

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 25, 2025
Rough Draft

JACOBSON: Welcome to the Banking, Commerce and Insurance Committee. I am Senator Mike Jacobson from North Platte, representing the 42nd Legislative District, and I serve as chair of the committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process, and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn-- turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents of the bill, and finally anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they would like to give one. You will be using a three minute light system for all testifiers. When you begin your testimony, the light on the table will turn green. When the yellow light comes on, you will have one minute remaining. And the red light indicates you need to wrap up your final thought and stop. And I want to note, when the red light comes on, that means wrap up your comments, not read the last two paragraphs, so. Questions from the committee may follow. Also, committee members may come and go during the hearing. This is-- has nothing to do with the importance of the bills before-- being heard. It is just part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committee, committees state that written position comments on a bill to be included in the record must be submitted by 8:00 a.m. The day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in

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the-- on the committee statement. I will now have the committee members with us today introduce themselves, starting from my left.

RIEPE: Thank you, Chairman. Merv Riepe, I represent Omaha and the city of Ralston.

von GILLERN: Brad von Gillern, Legislative District 4, west Omaha and Elkhorn.

HALLSTROM: Bob Hallstrom, Legislative District 1, southeast Nebraska, Otoe, Johnson, Nemaha, Pawnee, and Richardson counties.

WORDEKEMPER: Dave Wordekemper, District 15, Dodge County, western Douglas County.

JACOBSON: Joshua Christolear is our committee counsel. He's ill today, so he's not going to be here today. And at my far left is, is the committee clerk, Natalie Schunk. Our pages for the comm-- are, are here today, and I'm going to let them introduce themselves and tell us a little bit about themselves.

AYDEN TOPPING: My name is Ayden, I am a second year psychology student at UNL.

KATHRYN SINGH: My name is Kathryn. I'm a third year environmental studies student at UNL.

JACOBSON: With that, we'll begin today's hearing with LB164. Senator Spivey, it's all yours. Welcome back.

SPIVEY: Thank you, Chair Jacobson. And thank you, Vice Chair Hallstrom and members of the Banking, Commerce and Insurance Committee. I am Ashlei Spivey, A-s-h-l-e-i S, p as in Paul, I, V as in Victor, e-i, representing District 13, which is northeast and northwest Omaha. I'm here today to introduce LB164, the Urban Development Incentive Act, which is a bill really designed to invest in qualified census tracts across our state, and while also supporting emerging developers. So this bill establishes a comprehensive grant program to support redevelopment in economically distressed areas throughout the state. You do have a synopsis in front of you that defines qualified census tract. We did take the definition that the federal government uses, and that is in other state statute for that. The comprehensive grant program for the bill starts on page 4, line 11, so you can see the allocations. But that grant program outlines the percentage a grant can be awarded based on the project size, with a cap of funds that the

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grant pool cannot exceed. The total per single project that can be requested as a grant by an individual, by that company, is-- cannot be more than \$3.5 million. And this really focuses that the grant program can be for startup costs, capital to leverage for private financing, down payment support, community engagement, and job creation. I have worked several years and a lot of my career in economic development. And it's really important as we think about startups. I have another bill that's around startups and economic development. And so when I'm thinking about redevelopment in areas that have seen that disinvestment, I really wanted to ensure that emerging developers, ten years or less, had an opportunity to build their capacity as a company and get some of these contracts that can be really hard. If you are a newer company, you don't always have the capital to leverage for private financing to have a [INAUDIBLE] order. The project may call for community engagement, and you don't have the capacity in-house to be able to pay for that. And so the grant program is to really allow for that emerging developer to be successful, while focusing on some of the areas that really need the commercial redevelopment across our state. The bill is focused on qualified census tracts because we know, and based on the definition, that these areas have high concentration of poverty, which means that they are also not economically viable in the same way, there's issues around housing and other social drivers of health. And so when you invest in-- intentionally in these areas, we can see an eight point return on that dollar investment. And so I wanted to create a bill that not only just tackles economic development holistically, but say, how can we really target this to be impactful across our state? What are the areas that need to see commercial development? And then again, how can we support those entrepreneurs? There's been a big push to focus on affordable housing, which I absolutely support and think is important. And a lot of times that development is not a comprehensive approach to think about commercial use. So co-working spaces, retail spaces, spaces where people can come and spend money again and have that economic return on investment. And so that is the focus on qualified census tracks from the space of economic development, and then why it has the specific intention around emerging developers. I am really excited about this bill. I think it will make a difference. I know everyone is in a tight budget place. I talk about it every day on Appropriations, and I know that it has a high fiscal note. I understand that, and we are working diligently to identify where those funds would come from. But there's-- when you invest, you get that, that return on investment. So when you really prioritize economic deve-- development, yes, it costs money, but you spend money to make money. And the return that we would

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see on investing in these qualified census tracts, supporting our emerging developers, the job creation and other components, I think will really make a difference across our state. And we will see that return coming back to our bottom line. So with that, I urge you to support LB164 and I will be happy to answer any questions from the committee.

JACOBSON: Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here. I apologize for missing part of your opening. I was in-- finishing up a meeting. I've read your bill, and I've looked at the fiscal note. Can you just briefly talk a little bit about the impact this bill would have on blight in certain areas in the community?

SPIVEY: Yeah, absolutely. So the reason why we prioritize qualified census tracts is because you see in those areas a lot of blight. So rundown buildings, commercial spaces that aren't being used, housing that is dilapidated, not-- falling apart. And so that actually has a negative fiscal impact on that community and the return. And so the goal is that even though it has this higher fiscal note, if we are centering and prioritizing these areas, we will see the return not only from that specific development, but it would spur private investment as well. As commercial spaces pop up, then housing developers are going to come in. You will see maybe a grocery store now ready to come in because it meets certain metrics and, and parameters. And so I think while, again, there's a higher fiscal note in, in investment in these areas, we'll see the return because now it's a viable economic thriving space versus what it's left to be currently.

DUNGAN: Thank you.

SPIVEY: Thank you Senator. And I, and I do forgive you for being late.

DUNGAN: Thank you, I appreciate it.

JACOBSON: Other committee questions? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here. Are there any other similar programs? The one I'm referring here is the last session we had something, like some ARPA funds. The number that stick-- sticks in my head was about \$350 million. That was for north and south Omaha for some development. And I think one piece of property in par-- does this, is this part of that, or how does this relate?

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SPIVEY: Yeah, that's a great question, Senator Riepe. So I would say it's not a part of that, but it builds on the foundation that Senator McKinney and Wayne really did with the north and south Omaha project. I was not in the Legislature, but again, I lived in the district that was impacted by this and from my understanding, like the goal was to think about economic development holistically. And so there were a number of projects through ARPA funding that were funded that touched economic development, but weren't as intentional as how this bill is written. And so you could be in the boundaries, but nec-- not necessarily a qualified census tract in the same way. Or that you might not be an emerging developer, so that ten years, or less or some of the other parameters that I have in here, but to receive that grant funding to do your business. And so there's also the Business Innovation Act, there's other things that ec-- DED, Department of Economic Development, are doing around this type of work, because they know that it's important. I think the difference with my bill is that it, it specifically calls out qualified census tracts, and it's specifically investing in emerging businesses, which builds the entrepreneurial ecosystem as well, where that wasn't present necessarily, in some of the other legislation that has been passed before.

RIEPE: I have a second question.

JACOBSON: Go ahead.

RIEPE: Would the administration of this be, not in a new organization, but rather in the Department of Economic Development?

SPIVEY: That is correct, Senator.

RIEPE: That is correct. So it doesn't create a whole new bureaucracy, if I might use the term.

SPIVEY: Yep, that is correct. And in the fiscal note-- again, that's a great question. Department of Economic Development talked about the staff that would be needed for this. The conversation that I've had with them around this bill and the other bill that I put forward around economic development, are a lot of those ARPA projects and programs are phasing out. And so you have staff already committed to that, that it can be a shift in staff because the, the work is similar, versus saying that you need brand new people to come in and administer. So.

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RIEPE: You have listed here as one of the testifiers the Department of Economic Film. I assume they're coming in in-- for, for support?

SPIVEY: Yeah. Or neutral. So--

RIEPE: Oh, OK.

SPIVEY: --Director Belitz and I have lots of conversations around some of the policies I had, and I think we have the same goal of how do we really invest in entrepreneurship and economic development across the state, and I'm committed to working with them. We meet pretty frequently to talk about some of the things that I'm hoping to achieve. And so no matter their position today, I'm excited to continue to work with them and figure it out.

RIEPE: Thank you very much. Thank you, Chairman.

SPIVEY: Thank you, Senator.

JACOBSON: Senator von Gillern.

von GILLERN: Thank you, Senator Spivey. A couple of questions. What-- and I've had-- I'm-- I've been around long enough, I've seen some of these prog-- similar programs like this kind of come and go, particularly with-- to, to spur growth in north Omaha and, and to encourage new businesses and so on. So the, the challenges that I've seen in many of those programs is that there's no-- the initially the vetting, there's not a strong vetting process to ensure that the, that the company will succeed after they've received the grant. So that would be my first question. What is the vetting process to ensure that these folks, that, that they, they will succeed, all they need is, is some capital to get them going.

