

SENATE BILL No. 307

By Committee on Commerce

2-9

AN ACT concerning the employment security law; relating to job training funds; amending K.S.A. 44-710a and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) The legislature now finds that the mismatch between employers with vacant positions to fill and workers unqualified to fill those positions has an enormous cost to the Kansas economy. Every vacant job that goes unfilled costs employers business profits, costs workers personal family income and costs the government of Kansas and local units of government unfulfilled tax revenue. It is to the benefit of all parties involved and the state of Kansas to have a seamless and effective labor exchange system that matches employees to employers, identifies workers who need additional skills to fill available vacant jobs, provides appropriate and necessary training and then places those workers into career oriented jobs with future opportunities. The state of Kansas has already found and declared in the preamble to our employment security law, that economic insecurity, due to unemployment, is a serious menace to health, morals and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden upon unemployed workers and their families.

(b) The legislature now hereby also finds and declares that, while employers in Kansas have tens of thousands of unfilled jobs available, the number of available and qualified workers does not meet the demand; that highly skilled workers in other states and new graduates from Kansas schools of higher education often do not choose to fill vacant positions in Kansas; and that, while immediate financial assistance may temporarily relieve the burden upon unemployed workers and their families, it is also necessary to develop and improve training and educational programs and job search assistance; and to provide sufficient funding, personnel, technical assistance and facilities. Government, labor and industry have worked hand in hand to achieve social stability by encouraging employers to provide more stable employment and by systematically accumulating funds during periods of employment to provide benefits for periods of unemployment. However, as we move into a new century of technological

1 advances, the workforce must advance rapidly to meet technological
2 needs and requirements. Unfortunately, a significant number of workers
3 find their skills are no longer in demand. Workers whose skills once would
4 have made them employable now find these skills are no longer needed
5 and employers in Kansas cannot find the employees they need with the
6 skills required to do the work.

7 (c) Through the joint efforts of government, labor and industry in
8 pursuit of employment economic security there have accumulated suffi-
9 cient unemployment reserves to meet foreseeable unemployment benefit
10 needs for those who find themselves involuntarily unemployed. There
11 still remains however, a need for training, assessment, recruiting, edu-
12 cation and placement services, as well as the technology and facilities to
13 provide those services. In order to provide funding to provide these
14 needs, there should be established the employment security TARGET
15 initiative plan fund.

16 New Sec. 2. The purpose of the TARGET fund shall be to develop
17 and improve the Kansas workforce development system through training,
18 assessment tools, recruiting of labor, providing a gateway to services, im-
19 proving employment centers and offering transition support for employ-
20 ers and employees resulting in a more robust and effective labor exchange
21 system. The fund may be used, for example, to recruit skilled and qual-
22 ified labor to Kansas businesses; provide training opportunities to those
23 lacking basic skills to make them employable; to assist business in finding
24 those who have appropriate skills; to assist those with marketable skills to
25 market themselves and locate opportunities; and to assist those whose
26 skills may no longer be in demand to improve upon those skills or learn
27 new skills so that they may rejoin the ranks of the employed and fill vacant
28 positions in business and industry. The fund may also be used to provide
29 the technological advances necessary to provide services for both the
30 worker and the employer; to establish programs to better inform the
31 employer and the workforce as to what programs and assistance are avail-
32 able; and to provide physical facilities and equipment necessary to effi-
33 ciently and effectively extend these services to all our citizens in every
34 corner of our state.

35 New Sec. 3. (a) There is created in the state treasury a special trust
36 fund, separate and apart from all other public moneys or funds of this
37 state, to be known as the employment security TARGET initiative plan
38 fund, hereafter "plan fund." Part of the proceeds from the tax on contri-
39 butions imposed shall be credited to the plan fund, as specified by statute.
40 Except as provided herein, all proceeds from the TARGET initiative tax
41 defined in subsection (b) of this section shall be paid into the plan fund
42 and shall be mingled and undivided. The moneys in the plan fund may
43 be used by the secretary (1) solely for the payment of benefits and in

1 accordance with the provisions of this act and rules and regulations
2 adopted by the secretary when funds from this state's account in the
3 federal unemployment trust fund has been exhausted and (2) to provide
4 refunds to employers. The state treasurer shall be the ex officio treasurer
5 and custodian of the plan fund and shall invest such moneys in accordance
6 with existing law and rules and regulations promulgated pursuant thereto.
7 Furthermore, the state treasurer shall disburse the money in accordance
8 with the directions of the secretary of human resources and in accordance
9 with such rules and regulations as the secretary of human resources may
10 prescribe.

