

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION -
2008**

COMMITTEE STATEMENT

LB1175

Hearing Date: February 14, 2008

Committee On: Revenue

Introducer(s): (White)

Title: Change income tax withholding provisions

Roll Call Vote - Final Committee Action:

Indefinitely Postponed

Vote Results:

5 Yes	Senators Burling, Janssen, Langemeier, Preister and Raikes
0 No	
2 Absent	Senators Dierks and White
1 Present, not voting	Senator Cornett

Proponents:
Senator Tom White

Representing:
Introducer

Opponents:
James Overcash
Justin Brady
Ron Sedlacek

Representing:
Association of General Contractors, NECA
Nebraska State Homebuilders
Nebraska Chamber of Commerce

Neutral:
None

Representing:

Summary of purpose and/or change:

LB 1175 would have amended the income tax withholding statute, (section 77-2753), to add a new withholding requirement for any business making payments of more than \$600 for construction services or for arranging for construction labor to persons that are not employees. The withholding was to be five percent, but the independent contractor may provide the payor with evidence of expenses that can be deducted before the five percent withholding is calculated. This requirement would not apply if the payee showed that any income that is earned would not be subject to income tax because of a treaty obligation of the United States.

Sections 2, 3, & 4 would have amended sections 77-3102, 77-3104, and 77-3105 to add references to withholding from contractors in these three sections of the nonresident contractor registration act. Section 5 would have amended section 77-3106 to require resident and nonresident contractors to withhold from subcontractors, any individuals that are not employees, or labor contractors, an amount sufficient to guarantee that all taxes including unemployment taxes and the withholding required by section 1 are paid. Failure to comply rendered such contractor liable for the amount of the bond currently required of such subcontractors under section 77-3104. This amount could be reduced to the extent the contractor can show that the subcontractor has paid taxes and contributions to the state.

Explanation of amendments, if any:

Senator Ray Janssen, Chairperson