

January 24, 2012

The Honorable Tim Owens, Chairperson
Senate Committee on Judiciary
Statehouse, Room 559-S
Topeka, Kansas 66612

Dear Senator Owens:

SUBJECT: Fiscal Note for SB 285 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 285 is respectfully submitted to your committee.

Under current law, a person who commits a second violation of knowingly and intentionally misclassifying an employee as an independent contractor to avoid either state income tax withholding and reporting requirements or state unemployment insurance contributions reporting requirements is guilty of a class C nonperson misdemeanor. Moreover, a third violation of the crime is a class A nonperson misdemeanor. SB 285 would eliminate the penalty for a third violation and increase the penalty for a second or subsequent violation to a severity level ten nonperson felony.

SB 285 has the potential for increasing litigation in the courts because of the increased penalty created by the bill. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources.

According to the Kansas Sentencing Commission, SB 285 would have no effect on prison admissions and bed needs. Any fiscal effect associated with SB 285 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Scott Schultz, Sentencing
Jeremy Barclay, DOC
Kathie Sparks, Labor

Mary Rinehart, Judiciary
Megan Henry, Attorney General's Office