

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Brownlee at 8:30 a.m. on February 6, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department
 Robert Nugent, Revisor of Statutes
 Lea Gerard, Secretary

Conferees appearing before the committee: Dennis Horner, Kansas Trial Lawyers Assoc.
 Seth Valerius, AFL-CIO
 Chip Little, National Assoc. of Professional Employer Org.
 Bob Manes, Oasis Outsourcing
 Phil Harness, Division of Workers Comp.
 Dr. Alec Hansen, Economic Competitiveness Group

Others attending: See attached list.

In accordance with KSA 75-3715, a fiscal note concerning **SB 121** was submitted to the Committee (Attachment 1).

Dennis Horner, Kansas Trial Lawyers association, testified in opposition to **SB 121** stating it seeks to create certain statutory rights and immunities of “professional employer organizations” (PEO). If passed, this proposal will encourage litigation over numerous legal issues. The proposed bill has some troubling possibilities when civil law and liability are considered. Individuals or companies dealing with the “professional employment organization” (PEO) may not have a clear picture of which company is the true employer. The proposed legislation will create illusions to third parties without the benefit of contracts between the PEO and the client (Attachment 2).

Seth Valerius, AFL-CIO, testified in opposition to **SB 121** stating due to Worker’s Compensation views by creating a co-employer status, it creates confusion with the injured worker that has to file a Worker’s Compensation claim. Under this agreement, the PEO undertakes the management of Worker’s Compensation and relieves the business from having to handle the claims (Attachment 3).

Bill Maness, Oasis Outsourcing, testified in support of **SB 121** noting that the purpose is to define and acknowledge the responsibilities of the “professional employee organization” (PEO) and the co-employment relationship. The PEO responsibilities include collecting and paying taxes, providing Worker’s Compensation and benefits to employees. The PEO helps small businesses with their employment responsibilities by becoming a co-employer. This allows the PEO to offer better and more affordable employee benefits including medical, dental, life and disability insurance, and retirement plans (Attachment 4).

Chip Little, Director of Government Affairs for the National Association of Professional Employer Organizations, testified in support of **SB 121**. His printed testimony provided detailed information regarding the PEO industry and the services it provides to workers across the country. Information was also supplied regarding where legislation has been passed in other states (Attachment 5).

Charles Ranson, President of Kansas Inc., introduced Dr. Alec Hansen, Economic Competitiveness Group and project leader for Kansas Inc. Dr. Hansen presented an update of the structure and it’s status.

Dr. Hansen reported the last seven months has been spent working on a three phase project. Phase 1, regarding identification issues and economic analysis is now complete. Phase II, will develop strategy recommendations by using an approach called cluster analysis. This approach samples specific industries that reflect the mood of the economy. The study will indicate market and technology trends, the strategies to meet these needs, as well as what the institutions of government should be doing to support the industries to be more successful in global competition.

Dr. Hansen, in response to a question from the Committee, stated the third phase is when we will issue our recommendations and request implementation support. This is where the legislature and others can take a look at the recommendations and be thinking about practical issues in terms of implementation.

Meeting was adjourned at 9:30 a.m.

Next meeting scheduled February 7, 2001 at 8:30 a.m.