

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1173**

Introduced by Kauth, 31.

Read first time January 21, 2026

Committee: Business and Labor

1 A BILL FOR AN ACT relating to labor; to amend sections 48-1706, 48-2710,  
2 and 81-406, Reissue Revised Statutes of Nebraska, section 48-2107,  
3 Revised Statutes Cumulative Supplement, 2024, and section 48-648,  
4 Revised Statutes Supplement, 2025; to rename the Contractor and  
5 Professional Employer Organization Registration Cash Fund and change  
6 permitted uses of the fund; to provide for an annual filing fee for  
7 employers submitting reports under the Employment Security Law; to  
8 eliminate obsolete provisions; to harmonize provisions; and to  
9 repeal the original sections.  
10 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 48-648, Revised Statutes Supplement, 2025, is  
2 amended to read:

3           48-648 (1) With respect to wages for employment, combined tax shall  
4 accrue and become payable by each employer not otherwise entitled to make  
5 payments in lieu of contributions for each calendar year in which he or  
6 she is subject to the Employment Security Law. Such combined tax shall  
7 become due and be paid by each employer to the commissioner for the  
8 Workforce Development Program Cash Fund and the Unemployment Trust Fund  
9 in such manner and at such times as the commissioner may, by rule and  
10 regulation, prescribe. Such combined tax shall not be deducted, in whole  
11 or in part, from the wages of individuals in such employer's employ.

12           (2) The commissioner may require any employer whose annual payroll  
13 for either of the two preceding calendar years has equaled or exceeded  
14 one hundred thousand dollars to file combined tax returns and pay  
15 combined taxes owed by an electronic method approved by the commissioner,  
16 except when the employer establishes to the satisfaction of the  
17 commissioner that filing the combined tax return or payment of the tax by  
18 an electronic method would create a hardship for the employer.

19           (3) In the payment of any combined tax, a fractional part of a cent  
20 shall be disregarded unless it amounts to one-half cent or more, in which  
21 case it shall be increased to one cent. If the combined tax due for any  
22 reporting period is less than five dollars, the employer need not remit  
23 the combined tax.

24           (4) If two or more related corporations or limited liability  
25 companies concurrently employ the same individual and compensate such  
26 individual through a common paymaster which is one of such corporations  
27 or limited liability companies, each such corporation or limited  
28 liability company shall be considered to have paid as remuneration to  
29 such individual only the amounts actually disbursed by it to such  
30 individual and shall not be considered to have paid as remuneration to  
31 such individual amounts actually disbursed to such individual by another

1 of such corporations or limited liability companies. An employee of a  
2 wholly owned subsidiary shall be considered to be concurrently employed  
3 by the parent corporation, company, or other entity and the wholly owned  
4 subsidiary whether or not both companies separately provide remuneration.

5 (5) The professional employer organization shall report and pay  
6 combined tax, penalties, and interest owed for wages earned by worksite  
7 employees under the client's employer account number using the client's  
8 combined tax rate. The client is liable for the payment of unpaid  
9 combined tax, penalties, and interest owed for wages paid to worksite  
10 employees, and the worksite employees shall be considered employees of  
11 the client for purposes of the Employment Security Law.

12 (6) The Commissioner of Labor may require by rule and regulation  
13 that each employer subject to the Employment Security Law shall submit to  
14 the commissioner quarterly wage reports on such forms and in such manner  
15 as the commissioner may prescribe. The commissioner may require by rule  
16 and regulation an annual filing fee for such reports in an amount not to  
17 exceed two hundred fifty dollars. The commissioner shall remit such fees  
18 to the State Treasurer for credit to the Contractor, Business, and  
19 Professional Employer Organization Registration Cash Fund. The  
20 commissioner may require any employer whose annual payroll for either of  
21 the two preceding calendar years has equaled or exceeded one hundred  
22 thousand dollars to file wage reports by an electronic method approved by  
23 the commissioner, except when the employer establishes to the  
24 satisfaction of the commissioner that filing by an electronic method  
25 would create a hardship for the employer. The quarterly wage reports  
26 shall be used by the commissioner to make monetary determinations of  
27 claims for benefits.

28 **Sec. 2.** Section 48-1706, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 48-1706 Each application shall be accompanied by a fee. The  
31 Commissioner of Labor shall establish the amount of the fee, which shall

1 not exceed seven hundred fifty dollars, by rule and regulation. The fee  
2 shall be established with due regard for the costs of administering the  
3 Farm Labor Contractors Act. All fees so collected shall be deposited in  
4 the Contractor, Business, and Professional Employer Organization  
5 Registration Cash Fund.