11 (b) Effective January 1, 2001, a TARGET initiative tax shall be and
12 is hereby imposed on all covered employers required to pay contributions
13 pursuant to K.S.A. 44-710a, and amendments thereto. The tax shall be
14 due and payable at the same time and in the same manner as contribu-
15 tions. For calendar year 2001, 2002, 2003 and 2004, there will be a TAR-
16 GET initiative tax rate for all eligible, positive balanced employers. The
17 terms and conditions of the provisions of the employment security law
18 which apply to the payment and collection of contributions also apply to
19 the payment and collection of the TARGET initiative tax imposed by this
20 subsection, including the same calculations, assessments, method of pay-
21 ment, interest, penalty, liens, collection procedures and refund proce-
22 dures. In the administration of the provisions of this section and the col-
23 lection of the TARGET initiative tax created in this subsection, the
24 secretary is granted all rights, authority and prerogatives granted the sec-
25 retary under the provisions of the employment security law. Moneys col-
26 lected from an employer delinquent in paying contributions and TAR-
27 GET initiative taxes shall be applied pro rata to pay delinquent
28 contributions to the employment security fund, and delinquent TARGET
29 initiative taxes to plan fund pursuant to this section. Any interest and
30 penalties collected pursuant to this subsection shall be paid into the spe-
31 cial employment security fund, K.S.A. 44-716a, and amendments thereto,
32 and any interest or penalties refunded under this section shall be paid
33 out of the same fund. TARGET initiative taxes paid pursuant to this
34 subsection may not be deducted in whole or in part by any employer
35 from the wages of individuals in its employ. All TARGET initiative taxes
36 collected pursuant to this subsection shall be deposited in the clearing
37 account of the employment security fund for clearance only and shall not
38 become part of such fund. After clearance, the moneys shall be deposited
39 in the plan fund established in subsection (a) of this section. Except as to
40 TARGET initiative taxes unpaid on the date on which they are due and
41 payable, no TARGET initiative taxes shall be collected or paid into the
42 plan fund during a calendar year if, as of July 31 of the preceding calendar
43 year, the balance of the plan fund equals or exceeds \$400,000,000. This

1 subsection shall expire effective January 1, 2005.

2 (c) The interest earned from investment of the plan fund moneys
3 shall be deposited in a fund hereby established in the state treasurer's
4 office, to be known as the TARGET administrative fund. The moneys in
5 the TARGET administrative fund shall be held separate and apart from
6 all other public moneys or funds of this state and shall be mingled and
7 undivided. The state treasurer shall be the ex officio treasurer and cus-
8 todian of this fund and may invest such moneys in accordance with ex-
9 isting law and rules and regulations promulgated pursuant thereto. Any
10 interest earned on such money shall be deposited in the TARGET ad-
11 ministrative fund. These moneys shall be used for the payment of the
12 following expenses and obligations relating to the administration of the
13 workforce development program, the employment security programs to
14 include the employment and training program and the unemployment
15 insurance program:

16 (1) Expenditures deemed necessary by the secretary in the adminis-
17 tration of the workforce development program, state employment and
18 training program and state unemployment insurance program for which
19 no funds or insufficient federal funds have been allocated.

20 (2) Funding of programs, specifically for the benefit of unemployed
21 workers who have received notice of long-term layoff or permanent un-
22 employment, which enhance the employability of workers.

23 (3) Funding of repair or renovation of infrastructure utilized in the
24 administration of the workforce development program, state employment
25 and training program and state unemployment insurance program.

26 (4) Payment of administrative costs for the collection of the tax to be
27 paid into the plan fund.

28 The use of funds from the TARGET administrative fund, for the pur-
29 poses set out in the above paragraph, shall be pursuant to appropriations.
30 Funds appropriated from the TARGET administrative fund that are
31 unexpended and unencumbered at the end of the fiscal year for which
32 they are appropriated shall revert to the state treasury to the credit of the
33 TARGET administrative fund. The secretary shall report annually by Jan-
34 uary 15 of each year to the legislature and the advisory council the ex-
35 penditures and disbursements made from the fund during the preceding
36 fiscal year, and the proposed expenditures to be made during the next
37 fiscal year.

38 (d) Administrative costs for the collection of the TARGET initiative
39 tax defined in subsection (b) of this section, and any penalties or interest
40 thereon, shall be paid from the federal administrative grants received
41 under title III of the social security act, as amended, to the extent per-
42 mitted by federal law, and then from the special employment security
43 fund until such time as the TARGET administrative fund established in

1 subsection (c) of this section, has sufficient moneys to cover such admin-
2 istrative costs but in any event, no later than July 1, 2002.

3 Sec. 4. K.S.A. 44-710a is hereby amended to read as follows: 44-
4 710a. (a) *Classification of employers by the secretary.* The term “em-
5 ployer” as used in this section refers to contributing employers. The sec-
6 retary shall classify employers in accordance with their actual experience
7 in the payment of contributions on their own behalf and with respect to
8 benefits charged against their accounts with a view of fixing such contri-
9 bution rates as will reflect such experience. If, as of the date such clas-
10 sification of employers is made, the secretary finds that any employing
11 unit has failed to file any report required in connection therewith, or has
12 filed a report which the secretary finds incorrect or insufficient, the sec-
13 retary shall make an estimate of the information required from such em-
14 ploying unit on the basis of the best evidence reasonably available to the
15 secretary at the time, and notify the employing unit thereof by mail ad-
16 dressed to its last known address. Unless such employing unit shall file
17 the report or a corrected or sufficient report as the case may be, within
18 15 days after the mailing of such notice, the secretary shall compute such
19 employing unit’s rate of contributions on the basis of such estimates, and
20 the rate as so determined shall be subject to increase but not to reduction
21 on the basis of subsequently ascertained information. The secretary shall
22 determine the contribution rate of each employer in accordance with the
23 requirements of this section.

24 (1) *New employers.* (A) No employer will be eligible for a rate com-
25 putation until there have been 24 consecutive calendar months immedi-
26 ately preceding the computation date throughout which benefits could
27 have been charged against such employer’s account.

