

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB297

Hearing Date: Monday February 03, 2025
Committee On: Business and Labor
Introducer: Ibach
One Liner: Change provisions relating to the combined tax rate under the Employment Security Law

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye:	6	Senators Hansen, Ibach, Kauth, McKeon, Raybould, Sorrentino
Nay:		
Absent:		
Present Not Voting:	1	Senator McKinney

Testimony:

Proponents:

Senator Teresa Ibach
Katie Thurber
Hunter Traynor

Representing:

Opening Presenter
Nebraska Department of Labor
Nebraska Chamber, Greater Omaha Chamber,
Lincoln Chamber of Commerce, Nebraska Grocery
Industry Association

Opponents:

Representing:

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 297 would amend Neb. Rev. Stat. § 48-649.03, a statute found within the Employment Security Law (Law). The Law is currently located at Neb. Rev. Stat. §§ 48-601 to 48-683.

The Law was intended to protect the rights of employers and employees. The Law was designed to define employment and define what constituted unfair labor practices. The Law also defines who is eligible for unemployment insurance benefits, what those benefits entail, and the tax rates that employers must pay to fund benefits.

The Law currently requires that the state's reserve ratio should be determined by dividing the money available to pay benefits in the Unemployment Trust Fund and State Unemployment Insurance Trust Fund plus the amount of tax owed by employers electing annual payment status by the state's total wages. The change would clarify that the state's total wages are the total wages by contributory employers.



Currently, reserves for the Funds are much higher than needed to pay out unemployment benefits and contributions are outpacing needs. The Department of Labor believes that reducing the tax rate immediately will allow the Funds to remain healthy while reducing the burden on contributory employers.

Additionally, 48-649.03 currently requires that the final average combined tax rate shall be reduced by five percent from January 1, 2025, to December 31, 2029. The bill would remove this reduction entirely.

Finally, the bill would establish the average combined tax rate for 2025 for rate category twelve be 0.48. It also establishes an annually adjusted rate that will allow the Funds to remain healthy. This is intended to be retroactive to January 1, 2025, so the bill declares an emergency in order to make it retroactive.

Section-by-Section Summary:

Section 1: Amends Neb. Rev. Stat. § 48-549.03 to define the state's total wages to only be those made by contributory employers. It allows the commissioner to adjust the yield factor to a lower yield factor if the state's reserve ratio is 0.70 percent or greater. Currently, the rate has to be 1.0 percent before the commissioner can adjust the yield factor. This section strikes a requirement that the final average combined tax rate be reduced five percent between January 1, 2025, to December 31, 2029. It also sets the category twelve rate, for tax year 2025 only, to be 0.48. This would apply retroactively.

Section 2: Repeals the original sections being amended.

Section 3: Since Section 1 declares an emergency, the Act takes effect when it is passed.

Kathleen Kauth, Chairperson

