

## HOUSE BILL No. 2261

By Committee on Commerce, Labor and Economic Development

2-6

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1 AN ACT concerning employment security law; relating to determination  
2 of benefits; employer classification and rates; amending K.S.A. 2014  
3 Supp. 44-704, 44-710a and 44-757 and repealing the existing sections.  
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2014 Supp. 44-704 is hereby amended to read as  
7 follows: 44-704. (a) *Payment of benefits.* All benefits provided herein shall  
8 be payable from the fund. All benefits shall be paid through the secretary  
9 of labor, in accordance with such rules and regulations as the secretary  
10 may adopt. Benefits based on service in employment defined in  
11 ~~subsections (i)(3)(E) and (i)(3)(F) of K.S.A. 44-703(i)(3)(E) and (i)(3)(F),~~  
12 and amendments thereto, shall be payable in the same amount, on the same  
13 terms and subject to the same conditions as compensation payable on the  
14 basis of other service subject to this act except as provided in ~~subsection~~  
15 ~~(e) of K.S.A. 44-705(e) and subsection (c)(2) of K.S.A. 44-711(e)(2),~~ and  
16 amendments thereto.

17 (b) *Determined weekly benefit amount.* An individual's determined  
18 weekly benefit amount shall be an amount equal to 4.25% of the  
19 individual's total wages for insured work paid during that calendar quarter  
20 of the individual's base period in which such total wages were highest,  
21 subject to the following limitations:

22 (1) If an individual's determined weekly benefit amount is less than  
23 the minimum weekly benefit amount, it shall be raised to such minimum  
24 weekly benefit amount;

25 (2) if the individual's determined weekly benefit amount is more than  
26 the maximum weekly benefit amount, it shall be reduced to the maximum  
27 weekly benefit amount; and

28 (3) if the individual's determined weekly benefit amount is not a  
29 multiple of \$1, it shall be reduced to the next lower multiple of \$1.

30 (c) *Maximum weekly benefit amount.* On July 1 of each year, the  
31 secretary shall determine the maximum weekly benefit amount by  
32 computing 60% of the average weekly wages paid to employees in insured  
33 work during the previous calendar year and shall prior to that date  
34 announce the maximum weekly benefit amount so determined, by  
35 publication in the Kansas register. Such computation shall be made by  
36 dividing the gross wages reported as paid for insured work during the

1 previous calendar year by the product of the average of midmonth  
2 employment during such calendar year multiplied by 52. The maximum  
3 weekly benefit amount so determined and announced for the twelve-month  
4 period shall apply only to those claims filed in that period qualifying for  
5 maximum payment under the foregoing formula. All claims qualifying for  
6 payment at the maximum weekly benefit amount shall be paid at the  
7 maximum weekly benefit amount in effect when the benefit year to which  
8 the claim relates was first established, notwithstanding a change in the  
9 maximum benefit amount for a subsequent twelve-month period. If the  
10 computed maximum weekly benefit amount is not a multiple of \$1, then  
11 the computed maximum weekly benefit amount shall be reduced to the  
12 next lower multiple of \$1.

13 (d) ~~Minimum weekly benefit amount.~~ The minimum weekly benefit  
14 amount payable to any individual shall be 25% of the maximum weekly  
15 benefit calculated in accordance with subsection (c) and shall be  
16 announced by the secretary in conjunction with the published  
17 announcement of the maximum weekly benefit, also as provided in  
18 subsection (c). The minimum weekly benefit amount so determined and  
19 announced for the twelve-month period beginning July 1 of each year shall  
20 apply only to those claims which establish a benefit year filed within that  
21 twelve-month period and shall apply through the benefit year of such  
22 claims notwithstanding a change in such amount in a subsequent twelve-  
23 month period. If the minimum weekly benefit amount is not a multiple of  
24 \$1 it shall be reduced to the next lower multiple of \$1. ~~For initial claims~~  
25 ~~effective prior to July 1, 2015, the maximum weekly benefit amount shall~~  
26 ~~be determined in accordance with subsection (c).~~

27 (e) *For initial claims effective on or after July 1, 2015, the maximum*  
28 *weekly benefit amount shall be \$474. This maximum benefit rate shall be*  
29 *in effect for claims effective through December 31, 2017. For initial*  
30 *claims effective on or after January 1, 2018, the maximum weekly benefit*  
31 *amount shall be determined in accordance with subsection (f).*

32 (f) *On or before January 1, 2017, and every three years thereafter, the*  
33 *secretary of labor shall present to the speaker of the house of*  
34 *representatives and president of the senate a recommendation for an*  
35 *adjustment to the maximum weekly benefit amount to be effective for*  
36 *claims effective for a three-year period beginning January 1, 2018. Such*  
37 *recommendation shall consider the average weekly wages paid to*  
38 *employees in insured work during the previous fiscal year; the average*  
39 *duration of unemployment claims; and the ratio of the average weekly*  
40 *benefit amount to average weekly wages. The recommendation shall be*  
41 *published in the Kansas register. The legislature shall thereafter set a new*  
42 *maximum weekly benefit amount to be effective the following January 1*  
43 *and continuing for three years. Any future increase of the maximum weekly*

1 *benefit amount must be accompanied with a proportionate increase in the*  
2 *taxable wage base.*

3 (g) *Minimum weekly benefit amount. The minimum weekly benefit*  
4 *amount payable to any individual shall be 25% of the maximum weekly*  
5 *benefit amount effective as of the beginning of the individual's benefit year.*  
6 *If the minimum weekly benefit amount is not a multiple of \$1 it shall be*  
7 *reduced to the next lower multiple of \$1. The minimum weekly benefit*  
8 *amount shall apply through the benefit year, notwithstanding a change in*  
9 *the minimum weekly benefit amount.*

10 (h) *All claims qualifying for payment at the maximum weekly benefit*  
11 *amount shall be paid at the maximum weekly benefit amount in effect*  
12 *when the benefit year to which the claim relates was first established,*  
13 *notwithstanding a subsequent change in the maximum weekly benefit*  
14 *amount.*

15 ~~(e)~~(i) *Weekly benefit payable.* Each eligible individual who is  
16 unemployed with respect to any week, except as to final payment, shall be  
17 paid with respect to such week a benefit in an amount equal to such  
18 individual's determined weekly benefit amount, less that part of the wage,  
19 if any, payable to such individual with respect to such week which is in  
20 excess of the amount which is equal to 25% of such individual's  
21 determined weekly benefit amount and if the resulting amount is not a  
22 multiple of \$1, it shall be reduced to the next lower multiple of \$1.

23 (1) For the purposes of this section, remuneration received under the  
24 following circumstances shall be construed as wages:

25 (A) Vacation or holiday pay that was attributable to a week that the  
26 individual claimed benefits; and

27 (B) severance pay, if paid as scheduled, and all other employment  
28 benefits within the employer's control, as defined in subsection (e)(3), if  
29 continued as though the severance had not occurred, except as set out in  
30 subsection (e)(2)(C).

31 (2) For the purposes of this section, remuneration received under the  
32 following circumstances shall not be construed as wages:

33 (A) Remuneration received for services performed on a public  
34 assistance work project;

35 (B) severance pay, in lieu of notice, under the provisions of public  
36 law 100-379, the federal worker adjustment and retraining notification act,  
37 (29 U.S.C.A. §§ 2101 through 2109);

38 (C) all other severance pay, separation pay, bonuses, wages in lieu of  
39 notice or remuneration of a similar nature that is payable after the  
40 severance of the employment relationship, except as set out in subsection  
41 (e)(1)(B); and

42 (D) moneys received as federal social security payments.

43 (3) For the purposes of this subsection (e), "employment benefits

1 within the employer's control" means benefits offered by the employer to  
2 employees which are employee benefit plans as defined by section 3 of the  
3 federal employee retirement income security act of 1974, as amended, (29  
4 U.S.C. § 1002) and which the employer has the option to continue to  
5 provide to the employee after the last day that the employee worked for  
6 that employer.

