

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB1063

Hearing Date: Tuesday February 03, 2026
Committee On: Banking, Commerce and Insurance
Introducer: Bostar
One Liner: Change provisions relating to applicants and licensees under the Nebraska Money Transmitters Act and prohibit money transmission by foreign adversary persons

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Jacobson, Bostar, Dungan, Hallstrom, Hardin, Riepe, von Gillern, Wordekemper
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:

Joshua Christolear
Kelly Lammers
Dexter Schrodt

Representing:

Opening Presenter
Nebraska Department of Banking and Finance
Nebraska Independent Community Bankers Association

Opponents:

Representing:

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 1063 modernizes the Nebraska Money Transmitters Act (Act) to exclude influence from foreign adversaries and regulate informal transfer systems. By integrating new security mandates into existing law, the bill establishes a clear legal framework that requires license applicants to certify they are not controlled by entities from hostile nations, while also broadening oversight to include unconventional methods like hawala networks. Key to this legislation is the creation of a categorical ban and a legal presumption of unfitness for any foreign adversary person, effectively shifting the burden of proof to businesses to demonstrate their independence from foreign interference. The bill empowers the Director of Banking and Finance to investigate complex corporate structures, levy administrative fines for deceptive reporting, and revoke the licenses of any entities that fail to meet these new standards of national and financial security.

Section-by-Section Summary:



Section 1: Amends Neb. Rev. Stat. § 8-2701 of the Act to include new section 5-8 of this bill in the Nebraska Money Transmitters Act (Act).

Section 2: Amends Neb. Rev. Stat. § 8-2702 of the Act to define foreign adversary person, informal value transfer system services, and redefine money transmission.

Section 3: Amends Neb. Rev. Stat. § 8-2711 of the Act to update the requirements for any person or entity applying for a money transmitter license in Nebraska. Applicants for a money transmitter license are now required to provide more detailed documentation under this section. Specifically, they must submit certifications verifying that neither the applicant nor any of its key individuals are foreign adversary persons or are controlled by such entities.

Section 4: Amends Neb. Rev. Stat. § 8-2742 of the Act to add 15 C.F.R. 791.4 as a new definition under the Act.

Section 5: Creates a new section of law where the Legislature finds and declares that the presence of money transmitters controlled by foreign adversaries poses a significant risk to the state's financial security.

Section 6: Establishes a categorical ban that prevents any foreign adversary person from engaging in the business of money transmission within the state of Nebraska. It specifically mandates that no foreign adversary person shall be a licensee under the act or act as a person in control of a licensee. Furthermore, the bill prohibits these individuals or entities from serving as a key individual for any money transmission business which ensures that hostile foreign interests cannot hold management or oversight positions in companies that move money for Nebraska citizens.

Section 7: Creates a legal framework that applies the new restrictions provided under the bill to both current businesses and those seeking to enter the Nebraska market. It establishes a powerful legal presumption that any applicant or licensee who is determined to be a foreign adversary person is inherently unfit to engage in money transmission. This presumption of unfitness shifts the burden of proof onto the applicant or licensee. If the state identifies a connection to a foreign adversary, the burden is on the business to provide clear and convincing evidence that they do not fall under the prohibited categories or that their ownership structure does not pose the risks the bill seeks to prevent.

This section also clarifies that these new standards apply immediately to all pending applications and will apply to existing licensees as soon as the bill becomes effective. For existing money transmitters, this section works in tandem with the verification duties found elsewhere in the bill to trigger a re-evaluation of their standing. If a current license holder cannot successfully rebut the presumption of unfitness, the director is empowered to initiate license revocation proceedings. This ensures that the state does not grandfather in potentially dangerous entities and instead subjects the entire existing market to a rigorous security check to ensure compliance with the new standards of financial integrity and national security.

Section 8: Imposes a specific duty on the Director of Banking and Finance to oversee the supplemental information provided by licensees. It ensures the Director has the authority to investigate corporate structures and verify that no hidden foreign adversary control exists within Nebraska's financial system.

Section 9: Repealer

Explanation of amendments:

The committee adopted AM 1955. AM 1955 replaces the word "person" in section 6 of LB 1063 with "person in control."



Mike Jacobson, Chairperson



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