

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 8, 2008 in Room 123-S of the Capitol.

All members were present except:
Jay Emler- excused

Committee staff present:
Jennifer Thierer, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Norm Furse, Revisor of Statutes
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Secretary Jim Garner, Department of Labor

Others attending:
See attached list.

To read testimony submitted by conferees go to
<http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee>.

SB 461--Employment security law; requiring wage reports, contribution returns and making certain payments

SB 438-Job security for volunteer firefighters

Chairperson Brownlee introduced Jason Long, Revisors Office, to explain **SB 461**. Mr. Long stated the bill would require employers or third party administrators with fifty or more employees to file wage report and contribution returns electronically and make payment of contributions, benefit cost payments, or reimbursing payments by electronic means as well. The requirement would be phased in over the next three years. The requirements could be waived by the Secretary of Labor if an employer demonstrates a hardship in complying with these requirements. Also, the Employment Security Law currently states that amounts owed from employers for UI taxes or interest is waived and not collected if the amount is \$1 or less. The same limit applies to the payment of refunds. This proposed bill would increase the amount to \$5.

Upon Mr. Long's explanation, Chairperson Brownlee opened the hearing on **SB 461** and introduced Secretary Garner, Department of Labor, to give his testimony as a proponent of **SB 461**. Secretary Garner presented written testimony (Attachment 1) which can be found in its entirety on the link shown above.

Upon the conclusion of Secretary Garner's testimony there was discussion with the Committee. The Committee has concerns regarding the compatibility of the Department of Labor's system with small business owners' systems. Senator Wagle voiced concerns that not all businesses will be compatible without buying more equipment or software. It was noted that when a business logs in on the Department of Labor's website there is a firewall that protects, therefore, it would not require for small businesses to have to invest money in their programs. It was noted by Secretary Garner that they are compatible with "Quick Books" and when a business logs in on the Department of Labor's website there is a firewall that protects, therefore he feels that it would not require small businesses to have to invest money in new programs. The discussion moved to the number of employees a business has to have to be required to file electronically. There were concerns that the requirement should be raised from 50 employees. It was noted that the employer had to have 50 employees quarterly. The fiscal note was also a topic of the discussion. Secretary Garner stated he would get the numbers for the Committee regarding the fiscal note that would address their concerns. It was also noted by Secretary Garner that this bill was a recommendation coming out to streamline their process and it is a part of the \$45 million plan.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 8, 2008 in Room 123-S of the Capitol.

Chairperson Brownlee asked that Research look into the federal law regarding requiring businesses to file electronically. The Committee discussed the amount of UI taxes or interest that is waived and not collected that the Department of Labor is asking be changed from \$1. To \$5. It was noted by Secretary Garner that the \$5. would be an efficient amount. Secretary Garner stated that other states are starting the process of requiring electronic filing. In closing Chairperson Brownlee stated that the fiscal note needed to be improved and staff would be checking on the minimum of employees required on the federal electronic filing.

Chairperson Brownlee inquired if anyone else wanted to testify on **SB 461**, with no other conferees, she closed the hearing on **SB 461**.

Chairperson Brownlee announced to the Committee that a workforce development roundtable discussion is being set up for our Committee and possibly would be on a Monday morning at 8:30 a.m.

Next, Chairperson Brownlee called the Committee's attention to **SB 438**. The Committee discussed the bill and have concerns with the wording. They felt that placing volunteer in front of certified EMT and reserve and volunteer in front of law enforcement officers would address the concerns of the bill.

Senator Reitz made a motion to add the word volunteer in front of Certified EMT and Reserve and volunteer in front of law enforcement officers. Senator Jordan seconded. Motion carried.

Senator Teichmen made a motion to move the bill out favorably as amended. Seconded by Senator Reitz. Motion carried.

Chairperson Brownlee adjourned the meeting at 9:15 a.m. with the next scheduled meeting to start at 9:30 a.m. today, jointly, with the Senate Assessment and Taxation Committee in room 123 S.

Testimony in Support of 2008 Senate Bill 461
Senate Commerce Committee
Jim Garner, Secretary
Kansas Department of Labor
8 February 2008

Chairpersons Brownlee and Jordan and Members of the Committee:

Thank you for this opportunity to appear and share my comments in support of 2008 Senate Bill 461. This bill contains changes to the Employment Security Law recommended by the Employment Security Advisory Council. For your information, I have attached a list of the members of the Council.

This bill makes two simple changes to the law. The first change concerns the set limit for the agency to pursue tax collections from employers. The Employment Security Law currently states that amounts owed from employers for UI taxes or interest is waived and not collected if the amount is \$1 or less. The same limit applies to the payment of refunds. The proposed bill would increase the amount to \$5. This is in line with the Department of Revenue's standards in their tax operations.

Second, the bill would phase in over the next three years the requirement that wage reports and UI taxes be filed electronically for employers with more than 50 employees. After June 30, 2008, those employers with 250 or more employees or third party administrators (TPAs) with 250 or more client employees would be required to file their wage reports, UI tax reports and payments electronically. After June 30, 2009, the electronic filing requirement would apply to employers and TPAs with 100 or more employees. And after June 30, 2010, the requirement would apply to those with 50 or more employees. The new law would allow the Secretary to waive the requirement if a hardship is shown.

This change is also in line with tax collection operations at the Department of Revenue. Since 2007, employers with 50 or more employees have been required to file their state tax withholding reports electronically (see K.S.A. 79-3299).

Electronic filing of wage reports and taxes will benefit both employers and the department. Electronically filed reports are more accurate since our staff are not required to hand-process the information and manually enter data into a computer system. In addition, the electronic reports and tax returns can be processed more quickly. This change also will make the KDOL tax unit more efficient. We currently employ numerous temporary employees simply to open and endorse checks that we receive for quarterly tax

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Attachment 17

filings. By increasing the number of employers filing electronic wage reports and tax returns, we hope to make this unit more efficient.

Both proposed changes in Senate Bill 461 have been unanimously recommended by the Employment Security Advisory Council. I would be happy to stand for any questions you may have.

Kansas Employment Security Advisory Council

(Revised October 7, 2007)

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