

Approved: SLB 2/19/07
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:05 A.M. on February 15, 2007 in Room 231-N of the Capitol.

All members were present except:

Kasha Kelley- excused
Lana Gordon- excused
Ronnie Metsker- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Duston Slinkard, Office of Revisor of Statutes
Stephen Bainum, Committee Assistant

Conferees appearing before the committee:

Jeff Glendening
Ron Trachsel
Kenneth L. Daniel
Jim Garner

Others attending:

See attached list.

The Chairman opened the hearing on **HB 2456 Employment security law, reduction in contribution rates.**

Jeff Glendening, Vice President of Political Affairs, The Kansas Chamber testified as a proponent of **HB 2456 (Attachment 1).** Since there were so few conferees the Chairman allowed questions to be asked of each conferee.

Representative Ruiz asked how the 40% across the board reduction was arrived at. Both plans were figured on the same basis.

Representative Tietze asked what happens if we have an odd year and the fund gets used. The rate is figured on the last 15 years and then multiply the worst year's CPI by 1.2. If the fund falls below that point then the current rate is adjusted back automatically.

Ron Trachsel, of Allied Staffing in Lenexa, Kansas testified for the National Federation of Independent Business-Kansas as a proponent of **HB 2456 (Attachment 2).**

Representative Grant said that the rate was the same after the five year moratorium. Ron said that was so because they made a voluntary contribution to the fund to lower the rate.

The Chairman said that what we were after was some stability in the fund.

Kenneth L. Daniel, an advocate for Kansas small businesses and publisher of KSSmallBiz.com testified as a proponent of **HB 2456 (Attachment 3).**

The committee's attention was drawn to written only testimony presented by the Lenexa Chamber of Commerce and the Associated General Contractors of Kansas in support of **HB 2456 (Attachment 4 & 5).**

Jim Garner, Secretary, Department of Labor testified as neutral on **HB 2456 (Attachment 6).** The Chairman opened the floor for questions.

Representative Ruff commented that Allied Staffing felt that SB 0083 was unfair because it increases taxes on companies that are growing. The Secretary said that the system rewards employers who have less demand on the system. SB 0083 gives more tax relief to those who are at the high tax rate end. This is an insurance program, so your rate is based on your experience rate. When you add employees you increase the likelihood of having claims on the fund.

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on February 15, 2007 in Room 231-N of the Capitol.

Representative Grange commented about contractors having a much higher use of the fund. The Secretary said that they do because of frequent layoffs. After three years of operating you become an experience rated company.

Representative Roth asked if a reduction in the unemployment trust fund affected the State general fund in any way. The Secretary confirmed that it was a separate fund held in trust for one purpose only, to pay benefits to the unemployed.

Representative Ruiz asked a question of Ron Trachsel. Since you have contract employees, do you pay the same rate on all employees regardless of where they work? Ron answered yes.

Representative Kiegerl asked who decided on the \$435 million. The Secretary said it was not the Employment Security Advisory Counsel. What is the amount of monthly benefit being paid by the Trust Fund? Last month it was \$5 million. The amount for 2006 was \$221.5 million, for 2005 they were \$255.7 million and for 2004 they were \$294.4 million.

Kenneth Daniel stepped forward to explain the difference between SB 0083 and HB 2456. He said that the negative balance employees are paying for 65% of the fund. Under SB 0083 that would increase to 80% paid by the negative balance employees. That is the complaint. The reduction should be given across the board to all employers.

Representative Roth asked Mr. Trachsel if he would get more tax relief under the House Bill. He said that was his understanding.

The Chairman asked if SB 0083 allows new employees to come in at a 4% rating. The Secretary indicated that the 4% rate was for new employers only. The established company gets to use their experience rating. What was the highest amount paid between 2001 and 2005? The Secretary said that 2003 was the highest with \$388.2 million. So it looks like the \$435 million has us covered then. The Secretary explained a well established mechanism called the Average High Cost Multiple. It looks at the history of the last 15 years and finds the highest payout and uses that to determine what the minimum should be in the fund. That is what we are recommending be used to determine the minimum.

Representative Grange said the real point should be what the lowest amount in the fund was. He also asked if the fund was drawing interest. The Secretary confirmed that it was and the interest is credited to the fund.

There being no further questions the hearing was closed on **HB 2456**.

The Chairman opened the hearing on **HB 2316 - Authorizing paperless payroll methods for employers**. Duston explained the balloon (Attachment 7).

Representative Goico raised two questions. 1. What about the case of lost, stolen or identify theft? Duston said that other statutes protected employees. Kathy Olsen said that banks would apply the \$50.00 limit. Duston said he would check on adding a balloon. 2. Are the fees being charged the same as ATM fees? He wanted language in the bill to clarify this.

Representative Landwehr asked how many time are they allowed to access the card per section D? Section D provides only that there is one access at no cost, after that it is not limited. The second question was about garnishment. Duston said this bill does not change garnishment.

Representative Sharp asked how can you cap offsite institutions.

The Chairman reminded the committee of the upcoming schedule and adjourned the meeting at 10:25 A.M.

Legislative Testimony

HB 2456

February 14, 2007

**Testimony before the Kansas House Commerce Committee
By Jeff Glendening, Vice President of Political Affairs**

Thank Mr. Chairman and members of the committee for this opportunity to testify in support of HB 2456. My name is Jeff Glendening, and I am representing the over 10,000 member businesses of The Kansas Chamber.

The Kansas Employment Security Trust Fund balance is currently high, with over \$600 million. This bill will allow Unemployment Compensation Tax relief for positive balance employers without jeopardizing the integrity of the unemployment compensation trust fund, which is where unemployment compensation benefits are paid equal to qualified workers who lose their jobs through no fault of their own.

The 51,829 employers who contribute more to the fund than they are charged deserve this relief. It is also important to note that employers are the sole contributors to this fund.

As a measure of security for the employees of Kansas businesses, the tax will be re-instated if the fund falls below a threshold designed to provide a comfortable cushion against a worst case scenario of unemployment.

This tax relief will no doubt allow employers to invest in their businesses, creating new jobs and in the end, stimulate the Kansas economy.

