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FLOOR DEBATE

May 24, 2005

LB 484

Mr. Clerk.

CLERK: LB 484, Mr. President, by Senator Cunningham, as Chair of the Business and Labor Committee. (Read title.) The bill was introduced on January 14, referred to the Business and Labor Committee, advanced to General File, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. As Chairman of the Business and Labor Committee, Senator Cunningham, you're recognized to open on LB 484.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. LB 484 is the Department of Labor's annual cleanup bill. I will tell you that there are sections in this bill that are of vital importance to the state of Nebraska, and other sections in the bill that were introduced in a bill from the Ninety-Eighth Legislative Session that were not passed due to lack of time. So in explaining the bill, I will explain the priority sections first. The first priority is the anti-SUTA dumping sections. This includes Sections 1, 9 and 10. The U.S. Department of Labor is requiring that every state enact anti-SUTA dumping legislation. SUTA stands for State Unemployment Tax Account, and SUTA dumping occurs when employers artificially reduce their state unemployment tax rate through paper transfers between related business entities. Although Nebraska's Department of Labor has initiated regulations to handle this problem, the U.S. Department of Labor requires specific legislation or state employers will lose over \$200 million per year in federal unemployment tax credits. Section 10 is the language that the federal department suggested, and it allows our commissioner three options for penalizing businesses that practice SUTA dumping. The second priority in the bill is the use of electronic funds transfers found in Sections 3, 6 and 7. Section 3 authorizes the Department of Labor to pay unemployment benefits through the use of electronic fund transfers. Section 6 and 7 requires some employers to file their combined tax returns and pay their taxes electronically unless the business can show that electronic filing would be a hardship on the business. The anti-SUTA dumping and the use of electronic funds are the department's two priorities. The balance of the sections are as follows: Section 2 exempts National Guard and