6 **Sec. 3.** Section 48-2107, Revised Statutes Cumulative Supplement,  
7 2024, is amended to read:

8 48-2107 (1) Each application or renewal under section 48-2105 shall  
9 be signed by the applicant and accompanied by a fee not to exceed forty  
10 dollars. The commissioner may adopt and promulgate rules and regulations  
11 to establish the criteria for acceptability of filing documents and  
12 making payments electronically. The criteria may include requirements for  
13 electronic signatures. The commissioner may refuse to accept any  
14 electronic filings or payments that do not meet the criteria established.  
15 The fee shall not be required when an amendment to an application is  
16 submitted. The commissioner shall remit the fees collected under this  
17 subsection to the State Treasurer for credit to the Contractor, Business,  
18 and Professional Employer Organization Registration Cash Fund.

19 (2) A contractor shall not be required to pay the fee under  
20 subsection (1) of this section if (a) the contractor is self-employed and  
21 does not pay more than three thousand dollars annually to employ other  
22 persons in the business and the application contains a statement made  
23 under oath or equivalent affirmation setting forth such information or  
24 (b) the contractor only engages in the construction of water wells or  
25 installation of septic systems. At any time that a contractor no longer  
26 qualifies for exemption from the fee, the fee shall be paid to the  
27 department. Any false statement made under subdivision (2)(a) of this  
28 section shall be a violation of section 28-915.01.

29 **Sec. 4.** Section 48-2710, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 48-2710 (1) The department shall adopt a schedule of fees for

1 initial registration, annual registration renewal, and limited  
2 registration, not to exceed two thousand five hundred dollars for initial  
3 registration, one thousand five hundred dollars for annual registration  
4 renewal, and one thousand dollars for limited registration. Such fees  
5 shall not exceed those reasonably necessary for the administration of the  
6 Professional Employer Organization Registration Act.

7 (2) Fees imposed pursuant to this section shall be remitted to the  
8 State Treasurer for credit to the Contractor, Business, and Professional  
9 Employer Organization Registration Cash Fund.

10 **Sec. 5.** Section 81-406, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 81-406 (1) The Contractor, Business, and Professional Employer  
13 Organization Registration Cash Fund is created. The fund shall be  
14 administered by the Department of Labor and shall consist of fees  
15 collected by the department pursuant to the Farm Labor Contractors Act,  
16 the Contractor Registration Act, and the Professional Employer  
17 Organization Registration Act and section 48-648 and such sums as are  
18 appropriated to the fund by the Legislature.

19 (2) The fund shall be used for:

20 (a) ~~Enforcing~~ enforcing and administering:

21 (i) The Employment Security Law;

22 (ii) ~~The~~ the Farm Labor Contractors Act;

23 (iii) ~~The~~ , the Contractor Registration Act;

24 (iv) ~~The~~ , the Employee Classification Act;

25 (v) ~~The~~ , and the Professional Employer Organization Registration  
26 Act; -

27 (vi) The Non-English-Speaking Workers Protection Act;

28 (vii) The Wage and Hour Act;

29 (viii) The Nebraska Wage Payment and Collection Act;

30 (ix) The Nebraska Healthy Families and Workplaces Act;

31 (x) The child labor provisions found in sections 48-302 to 48-313;

1        (xi) The veterans preference provisions found in sections 48-225 to  
2        48-231 and section 48-238;

3        (xii) The military employment provisions found in sections 55-160 to  
4        55-166; and

5        (xiii) The onsite safety and health consultation program provided to  
6        private sector employers under 29 C.F.R. part 1908;

7        (b) Any other purposes related to the proper administration of  
8        programs under the Department of Labor, as determined by the Commissioner  
9        of Labor; and

10       (c) Workforce development grants to be used in accordance with  
11       subsection (2) of section 81-407. No transfer from the Contractor,  
12       Business, and Professional Employer Organization Registration Cash Fund  
13       shall be made to the Workforce Development Program Cash Fund for this  
14       purpose except on written authorization by the Governor at the request of  
15       the Commissioner of Labor.

16       (3) Any money in the fund available for investment shall be invested  
17       by the state investment officer pursuant to the Nebraska Capital  
18       Expansion Act and the Nebraska State Funds Investment Act. Money in the  
19       Contractor, Business, and Professional Employer Organization Registration  
20       Cash Fund may be transferred to the General Fund at the direction of the  
21       Legislature.

22       ~~The State Treasurer shall transfer one million seven hundred~~  
23       ~~thousand dollars from the Contractor and Professional Employer~~  
24       ~~Organization Registration Cash Fund to the General Fund on or before June~~  
25       ~~15, 2018, on such dates and in such amounts as directed by the budget~~  
26       ~~administrator of the budget division of the Department of Administrative~~  
27       ~~Services.~~

28       **Sec. 6.** Original sections 48-1706, 48-2710, and 81-406, Reissue  
29       Revised Statutes of Nebraska, section 48-2107, Revised Statutes  
30       Cumulative Supplement, 2024, and section 48-648, Revised Statutes  
31       Supplement, 2025, are repealed.