

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Friday, March 13, 2015, 346-S of the Capitol.

All members were present except:

Representative Travis Couture-Lovelady – Excused

Representative Brandon Whipple – Excused

Committee staff present:

Reed Holwegner, Legislative Research Department

Linda Herrick, Kansas Legislative Committee Assistant

Jason Thompson, Office of Revisor of Statutes

Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Eric Stafford, Vice President, Government Affairs, Kansas Chamber of Commerce

Dan Murray, Kansas State Director, National Federation of Independent Business

Phillip Hayes, Kansas State Council - Society for Human Resource Management and
Unemployment Insurance Services

Scott Siemers, Vice President, Finance, Cerner

Justin McFarland, Deputy General Counsel, Kansas Department of Labor

Others in attendance:

[See Attached List](#)

Hearing on: SB154 — Amending unemployment insurance benefits determination; employer classification and contribution rates.

Chairperson Hutton opened the hearing on this bill and asked Chuck Reimer to explain it ([Attachment 1](#)). The primary purpose of this bill is to switch from an arrayed to a fixed system for assigning rates to employers eligible for rate determinations based on their experience under the unemployment insurance system.

Also, the maximum weekly benefit amount of \$474 is set for claims effective through 2017. In future years, the amount will be set through a legislative process requiring a bill every three years.

Eric Stafford, Kansas Chamber, testified ([Attachment 2](#)) in support of the bill. He noted in 2013, the Kansas Department of Labor recommended increasing the taxable wage base from \$8,000 to \$16,000. However, a phase-in approach was adopted from \$12,000 in 2015 to \$14,000 in 2016. The purpose of this change was to put more responsibility on the negative balance employers who have paid more in benefits than they have paid in taxes. He noted the \$8,000 base has been set for 30 years.

The Senate Commerce Committee was asked to maintain the reserve ratio thresholds at 18.590% for the top group, and for this compromise, the Chamber agreed to accept the KDOL proposal for the trust fund controls on the trust fund balance.

CONTINUATION SHEET

MINUTES of the Committee on Commerce, Labor and Economic Development at 1:30 pm on Friday, March 13, 2015, 346-S of the Capitol.

Dan Murray testified ([Attachment 3](#)) in support of bill stating that if this bill is passed, it will add predictability, simplicity, and fairness to the unemployment insurance taxation system.

Phil Hayes provided proponent testimony ([Attachment 4](#)) noting this bill will also reduce the eight rate schedule to six schedules total. He added the bill will allow Kansas to have a more competitive tax rate system that is comparable to other states.

Written only proponent testimony ([Attachment 5](#)) was furnished by Scott Siemers, Vice President of Finance, Cerner.

Justin McFarland, KDOL, provided neutral testimony ([Attachment 6](#)) noting that while the agency supports moving to a fixed system, it offers an amendment as noted in his testimony.

The fiscal note on this bill indicates the bill would decrease unemployment taxes that employers pay by approximately \$166.0 million in 2016. It is estimated the Employment Security Trust Fund would be reduced to \$307,255,404 by the end of calendar year 2016. The maximum weekly UI benefit rate is not set for 2016 and setting it at \$474 is not expected to have a fiscal effect on the amount of UI benefits that are paid out.

The hearing was closed.

Final action on: SB106 - Real estate brokers and salespersons; licensing requirements; sale transaction requirements and SB108 - Increasing real estate broker's and salesperson's license fees.

Chairperson Hutton asked the Committee to consider amending the contents of **SB106** into **SB108**. It was noted that in **SB106**, on page 17, in line 41, after "licensee" the word "unless" should be inserted ([Attachment 7](#)).

Representative Frownfelter moved, seconded by Representative Claeys, to amend the contents of SB106 into SB108 with the inclusion of the word "unless" as previously discussed. The motion passed.

Representative Frownfelter made a motion, seconded by Representative Claeys, to pass SB108 as amended. The motion passed.

Adjournment

The meeting adjourned at 2:48 p.m.