28 (B) (i) Employers who are not eligible for a rate computation shall
29 pay contributions at an assigned rate equal to the sum of 1% plus the
30 greater of the average rate assigned in the preceding calendar year to all
31 employers in such industry ~~division~~ *sector* or the average rate assigned to
32 all covered employers during the preceding calendar year, except that in
33 no instance shall any such assigned rate be less than 2%. Employers en-
34 gaged in more than one type of industrial activity shall be classified by
35 principal activity. All rates assigned will remain in effect for a complete
36 calendar year. If the sale or acquisition of a new establishment would
37 require reclassification of the employer to a different industry ~~division~~
38 *sector*, the employer would be promptly notified, and the contribution
39 rate applicable to the new industry ~~division~~ *sector* would become effective
40 the following January 1. For rate years 1995, 1996, 1997, 1998 and 1999
41 all employers who are not eligible for rate computation shall pay contri-
42 butions at the rate of 1%. However, for rate year 1996, 1997, 1998 and
43 1999 the 1% contribution rate for all employers who are not eligible for

1 a rate computation shall not be effective if the reserve fund ratio in col-
 2 umn A of schedule III as determined by this section is less than 1.75%.
 3 *For rate years 2001, 2002, 2003 and 2004 all employers who are not*
 4 *eligible for a rate computation shall pay contributions at the rate of 1%*
 5 *and TARGET initiative taxes at the greater of the average rate assigned*
 6 *in the preceding calendar year to all employers in such industry sector or*
 7 *the average rate assigned to all covered employers during the preceding*
 8 *calendar year, except that in no instance shall any such assigned rate be*
 9 *less than 1%.*

10 (ii) For purposes of this subsection (a), employers shall be classified
 11 by industrial activity in accordance with standard procedures as set forth
 12 in rules and regulations adopted by the secretary.

13 (C) "Computation date" means June 30 of each calendar year with
 14 respect to rates of contribution applicable to the calendar year beginning
 15 with the following January 1. In arriving at contribution rates for each
 16 calendar year, contributions paid on or before July 31 following the com-
 17 putation date for employment occurring on or prior to the computation
 18 date shall be considered for each contributing employer who has been
 19 subject to this act for a sufficient period of time to have such employer's
 20 rate computed under this subsection (a).

21 (2) *Eligible employers.* (A) A reserve ratio shall be computed for each
 22 eligible employer by the following method: Total benefits charged to the
 23 employer's account for all past years shall be deducted from all contri-
 24 butions and TARGET initiative taxes paid by such employer for all such
 25 years. The balance, positive or negative, shall be divided by the employer's
 26 average annual payroll, and the result shall constitute the employer re-
 27 serve ratio.

28 (B) Negative account balance employers as defined in subsection (d)
 29 shall pay contributions at the rate of 5.4% for each calendar year. How-
 30 ever, for rate years 1996, 1997, 1998 and 1999 all negative account bal-
 31 ance eligible employers will be assigned rates and pay contributions in
 32 accordance with the following schedule.

33 **SCHEDULE IIA**

34 Rate Group	Reserve Ratio	Effective Rates
35 <i>Negative Eligible Accounts</i>		
36 1	Less than 0.00 but greater than -0.40	1.1
37 2	-0.40 but greater than -0.80	1.2
38 3	-0.80 but greater than -1.20	1.3
39 4	-1.20 but greater than -1.60	1.4
40 5	-1.60 but greater than -2.00	1.5
41 6	-2.00 but greater than -2.40	1.6
42 7	-2.40 but greater than -2.80	1.7
43 8	-2.80 but greater than -3.20	1.8

1	9	-3.20 but greater than -3.60	1.9
2	10	-3.60 but greater than -4.00	2.0
3	11	-4.00 but greater than -4.40	2.1
4	12	-4.40 but greater than -4.80	2.2
5	13	-4.80 but greater than -5.20	2.3
6	14	-5.20 but greater than -5.60	2.4
7	15	-5.60 but greater than -6.00	2.5
8	16	-6.00 but greater than -6.40	2.6
9	17	-6.40 but greater than -6.80	2.7
10	18	-6.80 but greater than -7.20	2.8
11	19	-7.20 but greater than -7.60	2.9
12	20	-7.60 but greater than -8.00	3.0
13	21	-8.00 but greater than -8.40	3.1
14	22	-8.40 but greater than -8.80	3.2
15	23	-8.80 but greater than -9.20	3.3
16	24	-9.20 but greater than -9.60	3.4
17	25	-9.60 but greater than -10.00	3.5
18	26	-10.00 but greater than -10.40	3.6
19	27	-10.40 but greater than -10.80	3.7
20	28	-10.80 but greater than -11.20	3.8
21	29	-11.20 but greater than -11.60	3.9
22	30	-11.60 but greater than -12.00	4.0
23	31	-12.00 but greater than -12.40	4.1
24	32	-12.40 but greater than -12.80	4.2
25	33	-12.80 but greater than -13.20	4.3
26	34	-13.20 but greater than -13.60	4.4
27	35	-13.60 but greater than -14.00	4.5
28	36	-14.00 but greater than -14.40	4.6
29	37	-14.40 but greater than -14.80	4.7
30	38	-14.80 but greater than -15.20	4.8
31	39	-15.20 but greater than -15.60	4.9
32	40	-15.60 but greater than -16.00	5.0
33	41	-16.00 but greater than -16.40	5.1
34	42	-16.40 but greater than -16.80	5.2
35	43	-16.80 but greater than -17.20	5.3
36	44	-17.20 but greater than -17.60	5.4
37	45	-17.60 but greater than -18.00	5.5
38	46	-18.00 but greater than -18.40	5.6
39	47	-18.40 but greater than -18.80	5.7
40	48	-18.80 but greater than -19.20	5.8
41	49	-19.20 but greater than -19.60	5.9
42	50	-19.60 and less	6.0
43	(C) Eligible employers, other than negative account balance employ-		

1 ers, who do not meet the average annual payroll requirements as stated
 2 in subsection (a)(2) of K.S.A. 44-703 and amendments thereto, will be
 3 issued the maximum rate indicated in subsection (a)(3)(C) of this section
 4 until such employer establishes a new period of 24 consecutive calendar
 5 months immediately preceding the computation date throughout which
 6 benefits could have been charged against such employer's account by
 7 resuming the payment of wages. Contribution rates effective for each
 8 calendar year thereafter shall be determined as prescribed below.