We do ask that you consider the graduated tax relief plan that passed the Senate earlier this week. However, both the across the board tax cut and the graduated tax cut achieve the same objective – to give employers needed tax relief.

Thank you again for the opportunity to voice our endorsement of this needed legislation.

H Commerce & Labor
2-15-07
(Attach 1)

The Kansas Chamber, with headquarters in Topeka, is the statewide business advocacy group moving Kansas towards becoming the best state in America to do business. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have more than 10,000 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, medium and large employers all across Kansas.



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The Voice of Small Business®

Presentation to House Commerce and Labor Committee
HB 2456
February 15, 2007

Mister Chairman and Members of the Committee.

My name is Ron Trachsel. I am a partner in Allied Staffing in Lenexa KS.

Allied would like to testify in support of HB 2456 which would provide fair unemployment tax relief for ALL business. Small business as a whole would automatically be the winner because most companies in Kansas fall into the small business category.

It is a complete mistake to assume that all companies with lower reserve ratios are ones that experience a disproportionately high amount of claims. Rather, many companies with a lower reserve ratio are growing companies that are adding Kansans to their payroll. As they grow, their reserves as a percentage of payroll automatically decrease and their rates go up. You should support these companies rather than tax away the resources they need in order to invest in future growth.

An example: A company has a \$1,000,000 taxable payroll and a \$200,000 reserve. At a 20% reserve, the unemployment contribution rate is .29%. If the company doubles the number of Kansas employees and now has a \$2,000,000 taxable payroll with a \$200,000 reserve, it has a 10% reserve and the unemployment rate jumps to 4.14%.

We are talking serious hard dollars here. Our company has experienced significant growth over the last few years. The following tables demonstrate Allied's situation:

Table with 4 columns: Fiscal Yr, Contributions Paid, Benefits Charged, Difference. Rows for 2005, 2006, and Total.

Table with 6 columns: Year, Account Bal, Ave Annual Taxable PR, Reserve Ratio, Rate Group, UE Rate. Rows for 2006 and 2007.

Handwritten note: H Commerce + Labor 2-15-07 (Attach 2)

I added Kansas jobs and contributed far more than the benefits charged. Yet Allied fell into lower Rate Group with barely any improvement in the unemployment rate. Under the SB 83, shrinking companies would gain a greater benefit than Allied. That does not make sense!! Allied and other small companies should share equally in the reduction. Kansas should enable growing companies like Allied to invest as many resources as possible in further job growth.

Conclusion: The unemployment rates need to be reduced. But it should be done fairly. All positive balance employers should benefit, not just those with shrinking payrolls.

Respectfully submitted,

Ron Trachsel

KSSSmallBiz.com

ADVOCATES FOR KANSAS SMALL BUSINESS

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TESTIMONY to HOUSE COMMERCE AND LABOR February 15, 2007 HOUSE BILL 2456

Kenneth L. Daniel is an unpaid volunteer lobbyist who advocates for Kansas small businesses. He is publisher of KsSmallBiz.com, a small business e-newsletter and website. He is C.E.O. of Midway Wholesale, a business he founded in 1970. Midway has seven Kansas locations and 110 employees.

Mister Chairman and Members of the Committee:

My name is Ken Daniel. I am a volunteer lobbyist for small business and publisher of KsSmallBiz.com.

I speak today in favor of House Bill 2456. Leaving \$170 million in unneeded unemployment tax money in the hands of Kansas businesses is an excellent idea.

I'd like to praise the design of the across-the-board tax reduction in this bill.

This bill affects only positive-balance employers, and that is how it should be. Those employers not only pay in their fair share to build the Trust Fund, they pay in extra to make up for negative-balance employers who don't carry their own weight.

The law goes to great lengths to make sure positive-balance employers pay their fair share into the trust fund. In fact, some positive-balance employers are paying eighty times as much per employee into the fund as other positive-balance employers.

It is only right that you make sure that all employers get their fair share of any reductions. The across-the-board reductions in this bill do that.

H Commerce & Labor
2-15-07
(Attach 3)

Whether the reduction is 40%, 50%, or 100%, the percentage must be the same for all positive-balance employers to preserve the fairness of the system.

(SEE EXHIBIT "A" ATTACHED) This chart breaks down the 2007 premiums for all 51 positive-balance groups under the current law, under a 40% across-the-board reduction, and under the current scheme in Senate Bill 83.

Remember, all positive balance employers pay in their fair share based on their own history. Note that under the current law, Group 1 employers will pay \$4.80 per employee, while group 51 will pay \$384.80, eighty times as much. The point is that groups 31 to 51 ARE paying their fair share, and that share is extremely expensive to them.

UI FORMULA FACT: Employment growth automatically moves employers into higher rate groups. Employment shrinkage automatically moves employers into lower rate groups.

EXAMPLE: Midway Wholesale is an excellent study subject because benefits charged were very low and very close to the same for 2005 and 2006 (\$6013 vs \$6341), leaving only the taxable payroll as a meaningful variable. Midway's UI Taxable Payrolls:

2002 \$729,623
 2003 \$725,764
 2004 \$739,766
 2005 \$928,158

The 2002, 2003, and 2004 payrolls determined the 2006 rating group and rate. The 2003, 2004, and 2005 payrolls determined the 2007 rating group and rate.

