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Business and Labor Committee February 12, 2024  
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**RIEPE:** Good afternoon. This is the Business and Labor Committee. We'd like to welcome all of you. Today is Monday, February 12th, two days away from Valentine's Day. All of you remember that. And you can thank me for reminding you, so. I'm Merv Riepe, I'm Chairman of the Business and Labor Committee. I represent District 12, which is a part of the greater Omaha metropolitan area. I will start this morning with, or this afternoon with self introductions by committee senators. We have two that are still on their way here, I'm sure. But I would like to start with my far right over here, Senator?

**BLOOD:** Good afternoon, Senator Carol Blood, representing District 3, which is part of Bellevue and Papillion, Nebraska.

**HALLORAN:** Good afternoon. Senator Halloran from Hastings, Nebraska, District 33, which is Adams, Kearney, and Phelps County.

**IBACH:** Senator Teresa Ibach. I represent District 44, which is eight counties in southwest Nebraska. Thank you.

**RIEPE:** And to my right is Micah Chaffee, who's our research analyst, a law graduate, and from Creighton, for those of you who might be interested. Give him a little plug here. Logan Walsh is the committee clerk, and our-- today's sole flier of our pages is Cameron Beck here, and Cameron's a student at the University of Nebraska. Please silent all phones, beepers, and other distractions from this hearing. And today, before each hearing, all bills to be heard will be posted outside the hearing room and heard in the order that they are posted. On the table near the door, you will find a green testifier sheets. If you intend to testify today, please fill one out. Please make it legibly, and hand it in to the page when you come to testify. This will help us keep an accurate record of the hearing. If you are not testifying at the microphone but want to go on record as having a position on a bill being heard, there are white sign-in sheets at the entrance where you may leave your name and other pertinent information. Also, I would like to note if you are not testifying, but have a position letter to submit, the legislative-- Legislature's policy is that all letters and electronic communications that would go into the record must be received by the committee prior to 8 a.m. on the day of the hearing. Senators introducing the proposed legislation, it's their bill, will first present and will be given the time needed. For purposes of the recorded record, we ask each presenter to state one name, to please spell it, and to state who you are representing-- representing. And I will likely ask you to do that for each person

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that comes forward as a reminder. We know there's a great sense of nervousness when we-- well, OK, you got it. Senators who serve on the committee are encouraged to ask questions for clarification. That said, the presenter and those testifying are not, I repeat, not allowed to ask questions of the senators serving on this committee. Senators may have computers and laptops at their disposal regarding the hearing, so please understand they are paying attention. At times we have found that if there's some compelling piece and it's in the middle of the-- or at the conclusion of a presentation, the senators might ask you to further comment on that so that we get some clarification. Or I might ask you to, to take a few more minutes just to make sure we understand what is going on. In the Business and Labor Committee, we will use the light system today to promote maximum engagement for those wishing to express positions as proponents, opponents, and those in a neutral position. Each testifier today will have five minutes to testify. When you begin, the light will be green. When the light turns yellow, that means you will have one minute remaining. And when the light turns red, please end your testimony. And, if you're not aware of that, I may very well ask you to conclude your thoughts then and help us move along so that we get anyone and everyone that wants to testify can. The five minute rule may change, as it has today. Oftentimes we go with a three minute light system. As Chairman, I will seek to hear citizens who have traveled some distance to each hearing, and we will also acknowledge letters and emails received from all concerned parties at the conclusion of the presentations. We have a strict no prop policy in this committee. Should you have handouts you wish to share, please share ten copies, or ask our page to make copies. Please be aware that any handouts submitted by testifiers will be included as part of the record as an exhibit. The pages-- page will then distribute any and all handouts to committee senators. Following all proponent, opponent, and neutral testimony, the bill presenter is offered the opportunity to close with final remarks. As a committee, we will work diligently to provide a fair and full hearing, and we will make every effort to accommodate special needs. Short of an emergency, this committee will not take action on the bill the day of the hearing. At this hearing, we ask you to be respectful of the process and to one another. With that, I would like to turn to the senators, for self-introduction. So, Senator McKinney please?

**McKINNEY:** Good afternoon. My name is Terrell McKinney. I represent District 11, north Omaha.

**RIEPE:** And I would go to Senator Hunt. Would you?

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**HUNT:** I'm Megan Hunt, and I represent District 8 in the northern part of midtown Omaha.

**HANSEN:** Ben Hansen, District 16, which is Washington, Burt, Cuming, and parts of Stanton County.

**RIEPE:** OK, so now you know the committee. With that, we will begin today's hearing with LB-- it's my bill, LB1188. And with that, I will sit out the bill so that I don't try to influence that. And the Vice Chair, Senator Ibach, will be Chairing that in the next two hearings. I have LB1188 and LB1189. So with that, Chairman, you are in charge.

**IBACH:** Thank you, Senator.

**RIEPE:** [INAUDIBLE] your own medicine.

**IBACH:** Welcome, Senator Riepe, you are welcome to open on LB1188.

**RIEPE:** Thank you Chairman Ibach. My name is Merv Riepe, it's M-e-r-v R-i-e-p-e.

**IBACH:** Senator? Can I interrupt you for just a minute? Can you move the mic down so you're talking into it?

**RIEPE:** Oh. Yes.

**IBACH:** Thank you.

**RIEPE:** Thank you.

**IBACH:** Go ahead.

**RIEPE:** Good afternoon, Chairman Ibach. My name is Merv Riepe, it's M-e-r-v R-i-e-p-e. I am the senator from District 12. I'm here to present LB1188, which pertains to claims against the state that have undergone approval for payment following review by the State Claims Board. LB1188 encompasses various types of claims, including tort claims, miscellaneous claims, insurance claims, worker's compensation claims, and agency write-off requests. Testifying in support of these claims, we have represent-- representatives from the Department of Administrative Services, the Department of Agriculture, the Department of Correctional Services, and other various state agencies, each advocating for their respective write-off request. Present with us today is Mr. Adam Kauffman, General Counsel and Risk Manager for the Department of Administrative Services. Mr. Kauffman will provide

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insights into the state claims process and address additional inquiries regarding such claims. Thank you, Chairman Ibach. I would take questions that I might ask, but there are experts behind me.

**IBACH:** Does anyone have any questions for the senator? With that, you will close?

**RIEPE:** Thank you. Yes.

**IBACH:** Will you close?

**RIEPE:** Thank you.

**IBACH:** Thank you.

**RIEPE:** Thank you.

**IBACH:** OK. Proponents? You'll state your name for the record. Go ahead.

**ADAM KAUFFMAN:** Vice Chair Ibach and members of the Business and Labor Committee, good afternoon. My name is Adam Kauffman, that's A-d-a-m K-a-u-f-f-m-a-n, and I'm the Risk Manager for the state of Nebraska. LB1188, colloquially referred to as the claims bill, provides for the payment of claims against the state of Nebraska. In my testimony, I will briefly provide a summary of the types of claims that can be filed against the state of Nebraska, and the statutory process by which those claims are reviewed. The statutory mission of the Department of Administrative Services Risk Management Division is to identify and minimize financial risks to the state of Nebraska. That mission involves managing the preliminary administrative filing of claims against the state, including claims against the State Insurance Fund and the State Worker's Compensation Fund. It also involves administering the operations of the State Claims Board. To file a claim against the State of Nebraska, a claimant must file a claim form with DAS Risk Management. The statutory claims filing process allows the state to pay claims for which it likely bears responsibility, without engaging in costly litigation. DAS Risk Management's role in that process is largely administrative, and our division relies heavily on agency investigations and the advice of the Nebraska Attorney General's office. In general, the types of claims available to claimants include tort, miscellaneous, contract, and line of duty claims, with some exceptions toward claims are, and I quote, any claim against the state of Nebraska for money only on account of damage to or loss of property, or on account of personal injury or death acting

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within the scope of his or her office of employment under circumstances in which the state, if a private person, would be liable to the claimant for that damage, loss, injury or death. The risk manager preliminarily reviews tort claims based on the agency's recommendations made on behalf of the Nebraska Attorney General's Office. If the risk manager denies a claim based on the agency's assessment of liability, claimants may ask the state claim court to review their claim. Claimants may file suit in the district court for claims that have been denied by the State Claims Board. Tort claim approvals operate slightly differently. In most cases, the settlement of tort claims with a value of up to \$5,000 can be approved directly by the Risk Manager upon the agency's recommendation. Any settlement of a claim with a value of more than \$5,000, but less than \$50,000, must be approved by the State Claims Board. The State Claims Board must unanimously approve claim settlements with a value of more than \$10,000. Any claim with the settlement of a value of more than \$25,000 must be approved by the District Court for Lancaster County. Claims with a value of more than \$50,000 must be approved by the Legislature and are thus added to the claims bill. Miscellaneous claims, which are any claims for which the state bears liability but for which there is no specific provision of law, follow a similar process to tort claims. The risk manager may direct payment on miscellaneous claims with a value of less than \$5,000 if the director of the agency against which the claim was asserted agrees to liability. The State Claims Board may direct payment on claims with the value of more than \$5,000, but less than \$50,000 if the director of the agency against which the claim was asserted agrees to liability, and if the agency has sufficient funds to pay the claim. Settlement of miscellaneous claims with a value of more than \$50,000 must be reviewed by the Legislature. Contract claims are claims against the state involving a dispute regarding a contract between the state of Nebraska or an agency and, and the claimant other than employment contracts. Line of duty claims are claims filed against the state by the designated beneficiary or heirs at law of a public safety officer who was killed in the line of duty. Line of duty claims must be filed within one year of the public safety officer's death. Contract claims and complete line of duty claims must be heard directly by the State Claims Board. Settlement of contract claims with a value of more than \$50,000, and line of duty claims that have been approved by the State Claims Board must be approved by the Legislature. Lastly, litigated claims that the Attorney General's Office settles and in an amount greater than \$50,000, must be submitted to the Legislature for approval before payment can be made to the litigant. These claims could be tort, contract, workers'

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compensation, or any other kind of claim that was filed against the state. Based on settlements that the Nebraska Attorney General's office believes will be finalized before the close of the legislative session, we do anticipate amendment AM2186 to LB1188. I believe you have a copy of AM2186 with your materials. Senators, I'm happy to answer any questions related to the statutory claims process that DAS Risk Management follows. But for specific information related to specific claims within LB1188, I'll have to refer you to those speaking behind me. First off, there's Phoebe Lurz from the Nebraska Attorney General's Office speaking to the indemnification claim for Richard Herchenbach, as well as the workers' compensation claims for Landis Johnson and Santino Madut Akot. Lily Kathee from the Department of Transportation, Anna Koeneke from the Department of Veterans Affairs, Regina Shields from the State Fire Marshal, Michael Greenlee from the Department of Health and Human Services, and Commissioner John Albin from the Department of Labor will testify related to their agency debt write off claims. Do you have any questions?

**IBACH:** So thank you for that explanation. Any questions from the committee?

**HALLORAN:** Could you repeat that?

**ADAM KAUFFMAN:** I tried to time it right, so.

**HALLORAN:** There you go.

**IBACH:** With that, we'll look forward to testimony. Thank you. Welcome to the Business and Labor Committee.

**PHOEBE LURZ:** Good afternoon, Vice Chair Ibach members of the Business and Labor Committee. My name is Phoebe Lurz. That's P-h-o-e-b-e L-u-r-z. I am an Assistant Attorney General in the Civil Litigation Bureau. LB-- as Mr. Kauffman mentioned, LB1188 provides for the payments of claims against the state. I'm here to speak to two claims that are in the bill that you currently have, an indemnification and a worker's compensation claims. These are both settlements that were settled by the Attorney General's office on behalf of the state, its agencies, and its employees. So Section 1 of the bill covers indemnification claims, specifically indemnification claims CI 20-918 is a settlement entered into by our office on behalf of the Nebraska Department of Agriculture in Lancaster County. It was a claim by Mr. Richard Herchenbach. He filed a claim of retaliation against the Department of Ag. The total amount of the settlement was \$150,000.