7 ~~(g)~~(j) *Duration of benefits.* Any otherwise eligible individual shall be  
8 entitled during any benefit year to a total amount of benefits equal to  
9 whichever is the lesser of 26 times such individual's weekly benefit  
10 amount, or  $\frac{1}{3}$  of such individual's wages for insured work paid during such  
11 individual's base period. Such total amount of benefits, if not a multiple of  
12 \$1, shall be reduced to the next lower multiple of \$1.

13 ~~(g)~~(k) For the purposes of this section, wages shall be counted as  
14 "wages for insured work" for benefit purposes with respect to any benefit  
15 year only if such benefit year begins subsequent to the date on which the  
16 employing unit by whom such wages were paid has satisfied the  
17 conditions of ~~subsection (h)~~ of K.S.A. 44-703(h), and amendments thereto,  
18 with respect to becoming an employer.

19 ~~(h)~~(l) Notwithstanding any other provisions of this section to the  
20 contrary, any benefit otherwise payable for any week shall be reduced by  
21 the amount of any separation, termination, severance or other similar  
22 payment paid to a claimant at the time of or after the claimant's separation  
23 from employment during the benefit year.

24 (1) If any payment pursuant to this subsection is paid with respect to a  
25 month, then the amount deemed to be received with respect to any week  
26 during such month shall be computed by multiplying such monthly  
27 amount by 12 and dividing the product by 52. If there is no designation of  
28 the period with respect to which payments to an individual are made under  
29 this section, then an amount equal to such individual's normal weekly  
30 wage shall be attributed to and deemed paid with respect to the first and  
31 each succeeding week following the individual's separation from the  
32 employment of the employer making the payment until such amount so  
33 paid is exhausted.

34 (2) If benefits for any week, when reduced as provided in this  
35 subsection, result in an amount not a multiple of one dollar, such benefits  
36 shall be rounded to the next lower multiple of one dollar.

37 ~~(i)~~(m) For weeks commencing on and after January 1, 2014, if at the  
38 beginning of the benefit year, the three month seasonally adjusted average  
39 unemployment rate for the state of Kansas is: (1) Less than 4.5%, a  
40 claimant shall be eligible for a maximum of 16 weeks of benefits; (2) at  
41 least 4.5% but less than 6%, a claimant shall be eligible for a maximum of  
42 20 weeks of benefits; or (3) at least 6%, a claimant shall be eligible for a  
43 maximum of 26 weeks of benefits.

1       Sec. 2. K.S.A. 2014 Supp. 44-710a is hereby amended to read as  
2 follows: 44-710a. (a) *Classification of employers by the secretary.* The  
3 term "employer" as used in this section refers to contributing employers.  
4 The secretary shall classify employers in accordance with their actual  
5 experience in the payment of contributions on their own behalf and with  
6 respect to benefits charged against their accounts with a view of fixing  
7 such contribution rates as will reflect such experience. If, as of the date  
8 such classification of employers is made, the secretary finds that any  
9 employing unit has failed to file any report required in connection  
10 therewith, or has filed a report which the secretary finds incorrect or  
11 insufficient, the secretary shall make an estimate of the information  
12 required from such employing unit on the basis of the best evidence  
13 reasonably available to the secretary at the time, and notify the employing  
14 unit thereof by mail addressed to its last known address. Unless such  
15 employing unit shall file the report or a corrected or sufficient report as the  
16 case may be, within 15 days after the mailing of such notice, the secretary  
17 shall compute such employing unit's rate of contributions on the basis of  
18 such estimates, and the rate as so determined shall be subject to increase  
19 but not to reduction on the basis of subsequently ascertained information.  
20 The secretary shall determine the contribution rate of each employer in  
21 accordance with the requirements of this section.

22       (1) *New employers.* (A) No employer will be eligible for a rate  
23 computation until there have been 24 consecutive calendar months  
24 immediately preceding the computation date throughout which benefits  
25 could have been charged against such employer's account.

26       (B) (i) (a) ~~For the rate years 2007 through 2013, each employer who~~  
27 ~~is not eligible for a rate contribution shall pay contributions equal to 4% of~~  
28 ~~wages paid during each calendar year with regard to employment except~~  
29 ~~such employers engaged in the construction industry shall pay a rate equal~~  
30 ~~to 6%.~~

31       ~~(b)—For the rate year 2014 and each rate year thereafter, except as~~  
32 ~~provided in subclause (c), each employer who is not eligible for a rate~~  
33 ~~contribution shall pay contributions equal to 4% 2.7% of wages paid~~  
34 ~~during each calendar year with regard to employment, except such~~  
35 ~~employers engaged in the construction industry shall pay a rate equal to~~  
36 ~~6%.~~

37       ~~(c)—For the rate year 2014 and each rate year thereafter, except for the~~  
38 ~~construction industry, each employer who starts a new business and who is~~  
39 ~~not eligible for a rate contribution shall pay contributions equal to 2.7% of~~  
40 ~~wages paid during each calendar year with regard to employment.~~

41       ~~(d)~~(b) (1) For the rate year 2015 and each rate year thereafter, an  
42 employer who was not doing business in Kansas prior to July 1, 2014,  
43 shall be eligible for either the new employer rate under subsection (a)(1)

1 (B)(i)(e)(a) or the rate associated with the reserve ratio such employer  
2 experienced in the state which such employer was formerly located, but in  
3 no event less than 1% if such:

4 (A) Employer has been in operation in the other state or states for at  
5 least the three years immediately preceding the date such employer  
6 becomes a liable employer in Kansas;

7 (B) employer provides the authenticated account history from  
8 information accumulated from operations of such employer in the other  
9 state or all the other states necessary to compute a current Kansas rate; and

10 (C) employer's business operations established in Kansas are of the  
11 same nature, as defined by the North American industrial classification  
12 system, as conducted by such employer in the other state or states.

13 (2) The election authorized in subsection (a)(1)(B)(i)(~~d~~)(b) of this  
14 section must be made in writing within 30 days after notice of Kansas  
15 liability. A rate in accordance with subsection (a)(1)(B)(i)(e)(a) will be  
16 assigned unless a timely election has been made.

17 (3) If the election is made timely, the employer's account will receive  
18 the rate elected for the remainder of that rate year. The rate assigned for  
19 the next and subsequent years will be determined by the condition of the  
20 account on the computation date.

21 (ii) ~~For rate years prior to 2007, employers who are not eligible for a~~  
22 ~~rate computation shall pay contributions at an assigned rate equal to the~~  
23 ~~sum of 1% plus the greater of the average rate assigned in the preceding~~  
24 ~~calendar year to all employers in such industry sector or the average rate~~  
25 ~~assigned to all covered employers during the preceding calendar year,~~  
26 ~~except that in no instance shall any such assigned rate be less than 2%.~~  
27 ~~Employers engaged in more than one type of industrial activity shall be~~  
28 ~~classified by principal activity. All rates assigned will remain in effect for a~~  
29 ~~complete calendar year. If the sale or acquisition of a new establishment~~  
30 ~~would require reclassification of the employer to a different industry~~  
31 ~~sector, the employer would be promptly notified, and the contribution rate~~  
32 ~~applicable to the new industry sector would become effective the~~  
33 ~~following January 1.~~

34 (iii)—For purposes of this subsection (a), employers shall be classified  
35 by industrial activity in accordance with standard procedures as set forth in  
36 rules and regulations adopted by the secretary. *Employers engaged in more*  
37 *than one type of industrial activity shall be classified by principal activity.*  
38 *All rates assigned will remain in effect for a complete calendar year. If the*  
39 *sale or acquisition of a new establishment would require reclassification*  
40 *of the employer to a different industry sector, the employer would be*  
41 *promptly notified, and the contribution rate applicable to the new industry*  
42 *sector would become effective the following January 1.*

43 (C) "Computation date" means June 30 of each calendar year with

1 respect to rates of contribution applicable to the calendar year beginning  
2 with the following January 1. In arriving at contribution rates for each  
3 calendar year, contributions paid on or before July 31 following the  
4 computation date for employment occurring on or prior to the computation  
5 date shall be considered for each contributing employer who has been  
6 subject to this act for a sufficient period of time to have such employer's  
7 rate computed under this subsection (a).

