

Chair Crawford, members of the committee:

Thank you for the opportunity to come before you today. Over the last four years – in partnership with national security experts and practitioners – Nebraska has passed a slate of laws to safeguard our state against foreign adversaries. We are filling gaps in America’s broader security posture, and we believe all states, including Nebraska, must take additional action.

Our work in Nebraska began when U.S. Strategic Command at Offutt Air Force Base reached out to my office with a clear warning: Huawei equipment had become pervasive near critical defense infrastructure, posing unacceptable risks to our national security. The U.S. government formally designated Huawei a national security threat in 2020, but years later its equipment was still in use—and, alarmingly, being newly installed – across Nebraska. That direct warning from STRATCOM was our wake-up call: this was an immediate vulnerability in our own state.

We responded by introducing legislation in 2023 to prohibit telecommunications companies from receiving state funds if they use or provide communications equipment designated a national security threat. The law also cleared bureaucratic red-tape by stipulating that no additional permits or authorization from any state agency or local government would be required to remove the prohibited equipment. These common sense reforms were met with robust lobbying to keep these Beijing-linked technologies in use. It was our first introduction into how our foreign adversaries wield influence through their investments - including embedding themselves in trade and business associations - using these respected organizations as both a weapon and a shield.

With each piece of legislation, the same pattern recurred.

We would introduce a bill to address security threats. Our foreign adversaries would exert their influence, often in unexpected ways. By observing their tactics, we'd learn something new about the extent to which our foreign adversaries use economic entanglement, political power, and coercion. We would come back the next session with legislation to address those newly identified tactics – and the cycle continued.

As we worked to pass that first law aimed at removing Huawei equipment, we learned of another approach being used by the company to compromise our security. Critical infrastructure executives in Nebraska had been receiving “special promotions” for free smartphones – “no strings attached.” The brand was Huawei. To the executives, it looked like marketing. But it functioned as access – placing adversary-owned hardware into the hands of the people who run our grids, our water systems, and our communications. That episode caused us to take a harder look at our state procurement policies: we needed to close access to foreign adversaries. We addressed this with passage of the Foreign Adversary Contracting Prohibition Act. This law blocks companies controlled by foreign adversaries from state procurement involving communications technology, networked systems, and critical infrastructure.

In working to pass this law, we again experienced the extensive lobbying power of our foreign adversaries. Industry groups warned lawmakers of impending economic damage and the stifling of innovation that would occur if we established common sense guardrails. Trade associations went to bat for our foreign adversaries, so we had to demonstrate that “competitiveness concerns” were a smokescreen for orchestrated efforts to stop security reforms.

The issue of potential economic harm is important to address, because it is frequently invoked as a talking point to oppose efforts to strengthen security. Our experience in Nebraska demonstrates that we are already facing economic harm that could grow substantially if we do nothing to disentangle our critical infrastructure and our economy from our foreign adversaries.

For example, as we worked to pass legislation to shine a light on malign influence in lobbying activity, Smithfield, a company under foreign ownership, made veiled threats to state leaders that if Nebraska moved forward with our transparency legislation, they could shut down food production in our state. With agriculture serving as the backbone of Nebraska's economy, and Nebraska serving as a state that helps feed the nation, that was a clear economic and national security threat.

As our work advanced, additional coercive efforts came into view. Local officials reported direct outreach from CCP-linked actors. Victims of transnational repression began to speak up. Reporting emerged of an "overseas service station" operating in Omaha – an unmistakable signal that foreign intelligence and coercive activity was occurring in our state.

Despite the varied tactics utilized to prevent Nebraska from taking action, we have passed landmark legislation every year. This includes:

- The Foreign-owned Real Estate National Security Act, which bars land ownership by foreign adversaries within ten miles of military sites, including nuclear missile silos, and empowers the Nebraska Attorney General to force divestment for noncompliance. This law responds to a specific tactic used by our

foreign adversaries to acquire land near strategic targets, then leverage property rights to shield their activity.

- The Pacific Conflict Stress Test Act, which created a joint Legislative–Executive committee that meets quarterly to map how a Pacific conflict would negatively impact Nebraska’s supply chains, export markets, critical infrastructure, and security systems. Every quarter, this committee asks: if a conflict erupts in the Pacific tomorrow, where do we break? How do we reduce our risk?
- The Foreign Adversary and Terrorist Agent Registration Act illuminates political, propaganda, and influence activities conducted by agents of foreign adversaries. These agents must now register with the Nebraska Attorney General and any informational material must carry conspicuous identification and be filed with the state within 48 hours of distribution. Lobbyists for Pentagon-designated Chinese military companies must disclose that status at the outset of any lobbying activity. Violations bring a \$100,000 fine, escalating for each repeated violation by an additional \$100,000 up to \$1 million per violation. Whistleblowers who help enforce the law receive \$50,000.
- The Crush Transnational Repression in Nebraska Act made it a felony to try to enforce a foreign government’s rules on Nebraska soil.
- A genetic information protection law to bar the use of genetic sequencers or sequencing software produced in or by foreign adversary nations. Foreign military-linked companies have amassed vast gene banks, raising the specter of genetically targeted bioweapons. Our law cuts off access to Nebraskans’ genetic

data, complementing Congress' BIOSECURE framework with state-level enforcement.

- New enhanced penalties for crimes defined as bioterrorism, including bringing in pathogens for the purpose of damaging our farmlands.
- Strengthening Nebraska's Money Transmitters Act to require certification that applicants and key individuals are not foreign adversaries.
- Reforming Nebraska's economic incentive programs to prevent foreign adversary companies from accessing any benefit from the State. The CCP is adept at creating corporations ultimately answerable to the Chinese military apparatus and maneuvering those entities into positions where they are receiving American dollars to underwrite espionage efforts within our borders. No entity loyal to an adversary of this nation should be the beneficiary of any economic incentive paid for by our tax dollars.
- And finally, just this spring, we enacted a law to prohibit critical infrastructure providers from utilizing network-connected technologies that would allow for remote operational control and sabotage.

With passage of these laws, Nebraska is the leader in working to protect our people from foreign adversaries. Even so, we are moving too slowly and have much more to do. This is even more true as we look across the nation. While some states have taken serious action, others have done very little, and none of us have done enough. States have power and responsibility to strengthen national security, but states are most effective in coordination with our national partners.

That's why today, I ask you to deepen the federal government's investment in subnational security work. Increased investment in our nation's fusion centers and establishing more formalized systems of coordination with policymakers will help states across the country more quickly and effectively identify vulnerabilities, protect critical assets, and contribute fully and comprehensively to the defense of the American homeland. Further, we must take a coordinated, nationwide approach to decouple from our foreign adversaries. We must strengthen our own industries right here in the United States and build stronger partnerships with allies to reduce our dependencies on foreign adversary nations. This can only happen with leadership from both our federal and state governments.

Taking action is difficult precisely because foreign adversaries have embedded themselves into our markets, critical infrastructure, and, through alliances of influence, into the rooms where policy is shaped. This highlights that our adversaries understand the critically important role that policy plays in countering their efforts and protecting Americans. We also know our adversaries are coordinated and adept at attacking us at every level of government. We must be able to defend ourselves utilizing this same whole-of-government approach.

Thank you again for the opportunity to testify, and I look forward to your questions.