

LEGISLATIVE BILL 284

Approved by the Governor February 20, 1987

Introduced by Revenue Committee, V. Johnson, 8,
Chairperson; Peterson, 21; Miller, 37;
Hefner, 19; Hartnett, 45; Landis, 46;
Rogers, 41

AN ACT relating to revenue and taxation; to amend section 77-2753, Reissue Revised Statutes of Nebraska, 1943; to change provisions relating to withholding from wages for individual income tax as prescribed; to repeal the original section; and to declare an emergency.
Be it enacted by the people of the State of Nebraska,

Section 1. That section 77-2753, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-2753. (1) Every employer and payor maintaining an office or transacting business within this state and making payment of any wages or other payments as defined in subsection (4) of this section which are taxable under the provisions of the Nebraska Revenue Act of 1967 to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period and from such payments a tax computed paid on or after March 1, 1987, an amount equal to twenty-one per cent of the amount of federal withholding until such withholding rate is changed by rule and regulation adopted and promulgated by the Tax Commissioner. In determining the withholding rate, the Tax Commissioner shall compute the rate in such manner as to result, so far as practicable, in withholding from the employee's wages and payments to the payee during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee or payee under the provisions of such act with respect to the amount of such wages and payments included in his or her taxable income during the calendar year. The method of determining the amount to be withheld shall be prescribed by regulations of the Tax Commissioner.

(2) For purposes of this section, an employee or payee shall be entitled to the same number of withholding exemptions as the number of withholding exemptions to which he or she is entitled for federal income tax withholding purposes. An employer or payor

may rely upon the number of federal withholding exemptions claimed by the employee.

(3) The Tax Commissioner may enter into agreements with the tax departments of other states, which require income tax to be withheld from the payment of wages, salaries, and such other payments, so as to govern the amounts to be withheld from the wages and salaries of and other payments to residents of such states. Such agreements may provide for recognition of anticipated tax credits in determining the amounts to be withheld and, under regulations prescribed by the Tax Commissioner, may relieve employers and payors in this state from withholding income tax on wages, salaries, and such other payments paid to nonresident employees and payees. The agreements authorized by this subsection shall be subject to the condition that the tax department of such other states grant similar treatment to residents of this state.

(4) Wages and other payments subject to withholding shall mean payments that are subject to withholding under the Internal Revenue Code of 1954, as amended, and are (a) payments made by employers to employees, except such payments subject to 26 U.S.C. section 3405 or 3406, (b) payments of gambling winnings, or (c) pension or annuity payments when the recipient has requested the payor to withhold from such payments.

Sec. 2. That original section 77-2753, Reissue Revised Statutes of Nebraska, 1943, is repealed.

Sec. 3. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.