20 and a loaf of bread cost \$0.66. And we know that health insurance has skyrocketed. And we know that everything-- well, except for your salaries-- have gone up in-- sorry. And I would vote for a pay increase. You work hard-- ha-- have not gone up in price. \$25,000 in liability insurance coverage is just simply inadequate. And you're saying, why does this matter to me as a state senator? How does it affect my constituents? Here's how. If John Doe runs a red light and collides with Mary Smith, Mary Smith is transported by ambulance in



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the emergency room, has a PET scan, maybe an MRI, due to a broken femur or head injury. She stays overnight in the hospital. She misses ten days of work under doctor's orders. Under that scenario, it would easily exceed \$25,000 in damages. And what happens when the \$25,000 in liability coverage is exhausted? Well, there's three scenarios. Mary Smith files bankruptcy, which leaves the medical providers high and dry. Or she may go on Medicaid and our state and the taxpayers of our state would pick up the bills because John Doe did not have adequate coverage. Third, she might have a UIM claim against her own policy, and that would increase her cost. None of these scenarios are good. Placing responsibility with the negligent driver is fiscal responsibility. And I would encourage you to adopt LB1132.

**SLAMA:** Thank you very much, Ms. Neary. It should be noted for the record that Senators Ballard, Senator Bostar, Senator Dungan, and myself were all born after 1983.

**KATHLEEN NEARY:** Thank you.

**von GILLERN:** That hurts a little.

**SLAMA:** What? I mean, Senator von-- I don't know. I'm just guesstimating with you guys.

**von GILLERN:** Jeez. [INAUDIBLE].

**SLAMA:** Your birth dates are on Wikipedia. I don't know. Are there any questions from the committee? I'm so sorry.

**KATHLEEN NEARY:** That's OK.

**SLAMA:** All right. Seeing none. Thank you so much for your testimony. All right. Any proponent testimony for LB1132? Any additional proponents for LB1132? Seeing none. We'll now open it up for opposition testimony to LB1132.

**KERRIE SNOWDEN:** Hello.

**SLAMA:** Welcome.

**KERRIE SNOWDEN:** Thank you. Chair Slama, members of the committee. My name is Kerrie Snowden, K-e-r-r-i-e S-n-o-w-d-e-n. I am employed by and a registered lobbyist for Farmers Mutual of Nebraska. We're the state's leading carrier of homes, farms, and automobiles. I appear here today in opposition to LB1132. The current requirements of 25/50/25 is a generous covered structure that is sufficient in most

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claims and in line with the majority of other states. I have provided you with an exhibit that demonstrates this. This bill would not only double the liability minimum requirements, but it would also double UM and UIM-- that's uninsured and underinsured motorist-- coverages. Currently, only 42 states have required BI limits of 25/50 or less, including our neighboring states of South Dakota, Kansas, Missouri, Iowa, and Wyoming. You'll see only two states, Alaska and Maine-- there's an asterisks there for Michigan, which is an outlier, which-- we don't like to talk about Michigan-- have 50/100. Nebraska does require a minimum amount of UM/UIM coverage, which not all states do. The current required amounts are sufficient for the majority of claims. Based on our company's claim history in 2022, 75% of our claims were settled less than \$25,000. No state has more than \$25,000 in required minimum limits for property damage at \$25,000. And the important thing to remember is these are just minimums. We can each individually choose to increase the amount of coverage depending on our individual, financial, and risk situations. But most importantly, we want to be able to continue to offer a product to the public that provides adequate protection for most claims but at an affordable price. Doubling the minimum required limits will increase the cost. As an example, based on our company's base rating, changing limits from 25/50 to 50/100 would result in a 54% increase premium to the bodily injury limit, an 85% increase to the premium for uninsured motorist coverage, and a 54% increase to the premium for underinsured motorist coverage. To someone or families just trying to make ends meet, it could mean the difference between carrying coverage and letting it go. It's not unheard of for someone to obtain insurance just to register a vehicle but then to drop it the next day. We would-- an increased cost could lead to more uninsured drivers. Nebraska currently has a 9.3% uninsured driver rate. This has increased slightly over the past few years, but we certainly don't want it to increase any further. When an uninsured driver causes an accident, responsibility then falls on our individual underinsured motorist coverage to pick up the costs. It's better public policy to have a greater participation in the auto insurance market at a lower price than to have less participation with a higher cost for insurance. Therefore-- in sum, we-- the current required limits are sufficient, in line with the majority of states, and it keeps insurance affordable for all Nebraskans. With that, we urge you not to advance this bill out of committee. Thank you.