Actual 2006 rating group and tax rate	19	2.04%
Actual 2007 rating group with actual 25.5% payroll growth	23	2.12%
2007 rating group if payroll growth had been zero	16	1.44%
2007 rating group if 25.5% payroll reduction	12	1.06%

OTHER IMPORTANT POINTS YOU SHOULD KNOW:

- 1. With rare exceptions, the longer a positive-balance employer is in business, the lower the employer's rate group. As a rule, older businesses pay lower premiums than newer businesses.**
- 2. In 2006, the trust fund grew by about \$148 million. With no changes, it should grow by another \$120-\$140 million in 2007. With a \$90 million tax reduction, the fund will still grow again, to about \$630-\$650 million. POINT: If a \$90 million rate reduction is enacted, similar reductions may easily continue for many years.**
- 3. The many billions in employer accounts are a history, not real money. The longer a business exists, the more builds up in the account. When the business ceases to exist, the account ceases to exist. The money can never be accessed. The "account" is only used to determine next year's tax rate. If the balance falls, which is rare, it triggers tax increases on the employer.**
- 4. Many employers have paid in extra cash above what they were required to pay in order to move into a lower rate. That money is part of what built the big surplus in the fund. Giving a flat rate reduction, as in this bill, avoids penalizing those who paid in extra.**

COMPARISON OF UNEMPLOYMENT RATE REDUCTION PROPOSALS

Group	2007 Rate Current Law	2007 Cost per Employee Current Law	2007 Cost per Employee House Bill 2456	Savings	2007 Cost per Employee Senate Bill 83	Savings
1	0.06	\$4.80	\$2.88	-40.0%	0	-100.0%
2	0.10	\$8.00	\$4.80	-40.0%	0	-100.0%
3	0.19	\$15.20	\$9.12	-40.0%	0	-100.0%
4	0.29	\$23.20	\$13.92	-40.0%	0	-100.0%
5	0.38	\$30.40	\$18.24	-40.0%	0	-100.0%
6	0.48	\$38.40	\$23.04	-40.0%	0	-100.0%
7	0.58	\$46.40	\$27.84	-40.0%	0	-100.0%
8	0.67	\$53.60	\$32.16	-40.0%	0	-100.0%
9	0.77	\$61.60	\$36.96	-40.0%	0	-100.0%
10	0.87	\$69.60	\$41.76	-40.0%	0	-100.0%
11	0.96	\$76.80	\$46.08	-40.0%	\$19.20	-75.0%
12	1.06	\$84.80	\$50.88	-40.0%	\$21.20	-75.0%
13	1.15	\$92.00	\$55.20	-40.0%	\$23.00	-75.0%
14	1.25	\$100.00	\$60.00	-40.0%	\$25.00	-75.0%
15	1.35	\$108.00	\$64.80	-40.0%	\$27.00	-75.0%
16	1.44	\$115.20	\$69.12	-40.0%	\$28.80	-75.0%
17	1.54	\$123.20	\$73.92	-40.0%	\$30.80	-75.0%
18	1.64	\$131.20	\$78.72	-40.0%	\$32.80	-75.0%
19	1.73	\$138.40	\$83.04	-40.0%	\$34.60	-75.0%
20	1.83	\$146.40	\$87.84	-40.0%	\$36.60	-75.0%
21	1.92	\$153.60	\$92.16	-40.0%	\$76.80	-50.0%
22	2.02	\$161.60	\$96.96	-40.0%	\$80.80	-50.0%
23	2.12	\$169.60	\$101.76	-40.0%	\$84.80	-50.0%
24	2.21	\$176.80	\$106.08	-40.0%	\$88.40	-50.0%
25	2.31	\$184.80	\$110.88	-40.0%	\$92.40	-50.0%
26	2.41	\$192.80	\$115.68	-40.0%	\$96.40	-50.0%
27	2.50	\$200.00	\$120.00	-40.0%	\$100.00	-50.0%
28	2.60	\$208.00	\$124.80	-40.0%	\$104.00	-50.0%
29	2.69	\$215.20	\$129.12	-40.0%	\$107.60	-50.0%
30	2.79	\$223.20	\$133.92	-40.0%	\$111.60	-50.0%
31	2.89	\$231.20	\$138.72	-40.0%	\$173.40	-25.0%
32	2.98	\$238.40	\$143.04	-40.0%	\$178.80	-25.0%
33	3.08	\$246.40	\$147.84	-40.0%	\$184.80	-25.0%
34	3.18	\$254.40	\$152.64	-40.0%	\$190.80	-25.0%
35	3.27	\$261.60	\$156.96	-40.0%	\$196.20	-25.0%
36	3.37	\$269.60	\$161.76	-40.0%	\$202.20	-25.0%
37	3.46	\$276.80	\$166.08	-40.0%	\$207.60	-25.0%
38	3.56	\$284.80	\$170.88	-40.0%	\$213.60	-25.0%
39	3.66	\$292.80	\$175.68	-40.0%	\$219.60	-25.0%
40	3.75	\$300.00	\$180.00	-40.0%	\$225.00	-25.0%
41	3.85	\$308.00	\$184.80	-40.0%	\$231.00	-25.0%
42	3.95	\$316.00	\$189.60	-40.0%	\$237.00	-25.0%
43	4.04	\$323.20	\$193.92	-40.0%	\$242.40	-25.0%
44	4.14	\$331.20	\$198.72	-40.0%	\$248.40	-25.0%
45	4.23	\$338.40	\$203.04	-40.0%	\$253.80	-25.0%
46	4.33	\$346.40	\$207.84	-40.0%	\$259.80	-25.0%
47	4.43	\$354.40	\$212.64	-40.0%	\$265.80	-25.0%
48	4.52	\$361.60	\$216.96	-40.0%	\$271.20	-25.0%
49	4.62	\$369.60	\$221.76	-40.0%	\$277.20	-25.0%
50	4.72	\$377.60	\$226.56	-40.0%	\$283.20	-25.0%
51	4.81	\$384.80	\$230.88	-40.0%	\$288.60	-25.0%



TO: Representative Steve Brunk, Chairperson
Members, House Commerce Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: February 15, 2007

RE: **HB 2456—Reduction in Unemployment Compensation
Contribution Rate**

The Historic Lackman-Thompson Estate

11180 Lackman Road
Lenexa, KS 66219-1236
913.888.1414
Fax 913.888.3770

We appreciate the opportunity to express our views on House Bill 2456, which would reduce unemployment compensation contribution rates by 40% across the board beginning in rate year 2007 and continuing until the unemployment compensation reserve fund falls below a predetermined level.

In recent years Kansas employers have experienced significant annual increases in their unemployment compensation costs. For example, unemployment taxes paid by employers in FY 2005 increased nearly \$60 million over collections in FY 2004 -- a year-to-year increase of more than 20%! (In fact, unemployment compensation taxes accounted for 3.4% of all state and local taxes collected in FY 2005 -- behind only property, sales and use, income, and motor fuels taxes.) As a result, unemployment compensation taxes have become one of the business community's fastest growing expenses.