8 (2) *Eligible employers.* (A) A reserve ratio shall be computed for each  
9 eligible employer by the following method: Total benefits charged to the  
10 employer's account for all past years shall be deducted from all  
11 contributions paid by such employer for all such years. The balance,  
12 positive or negative, shall be divided by the employer's average annual  
13 payroll, and the result shall constitute the employer reserve ratio.

14 ~~(B) Negative account balance employers as defined in subsection (d)~~  
15 ~~shall pay contributions at the rate of 5.4% for each calendar year. (i) For~~  
16 ~~rate year 2015 and prior rate years, negative account balance employers,~~  
17 ~~as defined in subsection (d), shall pay contributions at the rate of 5.4% for~~  
18 ~~each calendar year.~~

19 (ii) *For rate year 2016 and rate years thereafter, negative account*  
20 *balance employers, as defined in subsection (d), shall pay contributions at*  
21 *the rate referenced in section (a)(4)(D)(ii).*

22 (C) Eligible employers, other than negative account balance  
23 employers, who do not meet the average annual payroll requirements as  
24 stated in ~~subsection (a)(2) of K.S.A. 44-703(a)(2), and amendments~~  
25 ~~thereto, will be issued the maximum rate indicated in subsection (a)(3)(C)~~  
26 ~~(a)(4)(D)(ii) of this section until such employer establishes a new period of~~  
27 ~~24 consecutive calendar months immediately preceding the computation~~  
28 ~~date throughout which benefits could have been charged against such~~  
29 ~~employer's account by resuming the payment of wages. Contribution rates~~  
30 ~~effective for each calendar year thereafter shall be determined as~~  
31 ~~prescribed below.~~

32 (D) *For rate year 2015 and prior rate years, as of each computation*  
33 *date, the total of the taxable wages paid during the 12-month period prior*  
34 *to the computation date by all employers eligible for rate computation,*  
35 *except negative account balance employers, shall be divided into 51*  
36 *approximately equal parts designated in column A of schedule I as "rate*  
37 *groups," except, with regard to a year in which the taxable wage base*  
38 *changes. The taxable wages used in the calculation for such a year and the*  
39 *following year shall be an estimate of what the taxable wages would have*  
40 *been if the new taxable wage base had been in effect during the entire*  
41 *twelve-month period prior to the computation date. The lowest numbered*  
42 *of such rate groups shall consist of the employers with the most favorable*  
43 *reserve ratios, as defined in this section, whose combined taxable wages*

1 paid are less than 1.96% of all taxable wages paid by all eligible  
 2 employers. Each succeeding higher numbered rate group shall consist of  
 3 employers with reserve ratios that are less favorable than those of  
 4 employers in the preceding lower numbered rate groups and whose taxable  
 5 wages when combined with the taxable wages of employers in all lower  
 6 numbered rate groups equal the appropriate percentage of total taxable  
 7 wages designated in column B of schedule I. Each eligible employer, other  
 8 than a negative account balance employer, shall be assigned an experience  
 9 factor designated under column C of schedule I in accordance with the rate  
 10 group to which the employer is assigned on the basis of the employer's  
 11 reserve ratio and taxable payroll. If an employer's taxable payroll falls into  
 12 more than one rate group the employer shall be assigned the experience  
 13 factor of the lower numbered rate group. If one or more employers have  
 14 reserve ratios identical to that of the last employer included in the next  
 15 lower numbered rate group, all such employers shall be assigned the  
 16 experience factor designated to such last employer, notwithstanding the  
 17 position of their taxable payroll in column B of schedule I.

18 SCHEDULE I—Eligible Employers

19 Column A	Column B	Column C
20 Rate	Cumulative	Experience factor
21 group	taxable payroll	(Ratio to total wages)
22 1	Less than 1.96% .....	.025%
23 2	1.96% but less than 3.92 .....	.04
24 3	3.92 but less than 5.88 .....	.08
25 4	5.88 but less than 7.84 .....	.12
26 5	7.84 but less than 9.80 .....	.16
27 6	9.80 but less than 11.76 .....	.20
28 7	11.76 but less than 13.72 .....	.24
29 8	13.72 but less than 15.68 .....	.28
30 9	15.68 but less than 17.64 .....	.32
31 10	17.64 but less than 19.60 .....	.36
32 11	19.60 but less than 21.56 .....	.40
33 12	21.56 but less than 23.52 .....	.44
34 13	23.52 but less than 25.48 .....	.48
35 14	25.48 but less than 27.44 .....	.52
36 15	27.44 but less than 29.40 .....	.56
37 16	29.40 but less than 31.36 .....	.60
38 17	31.36 but less than 33.32 .....	.64
39 18	33.32 but less than 35.28 .....	.68
40 19	35.28 but less than 37.24 .....	.72
41 20	37.24 but less than 39.20 .....	.76
42 21	39.20 but less than 41.16 .....	.80
43 22	41.16 but less than 43.12 .....	.84



1	23	43.12 but less than 45.08 .....	.88
2	24	45.08 but less than 47.04 .....	.92
3	25	47.04 but less than 49.00 .....	.96
4	26	49.00 but less than 50.96 .....	1.00
5	27	50.96 but less than 52.92 .....	1.04
6	28	52.92 but less than 54.88 .....	1.08
7	29	54.88 but less than 56.84 .....	1.12
8	30	56.84 but less than 58.80 .....	1.16
9	31	58.80 but less than 60.76 .....	1.20
10	32	60.76 but less than 62.72 .....	1.24
11	33	62.72 but less than 64.68 .....	1.28
12	34	64.68 but less than 66.64 .....	1.32
13	35	66.64 but less than 68.60 .....	1.36
14	36	68.60 but less than 70.56 .....	1.40
15	37	70.56 but less than 72.52 .....	1.44
16	38	72.52 but less than 74.48 .....	1.48
17	39	74.48 but less than 76.44 .....	1.52
18	40	76.44 but less than 78.40 .....	1.56
19	41	78.40 but less than 80.36 .....	1.60
20	42	80.36 but less than 82.32 .....	1.64
21	43	82.32 but less than 84.28 .....	1.68
22	44	84.28 but less than 86.24 .....	1.72
23	45	86.24 but less than 88.20 .....	1.76
24	46	88.20 but less than 90.16 .....	1.80
25	47	90.16 but less than 92.12 .....	1.84
26	48	92.12 but less than 94.08 .....	1.88
27	49	94.08 but less than 96.04 .....	1.92
28	50	96.04 but less than 98.00 .....	1.96
29	51	98.00 and over .....	2.00

30

31 (E) *For rate year 2015 and prior rate years, negative account balance*  
 32 *employers shall, in addition to paying the rate provided for in subsection*  
 33 *(a)(2)(B) of this section, pay a surcharge based on the size of the*  
 34 *employer's negative reserve ratio, the calculation which is provided for in*  
 35 *subsection (a)(2) of this section. The amount of the surcharge shall be*  
 36 *determined from column B2 of schedule II of this section for calendar*  
 37 *years 2012, 2013, 2014 and from column B4 of schedule II of this section*  
 38 *for each calendar year after 2014. Each negative account balance employer*  
 39 *who does not satisfy the requirements to have an average annual payroll,*  
 40 *as defined by ~~subsection (a)(2) of K.S.A. 44-703(a)(2), and amendments~~*  
 41 *thereto, shall be assigned a surcharge of equal to the maximum negative*  
 42 *ratio surcharge from column B2 of schedule II of this section for calendar*  
 43 *years 2012, 2013 and 2014. ~~From calendar year 2015 forward, each~~*

1 ~~negative account balance employer who does not satisfy the requirements~~  
2 ~~to have an average annual payroll, as defined by subsection (a)(2) of~~  
3 ~~K.S.A. 44-703, and amendments thereto, shall be assigned a surcharge~~  
4 ~~equal to the maximum negative ratio surcharge from column B4 of~~  
5 ~~schedule II of this section.~~ Funds from the surcharge paid according to this  
6 subsection (a)(2)(E), and amendments thereto, shall be used to pay  
7 principal and interest due on funds received from the federal  
8 unemployment account under title XII of the social security act, (42 U.S.C.  
9 §§ 1321 to 1324), in the following manner:

10 (i) For each calendar year 2012, 2013 and 2014, an additional 0.10%  
11 of the taxable wages paid by all negative account balance employers with  
12 a negative reserve ratio between 0.0% and 19.9% shall be designated an  
13 interest assessment surcharge and paid into the employment security  
14 interest assessment fund for the purpose of paying interest due and owing  
15 on funds received from the federal unemployment account under title XII  
16 of the social security act. The total surcharges assessed, including the  
17 additional 0.10% surcharge mentioned above, on such employers are listed  
18 in schedule II column B2. For the calendar year 2015, ~~and each calendar~~  
19 ~~year thereafter,~~ the surcharge rate for negative balance employers with a  
20 negative reserve ratio between 0.0% and 19.9% shall be as listed in  
21 schedule II column B4.