SPIVEY: Absolutely. So we left some of that open in the legislation intentionally, because we have this housed at Department of Economic Development, and we have learned and we trust their process. So through, as Senator Riepe mentioned, the North end Omaha-- North Omaha and South Omaha Recovery Act and other programs like this, I think that they have learned what does that look like to have a strong vetting and grant process, and we trust them to administer that, and did not want to be so prescriptive in this legislation. And so we left some of that open just with the parameters around what to consider. But if you are interested and think that, again based on your experience, to see more finite information in here, I would be happy to look at that.

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von GILLERN: Yeah, I think, I think it would be good for you and I to have an offline conversation about some of those and how to-- I'll-- without being too specific there, I've seen some things that we've done here that did not give enough guidance to DED that they would have loved to have had, so--

SPIVEY: Yeah, absolutely.

von GILLERN: I'd, I'd, I'd be happy to have more conversation with you offline about that. And then also, is-- I don't believe I've seen, and, and maybe it falls into the same topic, that are these developers required to, to, to post a surety bond to, to ensure that whatever projects that they receive a grant for, that they will finish those projects and finish them successfully. Maybe that's part of the same conversation.

SPIVEY: Yeah, I think-- yeah, absolutely, Senator. And those are great points to raise. We, again, we're not as prescriptive in here because we wanted DED to be able to manage that program. But I think you're absolutely right. We-- and the goal around those grants are so that they can be sustainable and scale the way that they need. And we don't want them to be gone in five years or do not complete the project. So I would be happy to look at some amendment language for that.

von GILLERN: Let's find a time to do that. Thank you.

SPIVEY: Absolutely. Thank you, Senator von Gillern.

JACOBSON: Other questions? I just have a couple questions, I guess, a little bit along the lines of Senator von Gillern, I-- There's a lot of money that's been sent to north and south Omaha from ARPA money, and back when we had money. And we reached the point of saying, where-- how many programs do we have all going at the same time without any real coordination with each other? That's one of the concerns that I've had for some time now that, that I, I think as a state, we need to become much more focused on what are we good at, what's our plan to move forward, how do we grow our state? I, I really believe that without growing more revenue, which is likely going to come from bringing more people to the state or the people here getting significantly higher wages that are going to create more tax revenue, broaden our tax base, and try to take us away from being such a high tax state. And, and I-- my concern comes back to there are a lot of people taking rifle shots at-- let's try to do this, let's try to do

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this, somebody else, let's do this. And we don't incorp-- and we don't accomplish anything, but we spend a lot of money doing it.

SPIVEY: Yeah, I think that's absolutely a valid concern, Chair. And this bill specifically is not just for north or south Omaha. So while I love my district in north Omaha, and will always try to get resources, that's why I focused on the qualified census tract. So we have 70-- 74 qualified census tracts across the state in various counties. And so my hope is that, you know, what I have seen in rural areas through economic development are the same types of situations in these very dilapidated, disinvested areas of the center of north Omaha. And so if we can create this intentional investment it not only benefits the community that I represent, but also across the state. To your point is that I want to see Nebraska thrive economically in general, and it's going to take all parts of our state to be really successful. And so-- and I think this goes back to Senator Riepe's comment of that-- that's why this is not hyper focused on north or south Omaha or in my district, but really, the qualified census tracts allow for us to look at this across the state in a different way.

JACOBSON: Well, thank you for that. And I'm, I'm going to invite you now to come out to Nebraskaland Days this summer so I can give you a tour of the north side of North Platte.

SPIVEY: Chair, can my husband bring the food trailer?

JACOBSON: Yes, absolutely.

SPIVEY: OK.

JACOBSON: That would be great.

SPIVEY: Absolutely.

JACOBSON: We can talk about that offline as well. But I can, I've always had this conversation with Senator Wayne before that some of the things you see in north Omaha, you see in north North Platte.

SPIVEY: Absolutely.

JACOBSON: I can show you significant dilapidation. I can take you by houses that you would swear there's nobody living in, but there is. And--

SPIVEY: Absolutely.

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JACOBSON: And so you're right, this is a statewide problem. And we really need to prioritize. What do we need to do first? And then what do we need to do second? And then focus our energies there, it seems to me.

SPIVEY: Yeah, absolutely.

JACOBSON: And, and I'm hopeful that the state chamber will take more of a lead on that. But I, I think we've got to get a consistent message about what do we want to do. And then I think the Legislature and the chambers and, and others need to come together and say, let's, let's move in this direction. And so I, I applaud what you're bringing. I'm-- I want to be present. When you mention this to Senator Clements that it's a \$46.5 million fiscal note, just for the entertainment value. But, but for whatever that's worth.

SPIVEY: Can I just add really--

JACOBSON: Yes, go ahead.

SPIVEY: --something quick--

JACOBSON: Go ahead.

SPIVEY: --really quick, Chair? Well, and, and why I really like this bill. So I've worked at Peter Kiewit Foundation, so the oldest private foundation in the state, they did investment across Nebraska. So that's really where I got a chance to see what does economic development look like in all these different areas. And then I also worked at Kauffman Foundation, which is the largest private foundation that's based out of Kansas City that does entrepreneurship and economic development. I had a four state region, Nebraska, Iowa, Kansas and Missouri. And so I got that opportunity through those roles to understand, at least try to better understand, how can policy be a lever for change when you're talking about investing in distressed communities? And really from a comprehensive approach, which I appreciate you naming. But it usually feels really siloed, like people about housing are talking over here, or commerce are over here, but versus thinking about a comprehensive plan. And while I know that this is not super comprehensive, my hope is that it would lend itself to supporting entrepreneurship in that ecosystem while also having an intentional conversation about qualified census tracts and economic development, and how we can start chipping away at our communities that really need to thrive, so.

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JACOBSON: Sure. Thank you. One last thing. When you come to Nebraskaland days, please do not con-- consult with Senators Dungan and Fredrickson about the right attire.

von GILLERN: On the attire, yeah.

SPIVEY: So I'm-- now I'm worried.

JACOBSON: Yeah, consult with me on the attire.

SPIVEY: I absolutely will, Chair.

JACOBSON: Thank you. Any other questions of the committee? Yes, Senator Hallstrom.

HALLSTROM: Senator Spivey, just-- your bill seems to be targeted and intentional in its application to qualified census tracts. And you're also providing, I presume, grants to the small and emergency-- emerging developers to enhance the likelihood that developments and projects will occur. But at the same time, you're leaving any established developers out. And I presume one of the problems is nobody's developing in those areas, or very few. Would it make sense from your perspective to provide incentives to all developers?

SPIVEY: That's a great question, Vice Chair. You know, I, I'm, I'm going to name it that I'm partial to startups. You know, I worked in the entrepreneurial space, and I know startups create the most new net jobs, and they have a harder time accessing capital that they can leverage in, like, that capacity. And so the intention with emerging developers, you're absolutely right, they're not developing in that area already. And so it was an opportunity to say, hey, if you're trying to grow your business to get into the market, here is an area that is not as touched or as flooded, so we can support you to be successful in it. But I would be happy to think about how do we incorporate all developers to incentivize them to also redevelop in that area.

HALLSTROM: Thank you.

SPIVEY: Yeah, thank you for that question, Vice Chair.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. You had mentioned you'd spent some time with the Kiewit Foundation?

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SPIVEY: Yes. That's correct, Senator Riepe.

RIEPE: And I understand that they have \$500 million to give away before 2030. It could help Chairman Clements if maybe they were the funder of this as opposed to the state. Is that an option?

SPIVEY: You know, Senator Riepe, I may have to call in a favor. See, my, my old executive director is not there anymore, but maybe I'll have to call in a favor and see how they're going to do their spenddown.

RIEPE: I'm sure you're charming enough you could pull it off. Thank you very well. Thank you, Chairman.

SPIVEY: Thank you, Senator Riepe.

JACOBSON: Anyone else? All right, seeing none, thank you very much. Will you stick around for your close?

SPIVEY: Yes, Chair, I will.

JACOBSON: Great. Thank you. Proponents of the bill? Ms. Creager, how are you?

JENNIFER CREAGER: Good. Well, actually, not very good. You can hear it, but I'll keep it brief because I'm feeling like I'm coming down with something. Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, register-- registered lobbyist for the Greater Omaha Chamber. We're in support of Senator Spidey's bill in concept. We appreciate her attention on additional benefits and incentives for developers to work, particularly in the most qualified areas of our city. Obviously, the fiscal note is a challenge. You touched on that. But we'd like to be part of that conversation going forward, and especially if you consider a more comprehensive conversation about existing incentives, newer incentives. Obviously, when we did Imagine Nebraska, that was a big part of what we did, and it's probably time for a conversation like that again. So just wanted to indicate our support for Senator Spivey's bill.