9 (D) As of each computation date, the total of the taxable wages paid
 10 during the twelve-month period prior to the computation date by all em-
 11 ployers eligible for rate computation, except negative account balance
 12 employers, shall be divided into 51 approximately equal parts designated
 13 in column A of schedule I as "rate groups," except, with regard to a year
 14 in which the taxable wage base changes. The taxable wages used in the
 15 calculation for such a year and the following year shall be an estimate of
 16 what the taxable wages would have been if the new taxable wage base
 17 had been in effect during the entire twelve-month period prior to the
 18 computation date. The lowest numbered of such rate groups shall consist
 19 of the employers with the most favorable reserve ratios, as defined in this
 20 section, whose combined taxable wages paid are less than 1.96% of all
 21 taxable wages paid by all eligible employers. Each succeeding higher
 22 numbered rate group shall consist of employers with reserve ratios that
 23 are less favorable than those of employers in the preceding lower num-
 24 bered rate groups and whose taxable wages when combined with the
 25 taxable wages of employers in all lower numbered rate groups equal the
 26 appropriate percentage of total taxable wages designated in column B of
 27 schedule I. Each eligible employer, other than a negative account balance
 28 employer, shall be assigned an experience factor designated under col-
 29 umn C of schedule I in accordance with the rate group to which the
 30 employer is assigned on the basis of the employer's reserve ratio and
 31 taxable payroll. If an employer's taxable payroll falls into more than one
 32 rate group the employer shall be assigned the experience factor of the
 33 lower numbered rate group. If one or more employers have reserve ratios
 34 identical to that of the last employer included in the next lower numbered
 35 rate group, all such employers shall be assigned the experience factor
 36 designated to such last employer, notwithstanding the position of their
 37 taxable payroll in column B of schedule I.

38 **SCHEDULE I—Eligible Employers**

39 Column A	Column B	Column C
40 Rate	Cumulative	Experience factor
41 group	taxable payroll	(Ratio to total wages)
42 1	Less than 1.96% .....	.025%
43 2	1.96% but less than 3.92 .....	.04

1	3	3.92 but less than 5.88 .....	.08
2	4	5.88 but less than 7.84 .....	.12
3	5	7.84 but less than 9.80 .....	.16
4	6	9.80 but less than 11.76 .....	.20
5	7	11.76 but less than 13.72 .....	.24
6	8	13.72 but less than 15.68 .....	.28
7	9	15.68 but less than 17.64 .....	.32
8	10	17.64 but less than 19.60 .....	.36
9	11	19.60 but less than 21.56 .....	.40
10	12	21.56 but less than 23.52 .....	.44
11	13	23.52 but less than 25.48 .....	.48
12	14	25.48 but less than 27.44 .....	.52
13	15	27.44 but less than 29.40 .....	.56
14	16	29.40 but less than 31.36 .....	.60
15	17	31.36 but less than 33.32 .....	.64
16	18	33.32 but less than 35.28 .....	.68
17	19	35.28 but less than 37.24 .....	.72
18	20	37.24 but less than 39.20 .....	.76
19	21	39.20 but less than 41.16 .....	.80
20	22	41.16 but less than 43.12 .....	.84
21	23	43.12 but less than 45.08 .....	.88
22	24	45.08 but less than 47.04 .....	.92
23	25	47.04 but less than 49.00 .....	.96
24	26	49.00 but less than 50.96	1.00
25	27	50.96 but less than 52.92	1.04
26	28	52.92 but less than 54.88	1.08
27	29	54.88 but less than 56.84	1.12
28	30	56.84 but less than 58.80	1.16
29	31	58.80 but less than 60.76	1.20
30	32	60.76 but less than 62.72	1.24
31	33	62.72 but less than 64.68	1.28
32	34	64.68 but less than 66.64	1.32
33	35	66.64 but less than 68.60	1.36
34	36	68.60 but less than 70.56	1.40
35	37	70.56 but less than 72.52	1.44
36	38	72.52 but less than 74.48	1.48
37	39	74.48 but less than 76.44	1.52
38	40	76.44 but less than 78.40	1.56
39	41	78.40 but less than 80.36	1.60
40	42	80.36 but less than 82.32	1.64
41	43	82.32 but less than 84.28	1.68
42	44	84.28 but less than 86.24	1.72
43	45	86.24 but less than 88.20	1.76

1	46	88.20 but less than 90.16	1.80
2	47	90.16 but less than 92.12	1.84
3	48	92.12 but less than 94.08	1.88
4	49	94.08 but less than 96.04	1.92
5	50	96.04 but less than 98.00	1.96
6	51	98.00 and over	2.00

