



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 505

Chairperson: Abbie Cornett
Committee: Business and Labor
Date of Hearing: February 5, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 505 would revise how commission payments are to be paid under the Nebraska Wage Payment and Collection Act.

Section 48-1229 (4) of the Act defines wages and the term “commission” appears in the first sentence of this definition. The second sentence of the definition states that wages include “commission on all orders delivered and *all orders on file* with the employer at the time of termination less any orders returned or canceled at the time suit is filed” (emphasis added). The requirement that commission be paid on “all orders on file” does not take into account that orders for goods or services may be returned, cancelled, modified or become uncollectible after the time that suit is filed. Under current law, this provision places an employer in the position of being liable for commissions on goods or services for which the employer has not been paid by the customer.

LB 505 would strike the second sentence of the definition of wage and would add a new section to the Act to provide that when an individual, who contracts to sell the goods or services of an employer and is compensated by commission, separates from his or her employment, commissions are due on the next regular payday following the employer’s receipt of payment for the goods or services from the customer from which the commission was generated, or as agreed to by the parties. The employer would also be required to provide an employee with a periodic accounting of outstanding commissions, until all commissions have been paid or the orders have been returned or canceled by the customer.

The bill would also amend Section 48-1229(2) to include the term “services” in addition to goods in reference to commissions and Section 48-1232 to provide that any penalty collected would be remitted to the State Treasurer for distribution in accordance with Article VII, section 5 of the Nebraska Constitution.

Principal Introducer: _____
Senator Mick Mines