JACOBSON: Thank you. Questions from the committee? Yes, Senator von Gillern.

von GILLERN: Thanks for being here. The chamber's had mentoring and training programs for emerging businesses, and I've been a part of some of those in the past. Some of the-- some of them had related to

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contractors and developers and specifically, and I don't remember if they were defined by qualified census tract, or specifically north or south Omaha. Can you kind of give us an update on where those programs are today, and what their successes or challenges have been?

JENNIFER CREAGER: Yeah, it's, it's called REACH, a program run by the Greater Omaha Chamber. And it really started because there were so many available public contracts in a short amount of time with development at the Med Center, OPS schools. The city was considering some major investments, so it was really a way to try to capture more developers to get a piece of that work, and then the thought is that they are paired with an existing contractor or someone who's-- can serve as a mentor to them. I mean, maybe your company did it as well. And then just kind of teach them the fundamentals of what you need to know to get into that business. And so it's still going on at the chamber. Obviously, there's a little bit of self-evaluation going on with some federal executive orders, but we think it's-- we do a yearly report to the city of Omaha, and we think it's had a good return.

von GILLERN: Good. Thank you.

JACOBSON: Senator Riepe.

RIEPE: Thank you. Chairman. Did, did you mention Blueprint Nebraska?

JENNIFER CREAGER: I didn't, but I'd be happy to.

RIEPE: I'm just curious. I thought there was a lot of work that went into Blueprint Nebraska, and it just sort of went-- fizzled.

JENNIFER CREAGER: Yeah.

RIEPE: Do you see this fitting into Blueprint Nebraska's--

JENNIFER CREAGER: You know, I think Blueprint Nebraska was really an important project. I think the-- probably the issue with blueprint is it came out right before Covid, And I think Covid changed so many things, both about our economy and about our programs. And so I would sup-- I think we should do something like that, and there was a ton of buy-in across the state, but I do wonder what effect Covid had and, and how that changes their recommendations.

RIEPE: I too would like to see it at least reviewed.

JENNIFER CREAGER: Yeah.

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RIEPE: Thank you, Chairman.

JACOBSON: Thank you. Other questions. Just to follow up, I've been fairly vocal on the Blueprint Nebraska because I was involved at a lower level in Blueprint and-- but was involved in the, in the whole program outstate. Some of the basic concepts were how we're going to fund state government, and I don't know what's changed, what Covid would have changed with that.

JENNIFER CREAGER: I think that's fair.

JACOBSON: And we seem to have gone a completely different direction from what Blueprint's recommendations were, because Blueprint was largely not EPIC, but EPIC-like. And, and we now seem to have gone completely away from that as, as noted from LB34, or actually LB1 from last summer. And that still troubles me a little bit because there was a lot of time, as Senator Riepe had noted, in coming up with that, that seemed to be everyone having to give something to be able to come up with that lift.

JENNIFER CREAGER: Right.

JACOBSON: And then it's like it went in the garbage can and never got re-- resurrected. And now I'm waiting to hear what is the replacement, then, so I've been probably arguably critical at times, but that's only because I'm really searching for--

JENNIFER CREAGER: Sure.

JACOBSON: --a help on what can we do collectively.

JENNIFER CREAGER: Yeah.

JACOBSON: I know over the years when I worked in Lincoln, I had a lot of respect for the Omaha Chamber. You had a very, very active ag committee.

JENNIFER CREAGER: I just presented to our ag committee at lunch, so.

JACOBSON: Is that right? I mean, very impressive. And--

JENNIFER CREAGER: Yes.

JACOBSON: --and the Omaha Chamber seemed to be very comprehensive, had a lot of big movers and shakers and real players that really tried to

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lead and have done a pretty good job of leading Omaha. And I just feel like we need to do that really statewide and get the state kind of behind a path that we want to go, and then fill in what these programs could support that path. And so I'm still searching for that, so.

JENNIFER CREAGER: I don't disagree with anything you said. I will say, and this is not Blueprint, but this state did-- has every time they've redone an incentive program, they've contracted to do a big study of the future of economic development. So the last one was SRI in, I think, 2017 ish. So it's probably time to consider something like that.

JACOBSON: Probably do, yeah. Thank you. Senator Riepe.

RIEPE: I'll be brief. One thing I always like, I want to see how something fits into a bigger plan rather than a little of this, and a little of that. Same like, you know, on some other issues. Mental health is another one. Thank you.

JACOBSON: Thank you. And that's my feelings exactly. We, we need to be part of a comprehensive plan, not just riling approach, and let's do this, let's do this. And at the end of the day, we've accomplished nothing. So thank you.

JENNIFER CREAGER: Thank you.

JACOBSON: All right. Thank you for your testimony, hope you get to feeling better. Further proponents? Welcome to the committee.

RAHEEM SANDERS: Thank you for having me. My name is Raheem Sanders, R-a-h-e-e-m S-a-n-d-e-r-s. Thank you, Senators, Chairman, everyone, for giving me some time. Want to share some thoughts, because I follow a lot of the legislation a lot. I really like this bill. I'm a supporter of it because I too am one of those emerging direct developers. A lot of stuff was mentioned today for each program. Me and my partner went through that program. We got a license, we got information about bonding, everything to get set up to develop projects. But the issue that we're having right now is finding the work. We're currently working on a few projects, multi-unit developments, in some of the zip codes that was mentioned. But these projects are being funded out of our pockets. A lot of these initiatives that were mentioned, like the ARPA funds, a lot of these funds are taken up by our larger competitors. And they take a long time to get these things done. I really support this, this, this bill,

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because it helps speed up the redevelopment process in these blighted areas, but it also provides opportunities for contractors like us who are prepared to do the work, who has the capacity to do the work, especially on projects of these scale, to not only do the work in urban areas, but what I like most about it, it is QCTs across the state of Nebraska. And just like you guys, I travel the state of Nebraska a lot. And there's a lot of not good looking places that need a little help. They need some love and some work from contractors like us who love to do these types of things, and who's looking for this type of work. So that's all I wanted to share. Thank you, everyone, for your time.

JACOBSON: Thank you. Questions? All right, seeing none, thank you very much for being here, and thank you for your testimony. Anyone else speaking as a proponent? All right, seeing none, anyone who wishes to speak as an opponent? Seeing none, are there any neutral testifiers? All right, before Senator Spivey comes back for her close, we had seven proponent letters, eight opponent letters, no neutral testif-- no neutral letters, and the committee did not receive any written ADA testimony regarding this bill. With that, Senator Spivey, you're welcome to close.

SPIVEY: Thank you, Chair. And thank you again, members of this committee. I appreciate the really intentional questions about this bill and appreciate your consideration. So I did put some notes down just around working with Senator von Gillern, von Gillern around some of the language around vetting in that contract, the bonds for finishing, and then language for all developers that you mentioned, Vice Chair. And then we'll also look into some of the other incentives that are currently out there. And to see how this matches, so I can send that information back to you all as you all start to consider this bill to move it forward. The only two things that I wanted just to mention quickly around the follow up that I forgot, and I apologize, around the north and south Omaha project is that Senator McKinney actually sent out an email to everyone that received the ARPA funding that you mentioned, Senator Riepe, to get an update on where that is. And so outside of the DED doing their process, he is currently collecting that information so he can share with the entire body. And then I am working on an innovation summit and business summit actually to be in the interim. So again, like, I have touched this work in, in different ways throughout my career. And to your point, Senator Jacob--or excuse me, Chair Jacobson, I think it really is important to have a comprehensive plan. I just was actually at PKF when the plan kind of finished up, and so I wasn't a part of that

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process. But I think you're right. Like, we want to have a vision and strategy first before we have a lot of multiple things just happening. And so while I know this kind of feels like another thing, I think it is more comprehensive and intentional than some of the other activities that we have seen. And I am planning within my tenure here to do some of that comprehensive planning and to work with partners across the state that are on the ground doing that work. And so that summit is going to be planned for September, and I will make sure that each of you have an invite and have that information as you are representing really important views from across the state as well. And so with that, again, I encourage your support for LB164, and I would be happy to answer any additional questions that you have.

JACOBSON: Any additional questions from the committee? Thank you. I would just remind you that other than being the best committee, this-- I'm understanding it's the best lit committee, and I'm pretty sure it has the lowest testifier chair.

SPIVEY: I mean, absolutely I'm like in a dungeon, so I'm a little jealous and I don't know who I need to talk to.

JACOBSON: Well, you come back any time.

SPIVEY: Thank you. Chair, I appreciate your time today.

JACOBSON: Thank you. OK, with that, that concludes our public hearing on LB164, and we will move on to LB47. And Senator McKinney is on his way. So everyone can just talk amongst themselves right now until--

RIEPE: Or to themselves?

JACOBSON: Or to themselves? Here he is. With that said, here's Senator McKinney. Great entrance.

McKINNEY: Thank you.