7 (E) Negative account balance employers shall, in addition to paying
 8 the rate provided for in subsection (a)(2)(B) of this section, except for
 9 rate years 1996, 1997, 1998 and 1999, pay a surcharge based on the size
 10 of the employer's negative reserve ratio, the calculation which is provided
 11 for in subsection (a)(2) of this section. The amount of the surcharge shall
 12 be determined from column B of schedule II of this section. Each neg-
 13 ative account balance employer who does not satisfy the requirements to
 14 have an average annual payroll, as defined by subsection (a)(2) of K.S.A.
 15 44-703 and amendments thereto, shall be assigned a surcharge of 2%.
 16 Contribution payments made pursuant to this subsection (a)(2)(E) shall
 17 be credited to the appropriate account of such negative account balance
 18 employer. *For rate years 2001, 2002, 2003 and 2004 the payments made*
 19 *pursuant to this subsection shall be deposited in the employment security*
 20 *TARGET initiative plan fund.*

21 **SCHEDULE II—Surcharge on Negative Accounts**

22 Column A	Column B
23 Negative Reserve Ratio	Surcharge as a percent
	24 of taxable wages
25 Less than 2.0%	0.20%
26 2.0% but less than 4.0 .....	.40
27 4.0 but less than 6.0 .....	.60
28 6.0 but less than 8.0 .....	.80
29 8.0 but less than 10.0	1.00
30 10.0 but less than 12.0	1.20
31 12.0 but less than 14.0	1.40
32 14.0 but less than 16.0	1.60
33 16.0 but less than 18.0	1.80
34 18.0 and over	2.00

35 (3) *Planned yield.* (A) For rate year 1995, and all years thereafter, the
 36 average required yield shall be determined from schedule III of this sec-
 37 tion, and the planned yield on total wages in column B of schedule III
 38 shall be determined by the reserve fund ratio in column A of schedule
 39 III. The reserve fund ratio shall be determined by dividing total assets in
 40 the employment security fund provided for in subsection (a) of K.S.A.
 41 44-712 and amendments thereto, excluding all moneys credited to the
 42 account of this state pursuant to section 903 of the federal social security
 43 act, as amended, which have been appropriated by the state legislature,

1 whether or not withdrawn from the trust fund, and excluding contribu-
 2 tions not yet paid on July 31 by total payrolls for contributing employers
 3 for the preceding fiscal year which ended June 30. For rate years 2000,
 4 2001 and, 2002, 2003 and 2004, schedule IIIA shall apply. For rate year
 5 2002, and all years thereafter, the total assets in the employment security
 6 TARGET initiative plan fund should be added to the total assets in the
 7 employment security fund to determine the reserve ratio.

8 **SCHEDULE IIIA—Fund Control Ratios to Total Wages**

9	Column A	Column B
10	Reserve Fund Ratio	Planned Yield
11	4.250 and over	0.00
12	4.225 but less than 4.250	0.01
13	4.200 but less than 4.225	0.02
14	4.175 but less than 4.200	0.03
15	4.150 but less than 4.175	0.04
16	4.125 but less than 4.150	0.05
17	4.100 but less than 4.125	0.06
18	4.075 but less than 4.100	0.07
19	4.050 but less than 4.075	0.08
20	4.025 but less than 4.050	0.09
21	4.000 but less than 4.025	0.10
22	3.950 but less than 4.000	0.11
23	3.900 but less than 3.950	0.12
24	3.850 but less than 3.900	0.13
25	3.800 but less than 3.850	0.14
26	3.750 but less than 3.800	0.15
27	3.700 but less than 3.750	0.16
28	3.650 but less than 3.700	0.17
29	3.600 but less than 3.650	0.18
30	3.550 but less than 3.600	0.19
31	3.500 but less than 3.550	0.20
32	3.450 but less than 3.500	0.21
33	3.400 but less than 3.450	0.22
34	3.350 but less than 3.400	0.23
35	3.300 but less than 3.350	0.24
36	3.250 but less than 3.300	0.25
37	3.200 but less than 3.250	0.26
38	3.150 but less than 3.200	0.27
39	3.100 but less than 3.150	0.28
40	3.050 but less than 3.100	0.29
41	3.000 but less than 3.050	0.30
42	2.950 but less than 3.000	0.31
43	2.900 but less than 2.950	0.32

1	2.850 but less than 2.900	0.33
2	2.800 but less than 2.850	0.34
3	2.750 but less than 2.800	0.35
4	2.700 but less than 2.750	0.36
5	2.650 but less than 2.700	0.37
6	2.600 but less than 2.650	0.38
7	2.550 but less than 2.600	0.39
8	2.500 but less than 2.550	0.40
9	2.450 but less than 2.500	0.41
10	2.400 but less than 2.450	0.42
11	2.350 but less than 2.400	0.43
12	2.300 but less than 2.350	0.44
13	2.250 but less than 2.300	0.45
14	2.200 but less than 2.250	0.46
15	2.150 but less than 2.200	0.47
16	2.100 but less than 2.150	0.48
17	2.050 but less than 2.100	0.49
18	2.000 but less than 2.050	0.50
19	1.975 but less than 2.000	0.51
20	1.950 but less than 1.975	0.52
21	1.925 but less than 1.950	0.53
22	1.900 but less than 1.925	0.54
23	1.875 but less than 1.900	0.55
24	1.850 but less than 1.875	0.56
25	1.825 but less than 1.850	0.57
26	1.800 but less than 1.825	0.58
27	1.775 but less than 1.800	0.59
28	1.750 but less than 1.775	0.60
29	1.725 but less than 1.750	0.61
30	1.700 but less than 1.725	0.62
31	1.675 but less than 1.700	0.63
32	1.650 but less than 1.675	0.64
33	1.625 but less than 1.650	0.65
34	1.600 but less than 1.625	0.66
35	1.575 but less than 1.600	0.67
36	1.550 but less than 1.575	0.68
37	1.525 but less than 1.550	0.69
38	1.500 but less than 1.525	0.70
39	1.475 but less than 1.500	0.71
40	1.450 but less than 1.475	0.72
41	1.425 but less than 1.450	0.73
42	1.400 but less than 1.425	0.74
43	1.375 but less than 1.400	0.75

