

# JOAN WAGNON

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## Testimony on House Bill 2135 An Act relating to misclassification of employees

Mr. Chairman and Members of the Economic Development and Labor Committee:

I am Joan Wagon from Topeka, Kansas. For eight years I served as Secretary of Revenue for the State of Kansas and worked on the issue of misclassification of workers out of a belief that there are many dollars in wage withholding and employment taxes that are not being collected because of the misclassification of workers as independent contractors.

However, someone brought HB 2135 to my attention and it concerns me that the program many of us worked to put in place will be terminated if this bill passes. The language which is stricken gives the Department of Revenue the ability to share confidential information with the Department of Labor in order to work together to determine if an individual is classified correctly. Labor does the classification review/audit of a company or an individual and then refers any violations to the Revenue department to investigate the tax consequences.

I don't know if the department(s) will be testifying or not. I certainly am not trying to replace their testimony. However, I became concerned a year or so ago because the Labor department was not sending very many cases to us. The Memorandum of Understanding under which we operated was still in place, but not much was happening. I believe Revenue had assessed between \$2 and \$3 million for the cases we had, but I felt there was much more that could be done.

Now that I see the bill to completely remove the ability for the two departments to cooperate, I am even more concerned. At a time when the state is desperately short of revenue, we should be increasing our efforts at tax compliance, not hamstringing them.

I would encourage you to take no action on this bill.