22 (ii) For the calendar years 2012, 2013 and 2014, an additional  
23 surcharge on negative balance employers with a negative reserve ratio of  
24 20.0% and higher shall be designated an interest assessment surcharge and  
25 deposited in the employment security interest assessment fund. The  
26 additional surcharge shall be used for the purposes of paying interest due  
27 and owing on funds received from the federal unemployment account  
28 under title XII of the social security act. The total surcharge including the  
29 additional surcharge on such employers is listed in schedule II column B3  
30 of this section.

31 (iii) For any succeeding year in which interest is due and owing on  
32 funds received from the federal unemployment account under title XII of  
33 the social security act, the secretary of labor may adjust the surcharge  
34 amounts necessary to pay such interest;

35 (iv) the portion of such surcharge used for the payment of such  
36 interest shall not be included in the calculation of such employers reserve  
37 ratio pursuant to subsection (a)(2). The portion of such surcharge used for  
38 the payment of principal shall be included in the calculation of such  
39 employers reserve ratio pursuant to subsection (a)(2); and

40 (v) if the amounts collected under this subsection are in excess of the  
41 amounts needed to pay interest due, the amounts in excess shall remain in  
42 the employment security interest assessment fund to be used to pay interest  
43 in future years. Whenever the secretary certifies all interest payments have

1 been paid pursuant to this section, any excess funds remaining in the  
 2 employment security interest assessment fund shall be transferred to the  
 3 employment security trust fund for the purpose of paying any remaining  
 4 principal amount due for advances described in this section. In the event  
 5 that the amount transferred from the employment security interest  
 6 assessment fund exceeds such remaining amount of principal due, the  
 7 balance shall be used for the purposes of the employment security trust  
 8 fund.

9 SCHEDULE II—Surcharge on Negative Accounts

10 Column A	Column B1	Column B2	Column B3	Column B4
11 Negative Reserve	Surcharge as a	Surcharge as a	Surcharge as a	Surcharge as a
12 ratio	percent of	percent of	percent of	percent of
13		taxable wages	taxable wages	taxable wages
14 taxable wages				
15 Less than 2.0%.....	0.20%.....	0.30%.....	0.10%.....	
16 2.0% but less than 4.0.....	0.40.....	0.50.....		0.20
17 4.0 but less than 6.0.....	0.60.....	0.70.....		0.30
18 6.0 but less than 8.0.....	0.80.....	0.90.....		0.40
19 8.0 but less than 10.0.....	1.00.....	1.10.....		0.50
20 10.0 but less than 12.0.....	1.20.....	1.30.....		0.60
21 12.0 but less than 14.0.....	1.40.....	1.50.....		0.70
22 14.0 but less than 16.0.....	1.60.....	1.70.....		0.80
23 16.0 but less than 18.0.....	1.80.....	1.90.....		0.90
24 18.0 but less than 20.0.....	2.00.....	2.10.....		1.00
25 20.0 but less than 22.0.....	2.00.....		2.20.....	1.10
26 22.0 but less than 24.0.....	2.00.....		2.40.....	1.20
27 24.0 but less than 26.0.....	2.00.....		2.60.....	1.30
28 26.0 but less than 28.0.....	2.00.....		2.80.....	1.40
29 28.0 but less than 30.0.....	2.00.....		3.00.....	1.50
30 30.0 but less than 32.0.....	2.00.....		3.20.....	1.60
31 32.0 but less than 34.0.....	2.00.....		3.40.....	1.70
32 34.0 but less than 36.0.....	2.00.....		3.60.....	1.80
33 36.0 but less than 38.0.....	2.00.....		3.80.....	1.90
34 38.0 and over.....	2.00.....		4.00.....	2.00

35  
 36 (3) *Entering and expanding employer.* (A) The secretary, as a method  
 37 of providing for a reduced rate of contributions to an employer shall verify  
 38 the qualifications in this statute that bear a direct relation to unemployment  
 39 risk for that employer.

40 (B) If, as of the computation date, an eligible, positive balance  
 41 employer's reserve ratio is significantly affected due to an increase in the  
 42 employer's taxable payroll of at least 100% and such increase is  
 43 attributable to a growth in employment, and not to a change in the taxable  
 44 wage base from the previous year, the secretary shall assign a reduced rate  
 45 of contributions for a period of ~~four~~ three years.

46 (i) Such reduced rate of contributions shall be the new employer rate  
 47 described in subsection (a)(1)(B)(i)(~~e~~)(a), or a rate based on the employer's  
 48 demonstrated risk as reflected in the employer's reserve fund ratio history.

49 (ii) To be eligible for such reduced rate, the employer must maintain a

1 positive account balance throughout the reduced-rate period and must have  
 2 an increase in account balance for each year.

3 (4) *Planned yield.* (A) *For rate year 2015 and prior rate years,* the  
 4 average required yield shall be determined from schedule III of this  
 5 section, and the planned yield on total wages in column B of schedule III  
 6 shall be determined by the reserve fund ratio in column A of schedule III.  
 7 The reserve fund ratio shall be determined by dividing total assets in the  
 8 employment security fund provided for in ~~subsection (a)~~ of K.S.A. 44-  
 9 712(a), and amendments thereto, excluding all moneys credited to the  
 10 account of this state pursuant to section 903 of the federal social security  
 11 act, as amended, which have been appropriated by the state legislature,  
 12 whether or not withdrawn from the trust fund, and excluding contributions  
 13 not yet paid on July 31 by total payrolls for contributing employers for the  
 14 preceding fiscal year which ended June 30.

15 (B) *For the rate year 2016 and rate years thereafter, the contribution*  
 16 *schedule in effect shall be determined by the fund control table and rate*  
 17 *schedule table of subsection (a)(4)(D).*

18 SCHEDULE III—Fund Control  
 19 Ratios to Total Wages

20 Column A	20 Column B
21 Reserve Fund Ratio	21 Planned Yield
22 4.500 and over .....	0.00
23 4.475 but less than 4.500.....	0.01
24 4.450 but less than 4.475.....	0.02
25 4.425 but less than 4.450.....	0.03
26 4.400 but less than 4.425.....	0.04
27 4.375 but less than 4.400.....	0.05
28 4.350 but less than 4.375.....	0.06
29 4.325 but less than 4.350.....	0.07
30 4.300 but less than 4.325.....	0.08
31 4.275 but less than 4.300.....	0.09
32 4.250 but less than 4.275.....	0.10
33 4.225 but less than 4.250.....	0.11
34 4.200 but less than 4.225.....	0.12
35 4.175 but less than 4.200.....	0.13
36 4.150 but less than 4.175.....	0.14
37 4.125 but less than 4.150.....	0.15
38 4.100 but less than 4.125.....	0.16
39 4.075 but less than 4.100.....	0.17
40 4.050 but less than 4.075.....	0.18
41 4.025 but less than 4.050.....	0.19
42 4.000 but less than 4.025.....	0.20
43 3.950 but less than 4.000.....	0.21

