

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

JACOBSON: All right. Well, I think we'll go ahead and get started. Welcome to the Banking, Commerce and Insurance Committee. I'm Senator Mike Jacobson from North Platte, representing the 42nd Legislative District, and I serve as your chair of this 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 time to come up and come forward and 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 the bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included in the 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, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducers if you wish to give one-- if they wish to give one. We will be using a 3-minute light system for all testifiers. When you begin your testimony, the light will be green. When the yellow light comes on, you will have 1 minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This is nothing-- this has nothing to do with the importance of the bills being heard, it is just part of the process that senators 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 committees state that written position comments on the bill to be included in the record, on the record, 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 the committee statement. I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

will now have the committee members with us today introduce themselves, starting at my left.

RIEPE: Thank you, Chairman. I'm Merv Riepe. I represent District 12, which is Omaha, Millard, and the fine little town of Ralston.

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

BOSTAR: Eliot Bostar, District 29.

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

HARDIN: Brian Hardin, District 48, and that's Banner, Kimball, and Scotts Bluff Counties.

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

DUNGAN: George Dungan, LD 26, northeast Lincoln.

JACOBSON: Also assisting the committee today to my right is our legal counsel Joshua Christolear, and to my far left is our committee clerk Natalie Schunk. Our pledges-- pages for the committee today are Jessica and Teresa, both are students at UNL. With that, I will begin today's hearing with LB836 and I'll turn the chair over to Vice Chair Hallstrom.

HALLSTROM: Senator Jacobson, welcome.

JACOBSON: Good afternoon, Vice Chair Hallstrom and members of the committee. My name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, and I represent Legislative District 42. I am here today to introduce LB836, a bill I'm introducing at the request of the Nebraska Department of Banking and Finance. The goal of this legislation is simple, to modernize how we fund and enforce our state's financial regulations. The financial world has changed rapidly over the last decade. We are no longer just looking at traditional banks with brick and mortar vaults. We are looking at high-speed money transmitters, digital asset depositories, and mortgage processors. Currently, our statutes are built on an asset-based model. While that works for traditional banks, it doesn't work for modern fintech companies that may have very few assets on their balance sheet, but process billions of dollars in transactions. LB836 moves us towards an actively-- activity-based

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

model. It ensures that entities requiring the most oversight are the ones paying for it, and it eliminates administrative redundancies that lead to double billing for other traditional banks. Let me briefly walk you through the bill. Section 1 provides the director with the flexibility to set examination rates for electronic data processing centers moving away from a rigid outdated scale. Sections 2 and 4 are the heart of the bill. They expand the department's assessment power to include nondepository entities like mortgage lenders and money transmitters. Instead of just looking at asset size, the department can now look at, at transaction volume, loan originations, and servicing volume. This is a much favorable metric for the modern era. Section 5 actually provides a benefit to our regulated institutions by eliminating the standard hourly examination charges for routine visits. Since these costs will now be covered by the restructured annual assessment, we are moving an extra layer of, of billing and paperwork. Section 6 strengthens our reinforcements. Our enforcement allows the department to suspend or revoke registrations, not just charters or licenses. It also ensures that if an entity faces a legal hearing due to nonpayment, they are responsible for those hearing costs protecting the taxpayers dollars. In short, LB836 is a cleanup and catch-up bill. It ensures the department has the resources that it needs to keep Nebraska's financial sector safe and competitive without, without overburdening traditional institutions. Members of the department are here today to provide more technical testimony and to answer specific questions. I ask for their-- for your support in advancing LB836 to General File. Thank you.

HALLSTROM: Thank you, Senator Jacobson. Any questions of the committee members? Seeing none, will you be staying to close?

JACOBSON: I'll stay for close--

HALLSTROM: Thank you.

JACOBSON: --just for you.

HALLSTROM: First, we'll take any witnesses in support of LB836. Director Lammers, welcome.

KELLY LAMMERS: Vice Chair Hallstrom, members of Banking, Commerce, and Insurance Committee, my name is Kelly Lammers, K-e-l-l-y L-a-m-m-e-r-s. I'm director of the Nebraska Department of Banking and Finance, appearing today in support of LB836, which was introduced at the request of the department. LB836 will restructure the laws which

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

provide the authority and means for the department to collect funds for operating its financial institution division. Currently, depository financial institutions are assessed on an annual fee tied to their asset size as well as an hourly charge for examiner time during any examination of the institution during the fiscal year. Consumer financial licenses, such as installment loan companies, mortgage bankers, money transmitters are not assessed on annual fee at this time, although the department has the authority to do so. These licensees must pay an annual fee to renew their licenses and are charged examination costs. Annual fees are set by statute, while the assessment and examination costs are reviewed annually and approved by the Governor. LB836 would remove all examination billable time for these industries, except for special investigations and examinations in the establishment-- with the establishment of the assessment only charges. An assessment only process will provide institutions and licenses with the exact cost of doing business in Nebraska, which allows them to properly budget and know the cost of a state charter or license compared to the federal charter. It will allow for more accurate charges to problem institutions. Legislation would be revenue neutral and would allow the department to charge an assessment that includes the average examination fee with consideration of comparable federal regulatory costs. The assessment may be adjusted on a case by case basis for risk, size, and volume of business conducted within the state as well as the typical examination rotation. Routine examination hourly fees once covered expenses associated with examinations of similar sized entities operating under the same charter or financial services license. Today, however, the examinations are too varied in size complexity to be measured in value of-- in terms of hours. When considering that most state-chartered banks are examined every 3 years by the state or every 12 months in a joint examination with federal regulators or in the mortgage industry once every 5 years, the occasional cost of the examination may be extremely impactful to the earnings in the year of the examination. In the mortgage industry, for example, department projects that by creating an annual assessment unique to this industry the mortgage assessment would be one-fifth annually the expected examination cost. This places less burdens on licensees in the year of the, of the examination while providing the department with necessary annual funding. Other industries would be comparably assessed. The assessment approach of LB836 is designed to keep the cost of providing financial services in Nebraska transparent and affordable. I want to thank Chairperson Jacobson for introducing the bill to modernize the funding mechanism for the department. Happy to answer any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

HALLSTROM: Thank you, Director. Any questions by the committee? Seeing none, thank you.

KELLY LAMMERS: Thank you.

HALLSTROM: Others to testify in support? Welcome, Mr. McIntosh.

RYAN McINTOSH: Good afternoon, Vice Chair Hallstrom, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today as registered lobbyist from Nebraska Bankers Association in support of LB836. As Senator, or excuse me, as Director Lammers mentioned, this is a revenue neutral bill that will modernize and update the way regulated entities are charged for examination by the Department of Banking and Finance. Under LB836, banks and other entities will better know upfront what the costs will be going in an examination period, and we do believe this will streamline those charges. So we thank Director Lammers for his work on this and urge the committee to advance LB836.

HALLSTROM: Thank you. Questions of the committee? Seeing none.

RYAN McINTOSH: Thank you.

HALLSTROM: Any other witnesses in support? Welcome, Mr. Schrodt.

DEXTER SCHRODT: Good afternoon, Vice Chair Hallstrom, members of the committee. My name is Dexter Schrodt, D-e-x-t-e-r S-c-h-r-o-d-t, President and CEO of the Independent Community Bankers Association in support of LB836. Don't have much more to add beyond what you heard from Director Lammers. The feedback I got from my bankers is that this was a good change. It makes it more certain, especially there will no longer be the hourly charges following an examination, which were always kind of up in the air on what they would be. So we fully support this change and thanks to Chairman Jacobson for bringing the bill.

HALLSTROM: Thank you. Questions by the committee? Seeing none.

DEXTER SCHRODT: Thank you.

HALLSTROM: Any other witnesses in support? Anyone here today in opposition? Anyone in the neutral capacity? If not, as Senator Jacobson's making his way up, on LB836, we had no letters in any capacity, including written ADA testimony regarding the bill.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

JACOBSON: This is clearly a very controversial bill.

HALLSTROM: Don't press your luck.