1	1.350 but less than 1.375	0.76
2	1.325 but less than 1.350	0.77
3	1.300 but less than 1.325	0.78
4	1.275 but less than 1.300	0.79
5	1.250 but less than 1.275	0.80
6	1.225 but less than 1.250	0.81
7	1.200 but less than 1.225	0.82
8	1.175 but less than 1.200	0.83
9	1.150 but less than 1.175	0.84
10	1.125 but less than 1.150	0.85
11	1.100 but less than 1.125	0.86
12	1.075 but less than 1.100	0.87
13	1.050 but less than 1.075	0.88
14	1.025 but less than 1.050	0.89
15	1.000 but less than 1.025	0.90
16	0.900 but less than 1.000	0.91
17	0.800 but less than 0.900	0.92
18	0.700 but less than 0.800	0.93
19	0.600 but less than 0.700	0.94
20	0.500 but less than 0.600	0.95
21	0.400 but less than 0.500	0.96
22	0.300 but less than 0.400	0.97
23	0.200 but less than 0.300	0.98
24	0.100 but less than 0.200	0.99
25	Less than 0.100%	1.00

SCHEDULE III—Fund Control Ratios to Total Wages

26		
27	Column A	Column B
28	Reserve Fund Ratio	Planned Yield
29	4.500 and over	0.00
30	4.475 but less than 4.500	0.01
31	4.450 but less than 4.475	0.02
32	4.425 but less than 4.450	0.03
33	4.400 but less than 4.425	0.04
34	4.375 but less than 4.400	0.05
35	4.350 but less than 4.375	0.06
36	4.325 but less than 4.350	0.07
37	4.300 but less than 4.325	0.08
38	4.275 but less than 4.300	0.09
39	4.250 but less than 4.275	0.10
40	4.225 but less than 4.250	0.11
41	4.200 but less than 4.225	0.12
42	4.175 but less than 4.200	0.13
43	4.150 but less than 4.175	0.14

1	4.125 but less than 4.150	0.15
2	4.100 but less than 4.125	0.16
3	4.075 but less than 4.100	0.17
4	4.050 but less than 4.075	0.18
5	4.025 but less than 4.050	0.19
6	4.000 but less than 4.025	0.20
7	3.950 but less than 4.000	0.21
8	3.900 but less than 3.950	0.22
9	3.850 but less than 3.900	0.23
10	3.800 but less than 3.850	0.24
11	3.750 but less than 3.800	0.25
12	3.700 but less than 3.750	0.26
13	3.650 but less than 3.700	0.27
14	3.600 but less than 3.650	0.28
15	3.550 but less than 3.600	0.29
16	3.500 but less than 3.550	0.30
17	3.450 but less than 3.500	0.31
18	3.400 but less than 3.450	0.32
19	3.350 but less than 3.400	0.33
20	3.300 but less than 3.350	0.34
21	3.250 but less than 3.300	0.35
22	3.200 but less than 3.250	0.36
23	3.150 but less than 3.200	0.37
24	3.100 but less than 3.150	0.38
25	3.050 but less than 3.100	0.39
26	3.000 but less than 3.050	0.40
27	2.950 but less than 3.000	0.41
28	2.900 but less than 2.950	0.42
29	2.850 but less than 2.900	0.43
30	2.800 but less than 2.850	0.44
31	2.750 but less than 2.800	0.45
32	2.700 but less than 2.750	0.46
33	2.650 but less than 2.700	0.47
34	2.600 but less than 2.650	0.48
35	2.550 but less than 2.600	0.49
36	2.500 but less than 2.550	0.50
37	2.450 but less than 2.500	0.51
38	2.400 but less than 2.450	0.52
39	2.350 but less than 2.400	0.53
40	2.300 but less than 2.350	0.54
41	2.250 but less than 2.300	0.55
42	2.200 but less than 2.250	0.56
43	2.150 but less than 2.200	0.57

1	2.100 but less than 2.150	0.58
2	2.050 but less than 2.100	0.59
3	2.000 but less than 2.050	0.60
4	1.975 but less than 2.000	0.61
5	1.950 but less than 1.975	0.62
6	1.925 but less than 1.950	0.63
7	1.900 but less than 1.925	0.64
8	1.875 but less than 1.900	0.65
9	1.850 but less than 1.875	0.66
10	1.825 but less than 1.850	0.67
11	1.800 but less than 1.825	0.68
12	1.775 but less than 1.800	0.69
13	1.750 but less than 1.775	0.70
14	1.725 but less than 1.750	0.71
15	1.700 but less than 1.725	0.72
16	1.675 but less than 1.700	0.73
17	1.650 but less than 1.675	0.74
18	1.625 but less than 1.650	0.75
19	1.600 but less than 1.625	0.76
20	1.575 but less than 1.600	0.77
21	1.550 but less than 1.575	0.78
22	1.525 but less than 1.550	0.79
23	1.500 but less than 1.525	0.80
24	1.475 but less than 1.500	0.81
25	1.450 but less than 1.475	0.82
26	1.425 but less than 1.450	0.83
27	1.400 but less than 1.425	0.84
28	1.375 but less than 1.400	0.85
29	1.350 but less than 1.375	0.86
30	1.325 but less than 1.350	0.87
31	1.300 but less than 1.325	0.88
32	1.275 but less than 1.300	0.89
33	1.250 but less than 1.275	0.90
34	1.225 but less than 1.250	0.91
35	1.200 but less than 1.225	0.92
36	1.175 but less than 1.200	0.93
37	1.150 but less than 1.175	0.94
38	1.125 but less than 1.150	0.95
39	1.100 but less than 1.125	0.96
40	1.075 but less than 1.100	0.97
41	1.050 but less than 1.075	0.98
42	1.025 but less than 1.050	0.99
43	1.000 but less than 1.025	1.00

