

Approved: _____
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 12, 1999 in Room 123-S of the Capitol.

All members were present except: Senator Feleciano

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

Conferees appearing before the committee:

Roger Aeschilman, Acting Secretary, Department of Human Resources
Terry Leatherman, Executive Director, Kansas Industrial Council,
Kansas Chamber of Commerce and Industry
Tom Day, Kansas Corporation Commission

Others attending: See attached list

HB 2050 - Elimination of duplicate new employee reports

Roger Aeschilman, Acting Director, Department of Human Resources (KDHR), testified in support of **HB 2050**, stating the bill eliminates certain requirements regarding how employers provide information on newly-hired employees to the KDHR. Current law requires that new hires be asked whether they owe child support and to fill out a form known as the "I-9" supplement, and if the answer is "yes" filed with the KDHR within 20 days of hire. The law also currently requires that all employers report all employees hired at the end of each quarter. The Federal government requires that all employers report all new hires within 20 days W-4 Form. In some cases KDHR receives the same name seven times, a paperwork burden. **HB 2050** eliminates the double entering of information, decreases the administrative burden on employers and the cost of forms and mailing, by requiring only a copy of the W-4. The W-4 can be mailed, faxed, e-mailed, or entered automatically on-line into the database through the Internet. (Attachment 1 and 2)

Terry Leatherman, Kansas Chamber of Commerce and Industry (KCCI), stated **HB 2050**, meets the government's need to have new hires reported to the state within 20 days of their start or return to work. **HB 2050** also eliminates other reporting steps that are not needed. (Attachment 3)

The public hearing on **HB 2050** was concluded.

Senator Donovan moved, seconded by Senator Ranson, that HB 2050 be recommended favorable for passage and placed on the Consent Calendar. The recorded vote was unanimous in favor of the motion.

HB 2056 - Application fees for interchange telecommunication service providers

Tom Day, Information Resource Specialist, Kansas Corporation Commission (KCC), testified in support of **HB 2056**, stating the bill requires the KCC to charge and collect an application fee of \$250 from companies seeking certificates of convenience and necessity to provide competitive local services or long distance telecommunications services in Kansas. Mr. Day stated the purpose of the filing of certificates of convenience is to protect the public as 90% of the certificates are outside of the State of Kansas. The certificates provide information as to where the company is doing business, the address, a list of the board of directors, etc., and the \$250 is a one time fee at the time of filing. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE, Room 123-S of the Statehouse, at 8:00 a.m. on March 12, 1999.

The public hearing on **HB 2056** was concluded.

Senator Brownlee moved, seconded by Senator Steffes that HB 2056 be amended on Page 1, Line 38 following the word "fee" by inserting: ", the fee to be set by rules and regulations promulgated by the corporation commission." and striking the balance of the paragraph.

Senator Brownlee withdrew her motion, and Senator Steffes withdrew his second after committee discussion.

Senator Umbarger moved, seconded by Senator Donovan, that HB 2056 be recommended favorable for passage. The recorded vote was unanimous in favor of the motion.

Upon motion by Senator Brownlee, seconded by Senator Ranson, the Minutes of March 11, 1999 meeting were unanimously approved.

Bob Nugent, Revisor of Statutes, briefed the Committee on House Bills presently in Committee.

The Chair informed the Committee that the meeting scheduled for Monday, March 15, 1999, is canceled.

The meeting adjourned at 8:50 a.m.

The next meeting is scheduled for March 16, 1999.

STATE OF KANSAS
DEPARTMENT OF HUMAN RESOURCES



Bill Graves, Governor

Wayne L. Franklin, Secretary

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REDUCING PAPERWORK IN NEW HIRES REPORTING

TESTIMONY TO SENATE COMMERCE COMMITTEE

Friday, March 12, 1999

By Roger Aeschliman

Acting Secretary, Kansas Department of Human Resources

Chairwoman Salisbury, Senator Barone, and Senators:

July 1, 1997, the Kansas Department of Human Resources was given the responsibility for creating, maintaining, and operating a database of newly hired employees in Kansas. This responsibility was given to my department as very small part of a broad piece of Child Support Enforcement legislation.

While Child Support Enforcement, Federal mandates, the operations of the Department of Social and Rehabilitation Services, and the question of government intrusiveness are all dynamic subjects and of interest to many in the Legislature, the small bill before you today is not about any of those things. I have neither the expertise nor desire to discuss or debate those subjects. As I told the House a month ago, if the debate moves into those areas in an unretrievable manner I will abandon this effort to reduce paperwork, to streamline government, and to increase child support enforcement collections.

