

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:10 a.m. on February 15, 2001 in Room 521-S of the Capitol.

All members were present except: Rep. Doug Patterson - excused
Rep. Rick Rehorn - excused

Committee staff present: Renae Jeffries, Revisor of Statutes
Jerry Donaldson, Legislative Research Department
Bev Adams, Committee Secretary

Conferees appearing before the committee: Bill Layes, KDHR
A. J. Kotich, KDHR

Others attending: See attached list

Hearing on: HB 2303 - Employment security law; classification of employers.

Bill Layes, Chief of Labor Market Information Services, Kansas Department of Human Resources (KDHR) appeared before the committee to support the bill. It provides for classification of employers under the North American Industry Classification system (NAICS). (Attachment 1) He ended his testimony by answering questions from the committee.

No others were present to testify for or against the bill and Chairman Lane closed the hearing on **HB 2303**.

Hearing on: HB 2304 - Enforcement of Wage Payment Act

A. J. Kotich, Chief Counsel, Kansas Department of Human Resources, appeared as a supporter of the bill. The bill amends the Kansas Wage Payment Act to correct some technical problems they have encountered when collecting unpaid wages. (Attachment 2) He concluded his testimony by answering questions from the committee.

No others were present to testify for or against the bill and Chairman Lane closed the hearing on **HB 2304**.

Chairman Lane adjourned the meeting at 9:25 a.m. The next scheduled meeting is February 16, 2001.

HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE GUEST LIST

DATE: February 15, 2001

NAME	REPRESENTING
Anthony J. Kist	KDH R
Bill Sayer	KDH R
Paul Dickman	KDH R
Don Doersen	KDH R
Wayne Maucher	AFL - CIO
Jim R. Hoff	AFL - CIO

TESTIMONY
HOUSE BUSINESS, COMMERCE, AND LABOR COMMITTEE
FEBRUARY 15, 2001

Good morning, Chairman and members of the committee, my name is Bill Laves. I am the Chief of Labor Market Information Services, Kansas Department of Human Resources. Thank you for the opportunity to appear before you to report on HB2303.

This bill provides for classification of employers under the North American Industry Classification System (NAICS). Currently employers are classified using the Standard Industrial Classification (SIC) Manual. The current law provides for nine industry divisions such as construction, manufacturing, services, government, etc. HB2303 provides industry sectors and is more detailed in nature. This change becomes necessary due to the North American Free Trade Agreement (NAFTA). The U.S. Department of Labor, Bureau of Labor Statistics and many other state and federal agencies are adopting the NAICS classification system. Under existing law new employers ineligible for a contribution rate calculation for Unemployment Insurance based on their own experience are assigned an industry rate until such time as sufficient experience is obtained. For rate year 2001, two rates are assigned. Contractors are assigned a rate of 2.74 percent and all others a rate of 2.0 percent. The change to NAICS provides for a more detailed designation among employers. Employers are assigned an average tax rate for their industry sector or for all sectors, whichever is higher. This bill will have no effect on the UI Trust Fund or payments from the fund. A description of existing SIC codes and the NAICS codes are listed on the back of this document.

Thank you for allowing me to appear before you today. I would be happy to answer any questions.

**Standard Industrial Classification (SIC) Divisions
And
North American Industry Classification System (NAICS) Sectors**

SIC Divisions

Agriculture, forestry, and fishing
Mining
Construction
Manufacturing
Transportation, communications, electric,
gas, and sanitary services
Wholesale trade
Retail trade
Finance, insurance, and real estate
Services
Public administration
Non-classifiable establishments

NAICS Sectors

Agriculture, forestry, fishing, and hunting
Mining
Utilities
Construction
Manufacturing
Wholesale trade
Retail trade
Transportation and warehousing
Information
Finance and insurance
Real estate and rental and leasing
Professional, scientific, and technical services
Management of companies and enterprises
Administrative and support and waste
management and remediation services
Educational services
Health care and social assistance
Arts, entertainment, and recreation
Accommodation and food services
Other services (except public administration)
Public administration

**Testimony on 2001 House Bill 2304:
Amendments to the Kansas Wage Payment Act**

By A.J. Kotich, Chief Counsel, Kansas Department of Human Resources

HB 2304 was introduced at the request of the Secretary of Human Resources. The bill amends the Kansas Wage Payment Act at K.S.A. 44-323a to correct some technical problems we have encountered when collecting unpaid wages.

The bill protects our agency from conflicts of interest by prohibiting the acceptance of a collection assignment from a wage claimant until the agency's wage claim order is final and all appeals are exhausted. This ensures that the agency represents only the agency, not the claimant, during judicial review of agency orders. The agency does not need an assignment from the claimant to defend its orders on appeal.

The bill also simplifies KDHR collection procedures by eliminating the requirement that the wage claimant pay an assignment fee, which varies under current regulations between \$1 and \$10, and which by statute may not exceed \$25. We have found that this small fee is not cost-effective to collect. The bill also eliminates the \$10K cap on mandatory collections.

The bill replaces the assignment fee and the \$10K limit on mandatory collections with new language which will allow KDHR to cease collection efforts if the debt is uncollectible, if the debt cannot be collected at reasonable cost, or if the claimant does not cooperate in reasonable efforts to settle the claim. This language will do more to help us control our caseload than the existing assignment fee and the \$10K limit on mandatory collection activity.

Thank you for giving me the opportunity to appear before the committee. I stand ready to answer any questions you may have about this bill.

House Business, Commerce & Labor Committee

2-15-01

Attachment 2