

Approved: February 16, 1995
Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 15, 1995 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Gooch, Harris, Hensley, Kerr, Petty, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Committee Secretary

Conferees appearing before the committee:
Linda Tierce, Chief of Unemployment Insurance Benefits
Paul Bicknell, Chief of Contributions
Department of Human Resources

Others attending: See attached list

SB-104 Claimant participation in reemployment services

Linda Tierce, testified on behalf of SB 104. The legislation was proposed by the Employment Security Advisory Council. The requested amendments are to ensure that Kansas conforms with the Federal law signed into law November 24, 1993. The law requires states, as a condition of receiving administrative grants to establish and utilize a system of profiling all new claimants for regular unemployment compensation. The Social Security Act was amended to require states to disqualify any individual identified by this profiling system, when and if the individual fails to participate in reemployment services. Ms. Tierce further requested that the bill be amended to take effect after publication in the Kansas register rather than publication in the Statute book. See attachment 1.

SB 103 Definition of agricultural labor

Paul Bicknell, appeared in favor of SB 103 establishing, by statute, the "50 percent" rule utilized administratively for years. This amendment codifies this process into law so both employers and the department have a clear means to determine whether services constitute agricultural wages. See attachment 2

SB 105 Change of certification period for employment security trust

Paul Bicknell, testified in favor of SB 105. The proposed legislation allows the Secretary of Human Resources to use the same trust fund balance for both the computation of contribution rates and the annual certification of the trust fund adequacy and solvency. See attachment 3

Senator Ranson moved, seconded by Senator Gooch, that SB 104 be amended on Page 2, Line 29 by striking the words "statute book" and inserting in lieu thereof the words "Kansas register". The voice vote was unanimous in favor of the amendment.

Senator Reynolds moved, seconded by Senator Ranson, that SB 104 be recommended favorable for passage as amended. The voice vote was unanimous in favor of the motion.

Senator Hensley moved, seconded by Senator Kerr, that SB 105 be recommended favorable for passage and placed on the Consent Calendar. The voice vote was unanimous in favor of the motion.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m.
on February 14, 1995.

Senator Kerr moved, seconded by Senator Hensley, that SB 103 be recommended favorable for passage. The voice vote was unanimous in favor of the motion.

Senator Gooch moved, seconded by Senator Petty that (RS 1046) be introduced. The vote was unanimous in favor of the motion.

Upon motion of Senator Vidrickson, seconded by Senator Reynolds, the Minutes of February 13, 1995 meeting were adopted as amended and the Minutes of February 14, 1995 meeting were adopted.

The Committee adjourned at 8:45 a.m.

The next meeting is scheduled for Thursday, February 16, 1995.

TESTIMONY

SENATE COMMERCE COMMITTEE

Senate Bill 104

Madam Chair, Members of the Committee, my name is Linda Tierce. I am the Chief of Unemployment Insurance Benefits representing the Kansas Department of Human Resources, Division of Employment Security. I appear before you today in support of Senate Bill 104.

The first amendment can be found on Page 2, Line 17, where we have inserted the words "*returned to work and*". This language was inserted to ensure, in accordance with federal UI law, that a claimant returns to work after completing one benefit year in order to qualify for benefits in the next benefit year. This issue was discussed at the Employment Security Advisory Council meeting in early January and received the Council's approval to forward this measure to the 1995 Legislature with a positive recommendation.

The second amendment can be found on Page 2, Lines 20-26 This amendment establishes a new subsection (f) under 44-705 as part of a federal conformity issue. On November 24, 1993, the President signed into law the Unemployment Compensation Amendments of 1993, Public Law 103-152. Public Law 103-152 amended the Social Security Act to require states, as a condition of receiving administrative grants, to establish and utilize a system of profiling all new claimants for regular unemployment compensation. Profiling is designed to identify claimants who are likely to exhaust unemployment compensation and who might need job service assistance to

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Attachment 1.

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make a successful transition to new employment. The Social Security Act was further amended to require states to disqualify any individual identified by this profiling system, when and if the individual fails to participate in reemployment services.

And, finally, Line 28 on Page 2 states that this act shall take effect and be in force from and after its publication in the Statute book. We would ask that the Committee amend this statement and make the act effective upon publication in the Kansas Register so that we may begin the Profiling System as early as April instead of July.

This concludes my testimony on Senate Bill 104. Thank you for your time.

Senate Commerce Committee

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Testimony on Senate Bill 103

Madam Chairperson, Members of the Committee, my name is Paul Bicknell, Chief of Contributions with the Kansas Department of Human Resources. I appear before you today, representing the agency and in support of the amendment contained within Senate Bill 103.

The amendment can be found on **page 18, lines 5 through 17**. The amendment adds a new subsection (4) which provides both the employer and the agency a means to determine whether services constitute agricultural labor when an employing unit does not maintain sufficient records to separate agricultural labor from other employment.

The employment security law provides for different coverage for general employment and agricultural employment. An employing unit which utilizes general employment establishes liability for unemployment taxes if they employ 1 or more employees during twenty weeks during a calendar year or pays a gross payroll of \$1500 in a calendar quarter. An employing unit that utilizes agricultural employment must employ 10 or more employees during twenty different weeks during a calendar year or pay a gross payroll of \$20,000 in a calendar quarter before unemployment tax liability is established.

The department deals with some employers which have both types of employment. An example might be a nursery - they may have employees that work in both agricultural labor, the growing operations and in retail, the selling of their products. The agency needs to have a means to separate the two when establishing liability for unemployment taxes if the employer does not clearly separate the employment. This same need exists when an employer has established liability in general employment, but has not in agricultural employment.

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Attachment 2

The department has utilized what we call the "50 percent" rule administratively for years. This amendment merely codifies this process into law so both employers and the department have a clear means to determine whether services constitute agricultural wages.

This concludes my testimony on Senate Bill 103. I thank you for your time and would be more than willing to answer any questions you might have.

Senate Commerce Committee

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Testimony on Senate Bill 105

Madam Chairperson, Members of the Committee, my name is Paul Bicknell, Chief of Contributions with the Kansas Department of Human Resources. I appear before you today, representing the agency and in support of the amendment contained within Senate Bill 105.

The amendment can be found on **page 11, lines 17 through 19**. As a result of the 1993 Legislative Session, K.S.A. 44-710a(e) was amended to provide an annual certification to be prepared by the Secretary of Human Resources as to the adequacy and solvency of the Employment Security Trust Fund. The certification is to be made to the governor and the employment security advisory council.

Each year when contribution rates are computed for eligible employers, we use contributions paid on or before July 31 following the twelve month period ending June 30. This allows us to consider the amount of taxes that are due and paid on those wages paid and reported for the twelve-month period when determining the trust fund balance.

The statute as now written would require the department to use a different trust fund balance to make its annual certification to the governor and the employment security advisory council than used for contribution rate computation. Consequently, the amendment will allow the department to use the same trust fund balance for both the computation of contribution rates and the annual certification of the trust fund adequacy and solvency.

This concludes my testimony on Senate Bill 105. I thank you for your time and would be more than willing to answer any questions you might have.

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Attachment 3