Because of the improving economy and fewer unemployment claims, the unemployment compensation reserve fund has now reached solvency levels exceeding legal requirements -- the point at which unemployment compensation tax reductions have been approved by the legislature in the past. Accordingly, we strongly support enacting another such measure.

HB 2456 represents one possible means of striking a balance between protecting the reserve fund to ensure unemployed workers continue to receive assistance and also allowing Kansas employers to retain millions of dollars a year to be reinvested in the business and economic growth that provides jobs -- the best long-term solution to unemployment.

We would also strongly encourage you to consider a second option, one that implements tiered reductions ranging from a 25% reduction up to a 100% reduction based on an employer's claims experience rating -- the fewer your unemployment claims, the greater your reduction -- an approach we believe to be equitable.

Again, the Lenexa Chamber of Commerce strongly urges the committee to recommend a bill reducing unemployment compensation contribution rates favorable for passage. Thank you for your time and attention to this very important business issue.

H Commerce + Labor
2-15-07
(Attach 4)



Building a Better Kansas Since 1934
200 SW 33rd St. Topeka, KS 66611 785-266-4015

**TESTIMONY OF
ASSOCIATED GENERAL CONTRACTORS OF KANSAS
BEFORE HOUSE COMMITTEE ON COMMERCE AND LABOR
HB 2456**

February 15, 2007

By Corey Peterson, Associated General Contractors of Kansas, Inc.

Mister Chairman and members of the committee, my name is Corey Peterson. I am Executive Vice President of the Associated General Contractors of Kansas, Inc. The AGC of Kansas is a trade association representing the commercial building construction industry, including general contractors, subcontractors and suppliers throughout Kansas (with the exception of Johnson and Wyandotte counties).

AGC of Kansas supports House Bill 2456 and respectfully asks that you report it favorably for passage.

AGC fully supports the attempt to compensate the companies that generated the excessive balance currently in the employment security trust fund through their payment of unemployment taxes. HB 2456 provides a flat 40% decrease for all rate classes of employers, with the exception of those with negative balances or are in arrears in payments. The flat rate decrease makes sense as it decreases the rates an equal percent. If the rate classes and rates are structured fairly, which AGC assumes they are, a uniform decrease would also be fair.

The AGC of Kansas **respectfully requests that you recommend HB 2456 for passage.** Thank you for your consideration.

H Commerce & Labor
2-15-07
(Attach 5)

Testimony Concerning House Bill 2456
House Commerce and Labor Committee
Jim Garner, Secretary
Kansas Department of Labor
15 February 2007

Chairman Brunk and members of the committee:

Thank you for this opportunity to appear and share with you some information concerning reduction in unemployment tax rates.

House Bill 2456 calls for a 40 percent reduction in unemployment tax rates for all positive balance employers. I fully support reducing unemployment taxes for Kansas employers, but I do want to bring some information to your attention as you consider this bill.

In December, Governor Sebelius asked the Employment Security Advisory Council (ESAC) to make a recommendation on how best to reduce Unemployment Insurance taxes for Kansas employers while ensuring the future integrity of the UI Trust Fund. The Council unanimously endorsed a proposal found in Senate Bill 83. This week, the Senate unanimously passed SB 83.

The changes recommended in SB 83 reduce tax rates for experienced rated employers. The reductions range from 25 percent to 100 percent, depending on the experience rating of the employer. Companies with the best experience rating receive the largest tax reduction. These rate reductions, if enacted, will provide more than \$170 million in tax relief to these employers in tax years 2007 and 2008. HB 2456 reduces taxes by 40 percent, without taking into account an employer's experience rating. The graduated tax reductions provide more relief to a greater number of employers than a flat 40 percent reduction across the board approach. This is illustrated in the attached table. However, I understand the distribution of tax relief is a policy matter for the entire legislature to decide. I do urge you to provide the \$170 million level of tax relief called for by the Governor regardless of the method of distribution.

The ESAC bill also recommends a flat rate for new employers in Kansas, replacing the previous rate determined by industry classification. This change will result in an additional estimated \$4.3 million tax reduction for new employers. The ESAC also recommends change to simplify the definition of an "employer" under the Employment Security Act to include any employer who employs one or more individuals during a calendar year. This change will also facilitate a much quicker establishment of new employer accounts. Neither of these positive changes is included in HB 2456. If you choose to work HB 2456, then I encourage you to incorporate these two changes from SB 83.

H Commerce & Labor
2-15-07
(Attach 6)

Finally, HB 2456 states that the 40 percent rate reduction can be suspended at any time if the Unemployment Trust Fund balance falls below \$435 million. In addition, the bill authorizes reinstating a 40 percent tax reduction any time the Trust Fund balance exceeds \$601 million. This type of language could result in constant recalculations of the tax rates for employers.