What you do have before you today is a chance to make life a little bit easier and less complicated for businesses in Kansas and also to make KDHR operations more efficient and cost-effective. If you will pass this bill out and keep it clean of other entanglements you will eliminate two pieces of paper for businesses to fill out, file and mail in, in favor of making a copy of a document they already produce. You will eliminate senseless confusion and duplication at KDHR through the repeated processing of duplicate names and employment, and through the receipt of non-standards forms currently submitted by business and industry in Kansas.

Here are the details:

The current Kansas new hires reporting law requires that businesses ask all employees whether they owe child support and to fill out a form known as the "I-9"

Senate Commerce Committee

Date: 3-12-99

Our Mission: To provide quality employment services in an efficient manner u

Attachment # 1-1 thru 1-2

supplement. If the answer is no, the form goes in the individual's personnel file. If the answer is yes, that form goes into the individual's personnel file and is also sent to KDHR within 20 days of the hire. We have provided a form for this purpose, but many employers take advantage of the law which allows alternative forms to be used. We have received this data in many, many forms, which requires non-standard data entry and interpretation of the data. Data entry is efficient and effective when it is routine and standard. It is not when it's not.

Current Kansas law also requires that all employers report all employees hired at the end of each quarter and that this supplements the current Unemployment Insurance quarterly reporting. While we have provided a form for this, many employers take advantage of the law allowing them to report on an alternative form. Inefficient. Further, this report contains the names of all the people already submitted on the previous "I-9" supplement.

Then the employer goes ahead and submits the quarterly UI report, repeating all the data already submitted on the other two forms, but also including all other employees for UI tax purposes.

When it's all said and done, the employer will send in random "I-9" supplements throughout the year, then send in a new hires report every quarter, and send in quarterly UI reporting, all duplicating the other.

The reason for all this is that the Kansas Legislature was very eager to reduce the paperwork burden on businesses in the state. It also was clear in its intent to be as least intrusive as possible into private affairs. These great intents resulted in the exact opposite. We are gathering this data in the least efficient manner for both the private and public sectors.

The Federal government requires that all employers report all new hires within 20 days. In order to comply with the superseding federal law, many businesses in Kansas already do this using the standard W-4 withholding certificate. Yet in an effort to also comply with Kansas implementing law, they also send in "I-9" supplements, quarterly new hires reporting, and regular UI quarterly reports. In some cases we receive the same name from the same employer seven times: Once on the W-4, once on the "I-9," once on the quarterly new hires report, and then four times on quarterly UI reporting. All of those reports get entered into either the new hires database, or into the UI employee file databases and are then matched against the state and federal child support enforcement databases.

And all they really need to do is just make a copy of the W-4 and mail it, fax it, e-mail it, or even enter it totally automatically on-line right into the database through the Internet. We don't care how we get it, we just want to get it once, and they only want to send it once.

Mr. Chairman and distinguished committee members: Let my people go!!

I ask that you pass this bill out favorably and place it on the consent calendar as a reflection of its non-controversial and highly desirable nature.

NEW HIRE REPORTING FORMS

1. New Hire Report (Attachment to Form I-9) – K-CNS 104
2. Quarterly New Hire Summary – K-CNS 110
3. Employer's Quarterly Wage Report and Contribution Return – K-CNS 100
4. Employee's Withholding Allowance Certificate – Form W-4

Senate Commerce Committee

Date: 3-2-99

Attachment # 2-1 thru 2-5

NEW HIRE REPORT

(Attachment to Form I-9) – (May be copied for future use.)

SECTION #1

Employee's Name: _____ Social Security Number: _____

Employee's Home Address: *street* _____

city _____ *state* _____ *zip* _____

Employer's Name: _____ Employer's FEIN: _____

Employer's Business Address: *street* _____

city _____ *state* _____ *zip* _____

SECTION #2

Employee Certification

Are you currently or have you been ordered by a court to pay child support? Yes No

I certify under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct.

Date Signed (month/day/year)

Employee's Signature

If the employee answers "yes" to the question in Section #2, this form must be mailed to:

NEW HIRE SERVICES
KANSAS DEPARTMENT OF HUMAN RESOURCES
PO BOX 3510
TOPEKA KS 66601-3510

OR FAX TO: 1-888-219-7798 (toll free)

within 20 days of the hiring, rehiring or return to work of the employee.