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\$50,000 of that has been previously paid pursuant to statute, and the remaining \$100,000 has been placed into this bill for approval and payment. Section 2 refers to workers' compensation claims. The claim in LB1188 is on behalf of Landis Johnson, who filed a comp claim, or a worker's compensation suit against the state after he sustained an injury while working for the Department of Correctional Services. It was a slip and fall. This claim was resolved for the amount of \$325,000. \$100,000 of that has been previously paid pursuant to statute, and the remaining \$225,000 has been placed into this bill for approval and payment. Our office would recommend each of these claims be approved. However, we would also like to advise the committee, as Mr. Kauffman mentioned, that because additional claims are sol-- are settled after LB1188 was originally drafted, we anticipate an amendment. This is, obviously, not uncommon. As many of you know. I can give you a brief summary of those just because some of them are significant in number. Fir-- specifically, our office settled a tort claim involving Miles and Christy Margritz on Friday for the amount of \$7.5 million. That was an alleged police pursuit case that, pursuant to statute, if a pursuit occurs, the state of Nebraska is strictly liable for the damages to an innocent third party bystander. Strict liability means that if a pursuit occurred, the state is responsible, regardless of any fault or lack thereof, for the party's damages, without any sort of cap on the amount of damages that that party can potentially recover. So that amount will need to be approved and appropriated for the full \$7.5 million. However, at the time of this accident, the state did have insurance, excess insurance, several layers, so that a portion of that amount will be reimbursed to the state. However, the state is initially responsible for paying the full amount. Of note, I do not believe that we have, have that type of coverage any longer. So if this type of claim were to happen in the future, the state would be responsible for the full amount of any damages. We also anticipate a worker's compensation claim on behalf of Santino Akot for \$450,000. He is an NDCS employee who was injured when he was assaulted while working at the Department of Corrections. \$100,000 of that claim has been paid, and \$350,000 will need to be approved and appropriated by the Legislature. Finally, there's one remaining workers' compensation claim for Christine Schmidt in the amount of \$235,000. She is a Nebraska employee who was working at the Department of Veterans Affairs. She sustained an injury to her back while assisting a resident. So, what-- that claim still needs to be approved by the Worker's Compensation Court, but we anticipate that it will be approved in time to be added to an amendment, so. I would be happy to answer any questions you might have. And following me, I

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believe are agency representatives to speak to the write-off of claims.

**IBACH:** OK. Thank you very much. Are there questions for--? Seeing none, thank you very much.

**PHOEBE LURZ:** Thank you.

**IBACH:** Next proponent or testifier? Welcome.

**LILY KATHEE:** Thank you. Good afternoon, Vice Chair and members of the Business and Labor Committee. My name is Lily Kathee, spelled L-i-l-y K-a-t-h-e-e, and I'm the Chief Financial Officer for the Nebraska Department of Transportation. I'm here today to testify in support of the department's letter of claim as found in LB1188. The department respectfully requests your approval of the write-off request in LB1188, totaling \$201,107.22. The Nebraska Department of Transportation has the duty and responsibility to protect and maintain the 10,000 mile state highway systems and, and NDOT's numerous maintenance yards and other facilities across the state. From time to time, that infrastructure gets damaged due to the action of others. Most of the items that make up the write-offs involve motor vehicle crashes that damage highway guardrails, traffic signs, right-of-way fences, or state vehicles, and it has a detailed process it follows to estimate the damages and collect the costs to repair, reconstruct, or replace the property damaged by the public, and it works hard to attempt to collect every dollar of damage caused to the state property. And efforts include letters from the State Property Damage Coordinator, as well as phone calls and letters from our agency legal division. NDOT's attempts to collect for this damage are sometimes unsuccessful for multiple reasons, including but not limited to the responsible property cannot be identified or located, the party has no insurance or insufficient insurance limits, the party has insufficient assets to pay off the indebtedness, or sometimes the responsible party is in bankruptcy or deceased with no assets. The items deemed uncollectible have been reviewed and approved for write-off by our legal division, by the Traffic Engineering Division engineer or by the Deputy Director of Operations, depending on the dollar amount. Accordingly, NDOT believes these amounts are now uncollectible, and NDOT recommends that they be written off as part of LB1188. Thank you for the opportunity to testify. If the committee has any questions, I'll be happy to answer them at this time.



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**IBACH:** Thank you very much for your testimony. Are there questions from the committee? Seeing none, thank you very much.

**LILY KATHEE:** Of course.

**IBACH:** Next testifier?

**REGINA SHIELDS:** Good afternoon, Vice Chairman Ibach and members of the Business and Labor Committee. My name is Regina Shields, R-e-g-i-n-a S-h-i-e-l-d-s, and I am the agency legal counsel and legislative liaison for the Nebraska State Fire Marshal Agency. I am here today to testify in favor of LB1188. Specifically claim number 2024-23326, and respectively [SIC] ask to write-off \$1,690 of debt that has been deemed uncollectible. This amount comes from the conveyance, inspection fees and underground tank registration fees that were unpaid due to a variety of reasons, including bankruptcy, business closures, Covid related shutdowns, and owner transfers. These fees were all from 2019. The agency's efforts to collect these amounts have included sending multiple letters requesting payments, past due notices, and phone calls. It's been determined that the cost of additional collection efforts would exceed the amount owed, so the agency respectfully requests that these amounts be written off. Thank you for your time, and I'd be happy to answer any questions.

**IBACH:** Thank you very much. Are there questions? Seeing none, thank you very much.

**REGINA SHIELDS:** Thank you.

**IBACH:** Next testifier? Thank you. Welcome.

**ANNA KOENEKE:** Welcome. Good afternoon, members of the Business and Labor Committee. My name is Anna Koeneke, A-n-n-a K-o---e-n-e-k-e. I'm the accounting and finance manager for the Nebraska Department of Veterans Affairs. I'm here to discuss our agency's write-off requests. These debts are from three members who resided in the Eastern Nebraska Veterans Home. One was for a member who only resided at the home for four days before voluntarily discharging themselves, and two who passed away without any estate from which to pay their member contribution fees. There remained due and owing after the member's deaths. Member contribution fees are the costs that the members pay for their care while living in the veterans homes. Efforts were made to collect these sums, but were unsuccessful. Further efforts would not be fruitful because none of the members have an estate or assets

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from which to recover the amounts owed. All three members lived at the Eastern Nebraska Veterans Home in Bellevue. The total of these three outstanding debts is \$8,829.58. We respectfully request that the committee advance the portion of this bill, which includes our request to write off these claims as they are uncollectible. This concludes my testimony. I will answer any questions you have.

**IBACH:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much.

**ANNA KOENEKE:** Thank you very much.

**IBACH:** Next testifier? Welcome.

**MICHAEL GREENLEE:** Thank you. Good afternoon, members of the Business and Labor Committee. My name is Michael Greenlee. M-i-c-h-a-e-l G-r-e-e-n-l-e-e, and I'm an attorney with the Department of Health and Human Services. I'm here to testify in support of LB1188, which will permit the Department of Health and Human Services to write-off certain debts owed for fiscal or accounting purposes, and to provide additional information. The total debt for which DHHS is requesting write-off authorization is the amount of \$1,495,028.34. The requested write off amount relates to debts owed to DHHS by way of assistance provided through 14 different programs. The debts are due to overpayments made, or for services provided, for which the department has not been reimbursed. Prior to submittal of these debts for write-off, the agency pursued recovery through one or more of the following efforts. Regular billing statements. recoupment, demand letters signed by the program, by one of the agency directors, and/or by one of the agency's attorneys, and finally, litigation. Approximately 99.9% of the debt being submitted for write-off is being submitted because the debtor has passed away with no probate being filed, because the debtor had, had the debt discharged in bankruptcy, or because the applicable statute of limitations has passed to include money owed from persons who remained on needs based assistance. The majority of this year's submission, nearly 91% falls within the third category, debt that is uncollectible as the statute of limitations has passed. Much of that debt is owing from persons who were in needs based assistance at the time their debt went past the limitations period. Of those accounts, just over 94% involve debts that there have been at least five years since the last payment has made, and so statute limitations has run. The remaining one tenth of 1% of this year's total write off request involved eight individual accounts of less than \$100, averaging approximately \$31.09 each, where we have

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sent billing statements, mailed demand letters, and made telephone calls to no avail. Thank you for the opportunity to be here today. I'm happy to answer any questions you may have.

**IBACH:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much. Next testifier? Welcome.

**JOHN ALBIN:** Thank you, Vice Chairman Ibach and members of the Business and Labor Committee. For the record, my name is John Albin, J-o-h-n -A-l-b-i-n, Commissioner of Labor, on behalf of the Nebraska Department of Labor. I'm here today in support of LB1188, the Nebraska Department of Labor has two separate claims for write-offs this year. NDOL is seeking to write off both unemployment insurance benefit and tax debt. Some of you may recall, NDOL first started writing off debt in 2018, and promised to go forward on an annual basis, and we continue to honor that promise. All the unemployment debts proposed for write-off have been the subject of multiple collection efforts. NDOL is seeking to write off debts over five years old that have not had a repayment of any kind in the last three years, debts that had been written off through bankruptcy, and debts of businesses that have closed. For claim number 2024-23327, the Department of Labor is seeking to write off \$931,307.28, which consists of \$371,869.46 in unpaid unemployment insurance taxes and payments in lieu of contributions, \$11,028 in penalties, and \$548,409.82 in accrued interest. Unemployment tax debts accrue interest at 18%. This number consists of 348 separate employer accounts the department has determined uncollectible. As previously stated, all the debts written off are for employers that have gone out of business or had their debt written off in bankruptcy. For claim number 2024-23366. Department of labor seeking to write off \$1,017,071.36 in unemployment insurance benefit overpayments. This number consists of 1,278 separate overpayments that the department has determined uncollectible. There's no statute of limitations on any of the aforementioned debts. The Nebraska Department of Labor is seeking to write off this uncollectible debt. NDOL actively pursues delinquent tax payments. When a business fails to pay unemployment taxes, NDOL takes se-- makes several attempts to collect on the overpayment. NDOL has statutory authority to collect through civil action, setoff against state income tax refund, and setoff against federal income tax refunds. Further, NDOL may place a state tax lien on the business and, if personal liability is established, may pursue personal liability of an individual employer, partner, corporate officer or a member of a limited liability company or limited liability partnership. To put this write-off of 931,307.28. In perspective, in 2022 alone, DOLl

collected \$87,077,116.43 in UI taxes, of which \$10,703,891 was delinquent. NDOL goes through similar lengths to collect unemployment insurance benefit overpayments. Before an unemployment insurance benefit debt is determined uncollectible, the overpayment's gone through several collection efforts. NDOL has statutory author-- authority to collect through civil action, offset against future benefits, setoff against any state income tax refund, and setoff against federal income tax refunds if the overpayment is due to fraud or misreported wor-- earnings. If a claimant has filed for benefits since the debt was established, the department has attempted to recoup the overpayment. Some may have had levies placed on their wages. Of the 1,278 overpayments proposed for write-off, collection of all debts has been attempted through the Nebraska Department of Re-- Revenue state income tax offset program, and 305 of the debts were run through the IRS income tax refund offset program to attempt collection against federal income tax refunds. NDOL makes every effort to collect all outstanding debts, has litigated collection efforts in both state and federal courts. To put the bene-- benefit write-off of \$1,017,071.36 in perspective, in 2023, NDOL paid out over \$74 million in unemployment insurance benefits. Additionally, NDOL has implemented new processes to further reduce the overall number of overpayments established. NDOL's partnered with an outside vendor and has increased first payment timeliness from 43% to 90%, while meeting federal quality standards. NDOL has introduced-- has reduced its improper payments from 16% in 2022 to 14% in 2023. This concludes my testimony, and I would be happy to answer any questions you might have.

**IBACH:** OK, good. Thank you. Are there questions from the committee? Seeing none, thank you very much.

**JOHN ALBIN:** Thank you

**IBACH:** Any other testifiers or proponents of LB1188? Anyone in the opposition? Anyone here in the neutral? Seeing none. Thank you. Senator Riepe, would you like to close?

**RIEPE:** Thank you, Senator-- or Chairman Ibach. My only closing would be a, an expression of my appreciation for everyone that's testified today, and for all the work, hard work I know, that has happened to back up all the settlements of these claims and to, to do justice. So with that, I would like to conclude my comments.

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**IBACH:** Are there any questions for the Senator? Seeing none, thank you very much. That will conclude our hearing on LB1188. And we will ask you to hang around for LB1189.

**RIEPE:** OK.

**IBACH:** Thank you. We'll now open our hearing on LB1189. Senator Riepe, you're welcome to go ahead and open.

**RIEPE:** Good afternoon, Chair Ibach. My name is Merv Riepe, M-e-r-v R-i-e-p-e, and I am the senator from District 12, which is the Omaha metropolitan area. We will now move to LB1189, which are denied claims. The purpose of LB1189 is to introduce claims filed against the state, denied by the State Claims Board. At this time, there are no denied claims by the State Claims Board. Therefore, we may close LB1189.

**IBACH:** Very good. Thank you. This is interesting because if we have no claims, we have no testifiers. So--

**RIEPE:** I would assume that.

**IBACH:** That will close our hearing on LB1189. Thank you. Unless anybody has questions.

**MICAH CHAFFEE:** You could ask if anyone [INAUDIBLE]

**IBACH:** Oh, we have to go through it. Sorry. We have to go through proponents and opponents. I'm being-- I'm being prompted. Are there proponents for LB1189? Seeing none, are there any opponents for LB1189? Saying none, Senator Riepe, you're welcome to close? Oh, neutral, sorry, are there neutral te-- neutral testifiers? And seeing none, Senator Riepe, you're--

**RIEPE:** I've been [INAUDIBLE] closing already.

**IBACH:** Waiving. Senator Riepe is waiving close. So that will close our hearing on LB1189. Thank you very much. I'll turn the mic back over to the professional.