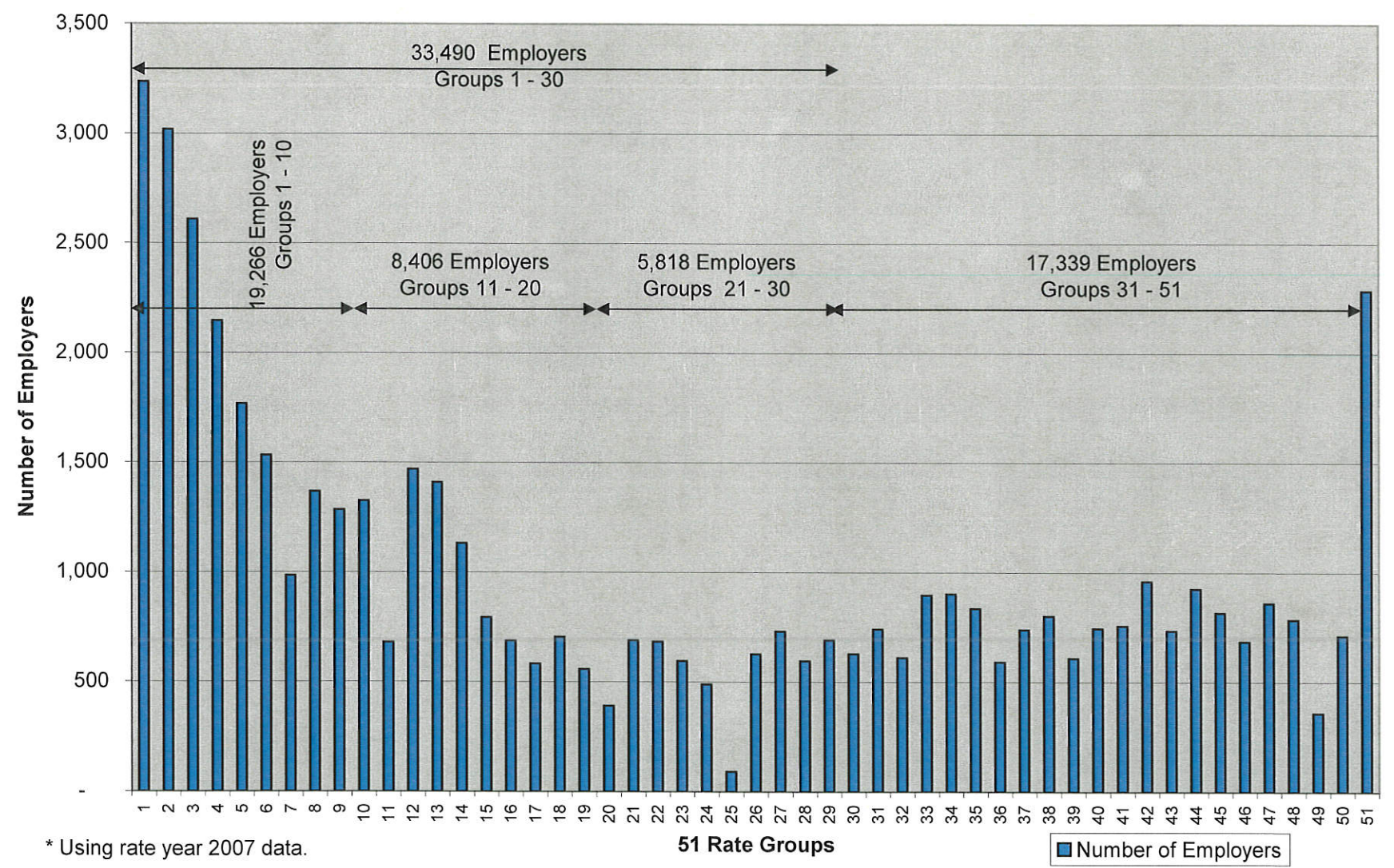
The Trust Fund balance fluctuates each quarter, depending on the amount of taxes collected and the amount of benefits paid to claimants. Using the formula proposed in this bill, employers would not know what to expect in their quarterly tax statement as taxes could be recalculated each quarter. In addition, it would be very difficult and costly for the Department of Labor to implement this type of system.

The Employment Security Advisory Council was careful to protect the future integrity of the Trust Fund, and included a mechanism, recommended by the U.S. Department of Labor to ensure the Trust Fund balance remains adequate to pay projected benefits. This mechanism is found on page 28 of SB 83. The National Advisory Council on Unemployment Compensation (ACUC) recommends that states use this type of mechanism for measuring adequacy as opposed to dollar amounts, as simply pegging a dollar amount does not take into account growth in trust fund liability due to increases in wages and labor force and does not take into account individual state experience in terms of benefit costs. This will provide for a manageable and stable method of protecting the UI Trust Fund's integrity and hopefully allowing tax relief in future years.

Again, I understand this is a policy matter for the entire legislature to decide. However, as Chair of the Advisory Council, I believe graduated tax relief as recommended by the Council, represents the most responsible public policy. The Council's bill (SB 83) provides significant tax relief to every positive balance experienced rated employer, provides tax relief to new employers, preserves the integrity of the Trust Fund and prevents unintended burdens on businesses in the future.

Thank you for the opportunity to appear and share this information as the committee considers HB 2456. I would be glad to respond to questions from the Committee.

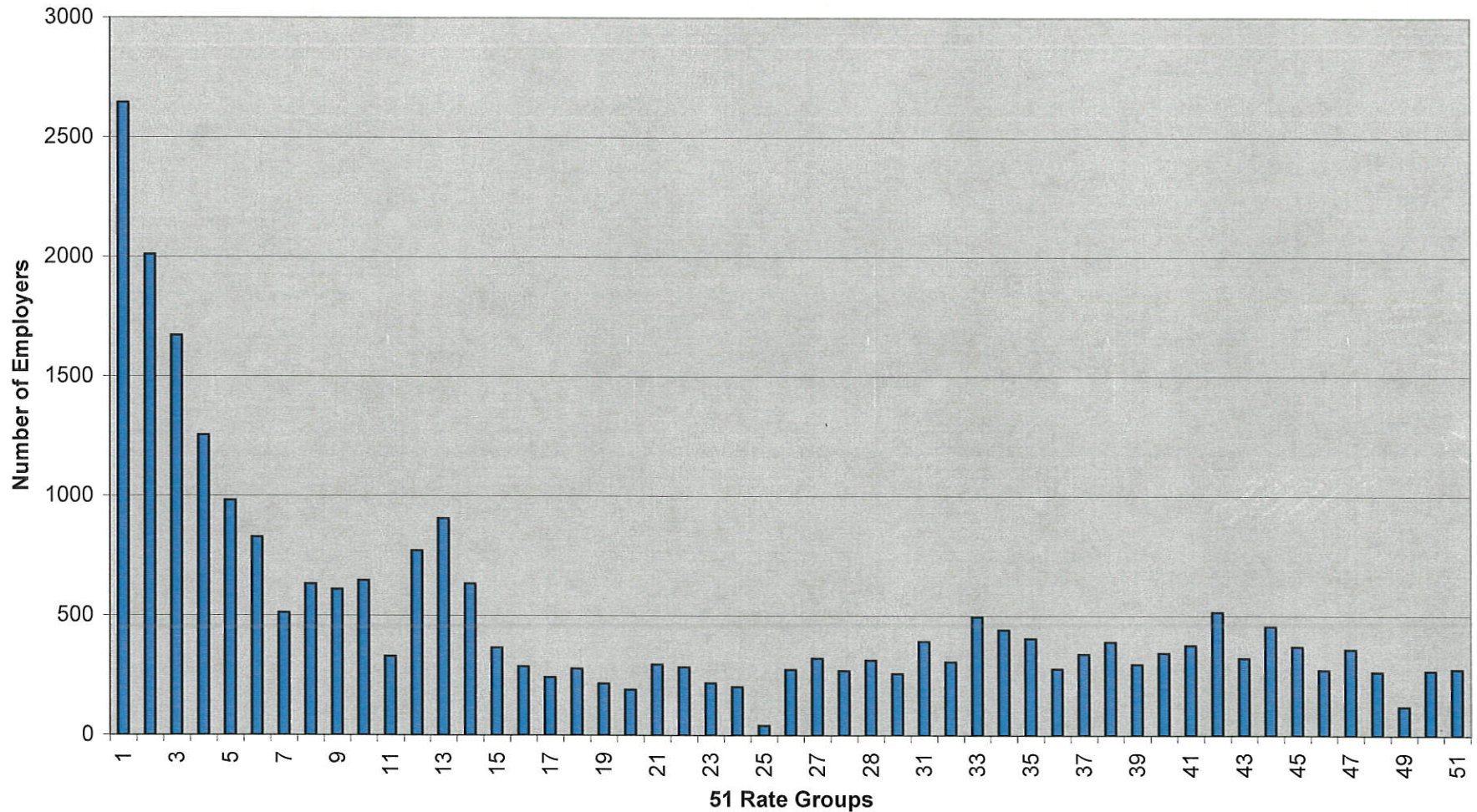
Distribution Of Employers In Each Rate Group*