**SLAMA:** Thank you very much, Ms. Snowden. Are there any questions from the committee? Seeing none. Thank you very much for your testimony.

**KERRIE SNOWDEN:** Thank you.

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**SLAMA:** Welcome back, Mr. Bell.

**ROBERT M. BELL:** Thank you. Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell. Last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation, the state trade association of insurance companies. I am appearing today in opposition to LB1132. I'm proud to say that the Nebraska Insurance Federation membership includes the top ten writers of private auto insurance for Nebraskans. These top ten writers include 80%, nearly 84% of the total market share for our state, according to information from the National Association of Insurance Commissioners. As you already heard, LB1132 with double the current minimum amount of mandated coverage for private passenger automobile insurance. The current 25/50/25 is the most common level of minimum coverage in the United States, according to the Insurance Information Institute. And Nebraska is also one of a limited number, 15 states, that also require both UI and UIM, which you've already heard. We have a very low uninsured rate. In a perfect world, no minimum limits would be required by law. While I don't have the stats in front of me, I want to believe that most Nebraskans are concerned about financial protection and have far more auto coverage than is required by law. The Legislature does not pass man-- these mandates to make the requirements on those who already are responsible financially and able to have adequate coverage. Instead, mandates are passed to force those individuals who would not otherwise purchase coverage by a minimum amount. Those individuals who struggle to afford auto insurance will not be benefitted by doubling of the minimums. Their premiums will increase perhaps to a level where they cannot afford insurance and may drop out of auto insurance when they have other decisions to make about what goods and services to purchase. These mandates affect Nebraskans at their margins. And insurance companies are concerned that LB1132 will drive up the uninsured rate in our state. Finally, I'll just mention the auto insurance market does seem to be working in our state. Nebraska has a residual market for auto insurance. This is for individuals who cannot find auto insurance on their own in the open market. So we have this residual market only. I think it's less than ten-- maybe it's six-- Nebraskans currently reside in this market. Doubling of these limits could make finding coverage harder for some Nebraskans. Mainly, though, the Nebraska Insurance Federation believes LB1132 will increase rates for those who [INAUDIBLE] afford coverage, leading to higher uninsured rates. Certainly appreciate Senator Lippincott's story. And do feel bad for the individual involved. Hopefully they had health insurance to help

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them cover their cost related to that. But we do oppose LB1132. Thank you.

**SLAMA:** Thank you very much, Mr. Bell. Are there any questions from the committee? Senator Bostar.

**BOSTAR:** Thank you, Chair Slama. Thank you, Mr. Bell. I'm just trying to understand some of this. So--

**ROBERT M. BELL:** Sure.

**BOSTAR:** What we want is we want people to independently adopt an insurance policy that offers sufficient financial protection, and we want them to do that on their own. And we think they should, and we think most Nebraskans do, from what I gather.

**ROBERT M. BELL:** I would agree with that statement.

**BOSTAR:** Great. All right. But we don't want to increase the minimums because it could make insurance harder to afford.