1 0.900 but less than 1.000 1.01
 2 0.800 but less than 0.900 1.02
 3 0.700 but less than 0.800 1.03
 4 0.600 but less than 0.700 1.04
 5 0.500 but less than 0.600 1.05
 6 0.400 but less than 0.500 1.06
 7 0.300 but less than 0.400 1.07
 8 0.200 but less than 0.300 1.08
 9 0.100 but less than 0.200 1.09
 10 Less than 0.100% 1.10

11 (B) *Adjustment to taxable wages.* The planned yield as a percent of
 12 total wages, as determined in this subsection (a)(3), shall be adjusted to
 13 taxable wages by multiplying by the ratio of total wages to taxable wages
 14 for all contributing employers for the preceding fiscal year ending June
 15 30, except, with regard to a year in which the taxable wage base changes.
 16 The taxable wages used in the calculation for such a year and the following
 17 year shall be an estimate of what the taxable wages would have been if
 18 the new taxable wage base had been in effect during all of the preceding
 19 fiscal year ending June 30.

20 (C) *Effective rates.* Except with regard to rates for negative account
 21 balance employers, employer contribution rates to be effective for the
 22 ensuing calendar year shall be computed by adjusting proportionately the
 23 experience factors from schedule I of this section to the required yield
 24 on taxable wages. *For rate years 2001, 2002, 2003 and 2004 the contri-*
 25 *bution rate will be computed by adjusting proportionately the experience*
 26 *factors from schedule I of this section to the required yield on taxable*
 27 *wages by a factor of 0.3 and the TARGET tax rate will be computed by*
 28 *adjusting proportionately the experience factors from schedule I of this*
 29 *section to the required yield on taxable wages by a factor of 0.7.* For the
 30 purposes of this subsection (a)(3), all rates computed shall be rounded to
 31 the nearest .01% and for calendar year 1983 and ensuing calendar years,
 32 the maximum effective contribution rate shall not exceed 5.4%. For rate
 33 years 1995, 1996, 1997, 1998 and 1999, employers, who are current in
 34 filing of all reports and in payment of all contributions due, shall be issued
 35 a contributions rate of 0%. To be eligible for the 0% rate for rate year
 36 1995, an employer must file all delinquent reports and pay all contribu-
 37 tions due within a 30-day period following the date of mailing of the
 38 amended rating notice. For rate year 1996, 1997, 1998 and 1999 in order
 39 to be eligible for the 0% rate, employers must file all reports due and pay
 40 all contributions due on or before January 31, 1996, January 31, 1997,
 41 January 31, 1998 and January 31, 1999, respectively. However, for rate
 42 year 1996, 1997, 1998 and 1999 the 0% contribution rate for such eligible
 43 employers shall not be effective if the reserve fund ratio in column A of

1 schedule III as determined by this section is less than 1.75%. For rate
2 years 1996, 1997, 1998 and 1999 the rates in schedule IIA shall apply
3 unless the reserve fund ratio in column A of schedule III as determined
4 by this section is less than 1.75%. On January 15 of 2000, 2001 and 2002,
5 the secretary shall report to the legislature concerning the adequacy of
6 the fund. On July 15 of 2000, 2001 and 2002, the secretary shall make
7 the same report to the legislative coordinating council. As a part of such
8 report, the secretary shall include any recommendations for adjustment
9 of schedule IIIA.

10 (b) *Successor classification.* (1) For the purposes of this subsection
11 (b), whenever an employing unit, whether or not it is an “employing unit”
12 within the meaning of subsection (g) of K.S.A. 44-703 and amendments
13 thereto, becomes an employer pursuant to subsection (h)(4) of K.S.A. 44-
14 703 and amendments thereto or is an employer at the time of acquisition
15 and meets the definition of a “successor employer” as defined by sub-
16 section (dd) of K.S.A. 44-703 and amendments thereto and is controlled
17 substantially either directly or indirectly by legally enforceable means or
18 otherwise by the same interest or interests, shall acquire the experience
19 rating factors of the predecessor employer. These factors consist of all
20 contributions paid, *TARGET initiative taxes paid*, benefit experience and
21 annual payrolls of the predecessor employer.

22 (2) A successor employer as defined by subsection (h)(4) or subsec-
23 tion (dd) of K.S.A. 44-703 and amendments thereto may receive the ex-
24 perience rating factors of the predecessor employer if an application is
25 made to the secretary or the secretary’s designee in writing within 120
26 days of the date of the transfer.