* Using rate year 2007 data.

6-4

Distribution of Very Small Employers (1 - 4 Employees) in 51 Rate Groups*
2006

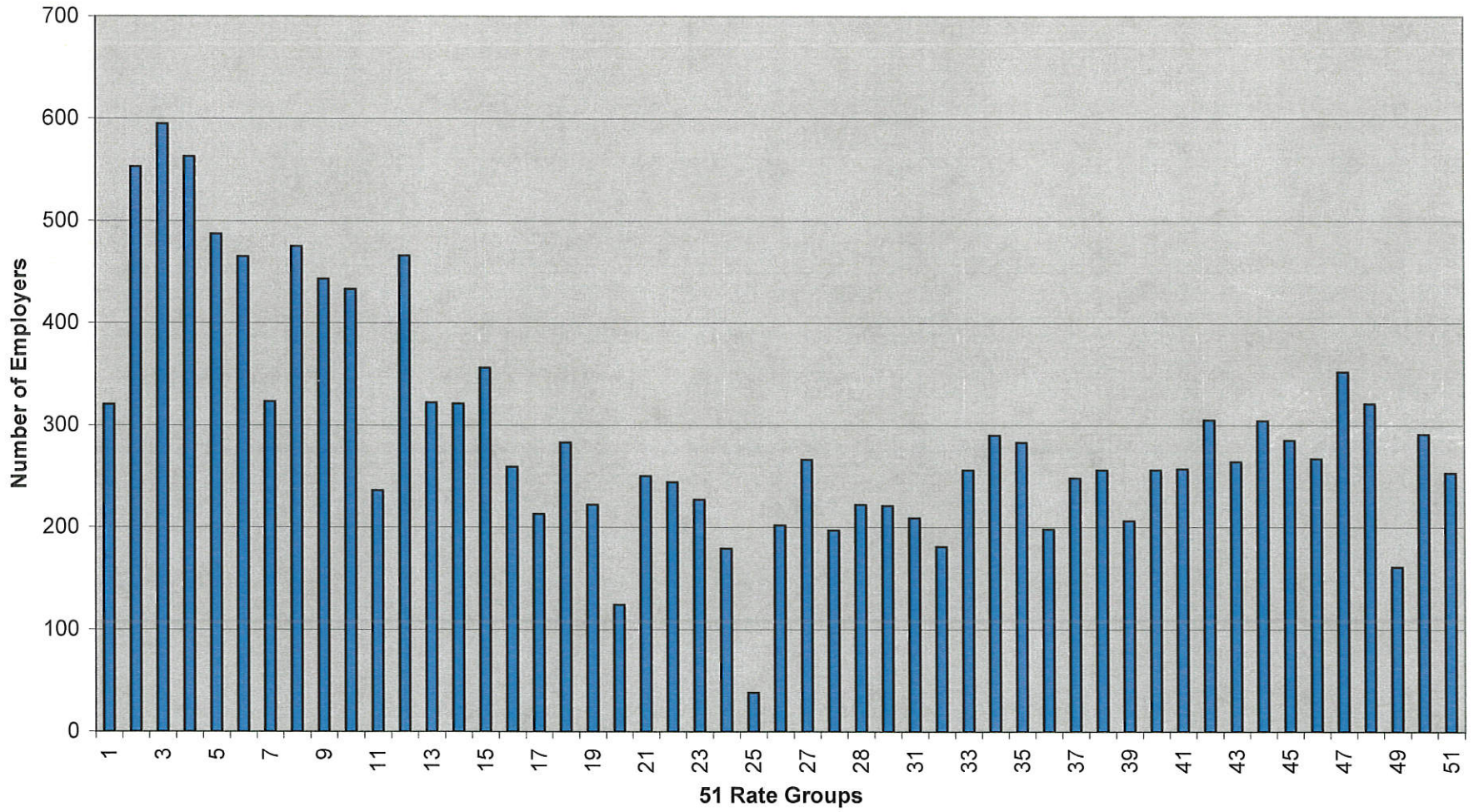


* Not all positively balanced & rated employers are included.