JACOBSON: Just to test out, I just commented that we have the lowest testifier chair. Does that feel kind of like--

McKINNEY: I'm short, so I'm used to it. Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y, and I represent District 11 in the Legislature, which is in north Omaha. I'm here today to discuss LB47, an economic development bill that would empower Nebraska's small businesses, create jobs, and revitalize

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communities facing economic hardship. Small businesses are the backbone, backbone of our state's economy, yet so many aspiring entrepreneurs struggle to access the resources they need, especially technical assistance. This bill ensures that resources appropriated by the Legislature reach those most in need more effectively. I introduced this bill in response to numerous complaints my office received-- Where is that? --regarding the administration of the Business Innovation Act and the Small Business Assistance Act, particularly concerns about inadequate support, administrative barriers, and a disconnect between current grantees and those seeking assistance. Starting and sustaining a small business is challenging, especially in economically distressed areas where unemployment and poverty rates are significantly higher than the state average. Many entrepreneurs lack access to professional support and business development training. Without these critical resources, promising businesses fail before they even get off the ground, stifling jobs creation and economic mobility LB47 addresses these challenges by allocating 50% of the grant funds to microloan delivery organizations, microloan technical assistance providers, and innovation hubs that take a tailored approach to serving individuals in economic recovery areas in qualified census tracts. These organizations would be required to engage in proactive and continuous community outreach, establish a formal advisory committee, hold public, public forums and town hall meetings, develop standardized reporting requirements to assess the grantee effectiveness in serving the economic development areas of qualified census tracts, and conduct annual reviews to ensure compliance and measure the program's impact. This bill expands business counseling services across the state, providing essential, essential technical assistance to those who need it most in congre-- and each congressional district on a competitive basis while holding grantees accountable. LB47 is more than just a economic initiative. It's an opportunity to empower Nebraskans to build sustainable, community driven prosperity. By equipping small businesses with the necessary resources, this bill fosters job creation, reduces unemployment, and foster-- and strengthens families and communities. When small businesses thrive, they generate local growth, increase tax revenues, and enable cities and towns to reinvest in essential public services such as education, infrastructure, and health care. This bill is about fairness and breaking down barriers. Many aspiring business owners, particularly in struggling communities, lack the professional support that larger enterprises enjoy. LB47 levels the playing field, ensuring that every entrepreneur, regardless of their background, has a fair chance to succeed. Failure to advance LB47 means leaving behind

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entrepreneurs with great ideas but no means to bring them to life. Without these targeted investments, economic disparities will continue to widen, keeping struggling communities trapped in cycles of poverty and unemployment. Thank you. And I welcome any questions.

JACOBSON: Questions for Senator McKinney? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here, Senator. It says in here it would eliminate the matching funds, this is in the fiscal note. But it sounds to me like this is a small venture capital company with no guarantees, and I get a little nervous with that.

McKINNEY: So I don't get nervous because we did this with the Economic Recovery Fund, and because this is tailored towards-- it's, it's trying to get closer to the ground, like trying to address the issue. Because the issue with the-- these two programs is, and what I've heard from the community, is that although the current programs that are operating, a lot of people that have tried to access them and tried to get the funds, and tried to work with the current grantees have just struggled. And I've got a lot of calls about it and whatever the-- whatever the reason is. And allowing the no match of funds, particularly why I decided to do that, because a lot of these organizations, it, it, it's-- the issue is like cash flowing, being able to cash flow sometimes. And especially with the state being late to, like, reimburse 60 and 90 days out, that's, that's why I eliminated it. I don't have a problem putting it back in. But that was the biggest issue. Like, especially as it's more geared towards smaller entities that do these type--to do this type of work, the issue was cash flow, because of the state being slow to reimburse. And that's why.

RIEPE: Could one say that it's a short term loan without any repayment responsibility, or any interest?

McKINNEY: I wouldn't say it's a loan, because they're utilizing it--

RIEPE: --or a grant, maybe.

McKINNEY: It-- but, but they're getting the grant to the state. But they're using the grant to assist businesses with technical assistance. So I guess I, I, I wouldn't look at it as a loan because this is-- I wouldn't look at it as a loan.

JACOBSON: Other questions. All right, seeing none, thank you.

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McKINNEY: No problem.

JACOBSON: Are you going to stick around for close?

McKINNEY: Sure.

JACOBSON: All right.

McKINNEY: Thank you.

JACOBSON: Any proponents for LB47. Anyone wishing to speak on support? All right, seeing none, any opponents? Anyone wishing to speak in opposition? OK, this will be a short hearing. How about neutral testifiers on LB47? All right, if not, you waive your close. All right. Good plan.

McKINNEY: Have a good day. Thank you.

JACOBSON: Thank you. That concludes, and I might just mention that we did get five proponent letters, two opponent letters, no neutral testifiers, and there were no ADA testimony that was sent online. With that, that concludes our hearing for LB47, and we're going to move into LB-- open the hearing, public hearing, on LB537.

_____ : He's on his way down.

JACOBSON: And he's on his way. Because you don't look like Senator Sorrentino.

_____ : No. Not even close.

von GILLERN: Eight inches taller.

JACOBSON: I was about to say a foot.

BOSTAR: For the transcription, that was Senator von Gillern.

JACOBSON: All right, well then, we'll just hold off here until Senator Sorrentino gets here and then we can see for sure.

_____ : You guys are moving right along [INAUDIBLE].

JACOBSON: They are moving right along? We're a pretty efficient committee, except like yesterday. And here he is.

SORRENTINO: It's a long way from the second floor.

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JACOBSON: In case you hear any rumors, it was von Gillern that was making fun of you.

SORRENTINO: Oh. I'm shocked. Good morning.

JACOBSON: Welcome to the Banking--

SORRENTINO: No, it's afternoon.

JACOBSON: Welcome to the Banking, Commerce and Insurance Committee. Have you been here to testify before us.

BOSTAR: He has.

JACOBSON: Yeah, why don't you--

SORRENTINO: Yeah.

JACOBSON: That's right, that's right.

SORRENTINO: I just know the aggregate IQ just lowered when I came in.

JACOBSON: Oh I don't know about this.

SORRENTINO: Here we go. Yeah, .

JACOBSON: We've been talking about the best lit committee with the lowest testifier chair.

SORRENTINO: There you-- I thought it was a little low. LB536. Good afternoon, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Tony Sorrentino, T-o-n-y S-o-r-r-e-n-t-i-n-o, and I represent Legislative District 39 in Elkhorn and Waterloo in Douglas County. So today I introduce LB536 the Manufacturing Modernization Pilot Investment Act. I would stress this is a pilot act, a one year pilot program designed to help Nebraska manufacturers, both large and small, modernize their operations, increase efficiency, and drive economic growth in one of our state's most critical industries. Manufacturing is the second largest industry in Nebraska, contributing significantly to our state's GDP, creating high paying jobs, and strengthening our agricultural sector. Modernization is no longer optional. It's essential for maintaining our competitive edge. Updating manufacturing processes and technologies leads to greater efficiency and productivity, higher quality products, reduced material waste, and more sustainable

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operations. Accelerated prototyping and innovation better control our production volume to meet market demand. Nebraska's manufacturing sector is deeply connected to our state's economic success. If-- it accounts for a significant portion of our GDP driving economic activity across the state. It provides high paying jobs, especially in rural communities, where it is often the backbone of local economies. It supports agriculture through food processing and the production of farming equipment, irrigation systems, and agricultural technology. This is how LB536 would work. From October 1st, 2025 through November 1st, 2025, eligible manufacturers may apply for grants through the Nebraska Department of Economic Development. To qualify, a manufacturer must, one, be located in Nebraska and classified within the North American Industry Classification System manufacturing system 31 to 33; two, have operated for at least three years prior to applying. Bless you. Three, generate at least 51% of its gross income from the sale of manufactured goods; four, employ a minimum of three full time workers; five, provide private matching financial support on a one-on-one basis for the modernization investment. Applicants must submit a description of their modernization project, an estimated cost breakdown, and documentation of private matching funds, either received or committed. Remember, this is a match. Applications will be reviewed in the order received with approval granted within available-- excuse me, within available funding limits, and we'll talk about that. As we can, as we continue working to retain businesses, attract new investments, and keep young talent in our state, it is essential that we invest in our manufacturing sector. By fostering innovation and modernization, we can secure Nebraska's place as a leader in advanced manufacturing, drive economic growth, and create new opportunities for our workforce. I would just add, in anticipation of a question, maybe we can get it out of the way. There is not-- there's not a fiscal note prepared per se. And there is, there is, but it's blank. And here's the reason, we're, we're talking about a bill that would match \$250,000 either commitment or grant by that manufacturer. So in order to produce a fiscal note, we would have to know how many people are going to do this in the next 13 months. And we don't. There is not a ceiling in the bill that says, we'll grant up to \$1 million or \$2 million or \$3 million. I've worked with the Nebraska Chamber of Commerce on it, and the number that just sort of keeps coming around, you know, could be a \$2 million dollars, which would be eight matches of the \$250,000. The other thing I would anticipate, is this a job creator? We're talking about modernization and innovation, so by definition it's probably more tech than it is hard blue collar labor, which we used to see in manufacturing, but it

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does create jobs. It's just not the type that we're maybe typically accustomed with manufacturing. It's more creating tech jobs related to hardware, software, programming, that sort of thing. And in addition to that, it's manufacturing, it's going to create more revenue for those companies, which in turn creates more state revenue in the form of sales taxes, etc.. So we don't have a specific payback period. Give one of the manufacturers \$250,000, how long it's going to take to get it back? We don't really know how many it would be. I would certainly be open, and those who have supported this bill, to having a cap on how much we could do, but this is a pilot program. It's one year. If it goes somewhere, then we can talk about extending it or maybe increasing that amount. If it doesn't go anywhere and nobody bites on it, then it was a good effort. I would be more than happy to take questions and I will remain here for close.

