

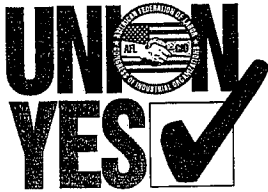
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Testimony
IN OPPOSITION TO HB 2135
Before the Kansas Committee on Commerce & Economic Development
February 8, 2011
By **Bruce Tunnell, Executive Vice President, Kansas AFL-CIO**

Mr. Chairman and committee members, thank you for the opportunity to appear in front of you today. My purpose here today is to ask you to reject HB 2135 which makes violating the law attractive and easier.

The current law which HB 2135 is attempting to "gut" was a compromise attempt to level the competitive field for all employers. The vast majority of all Kansas employers are honest tax paying individuals and groups. But, there are those who employ illegal workers and workers they misclassify as contract labor all in an attempt to circumvent paying the proper taxes on these individuals. Each day thousands of illegal workers enter the United States and some are employed in Kansas under very questionable circumstances.

The current law allows the Department of Revenue and the Department of Labor to work together to determine if an employer is violating current law. Why in this time of great State financial challenges would you as lawmakers want to make it easier for a small group of employers to not pay their fair share of taxes? Would it be to give that small group a competitive edge over all the law abiding employers or would it be to allow illegal workers to replace tax-paying Kansas workers; thus, allowing a few scrupulous employers to make more money by not paying state taxes, social security taxes, unemployment taxes and workers compensation taxes.

Calendar year 2008, the Kansas Department of Labor investigated misclassification of worker issues involving 263 employers affecting 2193 workers. Through these investigations, the agency discovered more than \$10.8 million in previously unreported wages and could be as much as \$40 million in payroll taxes. These investigations resulted in determinations of over \$204,000 in UI tax debt. (1)

Instead of making it more difficult for everyone to cheat at paying their share of taxes, HB 2135 would eliminate some of the needed checks and balances which ensure compliance with existing tax laws.



Kansas Department of Labor

House Commerce & Economic
Development Committee
Date: 02/14/2011
Attachment #: 9-1

Please ask yourselves, do I want to help employ illegal workers? Do I want to advantage the employers who break the laws of this State? Do I, in this time of need for State resources, want to create more ways for the few to not meet their responsibilities?

Please reject HB 2135

Thank you.