**ROBERT M. BELL:** For those people that struggle to--

**BOSTAR:** Sure.

**ROBERT M. BELL:** --afford auto insurance to begin with.

**BOSTAR:** Right. So that particular universe of folks where-- who would be in-- who would struggle to afford an insurance policy with increased minimums are the same people we're hoping are independently buying extra insurance to cover themselves. But of course, they don't, they don't have a lot of assets to protect right? There's not--

**ROBERT M. BELL:** Yeah. And they made, made the decision not to because they don't have the assets. That's right.

**BOSTAR:** And then-- right. So they don't have assets to protect.

**ROBERT M. BELL:** Sure.

**BOSTAR:** So they don't need more liability coverage. So in that situation, isn't, isn't the party that's ultimately kind of left hanging is, is the-- in this case, in an accident situation, right? Someone with bare minimum limits, has no assets. Hits someone else. does some damage. They have no incentive to have any more coverage for liability.

**ROBERT M. BELL:** Right.

**BOSTAR:** So the, the other person's the one that is coming out of this situation poorly.

**ROBERT M. BELL:** The person that was hit and is not liable?

**BOSTAR:** Yes.

**ROBERT M. BELL:** Well, presumably their insurer's coming out less fortunately than they would. I mean-- and, and it, and it-- if the-- if I'm in an accident and I have-- I personally have more than the minimum limits, right? And let's say I'm in the hospital for a couple of weeks. Certainly, my bill, as we've talked about health care costs, is going to be very high. But there's layers to that, right? It's not like I'm going to go immediately onto Medicaid or something like that. My health insurance is going to step in and make those payments to the hospital. My insurer's going to step up. My underinsured [INAUDIBLE] going to step up. They're going to work out things behind-the-scenes with one another, and hopefully litigation wouldn't have to follow for that. But you're right. I mean, the individual that is at the margins and can't afford-- struggling to afford insurance in the first place probably doesn't have the assets necessary to, to protect. However, I guess I would say if you suddenly force a-- I think I heard Ms. Snowden say a 50% increase and then an 80% increase on their premiums, they're probably not getting insurance to begin with if we double the limits. And so they have no protection at all. And they may not have any assets, so there may be nothing there to sue, so.

**BOSTAR:** Right. And so there's nothing there to sue, which is happening now, right. There's, what, 9%--

**ROBERT M. BELL:** Yeah, but there's--

**BOSTAR:** --motorists are uninsured. So, so--

**ROBERT M. BELL:** Sure. That's true.

**BOSTAR:** In order for everyday Nebraskans to be protected, they must ensure that they have policies that are accounting for people that don't have any insurance. It's the only way it'd work. And so if we're already doing that, the, the cost of that is already borne upon everyday Nebraskans. We're already having to pay more to deal with a system that isn't adequately covering the risks that exist for everyday Nebraskans.

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**ROBERT M. BELL:** I think the one pushback I would, I would say on that, and that is in the case where somebody is, is injured badly and has to have surgery or some other kind of medical intervention, correct? Or maybe multiple people if there's multiple people in the vehicle. But we also know that most auto insurance claims are for below the limits that we currently have in the law. As an example, I bet I have filed where myself or my teenage children or my wife have been at fault. All of those accidents have been well below the minimums. Now, we've been fortunate, right? We haven't had a situation where we've been in a very serious motor vehicle accident where higher limits may come involved. But we know that most, like, fender benders, things like that-- when your constituents call and are really angry about somebody not having insurance, it may involve kind of that small kind of stuff.

**BOSTAR:** So I-- I'm glad you brought that up. And this is my last point I'm going to try to ask about. So yes, it was stated before that the vast majority of claims are below the current limits-- I think trying to make the point of therefore then why do we need to raise them? But if the vast majority of claims are below the current limits, then how could raising the limits have a significant impact on the premiums required?

**ROBERT M. BELL:** Ooh, you're, you're asking an actuarial question. I wish Mr. Lautenschlager was here to help answer that. I-- or if Ms. Snowden was here, maybe she would be able to better answer that. I'm guessing that's because-- you know, I don't know. I'll have to get back to you.