JACOBSON: Perfect. Thank you.

SORRENTINO: Yes.

JACOBSON: Senator Bostar.

BOSTAR: Thank you, Chair Jacobson. Thank you, Senator Sorrentino.

SORRENTINO: Thank you.

BOSTAR: So, are we-- are you planning to put in an appropriation number?

SORRENTINO: At the present time, no, I wanted to make the presentation.

BOSTAR: OK.

SORRENTINO: Get a feel for where we were at on it. Again, I'm open to say, you know, the most matching funds in the next 13 months could be \$X million, \$ million, \$3 million. It's just so difficult. There are definitely manufacturers interested in this because I spoke with them when we put together the bill. So I know there's a couple at least out there. I would hate to, you know, put a really low cap on, you know, \$500,000, and then we've got a lot of people interested and we have two.

BOSTAR: Yeah.

SORRENTINO: So it's a little open-ended.

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BOSTAR: Because currently, because currently, the, the-- if some-- if we were to pass the language as is--

SORRENTINO: Right.

BOSTAR: --we wouldn't, we wouldn't be able to give any.

SORRENTINO: Right. Yeah. It's, it's open-ended and therefore it'd be difficult.

BOSTAR: And so bec-- Well, it's open ended, but it's open ended at a \$0 cap.

SORRENTINO: Right.

BOSTAR: Right? So even if someone came and matched, they couldn't receive any money because, because currently the bill is pulling from-- the, the state side of that match is pulling from the Manufacturing Modernization Pilot Investment Act, which is created by the bill.

SORRENTINO: Right.

BOSTAR: Have you thought about-- is there a different fund to pu-- I mean, there are a couple. I'm genuinely just trying to see if I can be helpful.

SORRENTINO: I think I know where you're going.

BOSTAR: If you, if you tie it to a different fund that exists--

SORRENTINO: Right.

BOSTAR: --you can sort of experiment with a one year program without having to deal with the idea of doing General to Cash Fund transfers and set an appropriation amount right up front.

SORRENTINO: It's a great idea. I introduced a bill a couple of weeks, I think it was. We're taking, at the suggestion of the Department of Labor, we're combining two funds into one. The Workforce Development Fund is now one fund that also pays unemployment. There is discussion that I've had yesterday and this morning about trying to combine it with that fund, fund it out of the Workforce Development Fund, whereas, as you say we got zero or we're not going to get anything. That, in my opinion, is probably a logical next step, and then tying a

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number to that. But I agree, if you tie to a fund, you've got a better chance.

BOSTAR: OK. Got that. Thank you.

SORRENTINO: Thank you.

JACOBSON: Senator Riepe.

RIEPE: Chairman, thank you. Thank you for being here. Question that I have, at least one, is, is are the funds for existing manufacturers or for new?

SORRENTINO: Existing. They have been in existence at least three years.

RIEPE: OK. And the selection process, has that been defined yet?

SORRENTINO: Well, we've talked about how you, how you become an eligible manufacturer. And there's five bullet points about where you're located operated three years, how much of your income is generated from manufacturing, 51% or more, how many employees you have to have, and then you already have to have a line to private match. So if I'm ABC company, I have to either find a match or I'm willing to put up \$250,000 to get \$250,000. So there are eligibility criteria for those who would be eligible.

RIEPE: And the fiscal note, the only other concern that I have, under the position titles, you have the first one as an attorney and the third one is an accountant. I would probably reverse those two, but thank you very much.

SORRENTINO: Thank you very much.

JACOBSON: Senator Wordekemper.

WORDEKEMPER: Thank you for being here. Just a clarification. I was looking at the fiscal note, and I know you talked about for a one year period, the date is-- establishes a grant period from October 1 of '25 to November 1 of '25.

SORRENTINO: Technically 13 months.

WORDEKEMPER: So--

SORRENTINO: Do we have a typo? That should be '26

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WORDEKEMPER: Well, I'm looking at that as one month. So I, I wanted to just clarify the ex--

SORRENTINO: You're exactly right. That should be '26.

WORDEKEMPER: OK. All right.

SORRENTINO: '25, I apologize.

WORDEKEMPER: Thank you.

SORRENTINO: We'll make sure we take care of that right now. Didn't, didn't catch that.

JACOBSON: Other questions? I, I guess part of what you're attempting to do, and I guess as we look at the bigger concept of how do we grow the state, and, you know, we can do it with the numbers of jobs, or we can do it with increasing the salaries of the jobs that are here, which would include some retraining. And, and I would suspect that that latter will be a big part of Nebraska's future as we continue to try to automate blue, blue collar jobs, to really more technical jobs where robots, robotics are going to take care of a bigger piece of this. Now we've got to train people to run the robots.

SORRENTINO: Right.

JACOBSON: And so it may be the same number of jobs at significantly higher salaries after the training takes place. And so we are able to basically get great-- get to the same place in terms of taxable income that's being produced in the state. I'm guessing that's part of what we're looking at here.

SORRENTINO: It most certainly is. And without this, I think we start to fall behind.

JACOBSON: Right.

SORRENTINO: I mean, because certainly around us in all of the other states, they are using innovation types of investments. I, I guess I, I certainly don't look at this as creating hundreds and hundreds of hundreds of new jobs. I look at it as not losing any jobs, adding some at a higher range of pay.

JACOBSON: And I got a follow up. The next question is, this is specifically manufacturing to really help with a matching program for

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managed manufacturing to do pilot programs to try to create some robotic-- largely it's going to be robotics, I assume.

SORRENTINO: Right. Oh, yeah. Absolutely.

JACOBSON: So I got to ask the question, you know, why manufacturing? Why not other industries?

SORRENTINO: Not a particular reason other than it is the second largest. So we're starting with the big ones. I mean, we have other industries in Nebraska, it can be--

JACOBSON: So tell me which one is the biggest. Just kind of curious.

SORRENTINO: Did you, did you want banking? It might be agriculture. It just might be. I don't think there's any reason that it couldn't go to other industries. But it's a pilot program, it starts somewhere.

JACOBSON: Yeah. No, I hear you. And, and obviously this manufacturing is a huge part of agricultural economy as well. And so it all kind of fits together, but. Well, I'm anxious to hear the other testifiers, because I'm guessing you have some lined up otherwise these other people wouldn't be in the room, so.

SORRENTINO: I don't think they're here to see me.

JACOBSON: All right, all right.

SORRENTINO: All right.

JACOBSON: Any other questions for Senator Sorrentino? Are you going to hang around for close?

SORRENTINO: I am.

JACOBSON: All right.

SORRENTINO: Thank you.

JACOBSON: Thank you.

MICHAEL JOHNSON: I just want to sit in this short chair.

JACOBSON: All right. Well, it's, it's really comfy, it's just a little low.

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MICHAEL JOHNSON: Perfect.

JACOBSON: So proponents.

MICHAEL JOHNSON: Sorry, I jumped the gun on you there.

JACOBSON: You're good. Welcome to the committee, you can start at any time.

MICHAEL JOHNSON: Cool. Thank you, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. First off, thanks a lot for this opportunity and for your time. My name is Michael Johnson, M-i-c-h-a-e-l J-o-h-n-s-o-n. I spelled it out for you there. I serve as the chief operating officer at the Nebraska Chamber of Commerce and Industry. I work closely with our manufacturing members, thanks to a background in food and beverage manufacturing. I'm testifying on behalf of Nebraska Chamber, Nebraska Economic Developers Association, Lincoln Chamber, Greater Omaha Chamber. We support this legislation for several reasons. One is as discussed, the inability to find workforce is the number one barrier to growth for manufacturers in the state of Nebraska. At times, that group has estimated to us that statewide there's approximately 10% of the jobs open in this industry sector, which generates \$21 billion in Nebraska's GDP a year, the largest industry sector. And I've got some data for you. And back up is banking, finance, and insurance. One method to unlock productivity left on the table by open positions is to adopt advanced manufacturing. Investment via matching funds means businesses aren't investing unless there's an ROI, and this matching fund program means, as the senator discussed earlier, this is an ROI that Nebraska can then participate in. Similar matching grant style programs have been done in other states with success, spurring investment, adding to more jobs like the ones you discussed earlier, with higher pay as discussed. Manufacturing does anchor our communities across the state, as mentioned, and when manufacturers install this automation, several things happen. Productivity is unlocked. People do fewer manual, repetitive tasks and end up spending their time on higher value, more interesting work. Their skills improve, their wages improve, and actually hiring increases over time. It's not just the fixed number with higher pay. We've seen studies that show that more people are hired. The manufacturing industry boasts the top economic multiplier effect. So for every dollar spent in manufacturing, \$2.69 is spent in the local economy. So why manufacturing part-- partly is let's do a pilot program on an industry that has a high multiplier effect. Manufacturers do business with ag producers. Their employees do

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business with banks, use professional services, support retail, transportation, construction, warehousing, you name it. The next generation of workforce, they seek opportunities with technology. And they want to be part of ecosystems where folks are making investment in technology. As mentioned, manufacturing is the number two industry sector behind banking, finance, and insurance. I've put data in here back to 1997. Manufacturing is either number one or number two. 19 times manufacturing is the number one industry sector in Nebraska. The eight times it was not, it was number two behind banking, finance and insurance. All industry sectors are listed. This is according to the IRS NAICS code on industry classification. So just for some reading material for you. So it's, it's really for these reasons we put this bill together. I've got some other talking points in here, but would welcome any questions that you have about the bill or why we might have targeted this in the first place.

