



Testimony in Support of HB2196
Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business

Senate Commerce Committee
February 16, 2021

Chairman and members of the committee, I am pleased to submit testimony in strong support of SB177, on behalf of NFIB Kansas. NFIB Kansas is the leading small business organization in Kansas representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB Kansas represents the consensus views of its over 4,000 members in Kansas.

This committee is well aware of the strain the pandemic has placed on the UI trust fund and the subsequent fraudulent claims debacle. These unemployment insurance problems are hitting small business owners while they are fighting for the survival of their businesses during this unprecedented pandemic. Now confronted with the continued depletion of the UI trust fund and resulting increased UI taxes, owners need assurance that necessary actions are being taken to shore up the fund. We believe SB177 provides the needed reforms which will alleviate small business fears and put the UI trust fund on a firm footing moving forward.

The bill makes several important changes to our unemployment insurance system, including the following critical items:

- Creation of an IT modernization and improvement council
- Increasing from 4.5% to 5% the definition of full employment as it relates to claimant benefit weeks
- Covid-related claim immunity and fraudulent claim protections
- Rate table adjustments which intend to spread the restoration impact more evenly across employers

I would like to share with you the experience of one NFIB member—Kathy Peterson of Heartland Seating in Shawnee—who emailed me amid this UI crisis. Her words represent the experience of thousands of small business owners across Kansas who have been beset by the pandemic and UI disaster:

*“It takes a special breed to be an entrepreneur or run a small business. This past year I have seen more of my friends and peers struggle like never before. Start-ups, small shops, and multi generation companies that were financially sound, community-based, and contributing businesses have been decimated and demoralized by the events of the past year. Unemployment Insurance cannot be the next ‘side effect’ of 2020 – the small businesses that survived the past year are running out of resources and, if nothing else, the ability to cope with this frustrating and hurtful situation for small businesses. **All of the fraudulent claims on our employees, including my co-owner husband, not only cost me time and money that I could be spending doing other things like creating new jobs and putting more resources into our company, but it’s also caused me worry.**”*

SB177 was carefully drafted after extensive discussions and input from some of the leading experts on unemployment insurance in Kansas. NFIB believes the measures included in the bill will instill confidence in the system and help to mitigate the pending tax implications for small business owners. Thank you for the opportunity to provide comments on this critical piece of legislation. Again, we urge the committee to pass out SB177 favorably.