27 (3) Whenever an employing unit, whether or not it is an “employing
28 unit” within the meaning of subsection (g) of K.S.A. 44-703 and amend-
29 ments thereto, acquires or in any manner succeeds to a percentage of an
30 employer’s annual payroll which is less than 100% and intends to continue
31 the acquired percentage as a going business, (A) shall acquire the same
32 percentage of the predecessor’s experience factors if the employer is con-
33 trolled substantially, either directly or indirectly or by legally enforceable
34 means or otherwise, by the same interest or interests or (B) may acquire
35 the same percentage of the predecessor’s experience factors if: (i) The
36 predecessor employer and successor employing unit make an application
37 in writing on the form prescribed by the secretary, (ii) the application is
38 submitted within 120 days of the date of the transfer, (iii) the successor
39 employing unit is or becomes an employer subject to this act immediately
40 after the transfer, (iv) the percentage of the experience rating factors
41 transferred shall not be thereafter used in computing the contribution
42 rate for the predecessor employer, and (v) the secretary finds that such
43 transfer will not tend to defeat or obstruct the object and purposes of this

1 act.

2 (4) If the acquiring employing unit *meets the requirements to be a*
3 *successor and qualifies for the transfer of experience rating factors as set*
4 *forth in subsections (1) through (3) above and was an employer subject*
5 *to this act prior to the date of the transfer, the rate of contribution and*
6 *TARGET initiative tax for the period from such date to the end of the*
7 *then current contribution year shall be the same as the contribution rate*
8 *and TARGET initiative tax rate prior to the date of the transfer. An*
9 *employing unit which was not subject to this act prior to the date of the*
10 *transfer and meets the requirements to be a successor and qualifies for*
11 *the transfer of experience rating factors as set forth in subsections (1)*
12 *through (3) above shall have a newly computed rate based on the trans-*
13 *ferred experience rating factors as of the computation date immediately*
14 *preceding the date of acquisition. These experience rating factors consist*
15 *of all contributions paid, TARGET initiative taxes paid, benefit experi-*
16 *ence and annual payrolls.*

17 (5) Whenever an employer's account has been terminated as pro-
18 vided in subsections (d) and (e) of K.S.A. 44-711 and amendments thereto
19 and the employer continues with employment to liquidate the business
20 operations, that employer shall continue to be an "employer" subject to
21 the employment security law as provided in subsection (h)(8) of K.S.A.
22 44-703 and amendments thereto. The rate of contribution *and TARGET*
23 *initiative tax rate* from the date of transfer to the end of the then current
24 calendar year shall be the same as the contribution rate *and TARGET*
25 *initiative tax rate* prior to the date of the transfer. At the completion of
26 the then current calendar year, the rate of contribution *and TARGET*
27 *initiative tax rate* shall be that of a "new employer" as described in sub-
28 section (a)(1) of this section.

29 (6) No rate computation will be permitted an employing unit suc-
30 ceeding to the experience of another employing unit pursuant to this
31 section for any period subsequent to such succession except in accordance
32 with rules and regulations adopted by the secretary. Any such regulations
33 shall be consistent with federal requirements for additional credit allow-
34 ance in section 3303 of the federal internal revenue code of 1986, and
35 consistent with the provisions of this act.

36 (c) *Voluntary contributions.* Notwithstanding any other provision of
37 the employment security law, any employer may make voluntary pay-
38 ments for the purpose of reducing or maintaining a reduced rate in ad-
39 dition to the contributions required under this section. Such voluntary
40 payments may be made only during the thirty-day period immediately
41 following the date of mailing of experience rating notices for a calendar
42 year. All such voluntary contribution payments shall be paid prior to the
43 expiration of 120 days after the beginning of the year for which such rates

1 are effective. The amount of voluntary contributions shall be credited to
2 the employer's account as of the next preceding computation date and
3 the employer's rate shall be computed accordingly, except that no em-
4 ployer's rate shall be reduced more than five rate groups as provided in
5 schedule I of this section as the result of a voluntary payment. An em-
6 ployer not having a negative account balance may have such employer's
7 rate reduced not more than five rate groups as provided in schedule I of
8 this section as a result of a voluntary payment. An employer having a
9 negative account balance may have such employer's rate reduced to that
10 prescribed for rate group 51 of schedule I of this section by making a
11 voluntary payment in the amount of such negative account balance or to
12 that rate prescribed for rate groups 50 through 47 of schedule I of this
13 section by making an additional voluntary payment that would increase
14 such employer's reserve ratio to the lower limit required for such rate
15 groups 50 through 47. Under no circumstances shall voluntary payments
16 be refunded in whole or in part.

17 (d) As used in this section, "negative account balance employer"
18 means an eligible employer whose total benefits charged to such em-
19 ployer's account for all past years have exceeded all contributions *and*
20 *TARGET initiative taxes* paid by such employer for all such years.

21 (e) The secretary of human resources shall annually prepare and sub-
22 mit a certification as to the solvency and adequacy of the amount credited
23 to the state of Kansas' account in the federal employment security trust
24 fund to the governor and the employment security advisory council. Com-
25 mencing in calendar year 1994, the certification shall be submitted on or
26 before December 1 of each calendar year and shall be for the twelve-
27 month period ending on June 30 of that calendar year. In arriving at the
28 certification contributions *and TARGET initiative taxes* paid on or before
29 July 31 following the twelve-month period ending date of June 30 shall
30 be considered. Each certification shall be used to determine the need for
31 any adjustment to schedule III in subsection (a)(3)(A) and to assist in
32 preparing legislation to accomplish any such adjustment.

33 Sec. 5. K.S.A. 44-710a is hereby repealed.

34 Sec. 6. This act shall take effect and be in force from and after its
35 publication in the statute book.

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