**RIEPE:** Thank you all. With that, we're going to move on to LB1408, which is Senator Sanders', and it's on human trafficking. So, with that, I see her LA here.

**RACHEL HAUSE:** She's coming from Education.

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**SANDERS:** They've got machines in here.

**RIEPE:** We know we've rushed you a bit, but if you feel composed and you're ready to go on LB1408, . We're eager listening-- listeners on the human trafficking issue.

**SANDERS:** Out of breath, but I'm good to go. Thank you very much, Mr.-- Senator, Chairman Riepe, members of the Business and Labor Committee. My name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s, and I represent District 45, which encompasses much of Bellevue and the Offutt community. LB1408 requires hotel employees to take mandatory human trafficking awareness training. This training is provided by Attorney General's Office at no cost to the recipient. Several key components this training has is the definition of human trafficking and commercial exploration-- exploitation of children, differences between labor and sex trafficking specific to the hotel sector, guidance on how to identify individuals at risk for trafficking, and guidance on the role of hospitality employees in reporting and responding to this issue. Prior success rate in other states not only shows the importance of this, but also the need. Since the release of Human Trafficking Awareness training in 2020, 1.2 million hotel workers have been trained to identify and recognize the signs of human trafficking. LB1408 seeks to bring this vital training to Nebraska. We, as a community and Legislature, have the ability and the duty to protect the vulnerable against the crime of human trafficking. Thank you very much, and I'll answer any questions you may have.

**RIEPE:** Are there questions from the committee? I think a point of clarification on conference staff earlier is that hotels and motels are [INAUDIBLE] that the hotel terminology includes motels.

**SANDERS:** Yes. Yes. And I think there's someone after me that will report from the hotel association.

**RIEPE:** OK. Very good. Seeing no other questions, thank you very much. Will you be here for closing?

**SANDERS:** Yes.

**RIEPE:** OK. We would like to now go to proponents. If you would be kind enough to state your name and spell it, and then tell us who you represent.

**KATIE WRIGHT:** Absolutely. Thank you guys so much for having me. Good afternoon, Chairman, members of the committee. My name is Katie

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Wright, K-a-t-i-e W-r-i-g-h-t, And I'm the senior director of state and local government affairs for the American Hotel and Lodging Association. HLA is a singular voice, representing nearly 30,000 members, encompassing every segment of the hotel industry, including major chains, independent hotels, management companies, REITs, bed and breakfast, industry partners, and more. HLA strives to be an indispensable resource, serving, supporting, and advocating on behalf of the American hospitality industry in order to build a vibrant and united hospitality industry that powers America's economy. Let me be clear, there is no room in the hotel industry for human trafficking. HLA strongly supports the legislation before you today. HLA and our members have a long standing commitment to train every employee in our industry on how to identify the signs of human trafficking and the resources to notify law enforcement. We've worked with globally recognized anti-trafficking, anti-trafficking organizations to develop and deploy effective training. The bill in consideration today is just that, a promise we committed to, and our execution on that promise. The hotel industry is leading the private sector response to trafficking. Trafficking networks often rely on legitimate businesses to sustain their illicit and illegal operations, and hoteliers are uniquely positioned to continue leading efforts to identify and disrupt this terrible practice. Every day, hoteliers play an important role in combating trafficking through raising awareness, coordinating with law enforcement, and ongoing workforce training the fight to end human trafficking has no finish line. Raising awareness and training is an ongoing commitment by our industry, and part of the culture we have built. As an association, and in conjunction with our foundation members and partners, we have trained nearly 1.2 million hotel employees to spot the signs of human trafficking. We've worked with partner organizations to develop the virtual training, and as an industry, we're committed to training all of our employees. I speak in support of this bill, and I hope you will support it too. Thank you again for allowing me to be here today, and I'm happy to answer any questions the committee may have.

**RIEPE:** Thank you very much for being here. Are there questions from the committee? Yes, sir, Senator Halloran.

**HALLORAN:** Thank you, Chairman Riepe. Just curious. I don't expect you to go through the whole protocol of your training, but what are the-- what are the first few several steps that are involved with training staff if they recognize someone is potentially in the traffic?

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**KATIE WRIGHT:** It's to call the Human Trafficking Awareness Hotline and let local law enforcement know.

**HALLORAN:** Thank you.

**RIEPE:** Are there other questions? Seeing none, thank you very much for being here.

**KATIE WRIGHT:** Thank you.

**RIEPE:** Our next proponent please. For those of you who maybe have just joined us, we are now working on a five minute clock as opposed to the normally we use a three. So it gives proponents, opponents, and neutral more time to testify. Give your name, please, and spell it.

**RICH OTTO:** Thank you. Yeah, absolutely. Chairman Riepe, members of the Business and Labor Committee. My name is Rich Otto, R-i-c-h O-t-t-o, testifying in support of LB1408 on behalf of the Nebraska Hospitality Association. Thank you to Senator Sanders for introduction-- introducing this bill. As previously mentioned, LB1408 does mandate that each hotel employee take this training within six-- within six months of employment, so that they can recognize the signs of human trafficking. Our association wants to be part of the solution in this. We also am encouraged by this, the training is provided by the Attorney General's Office at no cost. As the previous testifier mentioned, the American Hotel and Lodging Association has worked diligently on this training, so it is turn-key. We have the appropriate items to bring in front of our employees to get them aware of this. One of the other provisions that I personally like is the right to cure the 90 day-- they do have 90 days to get in accordance if there is something out of step where a few employees maybe haven't done this. The Nebraska Hospitality Association again agrees with everything that was in the testimony of Ms. Wright. And with that name, how could she be wrong? We encourage the advancement of LB1408. Happy to answer any questions.

**RIEPE:** Are there questions from the committee? I have a question. How do you promote compliance?

**RICH OTTO:** Well, we see this most likely to be done similar to like the ServSafe and other things. The Hospitality Association has restaurants that we've had to comply with serving of alcohol, right? We anticipate that that will be done in a similar fashion, working with the Attorney General's Office to make sure that our, our member



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employees, all-- or member companies are encouraging their employees. There are significant things for the employer if they don't show that all the employees have passed the training within that six months. But we want it to be a, a ongoing conversation with the Attorney General's Office, and we're promoting it and making sure that companies are in compliance.

**RIEPE:** Do you have other carrot and stick kind of, do you have a stick at the end if they don't comply?

**RICH OTTO:** Well, this is more carrot, I will give you that. But we anticipate that there is a stick. I can look into the details in our conversations with the Attorney General's Office to see what that stick approach may have as part of it, but as of today, it's predominantly a carrot, sir.

**RIEPE:** OK, so no financial penalty.

**RICH OTTO:** Right. I believe there would be tools for the Attorney General's Office to, to move forward with those. I can get the exact fines and penalties, potentially, that the Attorney General would consider appropriate.

**RIEPE:** I would assume the Attorney General would also have the bully pulpit to be able to force compliance.

**RICH OTTO:** Absolutely.

**RIEPE:** Or shame people, I suppose, to it. OK. Are there other questions from the committee? Seeing none, thank you very much for being here. Next proponent, please? Are there more speaking in favor, proponents? Thank you. If you would, please, if you would give us your name and spell it, and then who you represent.

**KAREN BOWLING:** Absolutely. Thank you. Good afternoon, Senator Riepe, and members of the Business and Labor Committee. My name is Karen Bowling, and I serve as the executive director of Nebraska Family Alliance. We are a nonprofit, faith based research and education organization, and we represent a diverse network of thousands of individuals, families and faith leaders. Nebraska Family Alliance is proud to support LB1408. When we entered from the public policy standpoint about ten years ago, in dealing with human trafficking and what we could do from a policy standpoint to see this injustice addressed, we began to realize how important the hospitality industry was in exposing this and helping bring resolve. We actually sat on the

first task force. After accessing a decade worth of statistics, the Polaris Project confirms that 75% of human trafficking survivors reported coming into contact with hotels at some point during their trafficking situation, and I've given you four pages of that report. This has led to a series of state laws, including what Nebraska already had. But we are now just also beginning to clarify what that education process will be. Information is power, and it is a vital tool for the trafficked victim who is desperately looking for a way of escape, but also for the hospitality industry to be better informed on how best to recognize the signs of trafficked individuals to provide better outcomes. I've actually sat in the training of the AG's office in two hospi-- excuse me, two hospitality, industries, one in Omaha and one in Lincoln, and it is very, very resourceful. I have changed the names of three individuals who Nebraska Family Alliance came close contact with, obvious-- for obvious reasons. All three are Lincoln women. One was a minor, one was in her 20s, and one was 58 years of age, who experienced trafficking right out of the city of Lincoln. Shannon had recently graduated from Southwest High School and was attending Southeast Community College on a full scholarship. Her mother began to see a drastic change in behavior, and she would be gone for 3 or 5 days at a time. Her so-called boyfriend began to traffic her on the I-80 corridor, using hotels across Nebraska and threatening her by telling Shannon that they would kill her mom and her siblings. Debbie was a young adult woman with three small children who became a victim of an escort business run by her trafficker. Her most trafficked day was during Husker football Saturdays. Out of fear for the lives of her three small children, she became fearful to report what was happening in hotels across Lincoln and surrounding areas. Carla had relapsed into a crack addiction. A man promised her drugs if she provided a sex act. She had escaped her trafficker, but called us because she saw what was taking places-- taking place in hotels around our state. Fortunately, because of our relationship with the Innocence Lost Project and FBI, we were able to bring law enforcement into the situation. And that hotel, actually, the Attorney General, does have the ability to use the hammer when needed. All three survivors have had-- found hope and healing, but recognize it took months, and one victim three years. 80% of commercial sex occurred at a hotel, according to the On-Ramps, Intersections and Exit Routes report by Polaris Project. Had an employee of a hotel recognized the signs of trafficking, or a poster had been displayed prominently, their rescue could have happened sooner. And I am so appreciative with the hospitality supporting the importance of not only training of employees, but also posters, so a victim may see a

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sign that could simply be the result to help her know where she can get assistance, where she or he can get assistance. So I thank Senator Sanders for bringing LB1408 and I'll ask any-- answer, any questions, if you have any.

**RIEPE:** Are there questions from the committee?

**KAREN BOWLING:** Thank you.

**RIEPE:** I, I have a question, or maybe it's a concern. I note that on the second page of your report, it said that 4% trafficked by a hotel.

**KAREN BOWLING:** Yes. Yes. So it's when you're asking that question, Senator Riepe, as far as the victim themselves, because oftentimes their property, like their license plate, anything becomes actually the property of the trafficker. And so that is under duress that their charge card is being used.

**RIEPE:** Well, OK. Thank you very much for being here. No-- seeing no further questions, thank you very much.

**KAREN BOWLING:** Thank you.

**RIEPE:** We'll move on to proponents. Do we have additional people that want to speak on behalf of LB1408? Come forward, please. If you're a proponent? You want to speak as an opponent?

**HANSEN:** Neutral.

**RIEPE:** Neutral? OK. Ok. Well, we're going to move on to opponents if there-- are there some that wish to speak against this?

**RIEPE:** Thank you very much.

Thank you.

**RIEPE:** You know, the routine, name, spelling.

**RANDI SCOTT:** Yeah. Yep. I even have it written out to spell my name, just in case I would forget, and that happened. Good afternoon, Chairman Riepe and members of the Business and Labor Committee. My name is Randi Scott, R-a-n-d-i S-c-o-t-t, appearing today as a registered lobbyist on behalf of the Nebraska Association of Trial Attorneys, or NATA, in opposition to the immunity from liability provision only on LB1408. NATA Is an organization of attorneys from

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across Nebraska whose main interest is upholding the right to trial by jury. Under the Seventh Amendment of the United States Constitution and Article I of the Nebraska Constitution, and also the open courts provision under Article I of the Nebraska Constitution. So as such, we look out for immunities from, especially, civil liability, as they prevent a jury of peers from deciding a case, and instead allow the Legislature to preemptively deny access to the courts. So LB1408 includes an immunity from liability on page 7 for owners, operators and employees for any acts or omissions related to third party trafficking at a hotel unless they knowingly assist. We have spoken to Senator Sanders and the American Hotel and Lodging Association about our concerns, and we're hopeful that we can make changes to that section. If we can come to an agreement on language regarding that immunity from liability, our opposition to LB1408 would fall away. Again, our opposition is strictly to that provision only in the bill and not to any content, or to the purpose of the bill. That is all I have for you today, and I will take any questions. Thank you.

**RIEPE:** Thank you very much. Are there any questions from the committee? Seeing none, thank you--

**RANDI SCOTT:** Thank you.

**RIEPE:** --very much. Are there other opponents? Those wishing to speak in opposition? Seeing none, is there anyone that wants to speak in the neutral capacity? We have one young man. Welcome. If you would be kind enough to please state your name.