■ Employers with 1 - 4 Employees

6-5

Distribution of Small Employers (5 - 49 Employees) in 51 Rate Groups* 2006

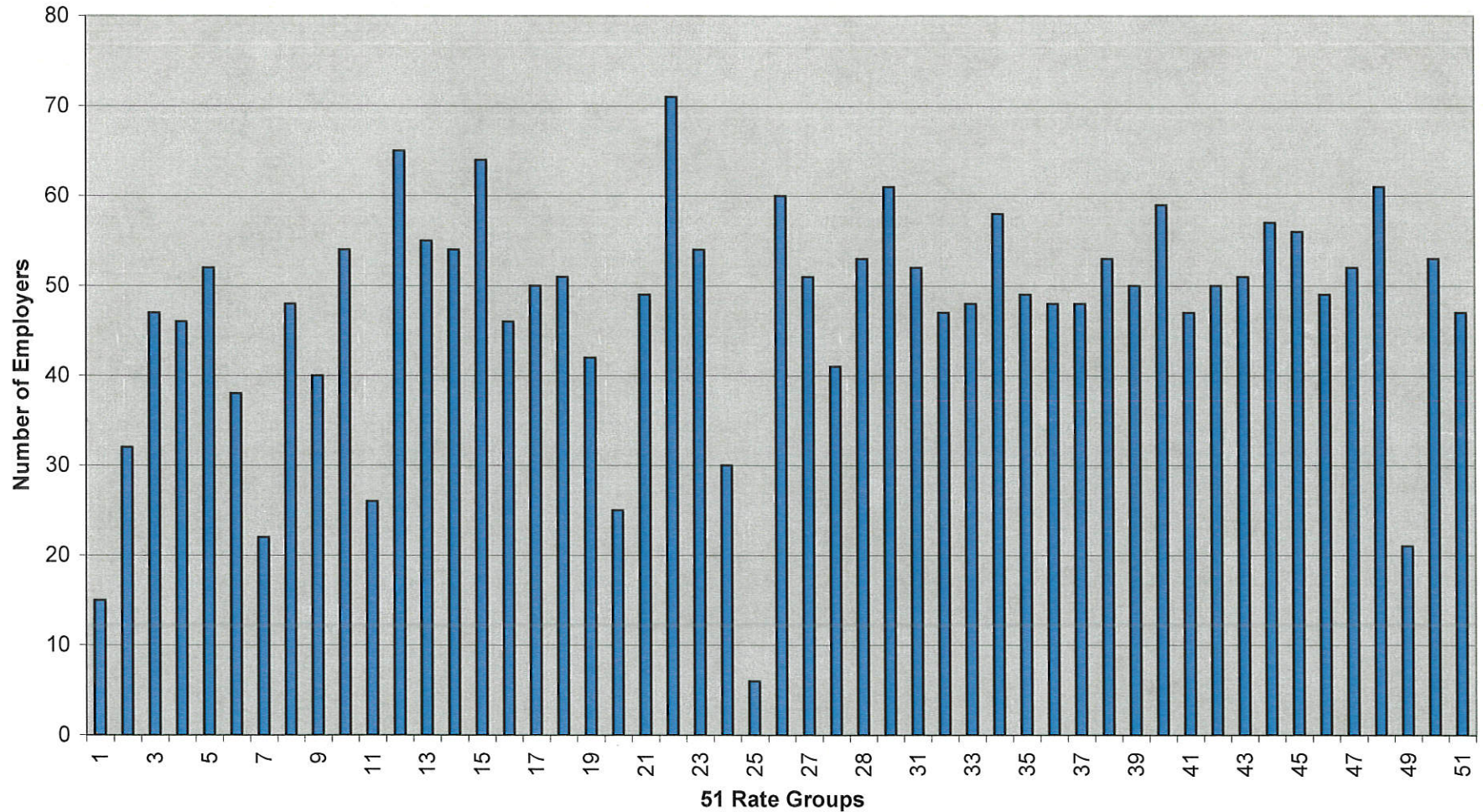


* Not all rate positively balanced & rate employers are included.

■ Employers with 5 - 49 Employees

6-6

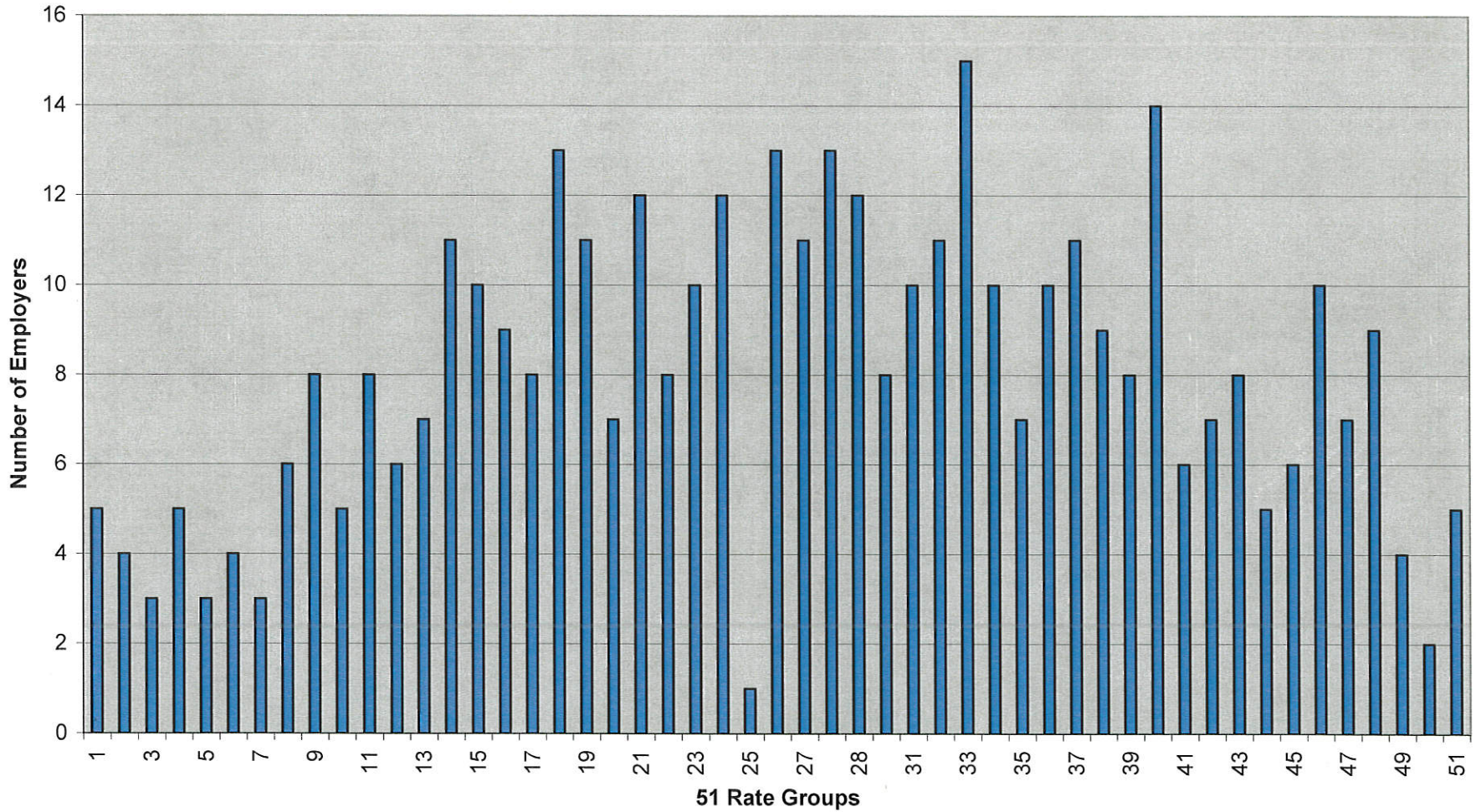
Distribution of Medium Size Employers (50-249 Employees) in 51 Rate Groups* 2006