**BOSTAR:** Thanks very much.

**ROBERT M. BELL:** That's a great question, so.

**SLAMA:** Thank you, Senator Bostar. Additional questions from the committee? Senator Jacobson.

**JACOBSON:** I just want to follow up on the questions by Senator Bostar. And I guess from personal experience, it seems to me the bigger issue out there are the uninsured or the underinsured motorist, particularly the uninsured motorist. This past summer, I had someone driving a semi that I owned. Had a-- had someone run a stoplight. They hit him. Several thousand dollars worth of damage. They have no insurance. So you ask, how, how could that be? How can they be driving a van with no insurance? And the common practice is go take out an insurance policy, write the check for the minimum, go

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get your vehicle license, go back, cancel the policy, and you drive uninsured. To me, that's the bigger issue that we're dealing with out there. And if we drive more-- if we pushed more people into an uninsured status-- which is I think what was being alluded to here-- there is a minimum, as I understand it out there, as a-- as, as out there today, if we raise the minimum, everybody's going to pay more. And they're-- and I'm not an actuarial either. But I understand that as you raise that, they've got to factor that across the, the whole [INAUDIBLE] in the event that we do have some that are higher. And it is a minimum. Everybody can go out and take umbrella coverages. They can take it much higher-- many do. But to me, the, the-- I, I-- after spending the summer with you guys, it seemed like, this last summer-- which I don't ever want to do again--

**ROBERT M. BELL:** Just wait till the next bill.

**JACOBSON:** Yeah. The-- you know, we've-- it's clear that insurance companies have a certain payout ratio. And you're going to have to pass costs on to the extent that you have them. So premium increases are real. And when I get to my bill next, we'll talk about that a little bit. But it seems to me that's where the issues here lie. Am I missing something here?

**ROBERT M. BELL:** I was waiting for the question.

**JACOBSON:** There's the question. It's on the end. I always [INAUDIBLE] the end.

**ROBERT M. BELL:** I mean, we feel like if you double, double the minimums, you're going to have more people that are uninsured and more situations that Senator Jacobson addressed. Certainly, if you're worried about uninsured motorists, this is not the bill for that. Unless you want to lower the limits and then maybe we'll have less. But even then, I don't know, so. And I, I'm not advocating on lowering the limits, by the way.

**JACOBSON:** Thank you for your answer. I'm on very thin ice here, so thank you.

**ROBERT M. BELL:** Yeah. I gotcha.

**SLAMA:** Thank you, Senator Jacobson. Additional questions from the committee? Seeing none. Thank you, Mr. Bell.

**ROBERT M. BELL:** You're welcome.

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**SLAMA:** Additional opponent testimony for LB1132.

**KORBY GILBERTSON:** Good afternoon, Chairwoman Slama and members of the committee. For the record, my name is Korby Gilbertson. That's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. Appearing today as a registered lobbyist on behalf of the American Property Casualty Insurance Association, otherwise known as APCIA. We are in opposition to LB1132. I'm sure that shocks you. We-- this, this has kind of been a perennial issue in front of this committee. And I, I don't-- I'm going to try not to repeat what was said before me. But to try to maybe address Senator Bostar's question is-- when you look at-- Michigan has some very high rates, but then they can also be waived. So it's kind of a strange outlier state. But when they increased their limits, they now have a 25% uninsured rate. So we're hovering at 9%. So all we know for sure is that when you do raise it, you do raise the number of people that just don't carry insurance anymore. I was doing some research to see if I could find anything new to testify about this year, and I did find one interesting thing that, in, in California-- which raised theirs, theirs up to 30/60/15-- they also have an-- a state-funded, low-income insurance option for folks who can't afford the premiums for their 30/60/15, which obviously is not much more than we have right now. So there would be one suggestion you can do, but I would note for the-- that lower income policy, they offer the limits of 25/50/10. So it's actually less coverage for that group. So it, you know, might seem backwards as to what you were talking about, but I just found that very interesting. If we would adopt these, we would be highest in the, in the country. I would say, in 1983, we were apparently way ahead of our time when we did it. Because if you look at what every other state does, we are already right in the middle or a little bit higher. I think we rank about number 12 in the nation, so. With that, I'd be happy to answer any questions.