**SCOTT THOMAS:** OK.

And spell it for us, please, for the record--

**SCOTT THOMAS:** Yes, sir.

**RIEPE:** And who you represent.

**SCOTT THOMAS:** OK. My name is Scott Thomas, S-c-o-t-t T-h-o-m-a-s. I'm the regional director for the U.S. Institute of Diplomacy and Human Rights here in the state of Nebraska. And we don't take positioning on proposed legislation, affirmative or negative. But we do provide trainings on this specific topic. I actually being trained this week on this topic. Well, I start my training this week. And consultants have the ability to set their own fees, so I can't speak for Washington, but I have a team of dedicated volunteers here in Nebraska, and we'd be willing to volunteer our time to consult on any

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training that might need done on this. My only concern is parts of the language being overtly ambiguous. I think I see two potential constitutional conflicts in the language, and there's like, I think five times in it, it refers to appointees of the board to be potentially or a designated referral. So it's-- there are parts of it that are kind of open to interpretation. I had a question about the same thing the last speaker just mentioned, the last testifier. But, I recognize that the intent of the bill is well-intended, so we want to be supportive of that. So we will follow the bill and be available to volunteer any of our efforts that are necessary. And I'll take any questions from the senators.

**RIEPE:** OK. Thank you for appearing.

**SCOTT THOMAS:** Thank you.

**RIEPE:** Are there questions from the committee? Seeing none, thank you.

**SCOTT THOMAS:** Appreciate it.

**RIEPE:** Are there any others that wish to testify in the neutral capacity? Seeing none, Senator Sanders, you're welcome to close, so come forward. I would like to say that we heard from four proponents that had either written letters or sent us electronic communication. That's four proponents, zero opponents and zero neutral. So with that, if you would like to close, please.

**SANDERS:** But maybe I'll just waive closing. But we do have fingertip information in front of you. It's the link to the website for the training. Bottom line, I attended a conference, an international conference this past summer. And people from around the world, legislatures, were in the room and what they've seen in human trafficking. And certainly other countries have seen it a lot worse. But we know we are the number one providers of the customers in America. And Mexico is the number one providers of the children. And we'd like to work together. We need to start somewhere. Our children are not for sale, and we need to be pretty loud and clear about that. But we also have to be aware of what we see, and we say something. That's where it starts, with each one of us.

**RIEPE:** Second Blood.

**BLOOD:** Thank you, Chair Riepe. And, Senator Sanders, you and I switched places, so I unfortunately had to miss your introduction, and I apologize for that. But I have read through what's on my pile here,

and I reread through the bill, and I have a couple of questions. And in your closing, you talk specifically about children. I know we can't use props, but the things that I'm concerned about is the slavery, the human trade aspect of it. It seems that we, and we should be, are always concerned about the trafficking of children, especially for sexual purposes. But when I see the posters go up, I never see them about the adults that are being labor trafficked. And you've heard me tell the story that my family helped people came over from Czechoslovakia in the '70s, who were brought here by the Russian mafia and literally cleaning grocery stores in the Omaha metro area. Trafficking is nothing new, as we know. But if we're doing this, the question I have is, are we only doing what appears to be the marketing trend, which is for kids, or are we looking at the entire picture to put a stop to it when it comes to the posters and the training?

**SANDERS:** I think it certainly has opened up a whole bunch of conversations, right? We, we are looking at under age. That's very important. What we do as far as over the age of 18, prostitution and labor is how, how broad do we want to get? But I think we all need to be aware of what we see and what we report in this bill. So as, as we look at the entire aspect of human trafficking and illegal trafficking, not by someone's will, but taken in other, other ways, used whether it's for labor, used for sex, we need to look at the broad aspect of this. I know the other day I saw a poster at the airport in the women's restroom that said, if you are human trafficked, and it was in several different language, call this number. And the first thing I thought of was, I don't think they would have a phone to call that number. So what else can we do? And so thank you, because that conversation, we have to look at all aspects and, and, and try to get a handle on, on all of it. But we need to start somewhere.

**BLOOD:** So, so my question still is, since I didn't hear the introduction, is the goal of the bill only then-- is the goal of the bill to address all trafficking, both labor and sex trafficking of both children and adults? And-- because I know that we do, as you probably said in your intro at casinos, and I can't recall, there's 75 locations that we put them, in truck stops, and we have them in two languages in Nebraska, right? Are we-- are we just getting on the bandwagon of, you know, I know that they just had that movie that came out that everybody watched, the Sound of Freedom movie. Are we just getting on the bandwagon, or are we actually doing this in a comprehensive fashion?

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**SANDERS:** I don't think it's a bad thing to get on the bandwagon.

**BLOOD:** I, I don't either. I've been fighting it for decades.

**SANDERS:** Yeah. So the video, the bill is about the training video, and the training video covers all aspects.

**BLOOD:** And so that's what our posters will also cover, then.

**SANDERS:** Yes.

**BLOOD:** All right. Thank you.

**SANDERS:** Any other questions?

**RIEPE:** Did you have more?

**BLOOD:** Pardon?

**RIEPE:** Do you have any more?

**BLOOD:** No, sir.

**RIEPE:** OK. Thank you. Senator Hansen, please.

**HANSEN:** Thank you, Chairman. Do you know, has, has this language, this bill been introduced in other states and passed in other states?

**SANDERS:** I do not know that.

**HANSEN:** OK. Because I had also that concern about that last paragraph on page seven, like the language that the trial attorneys brought up. Those who comply in good faith with the section shall not be liable for that. Do you have any intention of maybe to kind of working on that a little bit?

**SANDERS:** Yes. Yes. Ms. Scott and the Attorney General's Office. We're working together.

**HANSEN:** Oh. All right. Thank you.

**SANDERS:** Yes. Open to that. Bottom line is, we don't want our children being sold.

**HANSEN:** Yeah, and I don't want, like, language that could hold up the bill, since it's--

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**SANDERS:** Yes, yes, we are working on that.

**HANSEN:** Thank you.

**RIEPE:** To address Senator Blood's issue a little bit, is it, you might say, like in many factorial dissertations, they'll say there-- here, here are other areas to study in the future?

**SANDERS:** Yes.

**RIEPE:** And so it looks like in addition to what appears to be young women, there were probably other people who were being victimized, trafficked, whatever, that--

**SANDERS:** Yes.

**RIEPE:** --probably we and others need to look at it. The other question that I would have is, I, I have to assume that we're not the only state that's looked at this similar legislation.

**SANDERS:** I believe there are others. I don't-- I don't know, but there are a few behind me that-- I can get you that information.

**RIEPE:** That was just a curiosity question. Most of these, you know, being the first on any things was surprising to me, most things. Are there other questions from the committee?

**SANDERS:** I just wanted to throw one other matter in this. If we aren't paying attention, what other countries are seeing is when they are done with trafficking these children, then the children's organs are harvested. So illegal organ harvesting has started with the children that are trafficked, and we'd never want to get to that point. We do have great hospitals right here in the loca-- in our location, and you know where your organs come from, but not other countries are so lucky.

**RIEPE:** Yes. Welcome back, Senator Blood.

**BLOOD:** But Senator Sanders, hasn't that been happening for decades in other countries? Because--

**SANDERS:** I've just learned that, so--

**BLOOD:** I was going to say, I'd have to say--

**SANDERS:** --the fact is, probably.



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**BLOOD:** Yeah, it's been happening for decades. So I don't think this is a new thing. I think it's the thing that ne'er do wells will get away with everything they can get away with, regardless of who their victims are. It doesn't make it right. Be it children, be it adults, be it poor people, be it prostitutes, those that are most vulnerable are the ones that are the most vulnerable.

**SANDERS:** Correct.

**BLOOD:** Unfortunately.

**RIEPE:** Do you know if there's serious policing from the donor or recipients, not the patient themselves but the organizations? I mean, I would assume that they would want verification as to source--

**SANDERS:** We do that here, right? If you have an organ transplant, you know that line of organ, whether it came from a male, the age, city, sometimes the name if it's agreeable. And, and we are leading in that in the world of making sure you know where your organs come from.

**RIEPE:** I do know there are Americans that go to other countries to have transplants.

**SANDERS:** We've heard of those, yes.

**RIEPE:** So that is-- so that might be the issue. OK. Other questions from the committee? Thank you very much.

**SANDERS:** Thank you.

That concludes the hearing for LB1408. We will now move to LB1017. Senator Bosn, you are welcome. Thank you for being here. And if you would just-- we'll get your stuff passed out here. If you would just introduce yourself, and you know the routine, and the show is yours.

**BOSN:** Thank you. So I'm having passed around the majority of what I'm going to talk about. Thank you, Chairman Riepe. And good afternoon to members of the Business and Labor Committee. For the record, my name is Carolyn Bosn, C-a-r-o-l-y-n B-o-s-n. I represent Legislative District 25 which is southeast Lincoln, Lancaster County, including Bennett. One of the things before I even get started with that, just first, because it was confusing even to myself when I agreed to take on this bill. So what we're talking about, multi-members, versus multi-limbs. So you have an arm, it has two member-- it has multiple members. You can have a shoulder, an elbow, a wrist. But that's still

one limb, right? So I have two arms, I have two legs, but I have multiple members on each arm and also on each leg. I have knees, elbow-- I don't have elbows on my knees. I have knees, ankles, hips, those kinds of things. So you can have multiple members on one limb, but you have two limbs, two arms, two legs. OK. So, I introduced LB1017 on behalf of the Nebraskans for Workers' Compensation Equity and Fairness. LB1017 is designed to clarify the provisions of Nebraska Revised Statutes Section 48-121, relating to the circumstances under which the Worker's Compensation Court can award benefits based upon loss of earning capacity in cases in which a loss, or loss of use, of more than one hand, arm, foot, leg, or any combination thereof has resulted from the same accident or illness. Under the bill, loss or loss of use of multiple parts of the same arm, including the hand and fingers, or loss or loss of use of multiple parts of the same leg, including the foot and toes resulting from the same accident or illness, would not entitle the employee to compensation for loss of earning capacity. In addition, LB1017 would clarify that loss of use for purposes of a loss of earning capacity determination means permanent loss of function. The Legislature adopted the worker's compensation reform legislation in ou-- in 2007, pursuant to LB588, and I did print some of that, so-- for those who have questions about that, I can try to answer questions on that as well. The primary component of that legislation revised the manner in which large hospitals were reimbursed in connection with worker's compensation claims, thereby redu-- reducing employer expenses. In addition, the legislation revised the manner in which benefits could be determined in cases in which an employee suffered injuries to more than one hand, arm, foot, or leg, or any combination thereof. This is the issue that's addressed by LB1017. With the passage of LB588 in 2007, a substantial change in policy was adopted which benefited injured workers. The rationale for that change was that when more than one hand, arm, foot or leg or any combination thereof are-- is injured and limited the employee, the impact of the injuries may be far greater than recognized by the schedule of benefits for the injuries to any individual member. In such instances, the employee should be entitled to receive more benefits than the schedule allows. Conversely, if only one hand, arm, foot, or leg is injured, there is justification to compensate the employee based upon loss of earning capacity rather than the statutory benefits for the scheduled member. Since the passage of LB588, a number of court decisions have been rendered which run counter to the original intent of LB588 with respect to the loss of earning capacity issue, most recently culminating with the Nebraska Supreme Court decision in the case of Espinosa versus Job Source USA,

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Incorporated. That's a 2022 case. In conclusion, LB1017 is designed to address adverse impacts resulting from two separate decisions by the Nebraska Supreme Court. First, LB1017, by defining loss or loss of use to mean permanent loss of physical function will clarify that permanent restrictions to each hand, arm, foot, or leg, or any combination thereof must exist in order for the loss of earning capacity determination to apply. This portion of the bill would address the decision in *Rodgers v. State Fair*-- excuse me, *Nebraska State Fair*, in which the Nebraska Supreme Court held that it was not necessary for an injured employee to sustain functional loss in the form of permanent physical restrictions to more than one scheduled member in order to receive the benefits based on loss of earning capacity. Secondly, LB1017 will address the *Espinoza* decision, which held that injuries to multiple parts of a single scheduled member, so that's two injuries on one limb, were eligible for benefits based upon a loss of earning capacity determination. LB1017 will require injuries to two separate and distinct extremities or limbs for the loss of earning capacity determination to apply, thereby returning the state to-- excuse me, the state of the law to the-- that originally intended, intended by the Legislature with the passage of LB588 in 2007. Other witnesses to follow me will go into further detail regarding the manner in which LB1017 addresses these court decisions. Thank you for your time and attention. I will be happy to try to answer any questions that I can.

**RIEPE:** Any questions from the committee? Would you say it's fair to say that the greatest contribution of LB1017 is that it replaces language, removing ambiguity?