1	3.900 but less than 3.950.....	0.22
2	3.850 but less than 3.900.....	0.23
3	3.800 but less than 3.850.....	0.24
4	3.750 but less than 3.800.....	0.25
5	3.700 but less than 3.750.....	0.26
6	3.650 but less than 3.700.....	0.27
7	3.600 but less than 3.650.....	0.28
8	3.550 but less than 3.600.....	0.29
9	3.500 but less than 3.550.....	0.30
10	3.450 but less than 3.500.....	0.31
11	3.400 but less than 3.450.....	0.32
12	3.350 but less than 3.400.....	0.33
13	3.300 but less than 3.350.....	0.34
14	3.250 but less than 3.300.....	0.35
15	3.200 but less than 3.250.....	0.36
16	3.150 but less than 3.200.....	0.37
17	3.100 but less than 3.150.....	0.38
18	3.050 but less than 3.100.....	0.39
19	3.000 but less than 3.050.....	0.40
20	2.950 but less than 3.000.....	0.41
21	2.900 but less than 2.950.....	0.42
22	2.850 but less than 2.900.....	0.43
23	2.800 but less than 2.850.....	0.44
24	2.750 but less than 2.800.....	0.45
25	2.700 but less than 2.750.....	0.46
26	2.650 but less than 2.700.....	0.47
27	2.600 but less than 2.650.....	0.48
28	2.550 but less than 2.600.....	0.49
29	2.500 but less than 2.550.....	0.50
30	2.450 but less than 2.500.....	0.51
31	2.400 but less than 2.450.....	0.52
32	2.350 but less than 2.400.....	0.53
33	2.300 but less than 2.350.....	0.54
34	2.250 but less than 2.300.....	0.55
35	2.200 but less than 2.250.....	0.56
36	2.150 but less than 2.200.....	0.57
37	2.100 but less than 2.150.....	0.58
38	2.050 but less than 2.100.....	0.59
39	2.000 but less than 2.050.....	0.60
40	1.975 but less than 2.000.....	0.61
41	1.950 but less than 1.975.....	0.62
42	1.925 but less than 1.950.....	0.63
43	1.900 but less than 1.925.....	0.64

1	1.875 but less than 1.900.....	0.65
2	1.850 but less than 1.875.....	0.66
3	1.825 but less than 1.850.....	0.67
4	1.800 but less than 1.825.....	0.68
5	1.775 but less than 1.800.....	0.69
6	1.750 but less than 1.775.....	0.70
7	1.725 but less than 1.750.....	0.71
8	1.700 but less than 1.725.....	0.72
9	1.675 but less than 1.700.....	0.73
10	1.650 but less than 1.675.....	0.74
11	1.625 but less than 1.650.....	0.75
12	1.600 but less than 1.625.....	0.76
13	1.575 but less than 1.600.....	0.77
14	1.550 but less than 1.575.....	0.78
15	1.525 but less than 1.550.....	0.79
16	1.500 but less than 1.525.....	0.80
17	1.475 but less than 1.500.....	0.81
18	1.450 but less than 1.475.....	0.82
19	1.425 but less than 1.450.....	0.83
20	1.400 but less than 1.425.....	0.84
21	1.375 but less than 1.400.....	0.85
22	1.350 but less than 1.375.....	0.86
23	1.325 but less than 1.350.....	0.87
24	1.300 but less than 1.325.....	0.88
25	1.275 but less than 1.300.....	0.89
26	1.250 but less than 1.275.....	0.90
27	1.225 but less than 1.250.....	0.91
28	1.200 but less than 1.225.....	0.92
29	1.175 but less than 1.200.....	0.93
30	1.150 but less than 1.175.....	0.94
31	1.125 but less than 1.150.....	0.95
32	1.100 but less than 1.125.....	0.96
33	1.075 but less than 1.100.....	0.97
34	1.050 but less than 1.075.....	0.98
35	1.025 but less than 1.050.....	0.99
36	1.000 but less than 1.025.....	1.00
37	0.900 but less than 1.000.....	1.01
38	0.800 but less than 0.900.....	1.02
39	0.700 but less than 0.800.....	1.03
40	0.600 but less than 0.700.....	1.04
41	0.500 but less than 0.600.....	1.05
42	0.400 but less than 0.500.....	1.06
43	0.300 but less than 0.400.....	1.07

1 0.200 but less than 0.300.....1.08  
 2 0.100 but less than 0.200.....1.09  
 3 Less than 0.100%.....1.10

4  
 5 ~~(B)~~(C) *Adjustment to taxable wages. For rate year 2015 and prior*  
 6 *rate years, the planned yield as a percent of total wages, as determined in*  
 7 *this subsection (a)~~(3)~~(4), shall be adjusted to taxable wages by multiplying*  
 8 *by the ratio of total wages to taxable wages for all contributing employers*  
 9 *for the preceding fiscal year ending June 30, except, with regard to a year*  
 10 *in which the taxable wage base changes. The taxable wages used in the*  
 11 *calculation for such a year and the following year shall be an estimate of*  
 12 *what the taxable wages would have been if the new taxable wage base had*  
 13 *been in effect during all of the preceding fiscal year ending June 30.*

14 ~~(C)~~(D) *Effective rates. (i) For rate year 2016 and ensuing rate years,*  
 15 *employer contribution rates to be effective for the ensuing calendar year*  
 16 *shall be determined by the fund control table contained in this section. The*  
 17 *average high cost multiple of the trust fund as of the computation date*  
 18 *shall determine the contribution schedule in effect for the next rate year.*  
 19 *For purposes of subsection (a)(4)(D)(i) and (v), the average high cost*  
 20 *multiple is the reserve fund ratio, as defined by subsection (a)(4)(A),*  
 21 *divided by the average high benefit cost rate. The average high benefit*  
 22 *cost rate shall be determined by averaging the three highest benefit cost*  
 23 *rates over the last 20 years from the preceding fiscal year which ended*  
 24 *June 30. The high benefit cost rate is defined by dividing total benefits*  
 25 *paid in the fiscal year by total payrolls for covered employers in the fiscal*  
 26 *year.*

27 *Fund Control Table*

28

29 <i>Lower AHCM</i>	30 <i>Upper AHCM</i>	31 <i>Solvency Adjustment</i>
32 <i>Threshold</i>	33 <i>Threshold</i>	34 <i>to Standard Rate</i>
35 <i>1000.00000</i>	36 <i>0.19999</i>	37 <i>1.60%</i>
38 <i>0.20000</i>	39 <i>0.29999</i>	40 <i>1.40%</i>
41 <i>0.30000</i>	42 <i>0.44999</i>	43 <i>1.20%</i>
44 <i>0.45000</i>	45 <i>0.59999</i>	46 <i>1.00%</i>
47 <i>0.60000</i>	48 <i>0.99999</i>	49 <i>0.00%</i>
50 <i>1.00000</i>	51 <i>1.14999</i>	52 <i>-0.20%</i>
53 <i>1.15000</i>	54 <i>1.34999</i>	55 <i>-0.40%</i>
56 <i>1.35000</i>	57 <i>1000.00000</i>	58 <i>-0.60%</i>

59  
 60 *(ii) For rate year 2016 and ensuing rate years, eligible employers shall*  
 61 *be classified according to the Standard Rate Schedule in this section,*  
 62 *subject to any adjustment pursuant to the effective rate schedule for that*  
 63 *rate year.*

<i>STANDARD RATE SCHEDULE</i>				
	<i>Rate</i>	<i>Lower Reserve</i>	<i>Upper Reserve</i>	<i>Standard</i>
	<i>Group</i>	<i>Ratio Limit</i>	<i>Ratio Limit</i>	<i>Rate</i>
1				
2				
3				
4				
5	1	18.590	1,000,000.000	0.20%
6	2	17.875	18.589	0.40%
7	3	17.160	17.874	0.60%
8	4	16.445	17.159	0.80%
9	5	15.730	16.444	1.00%
10	6	15.015	15.729	1.20%
11	7	14.300	15.014	1.40%
12	8	13.585	14.299	1.60%
13	9	12.870	13.584	1.80%
14	10	12.155	12.869	2.00%
15	11	11.440	12.154	2.20%
16	12	10.725	11.439	2.40%
17	13	10.010	10.724	2.60%
18	14	9.295	10.009	2.80%
19	15	8.580	9.294	3.00%
20	16	7.865	8.579	3.20%
21	17	7.150	7.864	3.40%
22	18	6.435	7.149	3.60%
23	19	5.720	6.434	3.80%
24	20	5.005	5.719	4.00%
25	21	4.290	5.004	4.20%
26	22	3.575	4.289	4.40%
27	23	2.860	3.574	4.60%
28	24	2.145	2.859	4.80%
29	25	1.430	2.144	5.00%
30	26	0.715	1.429	5.20%
31	27	0.000	0.714	5.40%
32	N1	-0.714	-0.001	5.60%
33	N2	-1.429	-0.715	5.80%
34	N3	-2.144	-1.430	6.00%
35	N4	-2.859	-2.145	6.20%
36	N5	-3.574	-2.860	6.40%
37	N6	-4.289	-3.575	6.60%
38	N7	-5.004	-4.290	6.80%
39	N8	-5.719	-5.005	7.00%
40	N9	-6.434	-5.720	7.20%
41	N10	-7.149	-6.435	7.40%
42	N11	-1,000,000.000	-7.150	7.60%
43				