JACOBSON: I would just like to say that I, I do appreciate the department for their constant looking, constantly looking at ways to fund what they do. I think it's important for the committee to know that they do fund themselves through fees and the fees have been very competitive when we look state to state and certainly when we compare to national charters whose fees are significantly higher. So I just want to publicly thank the department for their work in keeping the fees low and, and streamlining what they do.

HALLSTROM: Thank you.

JACOBSON: I have nothing else.

HALLSTROM: Any questions? Seeing none, that will conclude the hearing on LB836. And Senator Jacobson, LB837, is your bill up next. Please proceed.

JACOBSON: Well, good afternoon again, Vice Chairman Hallstrom and members of the committee. Again, my name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, and I represent District 42 in the Nebraska Legislature. I am here today to introduce LB837. While our previous bill LB836 focused on the high tech side of banking, this bill addresses a very low tech but essential problem the reality of the, of the cash in our pockets or rather the cash that is no longer there. So as many of you know last year the federal government officially stopped minting the penny due to the rising cost of production. Since then, Nebraska businesses and consumers have been in a bit of a no man's land. When a total comes to \$10.02 at the cash register and the merchant doesn't have pennies to give, what happens? Right now, it's being handled on a case-by-case basis. Each business loses money by rounding down. Some customers feel slighted if the business rounds up without a clear rule. Other local banks have been flooded with questions asking for guidance on how to handle the cash settlements. LB837 provides that guidance by establishing a uniform rounding standard for cash transactions. This applies strictly to transactions involving physical currency. If you pay with a card or phone or a check, nothing changes. You still pay the exact cents. In cash-- in a cash sale, if the total is not a multiple of 5 cents, the bill requires rounding to the nearest nickel. Items ending in 1 cent or 2 cents rounds down to zero. Totals ending in 3 cents or 4 cents round

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

up to a nickel. This mathematical rounding ensures that over time the gains and losses for both the consumer and the business effectively cancel each other out. This is common-- this is a commonsense transition bill. It is modeled after successful frameworks used elsewhere and it brings much needed certainty to Nebraska's checkout lines and bank teller windows. I've worked close to the Nebraska Bankers Association and retail groups on this language to ensure it is simple to implement. I, I would also say that we've been waiting for the federal government to come out with a standard rule, I've chosen not to, given that banks are really faced now with a demand for pennies that we can't fulfill, we need to get some kind of rule in place so merchants don't need to be coming and getting pennies. And so this seems to be the commonsense way to get there. I know the Retail Federation is going to, we've worked with them, they're going to comment after with some testimony to support the bill and outline how they see this working as well. And so they'll also be here for questions that, that I can't happy-- or that I can't answer. With that, I would be happy to answer any questions that you do have for me. Just don't make it real difficult.

HALLSTROM: OK. With that admonition, questions? Senator Riepe, first.

RIEPE: Thank you, Chairman. I have two quick ones. I think this is mainly driven by the big box stores as opposed to the mama, papa rosie street businesses? Do you have an opinion on that?

JACOBSON: No, I, I would say that it's, it's really partially driven by the banks who aren't getting more pennies, but lots of requests for pennies. And so there's, there's really-- we need to, we need to stop the demand for pennies by making a certain decision as to how we should treat these transactions. I would say keep in mind that many stores that are accepting checks, or more importantly the credit cards and EBT cards and so on, those are going to still handle the transactions as normal. It will be the exact penny. The only time we run into this issue is with cash and, and coin, and I would say that that probably would really impact a lot of smaller merchants who are looking for guidance, and so that's part of, of the impetus for this.

RIEPE: You said that banks are finding it difficult to come to pennies, would you as a banker offer up 1.1 cent for every penny that you could get someone to bring in?

JACOBSON: Well, I'm not willing to go that far, but, but I would say that they-- if the federal government would allow me to melt down our

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

supply of pennies, I would take all-- I would pay a premium for pennies.

RIEPE: The plumbers would probably like that too, but thank you for that.

JACOBSON: That is probably true. Yes.

HALLSTROM: Senator von Gillern.

von GILLERN: Yeah, thank you. Senator Jacobson, real quick, you mentioned that there's no federal policy. I don't see anything in the bill that says if the feds do come out with a policy that we would comply with that, would that be a provision--

JACOBSON: Yeah, I would--

von GILLERN: --that maybe we should consider or--

JACOBSON: I would expect in a normal fed course of doing things, this bill will supersede all state or all other jurisdictions that I would expect that to be. We can certainly add that, that it would-- we would come into compliance with the feds if we needed to, but that, that would be the intent.

von GILLERN: OK. Thank you.

JACOBSON: I, I would say, too, that there has been a draft, I believe, on the Senate side that really mirrors this.

von GILLERN: OK.

JACOBSON: And so I would expect that that's what they would come with. I, I mean, I don't want to speak for the federal government because who knows what they might come with, but this seems like there's only one way you can basically go there, so I think we're on pretty good ground. But that's a good question.

HALLSTROM: Any other questions? I don't have any questions, but I would like to give you a penny for your thoughts.

JACOBSON: Oh, perfect.

HALLSTROM: Thank you for being here.

JACOBSON: I'm giving you no change. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

HALLSTROM: And I trust you'll stay for closing.

JACOBSON: I will stay for closing. Yes, I will.

HALLSTROM: Mr. McIntosh.

RYAN McINTOSH: Good afternoon again, Vice Chair Hallstrom, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h. I appear before you today as registered lobbyist for the Nebraska Bankers Association and the National Federation of Independent Business in support of LB837. We appreciate Senator Jacobson's leadership on this issue and for carrying this legislation at the NBA's request. Over the past 10 years, as you've probably heard, the production cost for the penny has risen from 1.3 cents to 3.69 cents per penny. Last year, President Trump announced the Department of Treasury would quit minting pennies. And shortly thereafter, the Federal Reserve quit accepting pennies. Since that, that has changed, the Federal Reserve is now accepting pennies into recirculation. There's approximately 114 billion pennies outstanding, although most of those are probably not readily accessible or sitting in change drawers anywhere. So really when this will become a real issue, I think, is a little bit unclear and is going to be largely driven by consumer behavior. Without the pennies, I, I think there will be a pretty strong tendency to hoard pennies and, and collect them, so. We are already starting to see a little bit of that, and just in December at the Nebraska Bankers Association, we started receiving a number of calls from bankers whose customers were requesting guidance. What, what is the federal reserve doing? What is the state government doing? So we reached out and worked with the Retail Federation, Nebraska Grocery Industry Association to put this legislation together, which is largely mirrored after Senate Bill 1525, also known as the Common Cents Act. So that's a little bit of the background since introduction. I want to thank Rich Otto who will follow me who can talk a little bit more about some of the particulars for an amendment that, that we've jointly prepared together. He's been-- and he'll discuss some of the issues that we will run into when you look at the total sale versus change due back to a customer. And so this amendment that he'll bring up and talk about will, will clarify some of those issues and also address sales tax collection issues, so. With that, I'd be happy to answer any questions. As I said, Mr. Otto will discuss some of the particulars of the amendment clarifications. We would urge the committee to advance LB837 to General File. It's, it's a pretty straightforward bill that deals with rounding, rounding down or rounding up. I think it's pretty uniform. I can't imagine that the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

federal government would pass anything too extremely different that would, that would create a conflict of laws. And even if there was a federal bill, there still may be a need for a state bill as well, so. We would ask the committee to advance the bill as amended. Thank you.

HALLSTROM: Any questions of Mr. McIntosh? Senator Dungan.

DUNGAN: Thank you, Vice Chair Hallstrom. Thank you for being here, Mr. McIntosh. We've talked, I know, a lot about this. I'm very interested in this topic, because it's just a weird thing to talk about.

RYAN McINTOSH: Yes.

DUNGAN: Unblazed territory. What happens if a business refuses to do this?

RYAN McINTOSH: So that's the-- that was one of the questions we got early on is-- well, OK, so this bill and as amended is completely optional, if you have the change--

DUNGAN: Right.