SECTION #3

Voluntary Rapid Reporting

Instead of asking each new employee whether he or she is subject to a child support order, you may prefer to rapidly report **ALL** newly hired, rehired and returning employees. If you choose to voluntarily report in this manner, it will not be necessary to file this Form K-CNS 104. Instead, you may simply send a copy of each new employee's completed Form W-4 **EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE** to the address or fax number shown in Section #2. Please be sure to complete the employer information on lines 8 and 10 of the W-4 form (employer name, address, and identification number), and send a copy of the form to us within 20 days of hiring, rehiring or return to work.

If you have any questions about New Hire reporting, please call 1-888-219-7801 ext. 100 (toll free).



SUPPLEMENT TO EMPLOYER'S QUARTERLY WAGE REPORT AND CONTRIBUTION RETURN

QUARTERLY NEW HIRE SUMMARY

1. Employer's Name. Please indicate any changes on change notice.

3. QUARTER ENDING:

MARCH 31

JUNE 30

SEPTEMBER 30

DECEMBER 31

2. Serial Number:

FILL IN THE YEAR FOR THE QUARTER BEING REPORTED

4. SOCIAL SECURITY NUMBER			5. EMPLOYEE'S NAME	6. ADDRESS
000	00	0000	Last Name, 1st Initial, 2nd Initial	City, State & Zip Code
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				

Form W-4 (1998)

Purpose. Complete Form W-4 so your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7, and sign the form to validate it. Your exemption for 1998 expires February 16, 1999.

Note: You cannot claim exemption from withholding if (1) your income exceeds \$700 and includes unearned income (e.g., interest and dividends) and (2) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet. The worksheets on page 2 adjust your

withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. They will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances.

New—Child tax and higher education credits. For details on adjusting withholding for these and other credits, see Pub. 918, Is My Withholding Correct for 1998?

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may owe additional tax.

Two earners/two jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one W-4. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Check your withholding. After your W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your estimated total annual tax. Get Pub. 919 especially if you used the Two-Earner/Two-Job Worksheet and your earnings exceed \$150,000 (Single) or \$200,000 (Married). To order Pub. 919, call 1-800-829-3878. Check your telephone directory for the IRS assistance number for further help.

Sign this form. Form W-4 is not valid unless you sign it.

Personal Allowances Worksheet

A Enter "1" for yourself if no one else can claim you as a dependent A 1

B Enter "1" if: B _____

- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less.

C Enter "1" for your spouse. But, you may choose to enter -0- if you are married and have either a working spouse or more than one job. (This may help you avoid having too little tax withheld.) C _____

D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return D _____

E Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) E _____

F Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit F _____

G **New—Child Tax Credit:** G 2

- If your total income will be between \$18,500 and \$47,000 (\$21,000 and \$60,000 if married), enter "1" for each eligible child.
- If your total income will be between \$47,000 and \$80,000 (\$60,000 and \$115,000 if married), enter "1" if you have two or three eligible children, or enter "2" if you have four or more.

H Add lines A through G and enter total here. **Note:** This amount may be different from the number of exemptions you claim on your return H 3

For accuracy, complete all worksheets that apply.

- If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
- If you are single, have more than one job, and your combined earnings from all jobs exceed \$32,000 OR if you are married and have a working spouse or more than one job, and the combined earnings from all jobs exceed \$55,000, see the Two-Earner/Two-Job Worksheet on page 2 to avoid having too little tax withheld.
- If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.

Cut here and give the certificate to your employer. Keep the top part for your records.

Form W-4 Department of the Treasury Internal Revenue Service	<h2>Employee's Withholding Allowance Certificate</h2> <p>► For Privacy Act and Paperwork Reduction Act Notice, see page 2.</p>	OMB No. 1545-0010 <h1 style="font-size: 2em;">1998</h1>
1 Type or print your first name and middle initial Last name [Redacted]		2 Your social security number [Redacted]
Home address (number and street or rural route) 1213 SE 33rd		3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the Single box.
City or town, state, and ZIP code Topeka KS 66605		4 If your last name differs from that on your social security card, check here and call 1-800-772-1213 for a new card ► <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the worksheets on page 2 if they apply) 8		1
6 Additional amount, if any, you want withheld from each paycheck 6		\$ 0
7 I claim exemption from withholding for 1998, and I certify that I meet BOTH of the following conditions for exemption: • Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability AND • This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax liability. If you meet both conditions, enter "EXEMPT" here ► 7		
Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status.		
Employee's signature ► [Redacted Signature]		Date ► 1-4-99
8 Employer's name and address (Employer: Complete 8 and 10 only if sending to the IRS) [Redacted] 6101 Broadmoor Suite # 101 Mission, KS 66202		9 Office code (optional) 10 Employer identification number 48 1024512