1       (iii) For all rate years prior to 2016, except with regard to rates for  
2 negative account balance employers, employer contribution rates to be  
3 effective for the ensuing calendar year shall be computed by adjusting  
4 proportionately the experience factors from schedule I of this section to the  
5 required yield on taxable wages. For the purposes of this subsection (a)(3)  
6 (4), all rates computed shall be rounded to the nearest .01% and for  
7 calendar year 1983 and ensuing calendar years, the maximum effective  
8 contribution rate shall not exceed 5.4%.

9       (ii)(iv) For rate year ~~2007~~ and subsequent rate years *2007 through*  
10 *2015*, employers who are current in filing quarterly wage reports and in  
11 payment of all contributions due and owing, shall be issued a contribution  
12 rate based upon the following reduction: For rate groups 1 through 5, the  
13 rates would be reduced to 0.00%; for rate groups 6 through 28, the rates  
14 would be reduced by 50%; for rate groups 29 through 51, the rates would  
15 be reduced by 40%.

16       (iii) ~~In order to be eligible for the reduced rates for rate year 2007, the~~  
17 ~~employer must file all late reports and pay all contributions due and owing~~  
18 ~~within a 30-day period following the date of mailing of the amended rate~~  
19 ~~notice.~~

20       (iv) ~~In order to be eligible for the reduced rates for rate years 2008~~  
21 ~~through 2013, employers must file all reports due and pay all contributions~~  
22 ~~due and owing on or before January 31 of the applicable year, except that~~  
23 ~~the reduced rates for otherwise eligible employers shall not be effective for~~  
24 ~~any rate year if the average high cost multiple of the employment security~~  
25 ~~trust fund balance falls below 1.2 as of the computation date of that year's~~  
26 ~~rates. In order to be eligible for the reduced rates for rate year 2014 and~~  
27 ~~subsequent rate years, employers must file all reports due and pay all~~  
28 ~~contributions due and owing on or before January 31 of the applicable~~  
29 ~~year, except that the reduced rates for otherwise eligible employers shall~~  
30 ~~not be effective for any rate year if the average high cost multiple of the~~  
31 ~~employment security trust fund balance falls below 1.0 as of the~~  
32 ~~computation date of that year's rates. For the purposes of this provision,~~  
33 ~~the average high cost multiple is the reserve fund ratio, as defined by~~  
34 ~~subsection (a)(3)(A), divided by the average high benefit cost rate. The~~  
35 ~~average high benefit cost rate shall be determined by averaging the three~~  
36 ~~highest benefit cost rates over the last 20 years from the preceding fiscal~~  
37 ~~year which ended June 30. The high benefit cost rate is defined by~~  
38 ~~dividing total benefits paid in the fiscal year by total payrolls for covered~~  
39 ~~employers in the fiscal year.~~

40       (v) For rate year 2014 and rate years thereafter, an eligible employer  
41 other than a negative account balance employer, who has filed all reports  
42 due and paid all contributions due and owing on or before January 31 of  
43 the applicable year is entitled to a rate discount of 15% except as provided

1 in this subsection. For rate year 2015 and rate years thereafter, an eligible  
2 employer other than a negative account balance employer, who has filed  
3 all reports due and paid all contributions due and owing on or before  
4 January 31 of the applicable year is entitled to a rate discount of 25%  
5 except as provided in this subsection. This discount shall not be in effect if  
6 other reduced rates pursuant to subsections (a)(3)(C)(4)(D)(i) through (iv)  
7 are in effect. This discount shall not be available for a rate year if the  
8 average high cost multiple, *as defined in subsection (a)(4)(D)(i)*, of the  
9 employment security trust fund balance falls below 1.0 as of the  
10 computation date of that year's rates, and this discount shall thereafter  
11 cease to be in effect for all subsequent rate years. ~~For the purposes of this~~  
12 ~~provision, the average high cost multiple is as defined by subsection (a)(3)~~  
13 ~~(C)(iv).~~

14 (b) *Successor classification.* (1) (A) For the purposes of this  
15 subsection (b), whenever an employing unit, whether or not it is an  
16 "employing unit" within the meaning of ~~subsection (g)~~ of K.S.A. 44-  
17 703(g), and amendments thereto, becomes an employer pursuant to  
18 ~~subsection (h)(4)~~ of K.S.A. 44-703(h)(4), and amendments thereto, or is an  
19 employer at the time of acquisition and meets the definition of a  
20 "successor employer" as defined by ~~subsection (dd)~~ of K.S.A. 44-703(dd),  
21 and amendments thereto, and thereafter transfers its trade or business, or  
22 any portion thereof, to another employer and, at the time of the transfer,  
23 there is substantially common ownership, management or control of the  
24 two employers, then the unemployment experience attributable to the  
25 transferred trade or business shall be transferred to the employer to whom  
26 such business is so transferred. These experience factors consist of all  
27 contributions paid, benefit experience and annual payrolls of the  
28 predecessor employer. The transfer of some or all of an employer's  
29 workforce to another employer shall be considered a transfer of trade or  
30 business when, as the result of such transfer, the transferring employer no  
31 longer performs trade or business with respect to the transferred  
32 workforce, and such trade or business is performed by the employer to  
33 whom the workforce is transferred.

34 (B) If, following a transfer of experience under subparagraph (A), the  
35 secretary determines that a substantial purpose of the transfer or business  
36 was to obtain a reduced liability for contributions, then the experience  
37 rating accounts of the employers involved shall be combined into a single  
38 account and a single rate assigned to such account.

39 (2) A successor employer as defined by ~~subsection (h)(4) or~~  
40 ~~subsection (dd)~~ of K.S.A. 44-703(h)(4) or (dd), and amendments thereto,  
41 may receive the experience rating factors of the predecessor employer if an  
42 application is made to the secretary or the secretary's designee in writing  
43 within 120 days of the date of the transfer.

1 (3) Whenever an employing unit, whether or not it is an "employing  
2 unit" within the meaning of ~~subsection (g)~~ of K.S.A. 44-703(g), and  
3 amendments thereto, acquires or in any manner succeeds to a percentage  
4 of an employer's annual payroll which is less than 100% and intends to  
5 continue the acquired percentage as a going business, the employing unit  
6 may acquire the same percentage of the predecessor's experience factors if:  
7 (A) The predecessor employer and successor employing unit make an  
8 application in writing on the form prescribed by the secretary; (B) the  
9 application is submitted within 120 days of the date of the transfer; (C) the  
10 successor employing unit is or becomes an employer subject to this act  
11 immediately after the transfer; (D) the percentage of the experience rating  
12 factors transferred shall not be thereafter used in computing the  
13 contribution rate for the predecessor employer; and (E) the secretary finds  
14 that such transfer will not tend to defeat or obstruct the object and  
15 purposes of this act.

16 (4) (A) The rate of both employers in a full or partial successorship  
17 under paragraph (1) of this subsection shall be recalculated and made  
18 effective on the first day of the next calendar quarter following the date of  
19 transfer of trade or business.

20 (B) If a successor employer is determined to be qualified under  
21 paragraph (2) or (3) of this subsection to receive the experience rating  
22 factors of the predecessor employer, the rate assigned to the successor  
23 employer for the remainder of the contributions year shall be determined  
24 by the following:

25 (i) If the acquiring employing unit was an employer subject to this act  
26 prior to the date of the transfer, the rate of contribution shall be the same as  
27 the contribution rate of the acquiring employer on the date of the transfer.