* Not all rate positively balanced & rated employers are included. ■ Employers with 50-249 Employees

6-7

Distribution of Large Size Employers (250 & more Employees) in 51 Rate Groups* 2006



* Not all rate positively balanced & rated employers are included.

■ Employers with 250 & more Employees

Kansas Employment Security Advisory Council

(Revised February 7, 2007)

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HOUSE BILL No. 2316

By Committee on Commerce and Labor

1-31

Proposed amendments incorporating suggestions from the testimony of the Kansas Society for Human Resource Management and the American Payroll Association
February 13, 2007

9 AN ACT concerning payment of compensation; relating to payment
10 methods; amending K.S.A. 44-314 and repealing the existing section.
11

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

13 Section 1. K.S.A. 44-314 is hereby amended to read as follows: 44-
14 314. (a) Every employer shall pay all wages due to the employees of the
15 employer at least once during each calendar month, on regular paydays
16 designated in advance by the employer, ~~in lawful money of the United~~
17 ~~States or with checks or drafts which are negotiable in the community~~
18 ~~wherein the place of employment is located or, with the written consent~~
19 ~~of the employee, by electronic deposit to an employee's account at a~~
20 ~~financial institution.~~

21 (b) *The employer may designate the method by which employees re-*
22 *ceive wages, provided all wages shall be paid by one or more of the fol-*
23 *lowing methods:*

- 24 (1) *In lawful money of the United States;*
- 25 (2) *by check or draft which is negotiable in the community wherein*
26 *the place of employment is located;*
- 27 (3) *by electronic fund transfer or deposit to an automated clearing-*
28 *house member financial institution account designated by the employee;*

29 (c) ~~(1)~~ Any employer that elects to pay wages only by a method au-
30 thorized in subsection (b)(3) shall offer

31 (A) ~~Offer a payroll card as an alternative payment method or default~~
32 ~~option for employees that fail to designate a financial institution account~~
33 ~~for electronic fund transfer or deposit;~~

34 ~~(B) allow employees who use payroll cards at least one withdrawal~~
35 ~~per pay period at no cost to the employee for an amount up to and in-~~
36 ~~cluding the total amount of the employee's net wages, as stated on the~~
37 ~~employee's earnings statement; and~~

38 (C) ~~not~~ ~~less than 90 days prior to implementing a payroll program~~
39 ~~utilizing payroll cards,~~ an employer shall either:

40 (i) ~~Conduct one or more employee forums to educate employees re-~~
41 ~~garding the use of a direct deposit and payroll card program offered by~~
42 ~~the employer; or~~

43 (ii) ~~distribute educational information to employees about payroll~~

; or
(4) by payroll card

as a

(d) Any employer that elects to pay wages using a payroll card as authorized in subsection (b)(4) shall allow employees at least one means of fund access

using only the methods authorized in subsection (b)(3) or (4)

or

direct deposits or

(e) Not

(1)

(2)

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1 cards as they may be used under the payroll ~~card~~ program offered by the
2 employer.

(f)(1)

3 ~~(2) Wages~~ paid by electronic funds transferred to an employee's pay-
4 roll card account ~~shall be owned by the employee.~~

(2)

5 ~~(3)~~ An employer may not charge an employee initiation, loading or
6 other participation fees to receive wages payable in an electronic fund
7 transfer to a payroll card account, with the exception of the cost required
8 to replace a lost, stolen or damaged payroll card.

(3)

9 ~~(4)~~ A payroll card issuer may not report an employee accessing wages
10 by payroll card to a credit agency for a negative balance resulting from
11 a cash advance on future pay, nor may the payroll card issuer attempt
12 collection for any such negative balance.

(g)

13 ~~(5)~~ As used in this section:

(1)

14 ~~(A)~~ "Payroll card" means a card, issued to an employee by an em-
15 ployer, a bank or other entity on behalf of an employer, onto which an
16 employee's net wages are loaded on regular paydays from a payroll card
17 account and made accessible to an employee.

(2)

18 ~~(B)~~ "Payroll card issuer" means an employer, a bank or other entity
19 that issues a payroll card to an employee under an employer payroll card
20 program.

(3)

21 ~~(C)~~ "Payroll card account" means an account into which an employer
22 deposits each participating employee's net wages on regular paydays
23 through an electronic fund transfer.

(h)

24 ~~(b) (i)~~ The end of the pay period for which payment is made on a
25 regular payday shall be not more than 15 days before such regular payday
26 unless a variance in such requirement is authorized by state or federal
27 law.

28 Sec. 2. K.S.A. 44-314 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.

Employers shall retain no interest in wages

, other than the right to correct inadvertent overpayments in accordance with the rules governing direct deposit