JACOBSON: Question from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. I guess I'd want to be assured that this is an add and not simply a replacement of some current expenses that are going on.

MICHAEL JOHNSON: No, true.

RIEPE: And I also have a concern that while \$250,000 is not a, you know, spit in the wind, it's still not very much money on a one year thing. And whether it would be enough to do anything significant for these companies.

MICHAEL JOHNSON: That's a-- You know, that's a great question. And naturally, in picking this \$250,000 number, we had a bunch of debate. And I've had large companies suggest that, man, you know, it should be ten times that. That's not really going to make a difference, for me to really invest in a project I need-- Well, you know--

RIEPE: For one year.

MICHAEL JOHNSON: --you know, I might be taking some, some criticism after I say this. But, you know, you know, we're not looking to just fund someone's, someone's massive projects. Really, the, the aim at this is for a massive company that's looking to do an automation project, this would be a benefit and help grease the skids and lower the ROI or improve the ROI for a company. But the other, maybe more meaningful piece is it also reduces the risk of a small, medium sized

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company that's looking at an automation project saying, ah, gee, like, I don't know if I should do it, and it might just be enough for that company to make the investment to thereby expand productivity, keep the business in Nebraska. I've also heard from another-- a number of other manufacturers who have operations in multiple states that, you know, they're getting sweet deals in other places, and, and this is just, just a bit, but enough to grease the skids for a project. Our aim was to really not just do a project or a grant pool that only the largest companies can benefit from. We felt like \$250,000 was a good number to make it meaningful for a big company, but be one where small, medium sized companies could benefit as well.

RIEPE: OK, thank you. Thank you, Chairman.

JACOBSON: You bet. Yes, Senator Wordekemper.

WORDEKEMPER: Thank you for being here. On your handout, can you explain, I think it's the second to last page, the total fertility rates. What, what does that have to do with this bill and. How it interacts?

MICHAEL JOHNSON: Yeah, great que-- I kind of threw a bunch of stuff in here for you. My first point on why we're supporting this bill is the lack-- the inability to find workforce or skilled workers in Nebraska is the number one impedance to growth for manufacturers, and I know other businesses as well in our state. As, as you've heard the state chamber say a number of times, you know, the highest, the largest graduating class in Nebraska, K-12 was last year's senior class, and they all get smaller. I've got three kids, but they're under four. It's going to be a while, right? So the, the idea that the cavalry is, is not coming on the birth rate piece is, is a key point to make. That's a Wall Street Journal article screengrab that I've got, just demonstrating that-- I didn't-- I don't think I have the Nebraska data in there, but in Nebraska it's not getting any better, and in the US it's not getting any better. So we need to start thinking about, well, what are the things that we can deploy if it's not going to be more people graduating to come into our workforce? What are the things that we can deploy to increase productivity? And this is, again, why we look at automation and taking some steps that lower the risk and, and improve the investment willingness of manufacturers to make those investments.

WORDEKEMPER: Thank you.

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MICHAEL JOHNSON: Yeah, you're welcome.

JACOBSON: Other questions? All right, seeing none, thank you for your testimony.

MICHAEL JOHNSON: Thank you, everyone.

JACOBSON: Other proponents? How are you?

MICHAEL BOYLE: Fine, thank you. How are you?

JACOBSON: Good.

MICHAEL BOYLE: My name is Michael Boyle, M-i-c-h-a-e-l B-o-y-l-e. I am president of Kawasaki Motors Manufacturing here in Lincoln. Good afternoon, and thank you for the opportunity to speak today at this, at this hearing. Most Nebraska manufacturers will tell you workforce shortages have limited their company's growth. Automation is one method to overcome workforce shortages while increasing a company's productivity, quality, and revenue. For example, Kawasaki has continuously installed automation over the years. The automation has helped us to achieve our hiring plans in tight labor markets, and met our production requirements while improving our company's performance. Without the automation, we probably wouldn't have met our hiring plans fo-- focusing us to send production elsewhere or turn the work down. Kawasaki is a relatively large company. We have the in-house infrastructure to add automation. This infrastructure consists of highly skilled automation engineers, maintenance staff, machine programmers and so on. These highly paid jobs are continu-- are currently obtainable from Nebraska's universities and community colleges. Nebraska has over 1,500 manufacturing companies. Many do not have the in-house infrastructure to support automation projects. Without this infrastructure, these companies must hire outside services to develop, install, and or maintain the automation. This is very expensive, making it difficult and risky to justify automation projects. So manufacturers are in a Catch 22 situation. On the one hand, it's risky to add automation without having the proper accompanying infrastructure. On the other hand, it's difficult to build up the infrastructure without having the automation. LB536 could provide relief to overcome these infrastructure barriers, lowering the risk to add automation. If Nebraska seriously invests in automation, our workforce output or productivity will increase, our companies will get stronger, and our overall economy will grow. Thank you very much. I'd be happy to entertain any questions that you might have.

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JACOBSON: Thank you. Questions from the committee? Senator von Gillern.

von GILLERN: Yeah. Thank you, Mr. Boyle, for being here. And a little bit off topic, but congratulations on your recognition by the Nebraska Chamber and the Business Hall of Fame. That was duly earned. So thanks for being here, we appreciate it. Is this something that a multi-billion dollar corporation like Kawasaki really intends to take advantage of? Or is your testimony on behalf of other manufacturers, manufacturers, and the manufacturing sector within the state?

MICHAEL BOYLE: So we're, we're going to do it irregardless. We've been doing it for years already. We will continue down the path of investing in automation because from our perspective, to overcome workforce shortages, you need-- automation is one, one key factor in that. Also, to be competitive globally, we need to be more productive and, and increase that over time. This is really to support medium and smaller manufacturers that don't have the in-house capability to get over the hurdles, all the hurdles of taking those first steps of bringing in the automation, developing the confidence that they can be successful and then going forward. So I, I, chair a technology committee in the, in the state of manufacturers. And what you hear from many manufacturers, especially small, medium size, is just those things. It's difficult to swing, swing the ROI on these projects when we don't have the workforce in-house to do that. So I think develop those people [INAUDIBLE].

von GILLERN: Just being fiscally responsible and, and having to look our constituents in the eye, if companies like Kawasaki or Nucor, Valmont were to sweep up these, these grants or these credits, it would not, it would not necessarily move the needle in the way that Senator Sorrentino was looking to and I don't-- and in his close, I'm sure he'll clarify for me. I should have asked in his opening. I don't believe there's any means testing or any size company limitation within the bill. If there is, then we can, we can certainly talk about that. But I appreciate what I'm hearing you say is that this will benefit the manufacturing sector within the state of Nebraska, regardless of whether your firm is-- takes advantage of it or not.

MICHAEL BOYLE: You know, there are larger firms that have multi-state operations. I think you need to be a little bit careful about, about, you know, paying attention to those firms as well. But I think for some of these larger firms this, this is not a real big game changer for us, but it is for the other manufacturers that they're struggling.

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von GILLERN: In that they could make these improvements in other states rather than in Nebraska.

MICHAEL BOYLE: Correct. Correct.

von GILLERN: Thank you so much. Appreciate it.

JACOBSON: Other questions from the committee? OK. I would second Senator von Gillern's comments about congratulations. And that was a very impressive video. We're really fortunate to have Kawasaki here, and appreciate your ongoing support of Nebraska. Thanks for being here today.

MICHAEL BOYLE: Certainly. Appreciate it. Thank you.

JACOBSON: Other proponents. Welcome to the committee.

