

Approved: April 5, 2012
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Susan Wagle at 8:30 a.m. on March 1, 2012, in Room 548-S of the Capitol.

All members were present

Committee staff present:

Ms. Margaret Cianciarulo, Committee Assistant
Mr. Reed Holwegner, Kansas Legislative Research Department
Mr. Jason Long, Office of the Revisor of Statutes
Mr. Chuck Reimer, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Ms. Trisha Thomas, Director of Child Support Enforcement
Kansas Department of Social and Rehabilitation Services
Ms. Kathie Sparks, Deputy Secretary, Department of labor

Others attending:

See attached list.

Hearing on SB 438 – an act concerning the state directory of new hires, relating to information submitted by employees

Upon calling the meeting to order, Chairman Susan Wagle announced the Committee would be hearing testimony on SB 438 and asked Mr. Jason Long, Office of the Revisor of Statutes, to explain the bill which included:

- 1.) Amending K.S.A. 75-5743 – this statute was enacted as part of the Federal Personal Responsibility & Work Opportunity Act of 1996, which was enacted in conjunction with an effort to track individuals for child support enforcement.
- 2.) Making an amendment as to who and what is required to be reported to the Department of Labor within 20 days. Referring to line 22, the Department of Social and Rehabilitative Services can use this information in conjunction with title IV-d cases, which are child support enforcement cases.
- 3.) The definition of “new employee” on lines 16-19.
- 4) New information on lines 13 – 14, requiring to be reported, the date for services for remuneration were first performed by the new employee or essentially the first day they were being paid has to be reported as well.

In looking at the term “new employee” and the fact they can be rehired or returned to work, Mr. Long suggested the Committee might want to submit amendments to clarify this language.

CONTINUATION SHEET

The minutes of the Senate Commerce Committee at 8:30 a.m. on March 1, 2012, in Room 548-S of the Capitol.

As there were no questions for Mr. Long, the Chair recognized the first proponent, Ms. Trisha Thomas, Director of Child Support Enforcement (CSE), Kansas Department of Social and Rehabilitation Services (DSRS) who stated because they are closely controlled by specific United States Code sections and the Code of Federal Regulations, CSE is sometimes required to request changes to Kansas law to remain in compliance with Title IV-D. She listed two changes, and the reasons for them, that need to be made to their State Directory of New Hires (SDNH) due to changes in federal law. A copy of her testimony is Attachment 1.

The Chair then called on the second and last proponent, Ms. Kathie Sparks, Deputy Secretary, Department of Labor, who stated the bill would codify the new required federal tasks in Kansas Statute, but they are requesting two amendments:

1.) Change the term “newly hired employee” rather than “new employee” as shown on lines 10 and 12, to take care of the people that are lapsed. It will also be consistent with the federal changes.

2.) Beginning on line 15 after the identification number, at the federal site, add “as well as any other information as may be required by Section 453A of the Social Security Act, 42 U.S.C.653a and amendments thereto.” A copy of her testimony is Attachment 2.

The Chair thanked both conferees and asked Ms. Thomas if she was in agreement with Deputy Sparks amendments, and, to Mr. Long, asked if this took care of his concerns? (Yes from both.) Senator Steineger asked how this database would be used to enforce child support and is it working? (It is automated and have received 70% of the funds through this New Hire Report.) As there was no further questions or discussion, Chairperson Wagle closed the hearing on SB 438.

Final action on SB 413 – an act concerning creating the professional employer organization registration act

With the next order of businesses, Chair referred the Committee to some proposed amendment before them. She recognized Mr. Tim Tucker, Vice President, Government Affairs, National Association of Professional Employer Organization (NAPEO), who helped draft the amendments and worked with Ms. Kerri Spielman, representing the Kansas Association of Insurance Agents (KAIA) to come to an agreement on the substantive changes they have made. She then asked him to explain the amendments.

1.) Page 5, line 21 – lowering the percentage of the equity interest of the PEO from 25% to 15%, stating it is a greater level of transparency of ownership and to lower it further would get into challenges with the FCC.

2.) Page 8 are numbering changes on Section 5 on fees that would cover the costs of administering the program.

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3.) Page 12 are technical clarifications. They wanted to make sure they are clearly articulating what steps the department can take in the rare event someone is in compliance.

4.) Also on page 12, they are pushing back the effective date to 1-1-14 to get the systems in place.

The Chair thanked Mr. Tucker and asked for questions or comments which came from Senators Olson, Masterson, Wagle, and Holland including: is the 15% going to be everybody over that percent, must they go through some kind of testing and will this be costly? (Not costly, actually a disclosure on the behalf of the PEO to let the DOL know who is controlling ownership.) Are we looking at two Section 5's? (Cleanup will be completed after the Committee Report.)

Senator Masterson made a motion to adopt the balloon presented with authority for the Revisor to clean up the bill. It was seconded by Senator Merrick and the motion passed by a voice vote. Senator Masterson then made a motion to pass the bill favorably as amended. It was seconded by Senator Merrick and the motion carried by a voice vote.

Final action on SB 438 – an act concerning the state directory of new hires, relating to information submitted by employees.

Chairperson Wagle asked what was the will of the Committee to work SB 438? Senator Masterson made a motion to adopt the amendments presented to the Committee by the Department of Labor for SB438 with the authority for the Revisor to clean up the bill. It was seconded by Senator Merrick and the motion passed by a voice vote. Senator Masterson made a motion to pass the bill favorable as amended. It was seconded by Senator Merrick and the motion carried by a voice vote.

Approval of Minutes

The Minutes of January 11, 17, 1924, 31, and February 2 and 9, 2012 were distributed to the members of the Committee on February 20, 2012. As no changes, deletions, etc. were received by the end of the day on Friday, February 24, 2012, the above mentioned Minutes stand as approved.

Adjournment

As there were no further business, the Chair covered upcoming meetings before announcing the meeting was adjourned. The time was 9:30 a.m.

The next meeting is scheduled for March 6, 2012.