RYAN McINTOSH: --make the change. And so this provides an option where the change is not available. I do know that our banks, at least for the period of time that the Federal Reserve was, was not recirculating, some were having issues and just really unable to give unlimited pennies to their, their commercial customers. And so right now it's silent. I could see somebody arguing that not rounding to the customer's benefit could be defined as a deceptive trade practice or something along those lines. What we're trying to do is avoid that, just provide certainty to businesses of all sizes and to consumers to know what to expect when they're paying with cash.

DUNGAN: But under this current framework, if they decided to, example, round down when they-- or round up when they should have rounded down, is there any recourse then available to the customer through current law, or would we need to work something into the statute to provide clarity as to what the recourse would be?

RYAN McINTOSH: Well, I think that you would potentially default to what we have now, that there isn't any, any, any blanket prohibition on it, but there are other consumer protection laws that might come into play if you are going opposite of, of what this says. But I'll have to give that some thought and I can certainly engage a little bit more after I've talked to some of our partners on this.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

DUNGAN: Yeah, that would just be my only concern. I think this makes a lot of sense. I think it's necessary we do something. I agree with Senator Jacobson on that. I just want to make sure that the customer does have some recourse available--

RYAN McINTOSH: Sure.

DUNGAN: --if on the off chance somebody decides to go the wrong way on this, it's not just a suggestion. Thank you.

RYAN McINTOSH: Thanks.

HALLSTROM: Any other questions? Thank you.

RYAN McINTOSH: Thank you.

RICH OTTO: Vice Chairman Hallstrom, members of the committee, my name is Rich Otto, R-i-c-h O-t-t-o, and I'm here testifying in support of LB837 on behalf of the Nebraska Retail Federation, the Nebraska Grocery Industry Association, the Nebraska Petroleum Marketers and Convenience Store Association, and the Nebraska Hospitality Association. We appreciate the opportunity to testify in support of LB837, a common cents measure that brings clarity, consistency, and fairness to cash transactions in Nebraska. LB837 addresses an issue retailers and consumers face daily, how to handle transactions when exact change is no longer available or practical due to declining circulation of pennies. This bill provides clear uniform framework for cash rounding while preserving consumer protections and maintaining accurate tax collection. So I would like you to look to AM813, which the pages have just provided you. This is the amendment that we have been working with Senator Jacobson's office on and all stakeholders. We appreciate Senator Jacobson and his leadership on this issue, his willingness to look at how penny rounding can affect consumers and businesses of all sizes, and we feel that this is a logical step forward to clarify certain situations that can come about. Let me just highlight the two major changes in the amendment. So the first change in the amendment is it allows for two approaches in rounding, and this is basically the first approach is what was laid out in the original bill, where it's based on the transaction total. So in that case, the rounding would be based on the total transaction amount, it automatically goes up or down, there is no ability to pay with pennies if you had it as a consumer. The second method, which many of my retailers, other businesses, people that are giving change, came to me with my members, is the ability to round based on the change due or

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

the money you're giving back to the consumer as they're changed. Both approaches over the long haul are net neutral to the customer in the business. So I just wanted to give you that. I'll be happy to go over an example of the difference of how it affects the change as my time allows. Let me highlight the second significant change in the amendment. The second significant change is to split transactions. So Senator Jacobson is absolutely correct, this only applies to transactions that have cash in them. Well, what do you know, gift card, EBT card, all of those can have cash in the transaction if you don't have enough on the card to cover the total amount. So this clarifies how the retailer or business would handle those transactions if at the end of the month, I'm on my SNAP card, I only have \$5 left, I have \$6.87 due, I still owe \$1.87, that \$1.87 needs to be rounded at some level. So it just basically applies the same logic to those split transactions saying, you need to use up the gift card or the EBT card and then handle the cash the same way you would if it was an only cash transaction. Again, this ensures that cards, digital payments aren't truly affected, but gives clarity on how to handle the second half of the transaction. I see my time is up. Happy to answer any questions and go through any examples as the committee may see fit.

HALLSTROM: Thank you, Mr. Otto. Could you please spell your name backwards for the transcribers?

RICH OTTO: Same way, Senator, O-t-t-o.

HALLSTROM: Thank you. Any questions from the committee? Senator von Gillern.

von GILLERN: Did you finish your examples or--

RICH OTTO: Well, I did want to go through--

von GILLERN: I'm not begging for more, but if you had another [INAUDIBLE].

RICH OTTO: Sure, I will go through a quick one for you, Senator. So the example I keep giving is, you come into the store, your transaction is \$2.08. So the original form of the bill said we're going to round on the transaction total. So we're going to look to that 8. It's \$2.08, 8 on the premise of the bill rounds up. So then the consumer is going to be charged \$2.10 by the business. Well, then Rich is at your store and I said, I have, I have 8 cents, I have the pennies. Why are you forcing me to pay \$2.10 when the total was only

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

\$2.08. So the second model is based on the cash due, and that's the preference of many-- majority of retailers, actually, is to present the total, it's \$2.08, oh, the consumer actually has the pennies, I have \$2.08 or I have 2 dollars, a dime, and three pennies and I can get a nickel back. It allows the consumer to solve the problem of the change and give the exact amount due, rather than being forced around one way or the other. We like this, we think-- so, again, cash consumers are probably less than 10%, but those paying in cash often watch every penny. And so we're giving them the opportunity as they start digging in their, you know, closets and finding their pennies as they bring them in, we don't want to decline them to pay the exact amount. So long story short, the methodology is reversed, because the change due is the opposite of the total. So if you're paying with a \$20 bill and you don't have pennies, you're still-- it's still going to round. It's just for those with the exact change that it allows them to pay the exact amount.

von GILLERN: Thank you.

HALLSTROM: Any other questions? I'm trying to wrap my brain around this. Senator Jacobson said that it's voluntary or optional.

RICH OTTO: Correct.

HALLSTROM: If it's optional, what would prevent you under the original form of the bill from accepting the exact amount of change?

RICH OTTO: We could accept the exact amount. When someone presents the other, we could no longer round. We couldn't round down. So in that example, when it's \$2.08, if I just give a \$20 bill and I accept the exact change in other circumstances, I couldn't then all of a sudden round on those. So long story short, we still are going to round in the change due method. We just won't round if the customer presents the exact amount. But say you go to a self-checkout and you present \$20 bill, it'll still round. It's just kind of the inverse methodology with the change due.

HALLSTROM: OK. Thank you. Any other questions? If not, thank you, Mr. Otto. Next witness in support.

DEXTER SCHRODT: Vice Chair Hallstrom, members of the committee. My name is Dexter Schrodt, D-e-x-t-e-r S-c-h-r-o-d-t, President and CEO of the Nebraska Independent Community Bankers Association. Like my friend Mr. McIntosh, we also heard from members that we're getting

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

inquiries from business customers this past fall when there was a really big question about the pennies. As Senator Jacobson pointed out, the Department of Treasury has yet to issue guidance on what to do. However, they have issued some FAQs, which are, of course, not legally binding, but they answer a lot of questions up here. First, I'll give you a fun fact from those FAQ's. There are 114 billion pennies in circulation. Now while the Mint is not minting pennies anymore, it is going to take considerable time for those pennies to get out of circulation. And Treasury notes that pennies will continue to be legal tender and retain their, their value in perpetuity. Senator Dungan, to answer your question, should there be teeth to this, should there not? I will just point out Treasury, throughout the FAQs, points out that businesses need to apply the rounding practices in fair, consistent, and transparent manners. And I would assume any guidance coming from them would be along those same lines, which then, of course, would have legal effect. Senator von Gillern, to answer your question, if Treasury hasn't issued guidance, how do we know this is the right approach? In the FAQs, Treasury also cites this exact approach, and this exact approach was actually created by NCSL, the National Council of State Legislators [SIC], which apparently the, the U.S. Senate has now taken up as well. So I find it very likely that this will be the method because, as Senator Jacobson pointed out, it ends up being neutral one way or the other. Yeah, I think that's all the fun facts I had, so I will conclude my testimony.

HALLSTROM: Any questions of the committee? Seeing none, thank you.

DEXTER SCHRODT: Thank you.

HALLSTROM: Any further witnesses in support? Candace, welcome.

