

Approved 2-21-90
Date

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY and SMALL BUSINESS

The meeting was called to order by SENATOR ALICIA SALISBURY at
Chairperson

1:30 a.m. p.m. on February 15, 1990 in room 527-S of the Capitol.

All members were present except:

Senators Petty, Strict, Daniels and Sallee.

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Gordon Self, Kansas Legislative Research DEpartment
Phil Lowe, Secretary to Committee

Conferees appearing before the committee:

Bill Clawson, Department of Human Resources
Paul Bicknell, Department of Human Resources
Bill Layes, Department of Human Resources

The Chairman, Senator Salisbury, called the meeting to order at 1:35 p.m.

SB 612 - An Act concerning the employment security law; relating to shared work compensation program; effective date of program; amending K.S.A. 1989 Supp. 44-757 and repealing the existing section.

Bill Clawson, Chief of Benefits, DHR, briefed the committee on the shared work program enacted by the 1989 legislature. He reported that the program which is scheduled to sunset in 1992 has been very successful and he anticipates that the department will request legislation for an extentsion to the program.

SB 645 - An Act concerning the employment security law; relating to lessor employing units and client lessees; terms of office of members of the board of review; contribution rates of contributing employers; amending K.S.A. 1989 Supp. 44-703, 44-709, 44-710 and 44-710a and repealing the existing sections.

Paul Bicknell, Chief of Contributions, DHR, explained the proposed amendments to SB 645 as approved by the Employment Advisory Council. He noted that Section 1 is a new section pertaining to "Lessor Employing Units" which is relatively new but a rapidly increasing industry in Kansas. The current law does not permit such firms to operate in Kansas. Recognizing the fact there are definite advantages to small Kansas businesses through the use of employee leasing companies the Council has recommended a proposed amendment to allow employee leasing companies to operate in accordance with the law. He stated that there are two concerns which are addressed by the proposed amendment. 1) Individual lessee firms and their employees must remain identifiable to the DHR; and 2) Must provide a trust fund protection provision. Mr. Bicknell stated that in K.S.A. 44-703(a)(3) the amendment adds and defines a definition for "total wages" and that in K.S.A. 44-703(h)(4)(B) there is a technical correction which removes the word "or". In K.S.A. 44703 (ff) the amendment defines the "Lessor employing unit", and in K.S.A. 44-703(gg) the amendment defines "Client lessee." Mr. Bicknell explained that in K.S.A. 44-709(f) the amendment clarifies the appointment of the public member to the Board of Review

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LABOR, INDUSTRY and SMALL BUSINESS,
room 527-S Statehouse, at 1:30 ~~am~~/p.m. on February 15, 1990, 1990.

and that change was recommended by the Board. The council also proposed an expansion of the number of rate groups from 21 to 51 to allow a positive eligible employer's tax rate to more nearly reflect the relationship of such employer's experience rating to the experience rating of all other possible eligible employers and this change is found in K.S.A. 44-710a(a)(2)(D). He further noted that increasing the number of rate groups to 51, the number of groups that an employer may reduce his rate would be changed from 2 to 5 in K.S.A. 44-710a(c).

(Attachment 1)

Senator Morris moved that the minutes of February 7, 1990, and February 9, 1990, meetings of the Committee be approved. Senator Ehrlich seconded the motion. The motion carried.

The meeting was adjourned by the Chairman at 2:30 p.m.

The next meeting of the committee is scheduled for next Wednesday, February 21, 1990.

February 15 1990

1990 Proposed Amendments to
Employment Security Law
Approved by Employment Security Advisory Council

1. New Section--Lessor employing units (Treatment under the Law.)
Employee leasing is a relatively new, however rapidly increasing industry in Kansas. Current provisions of the Kansas Employment Security Law do not allow such firms to operate in Kansas. Recognizing that there are definite advantages to small Kansas businesses through the use of employee leasing, the Council has recommended a proposed amendment to allow employee leasing companies to operate in accordance with the law. This proposed amendment addresses two main concerns of the Council:

1) Individual lessee firms and their employees must remain identifiable to the Department of Human Resources.

2) Must provide a trust fund protection provision.

2. K.S.A. 44-703(a)(3)--Defines and adds a definition for "total wages."

3. K.S.A. 44-703(h)(4)(B)--Successor Employer--technical correction only (removes an extra "or.")

4. K.S.A. 44-703(ff)--Defines "Lessor employing unit."

5. K.S.A. 44-703(gg)--Defines "Client lessee."

6. K.S.A. 44-709(f)--Board of Review--clarifies appointment of the public member.

7. K.S.A. 44-710a(a)(2)(D) and Schedule I--Eligible Employers Computation of Contributing Employer Rates - Schedule I is used to assign tax rates to experience rated employers by the array method which was enacted into the Employment Security Law by the 1974 Session of the Legislature. It is used to divide employers eligible for experience rating into 21 approximately equal groups.

The Council has proposed an expansion of the number of rate groups in Schedule I from 21 to 51. The purpose is to allow a positive eligible employer's tax rate to more nearly reflect the relationship of such employer's experience rating to the experience rating of all other positive eligible employers. (Note: Neither the expansion or the contraction of the number of rate groups in Schedule I would have an affect on the overall total planned yield.)

8. K.S.A. 44-710a(c)--Voluntary Contributions

As a result of increasing the number of rate groups in Schedule I from 21 to 51, the number of groups that an employer may reduce his rate would be changed from 2 to 5.

Attachment I