**BOSN:** Yes, it's a cleanup bill is the easiest way to say it.

**RIEPE:** OK. Thank you very much. You'll stay around-- you'll stay around for closing later?

**BOSN:** I plan to. Yeah.

**RIEPE:** OK. Thank you. Thank you. I'd like to have proponents come forward, please? Mr. Jones, you know the drill here. Could you say your name and spell it for us?

**DALLAS JONES:** Yeah. My name is Dallas Jones, D-a-l-l-a-s J-o-n-e-s. I am an attorney with the Baylor Evnen Wolfe and Tannehill law firm, and I am appearing on behalf of Nebraskans for Workers' Compensation Fairness and Equity. I am here as a proponent. I am supporting LB1017.

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As the senator explained, there was a bargain that was reached through many, many negotiations in 2007. I'll explain a bit more of those in a moment. Because of those decisions that the senator referenced, that bargain was thrown significantly out of balance. It was not the intent of anyone involved with those-- with that bargain, in reaching that bargain or those negotiations. And for that reason, LB1017 is necessary to restore the original intent of LB588. But let me take you back to 2007 and drill into that just a bit more. In 2007, the business community recognized that the Workers' Compensation Act required employers to pay hospitals amounts substantially greater than any other system that existed. They were obligated under the Workers' Compensation Act to pay more than any health insurer was obligated to pay, or agreed to pay, more than Medicare, more than Medicaid. That was the impetus for LB588, was to bring that back in line. In the process of bringing forward that bill, there were discussions with labor groups, principally the trial lawyers, about whether they would support it. And the answer was they would not support it unless some of the benefit that employers received from the reduction in payments to hospitals, inured to the benefit of employees by virtue of some increased benefits. The business community agreed to that. Specifically, what they agreed to and what the trial lawyers proposed was that injuries to two or more extremities in one accident that resulted in permanent loss of function would qualify those employees subject to that to the potential for greater benefits. That brings us to just a brief discussion about the difference in how the act compensates employees who injure their extremities, loosely speaking, versus employees who injure their, their back, or their neck, or their head, or have psychiatric injuries. Basically, it works like this, and I say this to help you understand the significance of what that bargain was. Whenever one injures their-- any of their extremities, fingers, hands, arms, toes, legs, knees, eyes, ears, hearing, they are included in that, there is a schedule that literally says the degree of percentage that you have lost of use of that particular body part that, that scheduled member is called, then the greater the dollars that flowed to the employee. On the other side, if you have the back injury, for example, the employee with the back injury is compensated a different way. It's based upon that employee's loss of earning capacity. Loss of earning capacity generally refers to that employee's ability to find work for which they had training and experience, perform the work, and earn wages. And there's a percentage. In virtually every case, though, loss of earning capacity results in a greater recovery of benefits measured by dollars than the scheduled member does. So the significance of this compromise enabled some

employees who had multiple injuries to different extremities to then tap into, if I can use that term loosely, the opportunity for greater benefits under that earning capacity construct. So we hashed it out, everybody agreed to it, and the bill passed. Since then, everything went quite well as expected until some of the cases that the senator referenced. Let me speak to how we know what the intent of that bill was. When that bill was before this committee, and then on the floor, every single example used by proponents of that amendment to LB588, the part that talks about the members, multiple members being injured, every single example given was in reference to injuries to different extremities. For example, Senator Nantkes referred to, and these are quotes, both hands. She referred to bilateral shoulders, again illustrating how this would be applied. Mr. Howard, one of the lawyers sitting behind me, testified at the committee about knee and rotator cuff, bilateral carpal tunnel syndrome. Senator Lathrop, both in this committee and on the floor, talked about two broken arms, two broken legs, bilateral carpal tunnel syndrome, a hand and a hand. Since the bill passed, there were a total of three cases that made the case that it should be interpreted differently over roughly 13 years. I will continue, if I may, or I will--

**RIEPE:** I was going to ask you to continue on.

**DALLAS JONES:** OK. Thank you. Senator. The rhetorical question is, if the intent of labor representatives, specifically trial lawyers, was that the intent of that compromise was that multiple injuries to one extremity should open that door to earning capacity loss, I ask, where have all of those cases been and why have they not been filed over the 13 year period before Espinoza was decided? There were two other than Espinoza. I would ask, when those individuals are here testifying today, press them to speak directly to that intent and ask them to point to any testimony, either in this committee hearing or on the floor for LB588 that suggests, or hints, or implies that the intent was to enable an employee with multiple injuries to one extremity to be entitled to compensation based upon their loss of earning capacity, and ask them if that was their intent, why is it that all of those cases that Senator Nantkes referred to in her testimony in front of-- for LB588, all of those cases, where are they and why were they never filed over those 13 years? That's because that was not the intent. That was not the intent of labor. That was not the intent of business. And that is the purpose of LB1017, is to take this back to where the party's intended it was. So that in the event that there's legislation that, that somehow should be changed, we'll have that debate, a much broader debate that always occurs when there are claims for increases

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of benefits and what the impact is on both sides, and what the best po-- policy is. That debate was never had, because that was never the intent. We can have that if there's a bill that raises that. With that, I will stop and answer any questions if the senators have any.

**RIEPE:** Thank you very much. Are there questions from the committee? I have a question. And that would be why now? Why this session as opposed to last session or the one before?

**DALLAS JONES:** Sure. Time--

**RIEPE:** What is the sense of do it now?

**DALLAS JONES:** Yeah. Timing. Timing, meaning it was a little over a year ago when Espinoza was decided. Prior to Espinoza, we had the two outliers, two trial level decisions literally, that talked about this different interpretation and none other. We did, I will tell you, in 2016 and in 2020, after those two decisions came out, we did come back before the committee with two different bills, basically asking to do exactly what LB1017 is asking. I will note that in the committee testimony before those two bills in 2016 and 2020, there is not one of the opponents to our attempts to clarify, go back to LB588, that made the case that, in fact, what we were concerned was going to happen with Espinoza eventually was, in fact, the intent of what LB588 was, and the intent behind the bargain. Once again, this is simply a bill to go back to what the original intent was.

**RIEPE:** OK, that's very good. Thank you. Other questions from the committee? Seeing none, thank you very much for--

**DALLAS JONES:** Thank you.

**RIEPE:** --being here, it's very informative. Additional proponents, please? Yes sir, I know we've seen you before.

**ROBERT HALLSTROM:** But yes, you have Chairman Riepe, members of the committee. My name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today as registered lobbyist for the Nebraskans for Workers' Company Compensation Equity and Fairness, and the National Federation of Independent Business to testify in support of LB1017. I have also signed in on behalf of the Nebraska Chamber of Commerce and Industry, the Greater Omaha Chamber of Commerce, the Lincoln Chamber of Commerce, the Nebraska Retail Federation, and the Nebraska Grocery Industry Association, also in support of the bill. Hopefully I haven't used up my time with the introduction. I--

**RIEPE:** That's why we give you five minutes.

**ROBERT HALLSTROM:** Thank you. And in the interest of time, since you were so gracious to allow Mr. Jones to testify, extra. I'll try to be brief in my remarks. I do want to thank Senator Bosn for becoming somewhat of an expert on the issue. So thank you for her time and effort in that regard. I think just a, a few things that I would note. When we look at this issue, Mr., Mr. Jones has indicated what the intent, what the benefit of the bargain was. And when we look at the Espinoza ruling, I think it's much different than what the analysis was that had been applied for many, many years by workers' compensation court judges. It's going to have an effect on how insurance companies manage workers' compensation risk, it's going to increase costs to employers, both in terms of insurance premiums and in terms of self employers having direct increase in cost, and potentially protracted legis-- litigation to determine whether or not there's a loss of earning capacity. We believe that the worker's compensation judge in the Espinoza case that was ultimately appealed to the Supreme Court and then the ruling handed down, really got it right in terms of looking and highlighting what the real intent of LB588 with regard to the loss of earning capacity provisions entail. The workers' compensation judge held, and I quote, the problem with plaintiff's argument is that the statute requires a loss of use of parts of more than one member, a loss of use due to an injury to the wrist and the elbow in a single arm is not an injury to parts of more than one member. The arm is a single member, and any loss of use for an injury below the elbow would be included in the loss of, of use of the same arm. And the lower court, if you will, the workers' compensation court, thus held that the injury to the wrist and elbow in the same arm is an injury to a single member, and would not entitle the employee to a loss of earning capacity determination. So, in closing, I would suggest while those parties that were part of the original bargain are, in fact, entitled to the benefit of the original bargain, they should not experience a windfall, which is exactly what has occurred or resulted from the recent Espinoza decision. LB1017 would take us back to that bargain, and we encourage the committee to advance the bill for further consideration by the Legislature. And I would just add, I think, you know, in in retrospect, we probably inartfully drafted the legislation by referencing the, the word or the term member. If you read the Supreme Court opinion, they talk about member and scheduled member, and as a result, they were able to put together a determination that found differently than what the clear

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intent of the Legislature was back in 2007. Be happy to address any questions that you might have.

**RIEPE:** OK. Are there questions from the committee? Seeing none, thank you very much.

**ROBERT HALLSTROM:** Thank you, Senator.

**RIEPE:** Additional proponents, please?

**KORBY GILBERTSON:** Good afternoon, Chairman Riepe, members of the committee. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n appearing today as a registered lobbyist on behalf of the American Property Casualty Insurance Association in support of LB1017. I don't want to repeat what Mr. Jones and what Mr. Hallstrom said, but APCIA very much agrees that this was not the way the bill was intended. I-- there's certain bill members after you've been doing this for a while, it's kind of like a jersey that should be retired after the bill passes. LB588 is one of those bills in my mind. We did spend months and months and months negotiating on this bill. I had to have someone actually do what Senator Bosn did for all of you, which explain to me what all these members were when I first started doing this. So it's very complicated. And it was a very clear and long, drawn out process to make this agreement. And so I think LB1017 does exactly what has been said, it takes us back to the reg-- to the initial intent of the legislation. And I would even say, you can ask Steve Lathrop if that was it, and he was-- he would agree, because he was there with us. So with that, I'd take any questions.

**RIEPE:** OK. Are there questions from the committee? Seeing none--

**KORBY GILBERTSON:** Thank you.

**RIEPE:** --thank you very much for being here. Additional proponents please? Are there any-- someone else to speak in support of LB1017? If not, is there any opposition? Welcome.

**TODD BENNETT:** Good afternoon.

**RIEPE:** If you'd be kind enough to give us your name, and spell it please--

**TODD BENNETT:** You bet.

**RIEPE:** --and then who you represent?



**TODD BENNETT:** Todd Bennett, T-o-d-d B-e-n-n-e-t-t. I'm here on behalf of NATA, Nebraska Association of Trial attorneys. I can't say I was here in 2007, but I was involved in the legislative committee. But in answer to several questions, I would like to draw just one point that Senator Bosn make on this Rodgers v. State Fair case redefining the loss of use. This is well-settled law over 120 years. I can go back to 1964, taking fingers and toes out of it, that's been the case since 1964. So it's useless to even put that in there. Second of which, Rodgers has a dichotomy every injured worker faces when a doctor gives you a permanent impairment and then says, but I think you can go back to work full duty even though you got a permanent injury. What's a worker to do? The, the Rodgers case deals with loss of use, the fact you have an impairment. The trial judge gets to consider what is the loss of function with that impairment? Because there's many doctors who, yeah, they'll give you an impairment, but they'll say you'll work full time even though you got a limit of range of motion, loss of sensation and so forth. That has no business in this bill. It's never been part of any agreement whatsoever. And I actually urge you to take that out, because this law has been settled for 100 years on what a loss of use is and what it's not. Second of which, this bargain, I can't say I was there, but I've been involved in the committee for 28 years. What you're not going to find in that legislative history is one comment by anybody who was in for this bill saying one extremity, you can't get it for one extremity, that's not in there. And ironically, where these cases-- if it came about in 2007, what everybody has to weigh is the time and expense to go through a court hearing, an appeals hearing, and then get a decision through the Court of Appeals or Supreme Court, because a lot of people just don't appeal. I kind of want to give you a personal photo because this is one of your constituents. There's no toes. There's a half a foot. There's also a reconstructed knee. There's also a fractured femur and a fractured neck below the bone socket. That's four distinct injuries that under this bill, this lady who can't work isn't going to be compensated. She'll be compensated for these partial percentages, but in terms of disability, she's cut off, no pun intended. But what this boils down to is, you know, I wrote several of these things down on this bargain. I've been meeting with the same group for probably over 10 to 12 years. Not one time has this ever come up in that meeting in 12 years. I was president of the bar-- or the Trial Lawyers Association last year. I met with them. This wasn't brought up. Judge Koh's decision in 2011 and '12, this very issue, it never came up. Rodgers, when it came up, was never discussed. 2017 and '18, when I brought a case in the Supreme Court, they actually defended the fact

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that an amputation below the knee, there's no compensation for the residual limb that remained. That was in the case in 2021 by the Supreme Court. Then we get to Espinoza, and this Espinoza decision, frankly, whether they like it or not, it's sour grapes. This is just come out and bail us out because they made a decision to appeal it, and they don't like the ruling. But what that decision stands for, I want to kind of put this in the backdrop. NCCI, who manages all the premium rates, compensation rates, all the data in the country. Who's the most profitable, property and casualty commercial insurance? Work comp. Five years running, they make the most money. Eight years in a row, they've made a significant \$42 billion in profit. That's in the backdrop of this because of the agreement we made, whether they like it or not, there was no agreement saying this was limited to one extremity. Now, I can't speak on what Senator Lathrop and Senator Conrad may or may not have done, but in that legislative hearing, there's not one mention that it's limited to two extremities. There are examples, yes, of two extremity. But when we're talking about a wrist, just like this case.