CANDACE MEREDITH: Good afternoon. My name is Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h, and I am with the Nebraska Association of County Officials. Thank you for having me here today. I'm going to take a little bit of a different angle here. It is just a matter of time before counties are going to start experiencing these challenges, obtaining pennies from the financial institutions for their cash drawers. We've heard some concerns from our larger counties already. County officials have been proactive by issuing press releases and posting notices encouraging online payments where applicable. Also posting notices encouraging these online payments, use of checks or money orders. However, we understand that residents still will need to pay in cash. I mean, that might be their only means or access. So, of course, counties do not want to limit their ability to do so. So,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

again, this is why we really support this LB837 to establish clear and consistent statutory methods for the counties as they want to be as consistent in, in practice as they possibly can by rounding sales tax transactions. So as you're all aware, county treasurers do collect motor vehicle sales tax. So this would be able to help them-- give them the guidance that they need to move forward. However, just to clarify, we have not talked with the Department of Motor Vehicles and their programming and, again, logistically, I usually handle logistics, but we'll have to defer to the Department of Motor Vehicles when it comes to the programming as far as rounding on cash transactions there. On another note, again, I just wanted to throw out something as we're, we're, we're talking about the penny shortage or soon to be penny shortage we're assuming. Just wanted to note that, you know, again, treasurers are collecting real, real property taxes and those are often in penny situations and just may require some additional review since the discussion has been brought up. So under Article VIII, Section 4, it does limit the Legislature's ability to remit or discharge taxes. So any approach that resulting in rounding down for point of payment for cash transactions, we just might have to evaluate closer. Might have to look at more rounding at the levy distribution stage. So, again, just want to throw that concept out. The other thing that we want to start thinking about is documentary stamp tax. Right now, it sits at \$2.32 per 1,000 transactions So, again, we're running into some concerns there as well that we might start-- need to think about in the future. So with that, again, we really support this legislation, appreciate Senator Jacobson bringing this bill forward. I'd be happy to answer any questions.

HALLSTROM: Thank you, Ms. Meredith. Senator von Gillern.

von GILLERN: You may or may not know the answer to this. How frequently does someone pay their doc stamp tax in cash or their sales tax on their vehicle in cash? Because that's the only time that this would apply.

CANDACE MEREDITH: So more frequently than you realize. I, I asked the same question about the doc stamps, usually when it's a smaller type of homes, individuals that do maybe personal transactions, you'll see cash transactions. But usually title companies usually take care of that, but there is personal one-to-one transactions, so.

von GILLERN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

HALLSTROM: Other questions? And I believe the commutation of tax issues, if you haven't seen Mr. Otto's amendment, he's got some language that, in, in looking at very quickly, seems to be trying to address that in one fashion or another.

CANDACE MEREDITH: Perfect.

HALLSTROM: Any other questions?

von GILLERN: I do have one other one.

HALLSTROM: Yes, Senator.

von GILLERN: Many businesses have chosen to not take cash anymore. You probably don't have that option, do you, or the counties don't?

CANDACE MEREDITH: Boy, that's a really tough question considering that the, the residents of the counties hate to limit their ability, but we do strongly encourage online transactions and, obviously, paying with check, money order. But, again, we understand that everybody is in a different situation when it comes to--

von GILLERN: All right. Thank you.

CANDACE MEREDITH: Yep.

HALLSTROM: Thank you.

CANDACE MEREDITH: Mm-hmm.

HALLSTROM: Seeing no further questions, thank you. Any other to testify in support? Anyone in opposition? Anyone in a neutral capacity? Senator Jacobson. While he's approaching, the online letters: two proponents, no opponents, no neutral letters, and no ADA testimony regarding the bill.

JACOBSON: Well, thank you again. I, I would tell you that it's-- when you first start thinking about this concept, you think, well, this is pretty simple, until you realize it's not. OK? But I, I would just remind you of a couple of things. This only, again, applies to cash transactions. If I'm going to pay doc stamps, my doc stamps is probably not one doc stamp. It's probably multiple ones. And so when you add it all up, it's going to come to some odd number. And so what's the worst case scenario? It's .03, because now I'm rounding up 2 cents, OK? I mean, that's what I'm talking about 2 cents. I mean,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

you're going to round up to 2 or you could get a windfall, OK, and, and get the other way. But it's, it's really-- for most people it's not going to be material, it's just not. I, I, I worried more about with the Retail Federation on how these computer systems would be set up for point of sale and when they scan it, how does that work out and how do they balance their, their cash drawers and so on? But I, I do think that we've approached this in a thoughtful manner as best we can. And, and, again, it only applies-- the most you can be swindled is for 2 cents. And now Senator Dungan's gone, I was going to tell him that at some point maybe we'd start rounding, there'd be a dollar shortage. And so for attorneys, we'd round to the nearest \$100. That would probably be the easiest way to get there. So at any rate, I would stand for any additional questions.

HALLSTROM: Any questions? Senator Jacobson with regard to Mr. Otto's testimony, and you've suggested it's a technology or machinery equipment type of issue, would you see any potential issues of allowing merchants within a commonly owned store with multiple locations, possibly treating it differently on methodologies that he's suggesting?

JACOBSON: That's, that's a good question and I think we would also be concerned that-- again, the uniformity I think is going to be the question and, and probably to some extent the limitations of equipment. I, I see this more with the Walmarts and the larger stores that if you acquired a grocery store, for example, and you haven't updated the equipment, your main corporate stores do it this way and they have something a little different. But I, I think we'll have to just work through that. I think the key comes back to being consistent and doing the best you can. I, I think you'd raise the issue as Senator Dungan raised, what do we do if somebody is upset with how this is being done? And I think Mr. Schrodt really laid out kind of where when you look at the Q&A, Q&A that's out there, I, I do think that there's, there's a protocol to really follow. But at the end of the day, you're going to, you're maybe going to miss out on 2 cents. And so we got to keep that in perspective.

HALLSTROM: And the final issue, you've commented quite a bit about the documentary stamp text. Do you have anything more to say or do you feel you've gotten your 2 cents in?

JACOBSON: I've, I've gotten my entire 2 cents in, yes, entirely. I almost feel like I've cheated a little bit, but almost felt like 3, but I've gotten 2.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

HALLSTROM: That will close the hearing on LB837. We'll move next to LB838, also Senator Jacobson.

JACOBSON: Well, this is it for me today. Good afternoon again, Senator-- Vice Chair, Hallstrom, and members of the committee. My name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, and I represent District 42 in the Nebraska Legislature. Thank you for the opportunity to introduce LB838 today. LB838 is a consumer protection measure focused on safeguarding vulnerable and senior adults from financial exploitation, while also providing clarity and reasonable protections for financial institutions that are often on the front lines of identifying suspicious activity. The bill creates a new definition in statute for a, quote, authorized contact. An authorized contact is an adult designated by a vulnerable or senior adult to be contacted by a financial institution in the event of an emergency or when financial exploitation is suspected. LB838 updates related definitions and references throughout current laws to reflect this addition. Importantly, LB838 allows but does not require financial institutions to notify an authorized contact or other associated parties when they have a reasonable suspicion that financial exploitation may be occurring. The bill makes clear that participation in authorized contact programs is voluntary and financial institutions are not required to establish or interact with such programs. LB838 also provides protection to financial institutions and authorized contacts who act in good faith and with reasonable care when responding to suspected exploitation. A bill-- the bill, likewise, protects financial institutions that choose not to interact with an authorized contact when doing so would not be in the best interest of the vulnerable or senior adult or when there is concern, the contact themselves may be involved in exploitation. At its core, LB838 is about striking a balance, empowering institutions to act when they see red flags, protecting seniors and vulnerable adults, and providing legal clarity so responsible action is not discouraged. I appreciate the committee's time and consideration. I would just point out, I know AARP is in the room, I am assuming that they will be voting-- they will be testifying, I'm assuming in support of this bill. I see every day in the bank, our tellers are encountered by situations where they're highly concerned about whether there's an exploitation going on when they have a senior who tries to do a transaction. Under current law, you would be very limited without many authorizations to really report that to anyone or when you can get to the point where you can, it's way too late, the money is already gone. That's really what we're attempting to do, is that we really want to do the right

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

thing for that senior, for that customer who we want to protect, and want to be able to contact someone and let them know there may be dementia, could be any number of problems, or they could just be someone's waiting to steal the money for them, they've sent them of the bank to get the money. This happens way too often. I think AARP could explain to us the number of times they've been contacted about this. So this is a way to really try to be able to do the right thing and still have the liability protection so that we're not divulging financial information when we're meaning to do the right thing. So I would be curious as to what thoughts are as to the way this got put together. But it is a problem out there and we're really just trying to curb that. So with that, I would stand for any questions.