**SLAMA:** Thank you, Ms.-- sorry. Cough drop. Thank you, Ms. Gilbertson. Are there any questions from the committee? Seeing none.

**KORBY GILBERTSON:** Great.

**SLAMA:** Thank you very much.

**KORBY GILBERTSON:** Thank you.

**SLAMA:** Anyone else here to testify in opposition to LB1132? Seeing none. Is anyone here to testify in a neutral capacity on LB1132? Seeing none. Senator Lippincott, you're welcome to close. We did



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receive two opponent letters for the record on LB1132. Senator Lippincott waives closing. And this brings to a close our hearing on LB1132. We will now kick off our last but certainly not least--

**JACOBSON:** I'll be very brief.

**SLAMA:** Oh, famous last words. Last hearing of the day in LB849. Just a quick reminder to committee members: we will have an Exec Session after this. Should not take long, God willing. So, yeah. Please stick around. And just a show of hands, who's planning to testify on LB849? Fantastic. Thank you very much. All right. Senator Jacobson to open.

**JACOBSON:** All right. Chairman Slama and members of the Banking, Commerce and Insurance Company-- my-- or, Committee. My name is Senator Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n. And I represent District 42. I've introduced LB849 at the request of some ins-- of an insurance agent in my district. I'm really going to kind of just cut to the chase in the open and kind of outline what the reasons are. As many of you know, we're in a unique situation right now with insurance carriers. I sat down and had an opportunity to spend some time with Eric Dunning, our insurance commissioner, last summer, who kind of gave me a heads-up on what he saw happening in the industry. From an industry standpoint, you've got reinsurers through the pandemic that saw significant losses due to wildfires, a number of other storms that have occurred. And those losses going through the pandemic, you can imagine what the inflation rates, what they were, labor issues. It was causing significant insurance claims that were blowing right through the company limits and off to the reinsurance companies. There's been a significant pushback as a result of that. And so what's happening now is really all insurers are taking a hard look at loss histories, coverages, and trying to determine how do we hold our numbers together. And so consequently, I'm sure all of you have seen some, some stories from constituents who have indicated that they've seen significant increases in premium. And in some cases, they've seen nonrenewals. Largely, this nonrenewals are coming because of loss history. So in many cases, there are still people out there that if they've got a \$1,000 deductible and they're in an accident and they've got \$1,200 worth of damage, they turn in a claim and they get the \$200 check. That's probably the most expensive check you're ever going to get because you now have filed a claim and that's going to impact your claims history. So what we're finding, particularly in rural Nebraska, is a number of larger commercial operation-- larger farming operations and ranching operations that mirror a lot of what you're seeing in the commercial industry today, where they're-- may be involved in seed sales or may be involved in

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other activities in, in addition to farming and ranching. So what you're finding today is we have a current situation where, if you look specifically at the bill-- and it's making one small change, and that would be that, today, ag-- agricultural buildings and, and, and, and P&I-- P&C coverage is grouped with personal lines and, and homeowner policies as opposed to being treated more like commercial lines. If this bill were to pass, it would allow for them to be treated like commercial lines. So what does that mean? It allows the-- for the insurance companies to adjust premiums up and down and make changes to the deductibles as opposed to what's already been laid out with the State Department of Insurance in terms of what their, their rates are going to be. I will tell you that since introducing the bill, I know the agents who will be speaking behind me will talk about some of the stories that they've run into. I have met with some companies and with the insurance lobby since the bill was introduced. There's been some pushback on that in terms of where they're seeing it and is this the right fix. So I would just encourage you to listen to the testimony today, kind of evaluate what some of the issues are out there. I don't see this as a bill that's necessarily going to move this year because it doesn't have a priority. But I do think that this is an issue that's developing and that may need to be adjusted as you, as you listen to the testimony today to understand more of what this problem is. I don't think this problem in the industry is going away any time soon. And so we're going to be continuing to deal with some of those issues that are being presented. So with that, I'll stop and ask for any questions. I doubt if there'll be any, but I'd love to take them.