RANDY KINNEY: Thank you. Thank you for allowing me to be here today. My name is Randy Kinney, R-a-n-d-y K-i-n-n-e-y. Between my wife and I, we own Kinney Manufacturing, which is a facility here in Lincoln, and then we also have shops down in Beatrice. We have about 200 employees that work for us. Debbie and I got started with the company 13 years ago. We had 30 employees. The following year, we took advantage of the Modernization of Asset Grant to buy our first new laser. And that really-- that opportunity that was, that was helped by that program back then helped us really kickstart our company. So to go from 30 employees to 200 in about 13 years, our whole mindset is on growth. We know to grow we need three things. We need resources in three places. We need square footage, we need to have a space to, to do that in. We need to have people. And then we need to have our equipment that we can operate. Most of the new equipment that we want to utilize is very capital intensive. Our CapEx spend each year over the last five, six, seven years has been a little north of \$2 million each year to continue to bring in new automation and new technology into our company so that we can continue to grow. This program, as I see it, is going to allow us to do that at a, at a more rapid rate, or maybe earlier in the lifecycle of that piece of equipment. For us to justify equipment, a lot of the numbers that I use, we need to be able to put about 3,000 hours a year of work onto that piece of equipment. And as we're growing, sometimes it's like, hey, I could, I could bring in this piece of equipment and we could get started, but I don't have enough work for it. So we're going to do it the old way longer and it's going to take more people. This would allow us to, to shorten that timeline and to be able to justify automation and more technology

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sooner in our proposal. For the US and for Nebraska manufacturing to stay competitive, we have to manage our labor costs, and the primary way to do that is to bring in automation, bring in technology. The one piece of equipment I can give as a quick example, when we first got started, we had a laser that was cutting quarter inch sheet metal at about 60 inches a minute. In December, we put in a new 20,000 watt fiber laser that cuts at over 860 inches a minute. That's technology over ten years period of time that's cutting ten times faster. And if we would still be trying to compete nationally or even regionally with the older equipment, we just wouldn't even be in the ball game. So hopefully you understand our position and, and our support for this bill. And I'd be, be happy to take any questions that you have.

JACOBSON: Questions? I'm curious what, what is that you build?

RANDY KINNEY: So we're primarily a contract fabricator. So we make parts for Kawasaki, we make parts for Exmark down in Beatrice, for Palfinger over in Council Bluffs, for Claas Combines over in Omaha. So we make parts for all of those different type of companies.

JACOBSON: It would be interesting for people to take a tour some time of Nebraska and all of the smaller manufacturers who just do just what you're doing.

RANDY KINNEY: Absolutely.

JACOBSON: I think of a company in, in Kearney that does compression moldings all over the world.

RANDY KINNEY: Absolutely.

JACOBSON: And most people would never know who they are.

RANDY KINNEY: Right.

JACOBSON: They do pretty well.

RANDY KINNEY: Yeah. It's we've, we've enjoyed our, our, our time with the company. We're working on an AI project right now. And again, for small businesses to continue to, to tackle technology, it's just-- it's, it's a big stretch for us.

JACOBSON: So I'm, I'm curious as an entrepreneur myself, I, I always wonder what motivates people to go do crazy things and jump in with both feet and start their company. And--

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RANDY KINNEY: Yeah.

JACOBSON: --how was that-- how'd that work for you?

RANDY KINNEY: Well, I had to convince my wife first off using it.

JACOBSON: It usually starts there.

RANDY KINNEY: Yeah, it starts there. And-- but she's been extremely supportive. And you know what I wanted to be able to do is I've had several opportunities through my career to work for different companies. And I learned a lot from all of those. Some things I wanted to emulate and others I didn't. And I wanted to try to create our own environment where I could bring forward all the positive things that I'd learned from these other businesses and try to put those into our company.

JACOBSON: Well, thank you, and congratulations for what you've done.

RANDY KINNEY: Thank you so much.

JACOBSON: Appreciate your testimony. Other proponents for LB536. All right. Seeing none, is there any, is there any opposition testimony to LB536. All right. Seeing none. Senator Sorrentino, before you come up, I'm going tell-- well, go ahead and sit down. But before you start, I'm going to tell you that we had ten proponent letters, no opponent letters, no neutral testifiers. We did not receive any ADA testifiers. With that, wow us with your close.

SORRENTINO: Wow. Thank you. I'll be brief. I know I respect your time. I'll make four or five points, just about what we've heard testimonywise. Number one, Senator Bostar made a great point, attaching this bill to a particular fund, such as to Work Force Fund is probably the right, permanent way to go about this. I will have those discussions immediately. I had some of them with the Nebraska Chamber yesterday, today, but we will look into that. This bill really does nothing but increase productivity. It increases revenue for the state. We're looking for that. What I like about it, it targets small to medium manufacturers, although not by name to Senator von Gillern's point. The \$250,000 threshold just kind of sounds more comfortable for that range, rather than the Kawasaki's of the world, they can certainly take advantage of it as well. I like the fact that the bill has in mind that the company, the manufacturer, has their own skin in the game, or they've arranged for private financing. It's not just a blind loan. It's, it's truly a grant based on some criteria. Finally,

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you know, any of the jobs that are lost through innovation and technology are probably relaced-- replaced with higher paying jobs. And that's the way of the future. I'm open to any questions.

JACOBSON: Thank you. Further question from the committee? All right, seeing none, thanks for bringing the bill--

SORRENTINO: Thank you.

JACOBSON: --and I look forward to you kind of fine tuning this as we move along.

SORRENTINO: Absolutely. I'll get it taken care right away.

JACOBSON: We will hold it in committee until we get a little more clarity. But thank you.

SORRENTINO: Thank you.

JACOBSON: All right. That concludes our hearing today on LB536. And our last bill of the day is LB278. Senator von Gillern.

von GILLERN: Good afternoon, I'll try to--

JACOBSON: We've just about cleared the room.

von GILLERN: --end us on a high note.

JACOBSON: You're welcome to open.

von GILLERN: Thank you, Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. For the record, my name is Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n, I represent Legislative District 4 in west Omaha and Elkhorn. I'm here today to introduce LB278, which I bring on behalf of Nebraska Medicine. This bill represents an effort to address our state's physician shortage through the existing Visiting Faculty Permit program to recruit experienced, foreign trained physicians to practice at our state's academic medical centers. Upon approval by the Board of Medicine and Surgery, a Visiting Faculty Permit allows a physician who's serving as a member of the faculty of an accredited hospital, school, or college of medicine to practice in Nebraska. This permit must be used to practice medicine as part of a graduate medical education or research program. The Visiting Faculty Permit has been on our books since the early '70s, and 52 physicians have practiced under this permit since the

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late '90s, according to data from Department of Health and Human Services. While physicians with a Visiting Faculty Permit are able to practice medicine, the ability to bill insurance for services provided is uncertain. Some payers do not allow physicians with such licenses to practice as in-network providers. LB278 would require that health insurance policies or contracts not exclude a health care provider on the basis of them holding a Visiting Faculty Permit. I want to emphasize that an insurance policy or contract may still exclude a provider who otherwise fails to meet an insurance provider's criteria for quality, accessibility, or economic considerations. LB278 simply prohibits excluding physicians just because they are practicing under a Visiting Faculty Permit. Upcoming testimony will highlight the intensive process of recruiting highly trained, experienced foreign physicians, as well as the impact that this may have. Similar strategies are being pursued in other states, and subsequent testifiers will speak to some relevant examples. Crucial to remember is that every physician licensed to practice under a Visiting Faculty Permit has been approved and authorized to do so by the Board of Medicine and Surgery. Not only is the Academic Medical Center responsible for ensuring that physicians practicing as visiting faculty are providing high quality care, but the Board of Medicine and Surgery must also approve each physician practicing under the Visiting Faculty Permit on at least an annual basis. This legislation will affect a relatively small number of physicians practicing in Nebraska's academic medical schools, but I'm confident that LB278 will have a meaningful impact that will help our academic medical centers to have the physicians needed to educate our future, future medical workforce and adhere to the highest qualities of-- standards of care. With that, I respectfully urge you to advance LB278. Before I take questions, I do want to note in the online testimony, Mr. Bell was unable to be here today. He contacted me this morning. I actually reached out to him this, this fall when, when this idea was percolating and ran it by him before I agreed to, to carry the bill to, to find out what the insurance industry's position is on it. Officially, he entered a neutral position, but spoke highly about the program in his testimony. Also in the, the online comments, which is a letter from CEO of CHI, Carey Ward, who is in support of the bill, which interestingly, he can't take advantage of, but he speaks, apparently, on behalf of medical care across the state. So with that, I'd be happy to take any questions.

JACOBSON: Questions from the committee? Senator Riepe.

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RIEPE: Thank you, Chairman. In your understanding, what, what are the health policies down-- why do they not exclude? Why do they do what they do?

von GILLERN: The only issue that this bill deals with is insurance reimbursement, because currently it's unclear whether under insurance policies, whether any visiting faculty member would be covered, would be cov-- their payment, whether insurance companies would pay-- cover payment for services rendered by those physicians. All this does is add clarity around that situation. This does-- I gave you a lot of data about the program, which, which is not at all a red herring, because it's all the questions I asked when this idea was brought to me. I said, what is the vetting for these physicians? And we're not dealing with the vetting or-- and this is your world far more than mine. You-- I'm sure you knew-- you know a lot more about this than I do from your health care background. But we're not doing anything regarding the qualifications that those, those criteria are already set and we're not changing anything around that. The only thing that this bill would change is it would ensure that the insurance companies will pay for those services.