28 (ii) If the acquiring employing unit was not an employer subject to  
29 this act prior to the date of the transfer, the successor employer shall have  
30 a newly computed rate for the remainder of the contribution year which  
31 shall be based on the transferred experience rating factors as they existed  
32 on the most recent computation date immediately preceding the date of  
33 acquisition. These experience rating factors consist of all contributions  
34 paid, benefit experience and annual payrolls.

35 (5) Whenever an employing unit is not an employer at the time it  
36 acquires the trade or business of an employer, the unemployment  
37 experience factors of the acquired business shall not be transferred to such  
38 employing unit if the secretary finds that such employing unit acquired the  
39 business solely or primarily for the purpose of obtaining a lower rate of  
40 contributions. Instead, such employing unit shall be assigned the  
41 applicable industry rate for a "new employer" as described in subsection  
42 (a)(1) ~~of this section~~. In determining whether the business was acquired  
43 solely or primarily for the purpose of obtaining a lower rate of

1 contributions, the secretary shall use objective factors which may include  
2 the cost of acquiring the business, whether the employer continued the  
3 business enterprise of the acquired business, how long such business  
4 enterprise was continued, or whether a substantial number of new  
5 employees were hired for performance of duties unrelated to the business  
6 activity conducted prior to acquisition.

7 (6) Whenever an employer's account has been terminated as provided  
8 in ~~subsections (d) and (e) of K.S.A. 44-711(d) and (e)~~, and amendments  
9 thereto, and the employer continues with employment to liquidate the  
10 business operations, that employer shall continue to be an "employer"  
11 subject to the employment security law as provided in ~~subsection (h)(8) of~~  
12 K.S.A. 44-703(h)(8), and amendments thereto. The rate of contribution  
13 from the date of transfer to the end of the then current calendar year shall  
14 be the same as the contribution rate prior to the date of the transfer. At the  
15 completion of the then current calendar year, the rate of contribution shall  
16 be that of a "new employer" as described in subsection (a)(1) ~~of this~~  
17 ~~section~~.

18 (7) No rate computation will be permitted an employing unit  
19 succeeding to the experience of another employing unit pursuant to this  
20 section for any period subsequent to such succession except in accordance  
21 with rules and regulations adopted by the secretary. Any such regulations  
22 shall be consistent with federal requirements for additional credit  
23 allowance in section 3303 of the federal internal revenue code of 1986,  
24 and consistent with the provisions of this act.

25 (c) *Voluntary contributions.* Notwithstanding any other provision of  
26 the employment security law, any employer may make voluntary payments  
27 for the purpose of reducing or maintaining a reduced rate in addition to the  
28 contributions required under this section. Such voluntary payments may be  
29 made only during the thirty-day period immediately following the date of  
30 mailing of experience rating notices for a calendar year. All such voluntary  
31 contribution payments shall be paid prior to the expiration of 120 days  
32 after the beginning of the year for which such rates are effective. The  
33 amount of voluntary contributions shall be credited to the employer's  
34 account as of the next preceding computation date and the employer's rate  
35 shall be computed accordingly. Under no circumstances shall voluntary  
36 payments be refunded in whole or in part.

37 (d) As used in this section, "negative account balance employer"  
38 means an eligible employer whose total benefits charged to such  
39 employer's account for all past years have exceeded all contributions paid  
40 by such employer for all such years.

41 (e) There is hereby established in the state treasury, separate and apart  
42 from all public moneys or funds of this state, an employment security  
43 interest assessment fund, which shall be administered by the secretary as

1 provided in this act. Moneys in the employment security fund established  
2 by K.S.A 44-712, and amendments thereto, and employment security  
3 interest assessment fund established by K.S.A. 44-710, and amendments  
4 thereto, shall not be invested in the pooled money investment portfolio  
5 established under K.S.A 75-4234, and amendments thereto.  
6 Notwithstanding the provisions of ~~subsection (a)~~ of K.S.A. 44-712(a),  
7 K.S.A. 44-716, K.S.A. 44-717 and K.S.A. 75-4234, and amendments  
8 thereto, or any like provision the secretary shall remit all moneys received  
9 from employers pursuant to the interest payment assessment established in  
10 subsection (a)(2)(E), to the state treasurer in accordance with the  
11 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
12 each such remittance, the state treasurer shall deposit the entire amount in  
13 the employment security interest assessment fund. All moneys in this fund  
14 which are received from employers pursuant to the interest payment  
15 assessment established in subsection (a)(2)(E), shall be expended solely  
16 for the purposes and in the amounts found by the secretary necessary to  
17 pay any principal and interest due and owing the United States department  
18 of labor resulting from any advancements made to the Kansas employment  
19 security fund pursuant to the provisions of title XII of the social security  
20 act (42 U.S.C. §§ 1321 to 1324) except as may be otherwise provided  
21 under subsection (a)(2)(E). Notwithstanding any provision of this section,  
22 all moneys received and credited to this fund pursuant to subsection (a)(2)  
23 (E), shall remain part of the employment security interest assessment fund  
24 and shall be used only in accordance with the conditions specified in  
25 subsection (a)(2)(E).

26 (f) The secretary of labor shall annually prepare and submit a  
27 certification as to the solvency and adequacy of the amount credited to the  
28 state of Kansas' account in the federal employment security trust fund to  
29 the governor and the legislative coordinating council. The certification  
30 shall be submitted on or before December 1 of each calendar year and  
31 shall be for the 12-month period ending on June 30 of that calendar year.  
32 In arriving at the certification contributions paid on or before July 31  
33 following the 12-month period ending date of June 30 shall be considered.  
34 Each certification shall be used to determine the need for any adjustment  
35 to schedule III in subsection (a)(~~3~~)(A)(4)(B) and to assist in preparing  
36 legislation to accomplish any such adjustment.

37 Sec. 3. K.S.A. 2014 Supp. 44-757 is hereby amended to read as  
38 follows: 44-757. *Shared work unemployment compensation program.* (a)  
39 As used in this section:

40 (1) "Affected unit" means a specified department, shift or other unit  
41 of two or more employees that is designated by an employer to participate  
42 in a shared work plan.

43 (2) "Fringe benefit" means health insurance, a retirement benefit

1 received under a pension plan, a paid vacation day, a paid holiday, sick  
2 leave, and any other analogous employee benefit that is provided by an  
3 employer.

4 (3) "Fund" has the meaning ascribed thereto by ~~subsection (k) of~~  
5 K.S.A. 44-703(k), and amendments thereto.

6 (4) "Normal weekly hours of work" means the lesser of 40 hours or  
7 the average obtained by dividing the total number of hours worked per  
8 week during the preceding twelve-week period by the number 12.

9 (5) "Participating employee" means an employee who works a  
10 reduced number of hours under a shared work plan.

11 (6) "Participating employer" means an employer who has a shared  
12 work plan in effect.

13 (7) "Secretary" means the secretary of labor or the secretary's  
14 designee.

15 (8) "Shared work benefit" means an unemployment compensation  
16 benefit that is payable to an individual in an affected unit because the  
17 individual works reduced hours under an approved shared work plan.

18 (9) "Shared work plan" means a program for reducing unemployment  
19 under which employees who are members of an affected unit share the  
20 work remaining after a reduction in their normal weekly hours of work.

21 (10) "Shared work unemployment compensation program" means a  
22 program designed to reduce unemployment and stabilize the work force by  
23 allowing certain employees to collect unemployment compensation  
24 benefits if the employees share the work remaining after a reduction in the  
25 total number of hours of work and a corresponding reduction in wages.

26 (b) The secretary shall establish a voluntary shared work  
27 unemployment compensation program as provided by this section. The  
28 secretary may adopt rules and regulations and establish procedures  
29 necessary to administer the shared work unemployment compensation  
30 program.