HALLSTROM: Any questions? Seeing none, thank you.

JACOBSON: Thank you, and I'll still stay for closing.

HALLSTROM: Thank you. Any witnesses today to testify in support of LB838? Welcome.

THERESA THIBODEAU: Thank you. Good afternoon. And good afternoon Vice Chairman Hallstrom and members of the Banking, Commerce and Insurance Committee. My name is Theresa Thibodeau, T-h-e-r-e-s-a T-h-i-b-o-d-e-a-u. Please don't ask me to spell that backwards, Senator. I appear today in my capacity as the district director for Congressman Don Bacon, who represents the second congressional district, which includes Douglas, Saunders, and portions of Sarpy Counties. We appear, or I appear in support of LB838 as an office that has handled constituent casework involving financial exploitation of vulnerable and senior adults residing in our district. Our office has seen how quickly and quietly financial exploitation can occur, often before families or law enforcement are aware, and often at a point when recovery is no longer possible. Of the cases we've handled, these are the most difficult because the harm is lasting and the remedies are very limited. LB838 addresses a practical and well-documented problem. Financial institutions frequently recognize warning signs of exploitation, yet lack clear statutory authority to intervene when a customer insists on proceeding with a transaction that appears unsafe. What our office has seen is that financial exploitation is rarely obvious at its outset. It often appears gradually over a series of transactions, even after concerns have been raised by a family member, a court, or law enforcement becomes involved, financial harm is usually done. At that point, there are very few tools available to make the victim whole. We have encountered situations where banking

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

professionals recognize the warning signs early and try to intervene informally. They've raised concerns, they've asked questions, they warned the customer, yet the exploitation continued because there is no clear moment when the process could slow down. In those situations, even a brief pause can matter. It creates space for reconsideration, for a second conversation, or for a trusted person to step in. From our perspective, LB838 reflects the reality that already exists across Nebraska. Frontline banking staff are often the first to notice when something does not look right. This bill supports their ability to act responsibly without fear that exercising caution will expose them to liability and without shifting decision-making away from the individual or the courts. It provides a reasonable solution. It allows for financial institutions to delay certain transactions when there is a reasonable belief that exploitation may be occurring. It creates time for additional review, communication with trusted contacts, or referred to appropriate authorities while preserving customer autonomy and due process. From our vantage point, LB838 strengthens Nebraska's ability to prevent irreversible harm before it occurs. For these reasons, on behalf of our congressional office and the Nebraskans we serve, I respectfully urge the committee to advance LB838. And I'm happy to answer any questions you may have.

HALLSTROM: Thank you for your testimony. Any questions? Seeing none, thank you.

THERESA THIBODEAU: Thank you.

HALLSTROM: Next witness in support of LB838. Welcome, Mr. Harr.

BURKE HARR: Senator Hallstrom-- Mr. Vice Chair, members of the Banking, Commerce and Insurance Committee, my name is Burke Harr, H-a-r-r, and I'm here to testify on behalf of FNBO in favor of LB838. LB838, as stated by former Senator Thibodeau, is a thoughtful and balanced bill that strengthens the protection for vulnerable and senior adults while providing clear, regional guidance to financial institutions. Bankers are often on the front line when financial expectations occur. Bankers see the unusual transactions, sudden changes in behaviors, and warning signs that something may be wrong. But the existing law can leave uncertainty in-- under state law about what banks can or may do and who they may or may not contact and what protections exist when acting in good faith. LB838 helps address that gap by creating a clear definition of authorized contact. This, this person is chosen by the customer, not the bank, and I think that's important, of who may be contacted in the event of emergency or

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

suspected financial exploitation. Equally important are the liability protections included in the bill. LB838 provides, LB838 provides a compromise on the civil, criminal, and administrative immunity to financial institutions for actions and omissions related to the authorized contact pro-- contact programs, so long as those actions are taken in good faith without gross negligence or willful misconduct. This protection incurs responsible actions without exposing institutions to undue litigation and legal risks. It's my understanding that this language was also similar to and pulled from FIRA, which is the Federal Institutions Regulatory Act. With that, I would ask for your support and would entertain any questions you may or may not have.

HALLSTROM: Any questions of the committee? I've got at least one. In your testimony you indicated that there was a compromise on the immunity and the liability standard. Who, who was compromising on that?

BURKE HARR: Let me get back to you on that. I, I was not prepared to testify today, and it's my understanding that there were some groups that did get together, but let me get that to you.

HALLSTROM: I appreciate that. And, and my-- the reason for my question is when the original financial exploitation law was put together, it was very carefully crafted in terms of the universe that we're trying to protect, which are our elderly and our senior citizens and our vulnerable, and so the immunities were very broad, both for action taken or for inaction, ultimately, encouraging the financial institutions to provide the benefit of the bill which is to provide protections for those senior citizens and our most vulnerable adults. And as a result, the insertion of a limitation on that immunity, at least in my humble opinion, would seem to go against the initial tenor and intent of, of the law. So I would be interested in visiting with you and others to ensure that we have consistency throughout the act as it was originally enacted.

BURKE HARR: I appreciate that. And, obviously, I think-- and hopefully there is no one that testifies against the bill today. And hopefully this can move in a quick manner. And I know that as is currently written, that is allowed. So let me find out what that is. Let me get back to you. And I know you, you had some concerns you spoke to me about earlier today and so I will get back to you on that.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

HALLSTROM: Appreciate it. Thank you very much. Any other questions? Seeing none, thank you, Mr. Harr.

BURKE HARR: Thank you.

HALLSTROM: Next witness in support. Director Lammers, please proceed.

KELLY LAMMERS: Vice Chair Hallstrom, members of Banking, Commerce and Insurance Committee, my name is Kelly Lammers, K-e-l-l-y L-a-m-m-e-r-s. I'm director of the Nebraska Department of Banking and Finance appearing today in support of LB838. Protection of consumers, prevention of elder and vulnerable adult financial exploitation is a long-standing priority for the department. The department was a proponent of the 2020 legislation adopted to assist financial institutions in combating financial exploitation of senior and vulnerable adults. We also supported 2021 legislation providing similar statutory support for securities professionals. LB838 would provide our financial institutions with additional tools to help them combat fraud. The assets owned by Nebraska's growing senior population continues to be a tempting target for unscrupulous individuals, ranging from dishonest caregivers, guardians, and family members to outright imposters and scam artists. Financial professionals spend considerable resources building trust, safeguards, and enabling Nebraskans to financially secure spending, savings, and future planning. Yet, it only takes one unscrupulous event to change a lifetime of financial preparation, potentially eliminating resources for current needs and destroying future plans. In 2020, my predecessor testified that legislation was a good first start in protecting vulnerable Nebraskans from financial harm. LB838 is a second, a strong second step in Nebraska's battle against financial fraud. Thank you for this opportunity to speak on this important consumer issue. I'd be very happy to answer any questions.

HALLSTROM: Thank you, Director. Any questions? Director Lammers, just a quick question. Would, would you think a strong third step, one thing that's gone through my mind, is that perhaps why are we limiting this to senior citizens and vulnerable adults? We probably have plenty of cases of fraud that you have observed that, that apply to individuals that have bank accounts, and the like, beyond those categories.

KELLY LAMMERS: The financial institution industry, the consumers at large, both deserve all the tools that they can get, Senator.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

HALLSTROM: Thank you very much. Next witness in support of LB838.