**SLAMA:** Thank you, Senator Jacobson. Are there any questions? Seeing none. Will you stick around to close?

**JACOBSON:** Oh, sure I will.

**SLAMA:** Oh, fantastic.

**JACOBSON:** We got Exec afterwards.

**SLAMA:** Fair enough. We'll now open it up for proponent testimony on LB849. Welcome.

**JOE BOB ATKINS:** Madam Chair, members of the committee. My name is Joe Bob Atkins. That's-- two first names-- J-o-e B-o-b A-t-k-i-n-s. I am speaking on behalf of the Professional Insurance Agents of Nebraska and their legislative committee as well as myself and my own agency. I have agencies in Brady, Cozad, Arnold, North Platte, Mullen, and

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Grant, Nebraska. We provide a large amount of commercial and farm accounts. I'm here today to support LB849. As the senator said, there has been some talk with the opposition and myself inside that, and we have kind of agreed to sit down at the table and talk more about it. They have agreed to some of our positions and I've agree with some of their positions. And when it comes back to the original part of the bill in 2000 that got introduced, we agreed with the farm and ranch being included in personal lines. Personal lines accounts on a farm and ranch was very similar back in 2000. A farm shop was pretty much a farm shop. There wasn't much employees. There wasn't much work comp. There's usually maybe a son in the farming operation. So farm and ranch is pretty similar. A pivot was a pivot. Cattle shed was an open-front cattle shed. There wasn't a lot of stuff in it. And in today's age, that's not the case anymore. Our agriculture has really ramped up. And they are businesses. And a lot of our communities, they're the largest employers. The farm employees are some of the highest income earners in our community. A farm shop building now has full floor drains in it. It has three phase power in it. The inside of them are really extravagant. They've got different types of power. They come in with farm offices in them. They have their own accountants come into their farm offices. They have work comp. They have employee benefits. They're corporations. They're LLCs. They come in and act just like a business. And they operate some as business, whether it's a trucking industry inside of it. They sell seed corn, they sell some type of fertilizer. And we're insuring them same way as what we did 20-some years ago. And this is kind of a challenge and attribute to them, when we come in to the amount of, what happens when someone gets bad claims history? We've had around 500,000 of nonrenewals this year on larger farms and ranches. What we do on commercial accounts when that happens is we talk to the carrier and say, what about increasing the deductible to \$25,000? \$50,000? And they all say, that's great. But the issue with that is it lowers their premium. So it doesn't work that way. Nonrenewals come out. Then we look at nonstandard auto accounts or have a nonstandard umbrella account. Now we got producers out there that are-- with a-- nonadmitted carrier. They're not under the Department of Insurance. They're not part of the guaranteed fund. Agents aren't covered by E&O because we don't know the exact-- if there's anything of sol-- solubility with the carriers at the [INAUDIBLE]. So there's a lot of issues that go on when those happen. So we would love the opportunity to treat it like a commercial account. Commercial accounts are very different. Individual risk premium modification. They come in and we can adjust one. A building today of that same farm building that we have is the same rate as a 1965 [INAUDIBLE] with spray and foam

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insulation with a welder right beside it, tires on the outside, pallets stacked up, and fuel barrels. It's the same rate. That's not right for some of them inside there. So they are businesses. The guy right down the street that's a seed corn dealer, they can do debits and credits, but our farmers and ranchers can't. And I think that's a unfair opportunity we're giving our agriculture producers in a tough reinsurance market and a tough market all together. Our carriers are putting a lot of restrictions on new business. They're putting something such as, no, no new business if there's been no claims or-- claims in the past three years. So there's a lot of inability for agents to move people back and forth and creating a tough environment for our farmers and ranchers.

**SLAMA:** Thank you very much for your perspective on that. We definitely appreciate you coming down. Are there any questions from the committee? Seeing none. Thank you so much for your time today.