LEGISLATIVE TESTIMONY



The Unified Voice of Business

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HB 2050

March 12, 1999

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Commerce

by

Terry Leatherman
Executive Director
Kansas Industrial Council

Madam Chairperson and members of the Committee:

I am Terry Leatherman, with the Kansas Chamber of Commerce and Industry. Thank you for this opportunity to briefly express KCCI's support for HB 2050.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 47% of KCCI's members having less than 25 employees, and 77% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

Through state and federal action, Kansas employers have been enlisted into the effort to make parents meet their child support responsibilities. With the government policy firmly in place to have prompt reporting of newly hired workers, businesses today are mainly concerned with efficient compliance of government requirements.

Senate Commerce Committee

Date *3-12-99*

Attachment # *3-1 thru 3-2*

HB 2050 meets the government's need to have new hires reported to the state within 20 days of their start or return to work. The bill also eliminates other reporting steps that are not needed. KCCI applauds the authors of this legislation for simplifying the new hire reporting process, and would urge the Committee recommend HB 2050 for passage to the Kansas House of Representatives.

Thank you again for the opportunity to comment on HB 2050. I would be happy to attempt to answer any questions.

Senate Commerce Committee
Testimony of the Kansas Corporation Commission Staff
March 12, 1999

House Bill 2056, as amended

I am Tom Day, Information Resource Specialist for the Kansas Corporation Commission. The Commission requested the introduction of HB 2056 to assist with a growing opportunity occurring with applications for telecommunications services.

Since the federal and state laws have changed allowing businesses to provide interexchange telecommunications services or competitive local exchange services, the Commission has received numerous applications on an annual basis. During FY 97 and FY 98, 91 and 86 applications, respectively, were received for interexchange reseller services to be processed. During that same period 25 applications in FY 97 and 34 applications in FY 98 for competitive local exchange services were received. These applications requested authority to operate in the State of Kansas as an interexchange telecommunications reseller or competitive local exchange services. Statistics are not readily available, but approximately 90 percent of the interexchange services resellers are out-of-state. Thus far, during FY 99, 63 applications for interexchange reseller services have been received and 25 applications for competitive local exchange services.

During FY97, FY 98 and FY 99, the number of requests to cease operating in the state by these interexchange services providers has begun showing dramatic increases when compared to the number of applications for certificates to operate. These numbers: FY 97--14, FY 98--35, and year-to-date FY 99--29, are beginning to put increased activity on staff and commissioners. We also have instances of companies applying for authority and requesting to cease operations within the same fiscal year. Staff perceives in many instances that companies request certification in Kansas because

Senate Commerce Committee

Date: 3-12-99

Attachment # 4-1 thru 4-2

there aren't any up front costs. When the companies receive their first assessment, they decide the costs outweigh the opportunity to hold onto the certificate, just in the event they want to do business eventually in this state, so they notify the commission to cease operations. However, this isn't always the case, as we have numerous pieces of returned mail that indicate the companies have just disappeared. The proposed application fee, although not a tremendous amount of money, will be a deterrent to those companies who are not serious about providing service in the State of Kansas and are only looking for the prime opportunities to make a quick dollar or two. Hopefully, this will keep companies looking to make that quick dollar in Kansas from doing so and suddenly going out of business before we really know who they are. Staff believes that in large part the increase in requests to cease authority is due to the success of the KCC in obtaining a minimum \$100 annual assessment for all companies under the jurisdiction of the commission.

In the 1997 Legislature, this commission was successful in changing the quarterly assessment on companies to charge a minimum of \$100 annually for the opportunity to provide services in the state. Originally, the commission requested a minimum \$400 annual assessment, but the bill was amended to \$100 and the conference committee suggested the agency look at an application.

An application fee of \$250, as amended by the House Utilities committee, in addition to \$100 minimum annual assessment, will allow the agency to better protect the citizens of Kansas.

Thank you for the opportunity to testify on this bill.