RYAN McINTOSH: Good afternoon, Vice Chair Hallstrom, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today as a registered lobbyist for the Nebraska Bankers Association to testify in support of LB838. This legislation is the first of two different fraud bills that this committee will hear that make up what we've deemed the fraud-free Nebraska coalition. Other bills will be heard in Judiciary and Transportation and Telecommunications Committee as well. The coalition is made up of associations of financial institutions, including the NBA, Independent Community Bankers, Credit Union League, AARP, elected officials, law enforcement, and others. We're advocating for consumer education and legislation aimed to combat the rising fraud in Nebraska. For the last 2 years, fraud has been the absolute biggest issue facing our member banks. It ranges from what I refer to as very unsophisticated check fraud to the use of technology, such as artificial intelligence, to scam consumers. Fraud is a pervasive problem that takes an extraordinary financial and emotional toll on consumers. In a report released in December 2025, the Federal Trade Commission estimated that in 2024 fraud losses in the United States had risen to over \$196 billion. We're losing our consumers in Nebraska to the tune of millions and millions of dollars every year and is growing at an exponential rate. As Director Lammers mentioned, in 2020 LB853 was introduced by Senator Matt Williams at the request of the Nebraska Bankers Association. This established a statutory scheme that has since been replicated in more than a dozen other states. It allows for financial institutions to, to delay or refuse a transaction that appears to be fraudulent for elderly or vulnerable adults. As part of this, it allows financial institutions to contact individuals such as family members to notify them of suspected fraud being perpetrated upon their loved ones. Since enactment, this has been used many, many times by our member banks to shut down fraud schemes and protect customers across Nebraska. LB838 amends this law to specifically allow elderly and vulnerable adults to name the authorized contact as has been discussed already. This takes legislation that's protecting Nebraskans and makes it even stronger, and we would urge the committee to advance LB838 to General File. Thank you.

HALLSTROM: Thank you, Mr. McIntosh. Any questions of the committee? Seeing none, thank you.

RYAN McINTOSH: Thank you.

HALLSTROM: Next testifier in support. Welcome, Mr. Wright.

L. JAMES WRIGHT: Thank you, Senator Hallstrom, good to see, see you all. Vice Chairman Hallstrom and members of the Banking, Commerce and Insurance Committee, my name is L. James Wright, last name spelled W-r-i-g-h-t. I'm here today on behalf of the Nebraska Credit Union League as their Chief Advocacy Officer and registered lobbyist. Our organization represents Nebraska's 50 not-for-profit member-owned credit unions and their 570,000 members. Nebraska Credit Union League is proud to be a part of the fraud-free Nebraska coalition. I want to thank Chairman Jacobson for introducing LB838. National surveys indicate that elder financial abuse is rampant, with studies showing 1 in 10 elder adults experiencing it. This legislation offers important tools and protections, making it easier for credit union employees to step in and protect seniors facing financial exploitation. Many Nebraska credit unions have instituted financial education and literacy programs aimed at older Americans and their families to help educate them about the methods of fraud and how to detect scams. Our testimony is accompanied with an example from Metro Federal Credit Union in Omaha. Credit unions thrive on close-knit relationships with their members and can protect senior citizens from financial exploitation and fraud by acting as their first line of defense through staff training, mobilizing monitoring technology, and implementing trusted contact systems as proposed in LB838. These initiatives focus on identifying, preventing, and reporting elder abuse. I respectfully request the committee's support to advance LB38 [SIC] to General File. Thank you for your consideration. I would answer any questions the committee may have. Respectfully.

HALLSTROM: Thank you, Mr. Wright. Any questions? Mr. Wright, I, I appreciate the educational piece. I know that the financial institution industry is doing a lot of things that American Bankers Association has a banks don't ask to alert people to, to potential frauds and scams. So thank, thank you for what you're doing.

L. JAMES WRIGHT: Thank you. Thanks for your time.

HALLSTROM: Next testifier in support.

DEXTER SCHRODT: Vice Chair Hallstrom, members of the committee, my name is Dexter Schrodt, D-e-x-t-e-r S-c-h-r-o-d-t, President and CEO of the Nebraska Independent Community Bankers, the only trade association in the state exclusively representing community banks. Our community banks are committed to protecting older members of our

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

community from exploitation and play a critical role in educating elderly customers about fraud and helping families set up safeguards for their elderly family members. Because community banks have such a close relationship with their customers, they are ideally positioned to coach older customers and their families, a.k.a., authorized contacts, through available protections like transaction alerts, biometric and multifactor authentication, and other security permissions in apps and on their devices. In addition, community banks partner with retirement homes, religious institutions, law enforcement agencies, and other organizations to provide education and personal one-on-one contact with our customers. It's about helping to build a network of trust when it comes down to it. And combating the financial abuse of seniors is an area in which a broad spectrum of stakeholders, including our regulators, must come together to leverage resources. And I think you, you do see that here. So I'd like to thank Senator Jacobson for bringing the bill, and I'd like to thank our member bank, FNBO, for continually leading the charge and anti-fraud efforts in the state, and we urge the committee to advance the bill.

HALLSTROM: Thank you, Mr. Schrodt. Any questions of the committee? Seeing none, thank you.

DEXTER SCHRODT: Thank you.

HALLSTROM: Next witness in support.

JINA RAGLAND: Good afternoon, Vice Chair Hallstrom and members of the Banking Committee. My name is Jina Ragland, J-i-n-a R-a-g-l-a-n-d. I'm here today testifying in support of LB838 on behalf of AARP Nebraska. Specifically today, I just have written notes. I don't have prepared testimony. I do want to remind everyone we did support and were part of the legislation in 2020 and 2021 on transaction holds and reporting. I know Senator Hallstrom was a big player in that against supporting the banks and securities. Once-- the Section 1 is really where my comments are kind of directed today, and it's not so much on the immunity side, and you'll look back up in testimony before, you know, really at the immunity piece is not something that we will engage in. I think it's always a question of, you know, what immunity really ends up being. I know this bill specifically with the-- shielding the authorized contact. We do appreciate that that's being more defined. It also then gives the consumer a little bit more control and ability of who that-- who the bank is calling or notifying in those kinds of emergencies. I know in speaking with Senator Jacobson on this bill earlier in the session when it came out, I know

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

there are some concerns with the banks presenting-- when someone presents at the counter and there is a situation that looks like it could be financial exploitation and there no one on file, making that judgment call and notifying someone in that third-party capacity actually then could come back on the banks if that individual actually did not want that individual notified whether or not it be fraud or not. So we understand that and are supportive of the authorized contact pieces of it. I also then-- I want to also bring up, as you said, I think, not-- Senator Hallstrom or Chair Hall-- Vice Chair, not limiting to older adults, I think, is also really important. And, again, if you look back at our testimony, we've always said that. Fraud is rampant across our United States. It's across the state. Older adults are targeted and oftentimes lose more money. But if you do look at younger individuals, they're starting to actually be-- have more caseload of the people that are being targeted. And so I think that's something for consideration. And then the other, and I'll-- again, Senator Hallstrom, you'll not be surprised, but mandatory reporting is always something that we would like for consideration. I know the banks won't like that. But, again, I know banks are being trained, but we all have a due diligence if we know of some kind of abuse is taking play, where does that liability fall also on the reporting to the proper individuals? So with that, again, thank you for your support of this, thank Senator Jacobson for introducing the legislation. I'd be happy to answer any questions.

HALLSTROM: Thank you, Ms. Ragland. Any questions of the committee? Seeing none, thank you. Any further testimony in support? Anyone here today in opposition? Anyone in the neutral capacity? If not, as Senator Jacobson is approaching to close on LB838, we had three proponent letters, no opposition, no letters in a neutral position, and no ADA testimony letters.