**JOE BOB ATKINS:** Thank you.

**SLAMA:** Additional proponents for the LB849. Welcome.

**SHANE COOL:** Thank you. My name is Shane Cool, S-h-a-n-e C-o-o-l. I'm a farmer/producer in Custer County area, and I thank the-- Senator Slama and the rest of the committee for letting me voice my opinion here. I am absolutely not an expert on insurance, nor do I want to be. The two before me did a lot better job of explaining things, so I-- but I just want to give you some input from my standpoint. I do understand that LB849 will eliminate the words "farm" and "ranch" in the provisional relating to adjustments. I have six employees. I raise corn and beans and also have a small commercial spraying business. This business I insure commercially under a different entity, mainly for liability purposes. So I have a farm policy and a commercial policy that both insure similar and like equipment and buildings. My commercial policy-- it amazes me every year that it's so much less for the same equipment, the same-- the-- you know, the sprayer's a \$400,000 sprayer. It doesn't matter if it's owned by my commercial policy or my farm policy. But on the commercial side, it's way less. I have more variat-- variability with how I structure deductibles on my commercial policy. I have always questioned this. The main difference is my commercial policy can make adjustments based on acres of reuse, safety equipment, facilities. Farm and ranch has no adjustments. For example, I have a-- on-- I have a sprayer that I may spray 20,000 acres on my, on my commercial policy. That same sprayer may spray a thousand acres on my farm policy. Or if-- a separate could spray a thousand acres. So my commercial policy can

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come in and make adjustments. Hey, how many acres are you spraying? In my farm policy, it doesn't matter. It's the same. So that's the difference where LB849 can help, help these agents, especially in times when you are looking at-- you had a hailstorm that did \$100,000 of damage on buildings and everything, and now you're looking at nonrenewal for something that didn't even-- you-- had nothing to do with what you-- how your management was. And now it-- and the commercial policy can come in and say, OK. All right. How many acres do you do? How many-- what's this do? And they can adjust. It makes them work a little harder, but they can adjust. Thank you.

**SLAMA:** Thank you very much, Mr. Cool. Oh, hold on. Do we have any questions from the committee? All right. Seeing none. Thank you so much. Welcome.

**JUSTIN CONNER:** Hi. Thank you.

**SLAMA:** Hi.

**JUSTIN CONNER:** Good afternoon.

**SLAMA:** Good afternoon.

**JUSTIN CONNER:** Chairman Slama and Banking and Commerce Committee. My name is Justin Conner, J-u-s-t-i-n C-o-n-n-e-r. I'm a third-generation farmer/feeder from Custer and Logan Counties. I support LB849 as an ag businessman. Our operation, we conduct business as a business in the-- as-- in the business as a community does. We purchase equipment, seed, fertilizer, fuel, along with con-- conduct other business that the insurance rates get at a break on their buildings of business. I believe as a farmer/feeder we should have the same opportunity. Our operation got canceled and only had one carrier to offer. Our agent said we had no other option with the existing company due to being canceled. Why do us as ag cor-- as an ag corporation not have the same option for decreased insurance rates on our ag business-- buildings of business? Those are the reasons I, I'm in support of LB849. Again, thank you for your time.

**SLAMA:** Thank you very much, Mr. Conner, for your time. We appreciate it. Any questions from the committee? Seeing none. Thank you so much for making the trip. Welcome.

**DAN BLOWERS:** Thank you. Thank you, committee, and-- for your services.

**SLAMA:** Well, thank you.

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**DAN BLOWERS:** My name is Dan Blowers, D-a-n B-l-o-w-e-r-s. I represent Blowers Farms. Thank you for letting us come and speak on half of LB849. We are a farm and have a cow/calf and backgrounding operation. We farm and ranch in three different counties: Custer, Logan, and Lincoln. We also sell post pounders and beef directly to consumers. We have eight employees and a bookkeeper and some part-time help. Two years ago, we got dropped by Nationwide for things out of our control: hail, lightning strike. And we had one insurance company that renewed us, thankfully. I am told today that if you have a big claim in the last three years, there is no company that will take new farm accounts. I believe that LB849 will give us the possibility to negotiate so we won't be automatically dropped. Insurance is a necessary evil, but we need it to be sustainable so we can lease combines and get loans on equipment. I do not understand why a pioneer dealer and a channel dealer within a mile of us can pay 20% to 40% less on their buildings. And we have the same buildings. We just recently renewed our fuel system. The electricians said we are wired up like a gas station with all the explosive devices and fire safety equipment, but yet we do not get credit for that. Farm and ranch of any size are ran like a commercial business. I feel that LB849 will have farm and ranch be more attractive to insurance companies, which creates more competition so we can keep insurance [INAUDIBLE] sustainable. Thank you for your time.

