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Testimony Re: HB 2069
House Commerce, Labor and Economic Development Committee
Presented by Ronald R. Hein
on behalf of
Kansas Restaurant and Hospitality Association
February 14, 2013

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association (KRHA). The Kansas Restaurant and Hospitality Association, founded in 1929, is the leading business association for restaurants, hotels, motels, country clubs, private clubs and allied business in Kansas. Along with the Kansas Restaurant and Hospitality Association Education Foundation, the association works to represent, educate and promote the rapidly growing industry of hospitality in Kansas.

KRHA supports HB 2069, which would preempt local units of government from imposing onerous restrictions upon businesses in the areas of wage and mandatory paid leave requirements.

At the very beginning, I would like to propose an amendment to HB 2069. On behalf of the KRHA, I would propose that Section 1 be amended to read as follows:

“Section 1. No city, county or local government unit shall enact or administer any ordinance, resolution, *or law*, ~~economic development initiative, program or grant~~ which requires an employer to:”

We request this amendment because we believe the current language in HB 2069 would prohibit a local unit of government from incentivizing private businesses which do provide higher wages or additional benefits for their employees to relocate in such community. They should be preempted from mandating leave or wage policies on businesses, but not from providing tax or other incentives for businesses which do provide higher wages or benefits.

Louisiana, Wisconsin, and Utah have passed laws such as HB 2069 preempting such local ordinances or resolutions

Denver, Philadelphia, and other municipalities have initiated mandatory paid leave ordinances, and Manhattan, Kansas discussed a living wage ordinance in the past. I understand that Wyandotte County has a prevailing wage requirement resolution currently in place.

The federal government plays a major role in wage and hour laws, and employment requirements. The states retain powers not preempted by the federal government to impose additional requirements on businesses which meet the rationale basis test and which do not adversely impact inter-state commerce. Local governments interfering in the areas of mandatory wage requirements or mandatory leave requirements results in a patch-work of legal requirements which constitute another burden on businesses, and require that businesses have disparate internal policies for managing their employees.

State regulatory environments have a significant impact on the business and economic competitiveness in each state. Local mandates on private employers, such as paid sick leave, have the ability to deter business growth and development on a state level. For the economic health of the state, local governments can no longer be allowed to act independently and without input from the State Legislature on issues such as paid sick leave.

In this economic climate, small-business owners have the ability to offer more competitive benefits to employees when packages are consistent for all employees. Local paid leave mandates put employees at a disadvantage because they require an employer to establish benefits based on the regulations of the jurisdiction in which particular businesses are located.

Every new mandate on business comes at a cost.

When it comes to managing time off and other work place issues, employers working in cooperation with their employees is a much better approach than a one-size fits all government mandate.

Businesses are already struggling to comply with many confusing and complex state and local regulations; now is not the time to add an additional burden like mandatory paid leave.

Restaurants that care about their employees may find themselves having to adjust their workforce structure to accommodate inflexible policies - and the employees themselves may be the ones who are hurt.

Government data shows that mandatory paid leave policies have cost jobs. Since it was enacted in San Francisco in 2007 quick-service restaurants have cut jobs by 8%. These jobs help individuals gain critical experience for growth in business and entrepreneurship, provide part-time and flexible work hours for families and students and offer entry level employees skills training and benefits. These jobs have now moved to neighboring communities and states.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.