**RIEPE:** I have to speak.

**TODD BENNETT:** Five missing toes.

**RIEPE:** We're not supposed to use props, but--

**TODD BENNETT:** Sorry. Well, five missing toes, a half a foot, a knee construction, ACL, MCL, a femur fracture with atrophy so bad that it fractured the neck of the femur. Four distinct injuries. And this bill will cut off that disability. The bargain-- there's no pain and suffering. This person isn't going to be compensated for, for disability under this bill. But what it boils down to is when they gave up the right for these artificial distinctions. That's what they are. They're artificial distinctions in these statutes. Industry bears the cost itself, not the injured worker alone. That's the bargain. LB1-- what was it? LB1188? If this bill passes, they're going to come in with more-- not only are we going to have increase in litigation, but we're going to have DHHS, Medicaid, local government for food stamps and so forth, because I guarantee it's coming, it's already here. But I'll be more than happy to talk to any of them and any of you on this, because it's never come up as far as an agreement, especially in the last 16 years. And I'll be happy to answer any other question.

**RIEPE:** Thank you.

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**TODD BENNETT:** You bet.

**RIEPE:** Are there questions from the committee? I have a question--

**TODD BENNETT:** You bet.

**RIEPE:** Since obviously you have a, a very strong knowledge and very strong opinion. Have you had the opportunity or taken the opportunity to talk with the bill's sponsors and, and Senator Bosn about these issues?

**TODD BENNETT:** Well, that's-- since I was president, took a step back after I had been involved for 28 years, I wasn't involved in the agreement this year, but my understanding, the current president had a chance to meet with them, but that didn't come up. As far as my understanding.

**RIEPE:** OK, well [INAUDIBLE].

**TODD BENNETT:** And I'd be happy to dis-- talk about it.

**RIEPE:** Well, we have in the record and we'll go from there. Any other questions? Hearing none--

**TODD BENNETT:** Thank you.

**RIEPE:** --thank you for being here. Other opponents?. Thank you for being here.

**STEVE HOWARD:** Thank you for having me. My name is Steve Howard, S-t-e-v-e H-o-w-a-r-d, and I'm the lawyer that was here in 2007 and sat at this desk, at this testi--

**RIEPE:** Could you tell us who you are with, or are you--

**STEVE HOWARD:** I'm just Steve Howard of Steve Howard Law. But back then, I was counsel for the state AFL-CIO, and I've been a NATA board member. But I'm not-- but I'm here representing myself and Pauline Espinoza, and several other Nebraskans that, that bring their cases in the Worker's Compensation Court. When Mr. Bennett talked about an artificial distinction, the way my friends on the other side would like to have the law read is that, if you injure a right shoulder and a left hand, then somehow you get in the door to talk about this 30%. But if you injure a right shoulder and a right hand, no then you, you don't. You can't talk about, you can't bring your case if you have the

proof, if you have the evidence, within this 30% threshold. And what is 30%? If a Nebraskan earned \$60,000 a year and suffers a 30% loss of earnings, now their, their earning power's at \$42,000. Every person in this room can just imagine the effect of a 30% reduction in your earning ability. But my friends on the other side who want to claim that the bargain was different, the history was different back 16, 17 years ago say, well, we have to go right or left, or we have to go arm to, to leg. Let's talk about this 30%. What does it really represent? 30% loss of earnings. That's what Mr. Jones talked about for a body as a whole where you have this, this pile, this pool of earning capacity and then it's made smaller and that's the measurement for a head or neck or back injury. For an extremity, for a member injury, rather, it's strictly according to the percentage from the doctor, from the AMA guidelines to permanent impairment. So if a worker who uses her thumb every day at work loses the use of that thumb and can't do her job, too bad you get whatever percentage of that 60 weeks for the thumb there is. Below the elbow it's 175 weeks, above the elbow, 225. And it's always a percentage. And no one would ever say, I want to lose my hand to get 175 weeks of benefits. But, but this 30% is payable over 300 weeks, not lifetime, even though it's a lifetime loss for the worker. And it may not even be 300 weeks, because you have to subtract out the temporary benefits. So now you're under 300 weeks. Now do you get the full amount of a 30% loss? Well, no, it's at two thirds, and the way the defense lawyers fight on this, you're probably going to have to share that with the lawyer. Otherwise you're going to get nothing. These are intelligent folks that were there in 2007. And they're, they're educated and they're well trained, and you've heard today about all of the input and all the negotiations and all the buildup to the passage of the bill. Surely someone would have come before the committee and said, well, now understand, we all agree that doesn't count if it's on the same arm or if it's the same leg, we're excluding that. It would have taken a sentence or two. The proposed amendment that you see in LB1017 to accomplish that. The examples that were given are examples of sufficiency, not of necessity. They're examples of inclusion, not exclusion. Lawyers are wont to say, including but not limited to. Like I said, surely if this were such an important point of that grand renegotiation of the big bargain, in, in, LB588, someone would have sat here and said it or there would have been some language in the bill. Why have there only been three cases? Because examples like this are somewhat outliers. To, to prove a 30% loss of earnings is a, is a remarkable loss. Mr. Bennett talked about the realities of workers' comp, there's \$0 for pain and suffering, zero for the spouse, zero for scarring and disfigurement. There's no

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cost of living increase. And when you replace private insurance dollars and, and, and, and, and make it easier for the, for the party to go into court and, and come out with less dollars than really accounts for their loss, what you do is you you shift the burden to public tax dollars because more folks have to go on Medicaid and Medicare and food stamps and social programs. So I would encourage you not to pass any legislation that makes that shift. If labor and management want to come back together and talk about this, the stakeholders are out there. But this notion that, oh, everybody knew, and then the Supreme Court, through the Espinoza case, through, through my appeal, somehow pulled the rug out from under it. I, I respectfully suggest that somewhere in your record in legislative history, there would be some reference to that. So, I respect my friends on the other side. Thank you for, for listening to my views.

**RIEPE:** Thank you. Let's see if we have any-- are there any questions from the committee? I'm sure that you got the attention of all the senators when you talked about a 30% loss in earnings on our \$12,000 a year salaries, so. But thank you for being here. Are there any opponents, additional opponents? Sir, if you'd state your name and spell it, and then tell us who you represent?

**NICK GRANDGENETT:** Yeah. My name is Nick Grandgenett, and it's spelled N-i-c-k G-r-a-n-d-g-e-n-e-t-t. I'm a staff attorney with Nebraska Appleseed testifying in opposition to LB1017. So although we're testifying in opposition to this bill, we do appreciate the opportunity it creates to talk about worker's compensation, because it's an important topic. Unlike injuries caused by car accidents for consumer products, workers can't sue their employers for the injuries they suffer at work. Instead, it's workers compensation that provides them with a limited amount of wage loss support and medical benefits while they recover from that injury. And that's the cost of the workers' compensation insurance program, which is ultimately responsible for carrying the cost of that claim. So determining how a person's lost wages are replaced is a complex, difficult task. I think as we've heard today, it requires putting injuries into several different categories, even though the reality is injury might not fit neatly within any of those different categories. The value in-- what the recent court cases have done is they've created a degree of flexibility that allows for a more fair, just, equitable workers' compensation system, particularly as it pertains to the benefits schedule. I think a common justification for bills like this that we've heard today is trying to reduce costs for the employer, particularly when it comes to insurance premiums. I want to take just

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a moment to talk about premiums. Through the research that we've done, we've seen that insurance premiums for workers' compensation for employers have been decreasing dramatically over the last 30 years. So if you look at 1994, which is the highest recorded level, the average employer was paying about \$3.31 per \$100 of payroll. As of 2022, the average Nebraska employer was paying only about \$1.25 per \$100 of payroll. And then, as other testifiers have noted, it's worth highlighting how our-- how Nebraska's workers' compensation law is lagging behind other states in several key areas. So we don't have a cost of living adjustment like other states do, which means that the value of a person's benefits slowly erodes because of inflation over time. So if you look at a worker who was injured in the early 2000s, for example, the value of their benefits is only about half of what it would have been in 2000 as it is today. We also have the longest wait times in the nation. Every other state allows people to access workers' comp benefits more quickly than does Nebraska. So it's really for all of these reasons, the fact that a fair workers' comp system needs flexibility to ensure that people have access to the benefits that they need, the fact that the cost of worker's comp has been decreasing dramatically for employers over time, and the fact that we're lagging behind other states in several key areas, that we would oppose LB1070 at this time and urge the committee to look for other opportunities to kind of modernize and update our state's workers' comp system. Thank you. And I'm happy to answer any questions.

**RIEPE:** Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here.

**NICK GRANDGENETT:** Thank you.

**RIEPE:** Are there additional opponents to LB1017? Seeing none, are there any individuals wishing to testify in a neutral capacity? Seeing none, Senator Bosn, you're welcome to close. And while you're doing that, I will say we had correspondence from letters and electronic communication. We had zero proponents, one opponent and zero neutral.

**BOSN:** Thank you.

**RIEPE:** So the floor-- the show is yours.

**BOSN:** Thank you. So I'll be brief. I-- we kind of talked a little bit about what the intention here was, where it stemmed from. This came from a legislative bill in 2007, LB588. I didn't hear any of the opponents, who clearly are upset about this prospect, articulate that

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this was the bargain. It seems as though the bargain was clear in the testimony, both in the committee and on the floor, that the intent of LB588 was to allow for multi-limb injuries to be treated differently than injuries to the same arm or leg. I feel like we're playing a game of head, shoulders, knees and toes, but it's more like hands, shoulders, knees and toes. But, the original intent was clear in the, in the conversation that was had both in the committee and on the floor, and all of the individuals who testified at that time were on the same page. Certainly the courts are allowed to interpret that, and then we react. So this is the reaction to that court interpretation that expanded the original intent. I brought this as a clean up bill. I think it clarifies the language. Certainly, if those who are opposed to this bill wish to open it up to be treated differently, they can bring that legislation. But given that that wasn't the intent of LB588, that's not what-- my position is, that that's not what the intention was, and we should be clear in treating it, for its purposes of original intent. And with that, I will answer any questions.

**RIEPE:** OK. Let's see if we have any questions. Any questions from the committee? Seeing none, thank you again. Thanks for your presentation.

**BOSN:** Thank you.

**RIEPE:** With that, that concludes our hearing on LB1017, and we will move forward with Senator Hansen on LB1393. Senator Hansen, show us yours.

**HANSEN:** I'm assuming my bill is going to be a little less lawyerly than the last one was. I understood half the stuff they were talking about. Good afternoon, Chairman Riepe and members of the Business and Labor Committee. My name is Ben Hansen, that's B-e-n H-a-n-s-e-n, and I represent Legislative District 16. The college athletics landscape changes every day, and it is with this in mind that I bring LB1393. This bill provides institutions in Nebraska with an increased flexibility to adapt to the changes happening on a national level in the arena of NIL student athletes. I want to take a more proactive approach in enhancing the student athlete experience and put every institution in the state in a better position to retain and recruit athletes. Currently, institutions work with student athletes at an arm's length capacity, and that is insufficient for the institutions themselves as well as the company's, fans, and the student athletes. My purpose for LB1393 would allow institutions to better utilize department resources and assist student athletes with NIL activities. Universities support students throughout their entire college

experience. It only makes sense to be able to offer direction if they ask for it when it comes to NIL. Next, LB1393 would allow institutions to better activate existing relationships with corporate sponsors and partners. They would have the flexibility to take an active role throughout the process of NIL opportunities from induction, creation and fulfillment. Another aspect to NIL that has been a priority for the state of Nebraska is the protection of student athletes' information. We have taken steps to guarantee privacy throughout, requiring students or the authorized companies to disclose, disclose NIL activities to a third-party software platform that we can review. However, LB1383 expands our intentionality in protecting the private nature of the business relationship between student athletes and third party entities by prohibiting terms of a student athlete's NIL agreement from being made public. And finally, LB1393 prepares for potential changes that could come through the guidelines of NIL at a national level. To remain competitive, institutions in Nebraska will be able to compensate a student athlete for the use of the student athletes' name, image, or likeness should that be allowed by a college athletic association policy change, court order or settlement agreement. LB1393 is a clear-- is clear, though, if a day comes when institutions can compensate student athletes for the use of their name, image or likeness, the fact alone does not make them employees of the institution. I've worked with Governor Pillen to create language that gives us the tools to recruit talent in Nebraska, and keeps us taking initiative for NIL opportunities in our state. If you have any questions, I would be happy to do my best in answering them. Otherwise, there will be testimony following from those who have more insight on the subject. I appreciate your time and consideration this afternoon, and ask for your support for LB1393. And I do have to get a shout out to my colleague, Senator Hunt for introducing LB962 in, in the 2020 session, which started the Nebraska Fair Pay and Play Act.