**SLAMA:** Thank you very much, Mr. Blowers. Are there any questions from the committee? Seeing none. Thank you so much for making the time.

**DAN BLOWERS:** Thank you.

**SLAMA:** And for saying thank you. That almost ever happens, so. This is much appreciated. Additional proponent testimony for LB849. Seeing none. Anyone here to testify in opposition to LB849? Seeing none. Anyone here in a neutral capacity on LB849? Welcome back.

**ROBERT M. BELL:** Thank you, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell. Last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. As you know, the federation and state trade association of Nebraska insurance companies. I am here today in a neutral capacity on LB849. According to the National Association of Insurance Commissioners, over \$1.35 billion of farm insurance is written on the risk in Nebraska, the seventh highest in the nation. 6 of the 10 largest writers of farm insurance in Nebraska are federation members. These members account for almost 89% of the market share. The Nebraska

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domestic company, Farmers Mutual of Nebraska, is the single largest farm insurer in the state, with 41.25% of the market share. The insurance provided to farmers and ranchers is very important to the success of the agricultural economy of our state. Nebraska has taken a prudently, prudently conservative approach to rate setting for farm insurance and currently does not allow insurers to deviate from the rating system filed and reviewed by the Nebraska Department of Insurance. LB849 would change the system to allow flexible rating of plus or minus 40% of the base rates. Federation members have reviewed and discussed the provisions of LB849, and they have a variety of opinions and believe the issue needs further study. The property and casualty industry agrees that some benefits may exist for allowing deviation from the base rates, but the method proposed in this bill appears a bit too extreme and would lead to market disruption. As opposed to many other states which utilize a, a system called individual rate premium modification credits and debits-- which is, like, listed-- it's a system listed out in the law. What this legislation would do would just allow a straight flex rating of plus or minus 40%, which means it could go up or it could go down. However, there's-- we would like to study the issue a little bit further. We've had discussions with Senator Jacobson and some of the agent trade associations and, you know, promised to sit down with them over the summer. For these reasons, the Nebraska Insurance Federation is neutral on LB849. And despite his best efforts, Senator Jacobson gets to spend time with the insurance companies again this summer. Thank you for the opportunity to testify.

**SLAMA:** Thank you, Mr. Bell. And golly gee whiz, I'm sure he's looking forward to that. Any questions from the committee? Seeing none. Thank you very much.

**ROBERT M. BELL:** You're welcome.

**SLAMA:** Additional neutral testimony on LB849. Seeing none. Senator Jacobson, you're welcome to close.

**JACOBSON:** Once again, it's been a long afternoon, so I'll be very brief here. I think, as outlined by Mr. Bell, we have agreed that we will sit down. And I did have an opportunity to sit down with Farmers Mutual and had a very productive conversation with them. Obviously, Joe Bob in his testimony indicated that, that they've also had those conversations. So the plan will be to spend another summer with Robert Bell and all of his friends. So we're going to be pretty close. At least I get to have tacos over at the cheep gas [INAUDIBLE]

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gas station taco place, so. With that, thank you for the time. I'd entertain any questions.

**SLAMA:** Thank you, Senator Jacobson. Are there any questions? Seeing none. Before we close out, we did have two-- I mean three proponent letters for the record and one opponent letter for the record for LB849. This brings to a close our public hearings for today. The committee will now go into the previously announced Executive Session.