RIEPE: I'm just a little bit surprised because usually they pay off the code regardless of who does it. And the approval for privileges rests with another group. And paying off the code, they will pay the same for an M.D. as they would for a clinical nurse practitioner.

von GILLERN: You're proving what I just said, you know more about this than I do.

RIEPE: Well, I just, I was just thinking--

von GILLERN: Couple folks behind me that might be able to address that question.

RIEPE: I'm not sure whether they get fussed about it, but OK.

von GILLERN: Well, we're going to make sure they don't fuss about it in the future.

RIEPE: Good. OK, thank you for being here. Thank you, Chairman.

von GILLERN: Sure.

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JACOBSON: Other questions? This bill sounds eerily familiar because I think I was the backup if you chose [INAUDIBLE]. You know quite a bit about [INAUDIBLE].

von GILLERN: Well, you're welcome.

JACOBSON: Yeah. And I'm supporting the bill, so. Thank you.

von GILLERN: thank you. All right.

JACOBSON: All right. No other committee questions. I'll ask for the first proponent, and I'm [INAUDIBLE]--

von GILLERN: I'll stay to close.

JACOBSON: Oh, thank you. How are you?

STEVEN LISCO: I'm good. It's not that short.

JACOBSON: Welcome to the committee. You can go ahead and begin your testimony.

STEVEN LISCO: Thank you. Good afternoon, Chair Jacobson and members of the committee. My name is Doctor Steven Lisco, S-t-e-v-e-n L-i-s-c-o. I am the chief academic officer for Nebraska Medicine and senior associate dean for clinical affairs at the UNMC College of Medicine. I'm here today to testify on behalf of Nebraska Medicine and the Nebraska Hospital Association in favor of LB278, which prohibits exclusion from health insurance networks physicians practicing under a Visiting Faculty Permit. Nebraska Medicine, like many medical centers across the state, faces physician shortages in primary care and specialties like surgery, anesthesiology, neurology, oncology, and obstetrics. Academic medical centers in states such as Iowa, Tennessee, and Wisconsin are currently hiring experienced, foreign trained physicians who practice on a temporary license, as permanent licensure is precluded due to the need to repeat residency in the United States. Nebraska has an existing Visiting Faculty Permit, which can be issued to physicians serving as a member of the faculty at an accredited hospital or college of medicine in Nebraska. The license must be used to practice medicine as part of a graduate medical education program or refresher course, a teaching program, or a research program. Per Nebraska statute, the permit shall not exceed one year, but may be renewed annually. To be considered for a Visiting Faculty Permit by the Board of Medicine and Surgery, a physician must have completed medical school and post-graduate training comparable to

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U.S. standards, demonstrate legal presence in the United States, and hold an unrestricted foreign medical license. Nebraska medicine also requires at least five years of practice after postgraduate training and proficiency in English. Per Nebraska statute, the UNMC College of Medicine will request issuance of a Visiting Faculty Permit for physicians to serve as members of the faculty, and will outline the faculty duties pursuant to the permit. Duties will be identical to physicians fulfilling the role of core faculty working at UNMC residency programs, or to research faculty working at physician, scientists, or both. Nebraska Medicine, as an academic health science center, regularly assesses provider competency. Nebraska Medicine has an established process whereby non board certified, non US trained physicians may demonstrate competency similar to US medical boards' maintenance of certification process. UNMC in the Nebraska Medicine will assist visiting faculty in qualifying for permanent licensure if a physician is to remain in Nebraska long term. Current law allows Nebraska, Nebraska's academic medical centers to hire foreign trained physicians under a Visiting Faculty Permit, but health insurance coverage for their services is inconsistent. LB278 will ensure insurance policies cannot exclude physicians based on this permit, aiding in recruiting specialists while maintaining high standards in Nebraska. Closing, we appreciate Senator von Gillern's introduction of LB278. I'd be happy to answer any questions.

JACOBSON: All right. Perfect timing on your testimony there.

STEVEN LISCO: Practice.

JACOBSON: Questions from the committee? Senator Hardin.

HARDIN: Is there another side to this coin, which is the visas, F-1's, if I recall? What color visas? That is also presenting itself as a problem in retaining these white collar professionals inside Nebraska. Are you from there with this bit of fun?

STEVEN LISCO: There are multiple-- I, I am. There multiple visas that would fall under the category of a, of a work visa, an H-1B, an F-1, an O visa. All of these would be-- the physician would have to have one of these in place. It's kind of a chicken or an egg thing. You sort of have to say, I will hire this physician. The Board of Medicine will say, I will license this physician. And then the federal, the federal government will say, I will grant this physician a visa, so it all has to happen simultaneously. It is a challenge. This is different from a J waiver, the Conrad J waiver program. But those physicians

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usually have already been practicing in the United States as students, as part of a residency or fellowship program.

HARDIN: As I understand, we do an amazing job of training them both at UNMC and at Creighton, and then Iowa takes them away from us, which is cause for a border war, I think.

STEVEN LISCO: Yeah, and Wisconsin has now jumped on that train, and so has Tennessee and, and, and you know, Florida has its own [INAUDIBLE].

HARDIN: And California is advertising here for our medical professionals.

STEVEN LISCO: Yeah. Because they've all, they've all jumped on this bandwagon. And I'm not saying-- I'm not-- I don't mean to demean the bill or the initiative by, by calling it that, but, but this is a reality that we face in health care. And just like you already heard about the workforce in industry, we have a huge workforce issue, as you already know. So for us to lose those physicians because we don't have a favorable path to practice in this state is probably not within our best interest nor our, our population's best interests.

HARDIN: This is a significant piece of that.

STEVEN LISCO: Yes, sir.

STEVEN LISCO: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. Should you elect to use a credentialed visiting faculty, my question is, does not the re-- reputation and the liability still reside with Nebraska Medicine?

STEVEN LISCO: Yes, sir.

RIEPE: So you have some oversight and danger if you do it wrong.

STEVEN LISCO: Absolutely. The health, the health systems who employ a physician on a visiting faculty permit are entirely responsible for presenting that person to the board and, and providing justification to the Board of Medicine and Surgery, that this person is trained in an analogous fashion to a U.S. physician, and therefore should be allowed to practice Our plan is, is to have an orientation process, as you would for any physician operating in a new environment, but we would probably extend it just to be certain.

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RIEPE: Seems to me [INAUDIBLE], protecting your reputation and staying away from trial attorneys is a, is a pretty--

STEVEN LISCO: It's a big motivator.

RIEPE: --a big incentive.

STEVEN LISCO: Yes, sir.

RIEPE: OK. Thank you, Chairman.

JACOBSON: If I'm not mistaken, you're doing this today. The big piece of this bill is to really ensure that you do have the ability to get insurance reimbursements for the work that's done by these physicians.

STEVEN LISCO: Correct. We would not be-- because this is on statute as a temporary Visiting Faculty Permit, this gets to your earlier question, insurance companies view this fully trained physician analogous to a house officer or a resident. And therefore they re-- they reject it summarily just because it's a temporary Visiting Faculty Permit, and they don't even reflect on the coding. The technical fees, the hospital fees would be reimbursed, but the professional fees are not reimbursed unless we can move forward with this bill.

JACOBSON: And I think it's worth noting again, and I know my discussions with the insurance industry has been that they're not seeing opposition towards that. Hence they didn't fill the room with representatives and testifiers today.

STEVEN LISCO: I was happy to see that.

JACOBSON: Yes, I bet you were. Any other questions? If not, thank you for your testimony. Any other proponents?

STEVEN LISCO: Thank you for the privilege.

JACOBSON: No. All right. Any opponents? We're running out of people to be having any opponents out there. Anyone who wants to speak in a neu-- in a neutral capacity. All right, and seeing none, we did receive two proponent letters, zero opponent letters, one neutral letter. And the committee did not receive any written ADA testimony regarding this bill. Senator von Gillern. You're welcome to close.

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von GILLERN: Thank you. I'll make this quick. Shout-out to my LA over my left shoulder here, who reminded me I had the exact answer to the question that you asked in the notes that he provided to me, Senator Riepe. He said some payers consider a visiting faculty professor-- physician to be a temporary license and do not approve physicians with temporary licenses as in network. That would have been the short, concise, clear answer to your question. My only other comment is regarding the aging population of our workforce and physicians. The only thing more awkward that I've found than having physicians younger than you is now, at my age, having physicians that are older than me. So I think I've reached a tipping point. Any-- happy to take any questions?

JACOBSON: Any questions for Senator von Gillern? Seeing none, thank you. This concludes--

von GILLERN: Thank you.

JACOBSON: --our public hearing on Lb278. And I don't plan to hold an exec session today with Senator Ar-- with--