

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 a.m. on February 16, 2004 in Room 241-N of the Capitol.

All members were present except:

Representative Broderick Henderson- excused  
Representative Doug Patterson- excused  
Representative Rick Rehorn- absent  
Representative Todd Novascone- excused

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Renaë Jefferies, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Martha Smith, Kansas Manufactured Housing Assn.  
Kent W. Dederick, International Assn. Of Firefighters  
John M. Ostrowski, Kansas AFL-CIO  
Jeff K. Cooper, Kansas Coalition for Workplace Safety  
Terri Roberts, Kansas Nursing Association  
Mark Desetti, Kansas Coalition for Workplace Safety

Others attending:

See Attached List.

The Chairman opened the hearing on **HB 2719 - Establishing manufactured home installation licenses and apprentice installation licenses and standards for the installation and siting of manufactured homes.**

Staff gave a briefing on **HB 2719.**

Martha Smith, Executive Director, Kansas Manufactured Housing Association, testified in support of **HB 2719**. The manufactured housing industry asked for the introduction of this legislation to satisfy a change in federal law. The industry has been federally regulated since 1976 and HUD is the regulator.

The federal changes came about on December 27, 2000, when President Clinton signed the Manufactured Housing Improvement Act into law. This Act does several things for both the industry and the consumer. It created a private sector consensus committee to make recommendations to the Secretary of HUD on ways to keep our building code up to date. It provides for a manufactured housing division within HUD, a career administrator and clarifies the scope of federal preemption. Furthermore, homeowners and the industry would benefit from the requirement that each state must institute an installation program. The state program is to include a state standard, training, licensing, inspection and a dispute resolution provision within five years of the law's enactment (December 27, 2000).

If there isn't any legislation, HUD will set up shop in Kansas and administer the program. If that happens there would be a loss of control and revenue at the local level and our home buyers would ultimately pay for the inflated costs typical of federally run programs.

**HB 2719** provides licensing, testing, training and a dispute resolution program within the Department of Vehicles. The inspection requirement is left at the local level. If a city or county currently has an inspection program, the only change would be that they inspect to a state code vs. a local code and the license would be issued by the state. The federal standard has not been published, however, HUD's December 22, 2003, semi-annual regulatory agenda stated that the Installation Program would be published in March 2004. It is felt that legislation needs to be passed this year (Attachment 1).

Secretary Joan Wagon, Department of Revenue, testified in opposition to **HB 2719**, stating this is not a good fit for the Department of Revenue. She recommends delaying action until the federal rules are

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published and then take a look at them. The Department of Revenue does not know anything about housing standards. This could be looked at during the 2005 Legislature or in a summer interim study. The Department does not have trained staff or procedures and is not ready to proceed with this ([Attachment 2](#)).

The Chairman closed the hearing on **HB 2719**.

The Chairman opened the hearing on **HB 2757 - Compensation for disabilities under the workers compensation act**.

Staff gave a briefing on **HB 2757**.

Kent Dederick, Captain, Topeka Fire Department and member of the Kansas Coalition for Workplace Safety, testified in support of **HB 2757**. Workers compensation benefits in Kansas are not only low, compared to the national average but also to the Midwest region. Kansas currently ranks 43<sup>rd</sup> among the 50 states with a maximum weekly benefit of \$440. Permanent partial disability is capped at \$100,000 and permanent total disability at \$125,000 which has not been changed since 1987. Benefits to injured workers need to be increased that allows them to continue to be a productive part of society and not a drain on society ([Attachment 3](#)).

John M. Ostrowski, Kansas AFL-CIO, testified in support of **HB 2757**, stating the benefits in Kansas are low for injured workers when compared both nationally and regionally. It is obvious if benefits were increased, there would be an increase in premiums. However, it would clearly seem that benefits could be increased and Kansas would remain an attractive place for businesses, at least in the arena of workers compensation. Benefits in Kansas are low because of multiple “caps” within the system. In fact, as will be discussed, Kansas is in the unique position of having “caps on top of caps.” It is by setting the caps low, and then putting caps on top of the caps, that Kansas produces such low benefits ([Attachment 4](#)).

Jeff Cooper, Attorney at Law, testified as a proponent to **HB 2757**, stating Kansas has the 7<sup>th</sup> lowest benefits to injured workers. Kansas ranks 4<sup>th</sup> lowest in the nation in costs to employers overall. The benefits are the absolute lowest in the nation for the employee who is permanently and totally disabled from any substantial gainful employment. The system artificially separates workers disability based on the body part injured and does not take into account the real impact of the injury. **HB 2757** is a step in the right direction and proposed amendments go further to address the heart of the matter ([Attachment 5](#)).

Terri Roberts, J.D., R.N., Executive Director, Kansas State Nurses Association (KSNA), testified in support of **HB 2757**. Kansas has failed to implement many of the National Commission’s recommendations, now over 30 years old. The Commission recommended the maximum weekly benefit for temporary total disability and permanent total disability be at least 100% of the state’s average weekly wage. Kansas’ benefits are still only two-thirds of 75% of the state’s average weekly wage. The recommendation that total disability benefits be paid “for the duration of the worker’s disability, or for life, without any limitations as to dollar amount or time” has not been implemented in Kansas. Kansas offers workers who suffer permanent total disability one of the lowest caps in the nation. KSNA supports changes that would increase the benefit package for injured workers in Kansas and provide a living and proper compensable wage ([Attachment 6](#)).

Mark Desetti, director of political action and government relations for the Kansas National Education Association and a representative of the Kansas Coalition for Workplace Safety, testified as a proponent to **HB 2757**. Under Kansas law an injured employee receives only two-thirds of his or her gross average weekly wage or a maximum of \$440 per week, whichever is higher. For example, an employee who averages \$400 per week would receive benefits of approximately \$267 per week or two-thirds of his average weekly wage. An employee who averages \$1,000 per week would receive the maximum of \$440 per week, which represents only 44% of his average pay ([Attachment 7](#)).

The following written testimony was received in support of **HB 2719**: Tom Byrne, Royal Supply ([Attachment 8](#)), Rod Cellmer, General Manager, Schult Homes ([Attachment 9](#)), Garrett L. Wright, Vice President, D&H Homes, ([Attachment 10](#)), Richard Krell, Division Manager, Liberty Homes ([Attachment 11](#)), Danny Burtzloff, LMH Homes, ([Attachment 12](#)).

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The following written testimony was received in support of **HB 2757**: Marlee Carpenter, Vice President Government Relations (Attachment 13). Ernest Kutzley, AARP (Attachment 14).

The meeting adjourned at 11:00 a.m. The next meeting will be February 17.