JACOBSON: Well, I was concerned there for a minute that Ms. Ragland was not going to testify and she's going to make a liar out of me because I said the AARP would be testifying. So I thank her for her testimony and I-- what she has to say does not fall on deaf ears. But I will tell you that as we look at mandatory reporting, that's, that's a whole nother can of worms here. I think the key is to get to a point where when you look at those that are, I know I look at our tellers and personal bankers, they take personally that they've got a customer that they've worked with who's potentially being taken advantage of and they want to do everything they can to help them. There are limitations today because of, frankly, liability and I think at some point you've got to-- you're going to, you're going to restrict the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

reporting if you don't have liability protections, and if you start bringing in mandatory reporting, people's vision gets a little blurred. So I think a step at a time to kind of get accomplished what we want to accomplish, and I also believe that this is not necessarily vulnerable adults, this can go through all spectrums. With AI, we're all very, very concerned about when you listen to phone calls, that you could swear it was this person talking and it's completely AI, or also Zoom and to any other mode of, of doing that communication. It's going to become very, very difficult in the future to really know fact from fiction. And so this is something that probably is late in coming. But I'm thinking that we need to move forward in this step now, and then see where it goes from there. So thank you again for listening today. And I'd stand for any questions you might have for me.

HALLSTROM: Any questions of Senator Jacobson?

JACOBSON: And this is my last bill today.

HALLSTROM: We thank you for that.

JACOBSON: I figured you would. Thank you.

HALLSTROM: I'll turn things back over to the Chairman.

JACOBSON: Our next bill is LB783 and Senator Hallstrom.

HALLSTROM: Thank you, Senator Jacobson, members of the Banking, Commerce and Insurance Committee. My name is Bob Hallstrom, B-o-b H-a-l-l-s-t-r-o-m. I appear before you today to present LB783. The Uniform Assignment for Benefit of Creditors Act was promulgated by the Uniform Law Commission in 2025. The act provides for the use of an assignment for benefit of creditors, which I'll refer to as an ABC, which is an efficient and flexible state law mechanism to wind up a distressed business. Although the use of an ABC to liquidate the assets of a failing business is rooted in the common law, only a few states have adopted additional and detailed laws outlining the procedures for carrying out an ABC. Nebraska has not had an ABC statute since 1945, at which time it was repealed. I have not determined the reasons why, but it's been that long since we've had that type of law. And the Nebraska courts have not recognized specifically the common law of ABCs. Such inconsistencies among the states and in Nebraska impair the utility of ABCs and the frequency with which they are used. LB783 addresses such problems by cementing

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

the common law in statute and providing updates that modernize the law and give clarity to assignors, assignees, and creditors alike. In an ABC, a financially distressed business, an assignor, transfers ownership and control of its assets to an assignee who acts in a fiduciary capacity and owes such duties as loyalty and impartiality to all creditors of the business. The assignee sells the business's assets with the goal of maximizing value and distributes the proceeds to pay valid creditor claims. LB783 creates an effective alternative to bankruptcy and receivership processes, and ABC is better than the alternatives in five significant ways. And those alternatives typically would be a receivership or a, a bankruptcy. The ways that it is more significant, it is debtor-initiated. It does not require judicial supervision or bond. It imposes fiduciary duties upon the assignee in favor of creditors. It aims to maximize the value of the business' assets for the benefit of all creditors, and it encourages cooperation among all parties by aligning their goals. I would also note that the name of the act is a bit of a misnomer, the Uniform Assignment for Benefit of Creditors, ABC. The act addresses situations in which a failing business can be addressed more efficiently and with greater flexibility and, thus, benefits both creditors and the debtor. If I wasn't so aligned with the uniformity of those laws that come up from the Uniform Law Commissioners, we could have called it the Assignment for Benefit of Creditors and Debtors in which case ABC would have become the ABCD bill. But, nonetheless, there are joint and mutual benefits for creditors and debtors alike, and I would encourage the committees' favorable action on LB783 and would address any questions that the committee might have. I would note I have Mr. Larry Ruth who is a Uniform Law Commissioner, and Mr. Don Swanson, practicing attorney, who is also a Uniform Law Commissioner, as I am most recently, and proud to be serving in that capacity as well. Be happy to address any questions.

JACOBSON: Questions for Senator Hallstrom? All right, if not, thank you for your testimony.

HALLSTROM: Thank you very much.

JACOBSON: First proponent. Mr. Ruth. Nice seeing you.

LARRY RUTH: Mr. Chairman, nice to be here today and talk with your committee. I'm here on behalf of the Nebraska Uniform Law Commission. This is a small commission as commissions go in the sense of not being well known, but it is very important for the development of law in the state of Nebraska. The Uniform Law Commission like we have is the same

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

as every other state and the District of Columbia has and that it finds those areas where it would be of great benefit to jurisprudence if there is relatively uniform acts in all of the states. And I, I want to stress that that's the reason for it and because of that we get involved with things that are really fairly unknown to most people. I see our eagle little counsel smiling. He may be smiling about the Uniform Commercial Code, for example. Uniform Commercial Code is one complete volume in your state statutes, about an inch and a half high. I brought it here, decided not to belabor the point, but that is basically the code that is developed by the Uniform Commercial-- by the Uniform Law Commission over a 14-year period of drafting and then adoption. Adopted in every state and it's the backbone of business law in all of the states. Now, not every bill that we work on is that dramatic, but this is one of those bills here that I think picks an area where there is great disparity and difference of opinion in the states and it is not working very well. There's a better way of doing it if we go in and come up with a Uniform Act, and that's what we're doing with this bill. Mr. Swanson will testify on that. He was on the drafting committee, incidentally. And it was his idea to do this as someone who was just recently appointed and came forward with this idea, and it was adopted, and here we are today. So it's really quite a pleasure to see him doing that. The Uniform Committee-- the Uniform Law Commission in Nebraska is composed of three retired, or rather, former law school deans: Perlman, Willborn, and Borchers, Creighton. Your Revisor of Statutes and the former Revisor of Statutes is also on this. So that would be Marcia McClurg and Joanne Pepperl. There are several practicing attorneys on it. I'm from Lincoln, born in Rising City, so I don't really claim to be an urban lawyer as much as someone from the rural area. And Don Swanson, who, likewise, he practices in Omaha, he harkens originally from Arnold, Nebraska, and then Bob Hallstrom. The process, we get the stakeholders together after we decide that something should be drafted in this area. And we say, OK, we need to get together and figure out something that's going to pass in all of your states and is going to improve the situation notably. And that has been done in the case of bills in the areas of business law, probably the most popular one, bills in the area of property ownership and transfer, for example, the bill last year that you have on doing away with the restrictions on ownership. In other words, when you had ownership restricted to only whites and not blacks or jews, that was a bill you passed last year. That was the Uniform Act. And also domestic relations and family law. Probably the most notable one in that area is in your pocket. I was involved with the drafting of the Uniform

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

Anatomical Gift Act. And the Uniform Anatomical Gift Act answers the question of how you [INAUDIBLE] away organs in your body and have it be the same basic Uniform Act in all the states. You happen to have a little heart on your driver's license, I think, that says when you die, you expect your organs to be transplanted, or harvested, they say. That's the kind of thing we get involved with, whether it's family law, domestic law. And now red light that I can tell. If you have any questions, I'd be happy to answer them. I thank you very much for giving this bill your consideration. Thank you.

JACOBSON: Thank you for your testimony. Questions from the committee? All right, seeing none, thank you.

LARRY RUTH: Thank you.

JACOBSON: Next testifier.