31 (c) An employer who wishes to participate in the shared work  
32 unemployment compensation program must submit a written shared work  
33 plan to the secretary for the secretary's approval. As a condition for  
34 approval, a participating employer must agree to furnish the secretary with  
35 reports relating to the operation of the shared work plan as requested by  
36 the secretary. The employer shall monitor and evaluate the operation of the  
37 established shared work plan as requested by the secretary and shall report  
38 the findings to the secretary.

39 (d) The secretary may approve a shared work plan if:

40 (1) The shared work plan applies to and identifies a specific affected  
41 unit;

42 (2) the employees in the affected unit are identified by name and  
43 social security number;

1 (3) the shared work plan reduces the normal weekly hours of work for  
2 an employee, including regular part-time employees, in the affected unit  
3 by not less than 20% and not more than 40%;

4 (4) the shared work plan applies to at least 10% of the employees in  
5 the affected unit;

6 (5) the shared work plan describes the manner in which the  
7 participating employer treats the fringe benefits of each employee in the  
8 affected unit and the employer certifies that if the employer provides  
9 health benefits and retirement benefits under a defined benefit plan, as  
10 defined in 26 U.S.C. § 414(j), or contributions under a defined  
11 contribution plan, as defined in 26 U.S.C. § 414(i), to any employee whose  
12 workweek is reduced under the program that such benefits will continue to  
13 be provided to employees participating in the shared work compensation  
14 program under the same terms and conditions as though the workweek of  
15 such employee had not been reduced or to the same extent as other  
16 employees not participating in the shared work program;

17 (6) the employer certifies that the implementation of a shared work  
18 plan and the resulting reduction in work hours is in lieu of layoffs that  
19 would affect at least 10% of the employees in the affected unit and that  
20 would result in an equivalent reduction in work hours;

21 (7) the employer has filed all reports required to be filed under the  
22 employment security law for all past and current periods and has paid all  
23 contributions, benefit cost payments, or if a reimbursing employer has  
24 made all payments in lieu of contributions due for all past and current  
25 periods;

26 (8) (A) a contributing employer must be eligible for a rate  
27 computation under ~~subsection (a)(2) of~~ K.S.A. 44-710a(a)(2), and  
28 amendments thereto, and is not a negative account employer as defined by  
29 ~~subsection (d) of~~ K.S.A. 44-710a(d), and amendments thereto; (B) a rated  
30 governmental employer must be eligible for a rate computation under  
31 ~~subsection (g) of~~ K.S.A. 44-710d(g), and amendments thereto;

32 (9) eligible employees may participate, as appropriate, in training,  
33 including without limitation, employer-sponsored training or worker  
34 training funded under the workforce investment act of 1998, to enhance  
35 job skills if such program has been approved by the state of Kansas;

36 (10) the employer includes a plan for giving advance notice, where  
37 feasible, to an employee whose workweek is to be reduced together with  
38 an estimate of the number of layoffs that would have occurred absent the  
39 ability to participate in shared work compensation and such other  
40 information as the secretary of labor determines is appropriate; and

41 (11) the terms of the employer's written plan and implementation are  
42 consistent with employer obligations under applicable federal and Kansas  
43 laws.

1 (e) If any of the employees who participate in a shared work plan  
2 under this section are covered by a collective bargaining agreement, the  
3 shared work plan must be approved in writing by the collective bargaining  
4 agent.

5 (f) A shared work plan may not be implemented to subsidize seasonal  
6 employers during the off-season.

7 (g) The secretary shall approve or deny a shared work plan no later  
8 than the 30<sup>th</sup> day after the day the shared work plan is received by the  
9 secretary. The secretary shall approve or deny a shared work plan in  
10 writing. If the secretary denies a shared work plan, the secretary shall  
11 notify the employer of the reasons for the denial.

12 (h) A shared work plan is effective on the date it is approved by the  
13 secretary, except for good cause a shared work plan may be effective at  
14 any time within a period of 14 days prior to the date such plan is approved  
15 by the secretary. The shared work plan expires on the last day of the 12<sup>th</sup>  
16 full calendar month after the effective date of the shared work plan.

17 (i) An employer may modify a shared work plan created under this  
18 section to meet changed conditions if the modification conforms to the  
19 basic provisions of the shared work plan as approved by the secretary. The  
20 employer must report the changes made to the shared work plan in writing to  
21 the secretary before implementing the changes. If the original shared  
22 work plan is substantially modified, the secretary shall reevaluate the  
23 shared work plan and may approve the modified shared work plan if it  
24 meets the requirements for approval under subsection (d). The approval of  
25 a modified shared work plan does not affect the expiration date originally  
26 set for that shared work plan. If substantial modifications cause the shared  
27 work plan to fail to meet the requirements for approval, the secretary shall  
28 deny approval to the modifications as provided by subsection (g).

29 (j) Notwithstanding any other provisions of the employment security  
30 law, an individual is unemployed and is eligible for shared work benefits  
31 in any week in which the individual, as an employee in an affected unit,  
32 works for less than the individual's normal weekly hours of work in  
33 accordance with an approved shared work plan in effect for that week. The  
34 secretary may not deny shared work benefits for any week to an otherwise  
35 eligible individual by reason of the application of any provision of the  
36 employment security law that relates to availability for work, active search  
37 for work or refusal to apply for or accept work with an employer other  
38 than the participating employer.

39 (k) An individual is eligible to receive shared work benefits with  
40 respect to any week in which the secretary finds that:

41 (1) The individual is employed as a member of an affected unit  
42 subject to a shared work plan that was approved before the week in  
43 question and is in effect for that week;



1 (2) the individual is able to work and is available for additional hours  
2 of work or full-time work with the participating employer;

3 (3) the individual's normal weekly hours of work have been reduced  
4 by at least 20% but not more than 40%, with a corresponding reduction in  
5 wages; and

6 (4) the individual's normal weekly hours of work and wages have  
7 been reduced as described in subsection (k)(3) for a waiting period of one  
8 week which occurs within the period the shared work plan is in effect,  
9 which period includes the week for which the individual is claiming shared  
10 work benefits.

11 (l) The secretary shall pay an individual who is eligible for shared  
12 work benefits under this section a weekly shared work benefit amount  
13 equal to the individual's regular weekly benefit amount for a period of total  
14 unemployment multiplied by the nearest full percentage of reduction of the  
15 individual's hours as set forth in the employer's shared work plan. If the  
16 shared benefit amount is not a multiple of \$1, the secretary shall reduce the  
17 amount to the next lowest multiple of \$1. All shared work benefits under  
18 this section shall be payable from the fund.

19 (m) An individual may not receive shared work benefits and regular  
20 unemployment compensation benefits in an amount that exceeds the  
21 maximum total amount of benefits payable to that individual in a benefit  
22 year as provided by ~~subsection (f)~~ of K.S.A. 44-704(j), and amendments  
23 thereto.

24 (n) An individual who has received all of the shared work benefits  
25 and regular unemployment compensation benefits available in a benefit  
26 year is an exhaustee under K.S.A. 44-704a and 44-704b, and amendments  
27 thereto, and is entitled to receive extended benefits under such statutes if  
28 the individual is otherwise eligible under such statutes.

29 (o) The secretary may terminate a shared work plan for good cause if  
30 the secretary determines that the shared work plan is not being executed  
31 according to the terms and intent of the shared work unemployment  
32 compensation program.

33 (p) Notwithstanding any other provisions of this section, an  
34 individual shall not be eligible to receive shared work benefits for more  
35 than 26 calendar weeks during the 12-month period of the shared work  
36 plan, except that two weeks of additional benefits shall be payable to  
37 claimants who exhaust regular benefits and any benefits under any other  
38 federal or state extended benefits program during the period July 1, 2003  
39 through June 30, 2004. No week shall be counted as a week for which an  
40 individual is eligible for shared work benefits for the purposes of this  
41 section unless the week occurs within the 12-month period of the shared  
42 work plan.

43 (q) No shared work benefit payment shall be made under any shared

1 work plan or this section for any week which commences before April 1,  
2 1989.

3 (r) This section shall be construed as part of the employment security  
4 law.

5 Sec. 4. K.S.A. 2014 Supp. 44-704, 44-710a and 44-757 are hereby  
6 repealed.

7 Sec. 5. This act shall take effect and be in force from and after its  
8 publication in the statute book.