**RIEPE:** Very good. Are there questions from the committee? Senator Blood.

**BLOOD:** Thank you, Chair Riepe. Senator Hansen, what is that third-party software that they utilize?

**HANSEN:** I don't know off the top of my head, I thought I have my notes, but that might be a better question for somebody behind me.

**BLOOD:** Thank you.

**RIEPE:** OK. My question is this. I'm sorry, Senator McKinney, please.



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**McKINNEY:** Thank you. Thank you, Senator Hansen. Just last week, the National Labor Relations Board ruled that Dartmouth athletes can unionize, which means they're gonna push Dartmouth to start paying their athletes, and I think the Supreme Court has kind of signaled as well that they're going to rule that basically schools have to pay athletes eventually. How do you foresee that with this bill and anticipate that happening?

**HANSEN:** Yeah, there is a section of this bill, and I didn't bring that up in the opening, that would specify that student athletes would not be employees of the university. And so now how the Supreme Court rules on it it might have some bearing on what's going to happen with this bill.

**McKINNEY:** Yeah.

**HANSEN:** And in the court-- I know some of this has to do with-- you know, the whole NIL arena's ever changing, you know, and the NCAA hasn't really ever, I think, made a concrete rules on NILs, so they're kind of leaving it up to the states right now. I think right now we're just trying to change with the times and protect the student and kind of university as well.

**McKINNEY:** OK. All right. Thank you.

**RIEPE:** Go ahead if you have another question.

**McKINNEY:** No, I'm finished.

**RIEPE:** OK. Thank you.

**McKINNEY:** Thank you.

**RIEPE:** Thank you, Senator. My question would be, is this based on the California model? I think they were the first or one of the first.

**HANSEN:** I don't know about this in particular.

**RIEPE:** OK.

**HANSEN:** Yeah.

**RIEPE:** That's fair enough. OK. Any other question from the comm-- None? OK. Thank you very much. Thank you for being here. So we'll ask for proponents. Welcome, Governor Pillen. It's always an honor.

**JIM PILLEN:** Thank you. Thank you, Chairman Riepe and members of Business and Labor Committee, thanks for the chance to visit, and testify in, in behalf of LB1393. My name is Jim Pilleen, J-i-m P as in Paul, i-l-l-e-e-n, and I have the incredible priv-- privilege to serve as the 41st Governor of the great state of Nebraska. I'd certainly like to thank Senator Hansen for partnering with me on LB1393, which I believe will bring a competitive advantage to Nebraska's universities in their NLA-- NIL structures. I'm here to talk to you today about one of my favorite topics, college athletics. LB1393 will give Nebraska colleges and universities the tools necessary to compete to attract top talent, while also, most importantly, protecting our student athletes. The NIL space, the last three years, I think is the best term to describe it would be called the wild wild west. No rules anywhere. Universities have tried to responsibly navigate this space with virtually no guidance. I think the best word to use when we refer to the NCAA is they have been missing in action on this topic, and pretty well wiped their hands of it. And that's why it's really important that our own states come forward with NIL law. And that's why I worked with Director Alberts and the team of the Nebraska athletic department to find a way to make our laws the most competitive, and the NIL space is certainly changing the landscape of college athletics. We either have the choice to compete, or stay on the sidelines, and my preference would be that we would compete. Athletics at the University of Nebraska women's sports leading the way, the shoot in terms of popularity and, and Nebraska athletics is the one thing that is incredible how it brings Nebraskans together. So this new legislation will protect, not only protect our institutions, but most importantly, our student athletes. This legislation clearly states what is allowed by the programs and their athletes. This legislation will allow the institutions to work more closely with third party entities to make sure their student athletes are not being misled, and being given appropriate assistance with their NIL deals. I think that's really important that I can't overstate it, to make sure that there can be inter-engagement so that the student athletes are protected and not, not duped in this process, ensuring that no young athlete will be caught in the crosshairs of a technicality whenever the NCAA would decide to be involved. I believe this new legislation will put Nebraska out front as a competitor, making us an attractive state for all the young talent across the country. I believe we need to be sure that we are leaders in this issue. Things are moving slowly, slowly within the NCAA. The NCAA is, as I said earlier, quite frankly, just missing in action on this issue. The state laws across the country are the guiding lines for this-- for the institutions. And

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we must be sure to stay ahead of this and allow to recruit the top talent to our state. I think, we-- I think most people in the athletic space would, would all agree that great athletes help make coaches great. It helps. And I think that the other piece that we'd be remiss if we ever talked about, I would tell you, I'm personally amazed at how many student athletes come from all over the country, and they fall in love with Nebraska and they live for the rest of their lives. And so there's a whole lot of things that are great about being able to compete and bring great student athletes to stay in Nebraska. And it's always fun if we can fill the stands and, and bring Nebraskans together. So I appreciate the time to visit. I'm happy to take any questions. There's an NIL expert with the detail, but I'd be happy to take broad range questions.

**RIEPE:** OK. Let's see if we have any questions. Any questions from the committee? Seeing none, I, I was going to respond to that. I read somewhere there was a young athlete, and Carson's his last name, who was in, maybe, Tennessee. He was seen on campus driving a \$270,000 Lamborghini. So he's being a sophomore.

**JIM PILLEN:** You know, one of the things that I think is really where the University of Nebraska has been light years ahead of other institutions is, number one, giving student athletes guidance, whether it's academic-- Coach Osborne was the first to have an academic counselor, and now the student wellness program, where kids will have guidance and help. I'm sure that some might spend their money foolishly, but hopefully there will be great opportunities to help kids save their money and not be driving a Lamborghini because it probably won't last very long.

**RIEPE:** Well, mine was an observation, not a criticism of a young guy, so good for him.

**JIM PILLEN:** Yeah.

**RIEPE:** Senator Blood.

**BLOOD:** Thank you, Chair Riepe. I was writing down some of what you said, and I'm hoping maybe you can clarify this for me. So you said that this language makes us the most competitive. Where in the bill is that language that you're talking about that makes us the most competitive?

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**JIM PILLEN:** Yeah. So I think what, what I mean by that would simply be that by the state having a position that allows us to be able to follow the rules that we have in the state, that we can compete with anybody, because if, if we don't have a state law, OK? If we don't have a state law, there's a risk depending upon if a third-- right now, the university's ability to interact and help a student through the NIL is, really, really negligible. The goal would be to be able to have this law so that there can be interaction so that the student athlete can be protected in making those deals, that they don't get taken advantage of.

**BLOOD:** So not the language per se, but the fact that we have a bill.

**JIM PILLEN:** That we have a bill that would, yeah, protect the student athlete.

**BLOOD:** And then you also said that it protects. How does it protect?

**JIM PILLEN:** How, how's it protect a student athlete?

**BLOOD:** How does it protect our students?

**JIM PILLEN:** Yeah. So we're-- today, today, a coach or university personnel is not able to be involved between the collective and making a deal with the NIL student. This would allow for personnel within the university to be a, a part of that, to make sure that the-- there's capacity that's done it at a time or two, and can help the student athlete and make sure that, that their interest and that they are rewarded appropriately.

**BLOOD:** So if I hear you correctly, the protection that you talked about is by allowing staff to, to act as a negotiator?

**JIM PILLEN:** Yes. Be a part of the process today they're not able to be.

**BLOOD:** All right. Thank you.

**RIEPE:** OK. Thank you very much, sir, for being here.

**JIM PILLEN:** Thanks very much, thanks for all you do.

**RIEPE:** We appreciate it. Are there additional proponents who would like to speak? If you would, kind sir, if you'd give us your name,

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spell it, and then share with us who you represent, and then the shows yours.

**JONATHAN BATEMAN:** Thank you. Good afternoon, Mr. Chair, members of the Business and Labor Committee. My name is Jonathan Bateman, J-o-n-a-t-h-a-n B-a-t-e-m-a-n. I work for the University of Nebraska-Lincoln athletics department. I work in the NIL and governance space. Thank you for allowing me to testify today, and I'm happy to answer any questions you have about name, image, and likeness.

**RIEPE:** OK. Are there questions from-- Senator Blood, and then Senator McKinney.

**BLOOD:** Thank you, Senator Riepe. And thank you for coming in today. So, you heard my conversation with the Governor. So if staff is acting as a mediator, is there the ability for staff to be paid for those services? Is that part of the intent?

**JONATHAN BATEMAN:** Not as a-- not as an, an agent, per se, as in negotiating deals, but as a-- as a resource for educating the student athletes about best practices in the space. Right now, in NIL and-- no, no one really could see when this, this bill was introduced, and prior to July 1st of 2021, of how it was going to really expand to what it is now. Right? So, we had a great bones of a bill and it-- and it is-- it is great. But now we just need to flesh out some of the specifics. And, right now we have to be at arm's length when we're working with our student athletes when they're working with, with companies about--

**BLOOD:** Right, and that's my concern.

**JONATHAN BATEMAN:** Yeah. And it, it makes it really difficult for the student athlete. They'll, they'll come to me and Jo-- and say, Jonathan, you know, what do you think about this? And there's only so far I can go in, in for education, whether I go over the line, and then I'm in the NCAA's crosshairs for, for some of the guidelines, right? And if you have protections in your-- in your state law, then, then that does give you some ability to really provide our student athletes a, a good all around experience. And that's kind of the intent.

**BLOOD:** But if indeed these are poor protections, why would we take money for it?

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**JONATHAN BATEMAN:** We, we wouldn't take any part of their NIL deals. It, it would be staff members helping student athletes, like we do in any other space of their life.

**BLOOD:** So there's no other compensation coming from any-- from not coming from the university, not coming from--

**JONATHAN BATEMAN:** Aside from-- aside from employing staff members at the university.

**BLOOD:** So additional staff members.

**JONATHAN BATEMAN:** Right now it is myself in the NIL space and then any of our staff members who work in life skills, academics, etc. to help benefit our student athletes.

**BLOOD:** OK, so I'm just a little confused. OK, so staff will stay exactly the same. There won't be any additional costs because you won't be hiring more people to help with this or-- that's what I'm trying to clarify.

**JONATHAN BATEMAN:** Yeah, that's a great question. You know, the way NIL is today, and I haven't been on my phone for the last couple hours, so it could have all blown up by the time we're done here. You know, I'll never say never about hiring new staff or anything. I think we do a pretty good job at the department and try to rely on the folks we have to retrofit what we need in this first specific instance. But what I can tell you is, it's not going to be a situation where the institution is an agent and taking, you know, 20% of a deal or 30% of a deal of a student athlete's money that they have with a-- with a company.

**BLOOD:** And so how are they not protected if we don't have this legislation, besides the fact that they can come to staff and--

**JONATHAN BATEMAN:** Yeah, if I--well, in a couple of different ways. I think one, allowing staff to help explain to them the differences, and work with certain companies on, on their behalf to understand, you know, good companies versus bad. But I also think a greater protection for our student athlete goes within the, the public disclosure piece within the bill that would protect their private deals with third parties to be not disclosed by a FOIA request by the university.

**BLOOD:** But aren't they adults capable of making these decisions?

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**JONATHAN BATEMAN:** Yes they are. Yes they are. And I'm, I'm amazed by our student athletes every day, how mature they are, and the things-- and the things they can do. But at the end of the day, we're also an institution of higher learning, and these individuals are 18 to 24 years old. And you don't know what every background of every student athlete is. So we feel it's our job to be a good resource for our student athletes when, when they come. And to help them out wherever it may be.

**BLOOD:** And, and what was it? My last question, I promise you--

**JONATHAN BATEMAN:** No, that's OK.

**BLOOD:** --there's that third party-- because I feel like the way the bill is written and the introduction, that I'm not hearing all of these things. So they refer to third-party software in the introduction?

**JONATHAN BATEMAN:** Sure.

**BLOOD:** Can you tell me a little bit more about that third-party software?

**JONATHAN BATEMAN:** Yeah. We have a great relationship with a Lincoln Company, Open Doors, which is run by a couple of former football student athletes at Nebraska. And they have a NIL platform that we use to disclose.

**BLOOD:** They have a what platform?

**JONATHAN BATEMAN:** It's a software platform online that student athletes have an app on their phone to disclose NIL.

**BLOOD:** And so. All right. So, so third-party software always concerns me when we-- especially when we're supposed to be trying to protect students. Because as we've seen over and over again, and the university's been involved with some of that, is that things are so easily hacked and information can be resold. And what's to prevent this, this third-party software company from selling this information?