DON SWANSON: Hello, my name is Don Swanson, D-o-n S-w-a-n-s-o-n, and I'm an attorney with the Koley Jessen Law Firm in Omaha, and-- but as you heard earlier, I'm here as a Commissioner on the Nebraska Delegation of the Uniform Law Commission, whatever is the appropriate way to say that. I'm going to go off script a little bit here, because I, I think the senator laid out a lot of the details. I want to talk about why this is important. I started practicing in 1980 with a brand new bankruptcy code and a 1980s farm crisis, which took me buried in that crisis across Nebraska and Iowa and into South Dakota. And I started-- I, I kept working in that area once the '80s were gone. In 1992, somebody, an attorney here in Lincoln came to me and said, you know, we've got this startup, and it's not, it's not going very well. And we've got a lot of people who put a lot of money in, and we just want to shut down with credibility. Can't we just do a quickie bankruptcy? Well, you know, you've got \$100,000. You know, it costs money to do a quicky bankruptcy. And, well, maybe we could do a voluntary receivership. Well, that costs money, too, and that's not very voluntary. And so I said, you know, what we really need is an ABC. So I go get Chapter 6 of Nebraska statutes and it says repealed, 1945. The reason is, if you go up into the law library, into the stacks on the second floor on the west side, you'll find the bills for 1945 and you can find LB308. And it's a one-page bill, it says: Chapter 6 repealed. Then there stapled to it as a statement from the chair of the Judiciary Committee that says: Because of the enactment of the federal Bankruptcy Act, I can tell you that was in 1898, we cannot have a law like this. It's superseded. And until that law is repealed, this is no good. It's off the books. We just as well get rid

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

of Chapter 6. That's a paraphrase. But that's what it says. And that law is no longer considered valid, that idea. And so we have not had one since 1945. And so I said, well, you know, we don't have a statute. Well, what about the common law? Well, that exists, but what if you get all the way into it, you distribute the money, and somebody says, you should have paid me. Now what do we do? Then they go sue and say, bring the money back. Well, we can't do that. And so in each of those instances, it just said, got to do the best we can without it. But that's why we need this. We need an ability to liquidate failed businesses. And, you know, failure is tough. It really is. It's hard. And we need all tools available to do that. And ABC is one of those rules and we need to do it since we haven't been able to since 1945. Thank you.

JACOBSON: Questions from the committee? I guess I do have one quick question. So I'm, I'm still-- I'm not totally grasping the difference between this and just a straight Chapter 7 bankruptcy and where the savings are at, where the time, time savings is at, and dollar savings, and still make certain that you reached all creditors before you distribute the funds. Just very quickly, can you tell me what that is?

DON SWANSON: Well, yes, Chapter 7 has a lot of problems. General rule, if you are an entity, never file a 7. And there are a lot of reasons for that. Cost is one of them. But one of the really bad things for general insecure creditors, like trade creditors, is if you file a bankruptcy, you have your no-fault preference clawback. So for an unsecured creditor, the worst possible thing you can have is your customer file bankruptcy. Because they can go back 90 days, any payment you received, claw it back. So not only do you have the old formula of bankruptcy plus unsecured claims equals you lose, you lose big because you have to pay it back. And the ABC avoids that problem.

JACOBSON: And so you come back on the other side of that, does anybody lose potentially as a problem? I mean, one of the reasons the clawback is showing preferences to certain creditors and then you're the one that wasn't the preference and you're the one who gets left holding the bag.

DON SWANSON: Yeah.

JACOBSON: Is that not really the [INAUDIBLE]?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

DON SWANSON: Well, that's the idea. Yeah, how it works is that usually when you get an entity in Chapter 7, it's not because they went there in the first place. It's because they filed Chapter 11 and that failed and now they're in there.

JACOBSON: Right.

DON SWANSON: And the preference clawback statute of limitations is 2 years, which could be extended for another year, and the, the well-known secret is that preference claims are used to fund administratively insolvent claims, that is to pay attorneys.

JACOBSON: Yeah.

DON SWANSON: So, you know, in your roundup for \$100 for attorneys, this is-- that's what we're doing.

JACOBSON: I hear you. Thank you. Other questions from the committee? All right, seeing none, thank you.

DON SWANSON: Thank you.

JACOBSON: Are there any other proponents? Mr. McIntosh.

RYAN McINTOSH: Good afternoon, Chair Jacobson, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today as registered lobbyist for the Nebraska Bankers Association to testify in support of LB783. The NBA supports the Assignment for Benefit of Creditors Act as it provides a clear, modern, and uniform framework for handling business insolvencies outside a formal bankruptcy. I won't jump into the details that I'm sure you're already enamored with on the act so I'll skip right to the end of my testimony. Had the pleasure of serving as an observer to the drafting committee for this act and pleased to see it through that process into completion and enactment in Nebraska. We thank Senator Hallstrom for bringing this bill and would urge the committee to advance the bill to General File. Thank you.

JACOBSON: Thank you. Questions from the committee? All right, seeing none, thank you.

RYAN McINTOSH: Thank you.

JACOBSON: Next, Mr. Schrodt.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

DEXTER SCHRODT: Chair Jacobson, members of the committee, my name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t, President and CEO of the Nebraska Independent Community Bankers Association. We'd like to thank Senator Hallstrom for bringing this bill and for the work of the Uniform Law Commission in working on it. If there's one thing community banks like, it is efficiency and predictability, and that's what this provides. To answer your questions, Senator Jacobson, secured creditors, of course, retain their lien rights, and unsecured creditors receive distributions in a predictable priority structure. So we think that is more predictable than, than, of course, the bankruptcy proceedings for the reasons you just went through, not to mention, you know, minimal legal costs, things like that. So it's been found that creditors actually receive more under ABCs than in a bankruptcy proceeding due to that, I guess, constant guarantee of priority. I think one thing that's important, and I don't want to take too much time, because we have a big basketball game tonight, 3 hours from now. One thing that is important is ABCs are less visible than bankruptcy. Bankruptcies are very public, can have an impact on employee morale, can cause customer and vendor panic. So if a business were to go into an ABC, you know, they can keep it hush. If they're just looking to sell the trade name or the goodwill of the business while winding up their creditors, that remains potentially untarnished, which is both good for the debtor, for the buyer of the assets, of the goodwill and for the creditors. So we do ask the committee to advance this bill. Thank you.

JACOBSON: Questions? All right, seeing none, thank you.

DEXTER SCHRODT: Thank you.

JACOBSON: Anyone else wishing to speak as a proponent? Are there any opponents? Anyone wishing to speak in a neutral capacity? All right, Senator Hallstrom, you're welcome to close. I would say that there were no proponent letters, no opponent letters, no neutral testifiers, and no ADA letters.

HALLSTROM: Chairman Jacobson, members, thank you for your attention and patience today. I know this is a little bit of a complicated subject matter, as most uniform laws are, but we believe the fact that it's providing greater flexibility and more efficiency and it's debtor-initiated provides a win-win-win for everyone that provides a reasonable and needed alternative to bankruptcies and receiverships. And with that, I would ask for your favorable consideration. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 27, 2026
Rough Draft

JACOBSON: Questions for Senator Hallstrom? Yes, Senator Hardin.

HARDIN: Any downsides?

HALLSTROM: I don't see--

HARDIN: Anything hiding in the wood pile?

HALLSTROM: I've read through the entire bill, I don't see any downsides. One, one issue, and thank you for, for having me pause here, we do have voidable transaction authority within here, so even though the preference rules that would otherwise apply in bankruptcy aren't exactly the same if there is fraud involved, then the assignee has the same powers to make sure that that fraud is addressed suitably for the benefit of both the debtor assignee and the-- or assignor and the creditors are involved in the proceeding.

JACOBSON: And, and so really under this procedure, there's no claw-- or there's limited clawback. In other words, I'm just thinking, last week I went ahead and paid a bunch of people, oops, I'm out of money, now I'm going to go ahead and file, and those people got paid only because they maybe knew it was coming or you preferred to pay them and you got somebody else here that's just SOL.

HALLSTROM: Under certain of those circumstances, that could be avoidable transaction that the assignee could pursue. The other safety net in that type of situation is if the other creditors feel that they've been wronged because it doesn't rise to the level of avoidable transaction, but, yet, they're questioning whether or not somebody caught wind of what was going on. My understanding is that those creditors could still initiate an involuntary bankruptcy, which would put them back into where those timing-related preferences could still be captured and brought back into the bankruptcy estate. So I think the, the other creditors, if there are any questions along those lines, would still have sufficient flexibility to still protect their interest under those circumstances.

JACOBSON: I started in bankrupt-- or I started in banking in 1980 so I've seen all the numbers of bankruptcies. I don't like any of them. And so I always get a little-- my antenna goes up when we start talking about bankruptcies.

HALLSTROM: Yep.

JACOBSON: Thank you.

HALLSTROM: Appreciate that. Thank you.

JACOBSON: All right, thank you. That concludes our hearings for today. I would ask the committee, I, I would like to exec at least on one of the bills, possibly two, and maybe get some input.