

February 27, 1981

LB 176, 279

Just withdraws his objection, we can pass over it and get her squared away and I would ask Elroy to withdraw it. Is that okay, Elroy? See, everybody is happy.

SPEAKER MARVEL: Okay, the bill will be laid over until Monday. What is the next, 279

CLERK: Mr. President, LB 279 was introduced by Senator Chronister. (Read title.) The bill was read on January 16. It was referred to the Business and Labor Committee. It was advanced to General File. I have no amendments on the bill, Mr. President.

SPEAKER MARVEL: Senator Chronister.

SENATOR CHRONISTER: Mr. Chairman, and members of the Legislature, the intent of LB 279 is quite simple. Now you may say, we have all heard that before, but in this case, it is absolutely true. LB 279 would amend a section of the Nebraska Employment Security Law to bring it into conformity with provisions of the Federal Unemployment Tax Act. Therefore, under LB 279, a Nebraska employer would receive consistent treatment under both the state and the federal unemployment contribution laws. The new language is taken directly from a 1977 amendment to the federal unemployment statutes that were effective in 1979. It provides that when two or more related corporations concurrently employ the same individual and pay such individual through a common paymaster, each related corporation will pay state unemployment contributions on the basis of wages actually paid by such related corporation to such individual. Each related corporation will not be considered to have paid amounts to such individual actually paid by another related corporation. According to the present federal and state law, unemployment taxes are paid on the first \$6,000 salary per person per year. Under federal law, when one person works for two related corporations and draws, say, \$10,000 per year from each corporation, then for federal purposes the unemployment tax is paid on only one maximum of \$6,000 salary per year. However for state purposes, the unemployment tax is still being paid on \$6,000 salary for each related corporation. If the occasion ever arises that the individual requires these unemployment benefits, he receives the benefits from only one related corporation although both related corporations have paid their contributions. It is inequitable for the State of Nebraska to collect twice and pay only once. No one has offered any opposition to the bill at public hearing. A representative of the Department of Labor testified that the Department was not opposed to this bill. The federal regs contain rather detailed definitions