**JONATHAN BATEMAN:** I'll, I'll have to get back to you on that, but the-- what, what my understanding of our, our agreement with them is that that would be a breach of the contract that we have with us for, for selling exact personal identification. But I can get that information.

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**BLOOD:** So how do they make their money for the software?

**JONATHAN BATEMAN:** We, we are charged a a fee for the software for us.

**BLOOD:** And what is that fee?

**JONATHAN BATEMAN:** I don't know, off the top of my head. And I can get that information for the committee as well.

**BLOOD:** I would like that.

**JONATHAN BATEMAN:** Yeah, sure.

**BLOOD:** All right. That's all my questions.

**JONATHAN BATEMAN:** Oh, that's OK.

**BLOOD:** Thanks.

**JONATHAN BATEMAN:** Yeah. You're welcome.

**RIEPE:** Senator McKinney.

**McKINNEY:** Thank you. And thank you. Being a former athlete myself and dealing with NCAA compliance, one thing I always thought about at the beginning of the season, I just felt like we used to sign away our rights every year, and nobody fully explained that to us. And I guess my concern is, do you not see a potential conflict of interest by not having somebody in the middle between the athlete and the school explaining what those rights are? For that-- because that's what I always thought was weird. Our coaches would bring us in, maybe somebody from compliance, say like at UNO when I was at UNO, would come in and say, hey, you guys need to sign all these papers or whatever. And we just were like, all right, I just want to get out of here. Nobody really explained we were really signing away our rights. So I guess who's in between, making sure the athletes fully understand when you sign these papers, you're signing away your rights?

**JONATHAN BATEMAN:** Yeah, that, that's a great question. The, the bill does allow for student athletes to have agents should they-- should they want them, to have-- to serve their best interests. What I have seen over the last three years as it relates to agents is that, you know, mostly, mostly high profile student athletes, the ones that are doing the majority of, of deals have, have agents and use that, that right that they're afforded to. But some student athletes don't have



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them or don't want them. And they still need help with education as well, you know, to understand some of the rights that they have and do not have.

**McKINNEY:** All right. One other concern of mine is in Section 2, part (7) (b), it says the post-secondary institution shall not compensate a student athlete for their name, image, or likeness. Then why that is a concern to me-- and it's always been a concern, even when I was an athlete, not that I was good enough to really make money, but just thinking about some friends I have playing on a D1 level, you have this college playoff, you have bowl games, you have jerseys sales, and the athletes get no money, but the schools and and the conferences make a bunch of money, and the athletes get nothing. But you know who number 15 is. But number 15 gets nothing off those jersey sales, it goes to the university. And they're pretty much-- under this bill, they would get nothing. But we all know who number 15 is, and I'm just using a hypothetical number 15. But we all know who that is. And everybody's buying the jersey because number 15 scored a touchdown and won a playoff game and brought a national championship to the school. And even, like ,for the Huskers, like we know who Eric Crouch was, everybody wanted number 7. And I, I don't know. I don't-- maybe, hopefully one day the Supreme Court actually rules on this, because that's just a concern of mine. They're signing their rights away, in this bill it says the school shall not-- shall not compensate. But if the Huskers make the playoff, the athletes win, the school makes a bunch of money, but the athletes get no percentage of those, those earnings at all. And I just think that's a problem.

**JONATHAN BATEMAN:** I, I, I appreciate and understand your, your point on there. And I have a couple thoughts. The first one now is with the NIL bill as it, as it is currently, one great thing about it is student athletes would be able to be compensated by our group licensing partner for the sales of their jerseys, you know, that has their name on it and their number, which is, you know, a step in, in the right direction, I, I agree. The, the reason, from my perspective, that there is language in the bill that states that student athletes could not be compensated, unless one of three things happens. In, in, in one of those-- And those three things are a potential settlement of the legal cases. I couldn't name all of the legal cases right now that are in the college athletics landscape. You, rightfully so, discussed the NLRB case earlier related to Dartmouth. There's a house case, out in-- out in California related to the Fair Labor Standards Act. There's a USC case with the NLRB out west as well. So, you know, should something happen in, in that space that where any of those

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cases are settled and we can compensate our student athletes, or President Baker, with the NCAA, has also made a proposal about compensating student athletes, we would want the flexibility for our institutions in Nebraska to be able to do that. So that's why we included that settlement, association change, or a judgment.

**McKINNEY:** I get that and understand it. I guess-- I think California stepped out there, I believe, and set the pace on all this because they were like, we're going to be the leaders. And I think about, why can't we be the leader and say, you come to Nebraska, we're going to pay you. Bring-- you nothing to bring the national champions here-- championships here, because that's what they're coming for, is to bring back the tradition of winning from the '90s. I don't know, I just think, you know, we could be leaders in that and saying, you know, we're not going to wait on the Supreme Court, we're not going to wait on the NCAA, who is definitely slow to move. We're going to step up and say, we'll pay you if you come to the University of Nebraska, or Creighton, or anywhere else. That's just my wish. But I understand why it's, it's like that way. I just think, like, if we really want to get the best athletes, we should just step up and just pay them. But I appreciate your testimony though.

**JONATHAN BATEMAN:** I appreciate your perspective.

**RIEPE:** Senator, Senator Blood.

**BLOOD:** Thank you, Chair Riepe. I'm sorry I lied, I have one more.

**JONATHAN BATEMAN:** Oh, that's OK.

**BLOOD:** So you gave me too much time to start researching. So, I was looking up the Open Doors. Would you say this is a correct description? Athletes browse the often-- open opportunities, and apply to pre-built, built offers, eliciting brand or fan reviews to athlete applicants. The brand or fan sends offer to the athletes they would like to work with. After a chance to negotiate, the deal is accepted and terms are completed through Open Doors deals.

**JONATHAN BATEMAN:** Correct.

**BLOOD:** That's accurate?

**JONATHAN BATEMAN:** Correct.

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**BLOOD:** So standard fee is 30% per transaction for the student. It's one of one, two, three, four five different options that students have to use. Why are we picking one particular option for them to use.

**JONATHAN BATEMAN:** Part-- I-- can you-- what are the options here? I'm sorry. I didn't understand.

**JONATHAN BATEMAN:** So there are other software, third-party softwares that are available for the students, and it doesn't just Open Doors. I was able real quickly to find four others. I know there's a hundred thousand athletes on the Open Doors right now that are competing for sponsorships. Why would you decide to go with Blake Lawrence and his organization?

**JONATHAN BATEMAN:** Yeah, that's a great question. I, I can look back to when we signed the contract.

**BLOOD:** Is, is it our job to pick out software for these students?

**JONATHAN BATEMAN:** I think it's our job as an institution to provide them with opportunities, to connect with fans rather than-- and giving them that, that software opportunity to do so.

**BLOOD:** Wouldn't they have that without you?

**JONATHAN BATEMAN:** Correct. But, the-- I think the barrier to entry would, would be a little too high. And the other area of why we present the opportunity for the student athletes is to avoid them having to give out personal information to companies and fans, or allow them to do it.

**BLOOD:** But they're already doing that with any thirty part-- third-party software.

**JONATHAN BATEMAN:** Within the Open Doors app, they message each other within the app. So they're not giving them, you know, direct messages on social media or their personal cell phone or anything like that.

**BLOOD:** So you'll be paying that 30% transaction fee to--

**JONATHAN BATEMAN:** The companies that work with the student athlete pay the 30% transaction fee.

**BLOOD:** OK. Thank you.

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**JONATHAN BATEMAN:** You're welcome.

**RIEPE:** OK, are there any other questions, Senator McKinney?. Seeing none, thank you very much for being here.

**JONATHAN BATEMAN:** Thank you.

**RIEPE:** We would ask for additional proponents? Welcome.

**NICK HENRICH:** Good afternoon.

**RIEPE:** If you'd be kind enough to state your name and spell it, please. And then who you represent.

**NICK HENRICH:** Yeah. My name is Nick Henrich, N-i-c-k H-e-n-r-i-c-h, and I also work for the University of Nebraska, and I'm a former student athlete as well.

**RIEPE:** Thank you.

**NICK HENRICH:** I'm a Nebraska native. I grew up in Omaha and attended Omaha Burke High School. In my senior year, I was a part of a class A state championship team and was awarded the 2018 Gatorade Nebraska Player of the year. I graduated high school early and enrolled in the University of Nebraska in January of 2019 to join the football program. I earned my bachelor's degree in psychology, May of 2022, and finished my football career in December of 2023. During five seasons, I played 35 games, earned a black shirt, and was a four time academic All-Big Ten selection. I'm in a very unique position to provide testimony because I was a student athlete before and after legislative changes provided student athletes with the opportunity to earn compensation for the use of their name, image and likeness. And for me personally, NIL was a big financial help to my family as well as myself. Football is an extremely unforgiving game, and injuries ended up derailing my career and causing me to retire. So, you know, I didn't get a chance at the NFL, but NIL really allowed me to set myself up better for the future and provide me and my family more opportunities. The ability to work more proactively with my institution, tap into resources in relationship, all while better protecting the private nature of this business relationship is what I consider enhancements to the student athlete NIL experience. I appreciate the Business and Labor Committee for affording me the opportunity to speak to you all today, and I would encourage the committee to support the bill. And I'm also willing to answer any questions. And thank you.

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**RIEPE:** Thank you for being here. Are there questions from the committee? Nice job. Thank you very much.

**NICK HENRICH:** Thank you.

**RIEPE:** Additional proponents please? Others wishing to speak in-- you want to speak in favor, are you a proponent?

**SCOTT THOMAS:** Yes. But can I fill out the green sheet [Inaudible]?

**RIEPE:** OK.

**SCOTT THOMAS:** My name is Scott Thomas, S-c-o-t-t T-h-o--m-a-s. I'm with Village in Progress Nebraska, and it's my understanding that the end of the bill is aimed at protecting intellectual property rights limited to an agreement. And so I would testify and support this bill for that reason, Article 27, Section 2. And I don't always do this, but I'm going to read right to it, to you all from the Universal Declaration of Human Rights. Article 27, Section 2 is everyone has the right to protection of the moral and material interests resulting from any scientific, literary, or artistic production of which he is the author. So I support it for that reason. And that's, that's all I have. Senator Hansen's is really good about always being really concise with the language and everything and the intention, so that was pretty good and easy to follow. Any questions from anybody?

**RIEPE:** Ok. Just saying let's see if there are any questions from the committee. I see none.

**SCOTT THOMAS:** OK, thank you.

**RIEPE:** Thank you very much for being here. Additional proponents? Seeing none. Any opponents, if you will? Seeing none, is there anyone here speaking in a neutral capacity? Seeing none, Senator, you're welcome, Hansen, you're welcome to close. I will say, while you're coming to the mic, we had in-- written or electronics correspondence. We have one proponent, no opponents, and none in the neutral capacity. Closing is yours.

**HANSEN:** Thank you, Chairman. I thought I'd just come up here, and anybody have any questions for me. He stole my thunder, I looked it up online, the third party platform, he took it from me, so I tried to look cool when he already answered that point, sorry.

**RIEPE:** Senator Hunt.

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**HUNT:** Thank you, Chairman Riepe. Thanks for introducing this. I actually know a lot about this, and I could have answered a lot of the questions that were asked here. Can you explain how this limits the ability of student athlete, how this would limit the ability of student athletes to freely enter contracts with, with businesses and, and any, any entity that wants to sponsor them as a student athlete?

**HANSEN:** I think in-- not with the bill, with, with the bill that I'm introducing here, yeah. I, I don't see how it limits per se, but more enhances, I think, the experience that maybe they go through.

**HUNT:** How does it enhance the experience?

**HANSEN:** Yes. That's a good question and so enhances it--

**HUNT:** Call it limit, whatever, you know what I'm talking about.

**HANSEN:** It, it enhances as in, like--

**HUNT:** Answer, you know, answer my question as I mean it.

**HANSEN:** --opens up their relationship a bit, I think, between the university and lines of communication between the university, between the third party, and between the student, I think a little bit more. It also protects their privacy rights and also protects the university and also the coaches as well, in case there happen to be, you know, some issues, you know, arising. I think it just clarifies certain language that you introduced before because of the ever changing nature of the NCAA, you know, their lack of response, I think, and the nature of NIL. And so in that way, I think, it enhances it because I think it opens up that communication between all thr-- three parties.

**HUNT:** OK. Thank you

**RIEPE:** Senator Hunt, do you have any follow-up questions?

**HUNT:** No.

**RIEPE:** OK. Thank you. Thank you very much. Are there any other questions from the committee? Seeing none, thank you very much. We appreciate it.

**HANSEN:** Thank you.

**RIEPE:** Governor. We appreciate your being here.

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**BLOOD:** Motion to--