

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 10, 2006 in Room 123-S of the Capitol.

All members were present except:  
Susan Wagle- excused

Committee staff present:  
Kathie Sparks, Kansas Legislative Research Department  
Audrey Dunkel-Kansas Legislative Research Department  
Helen Pedigo, Revisor of Statutes  
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:  
Bobbie Johnson-Legal Counsel-Via Christi Health System  
Phillip Hayes-Human Resources Consultant-Arnold Group  
Bill Schmitz-YMCA -Wichita

Others attending:  
See attached list.

Chairperson Brownlee opened the hearing on **SB 518-Payment of compensation; payment methods; electronic transfer, electronic deposit, payroll card** by introducing Helen Pedigo from the Revisors office to review the bill. Ms. Pedigo gave a review of **SB 518** stating it was an electronic deposit bill and is similar to **SB 122** which was passed out of the Committee last session but defeated on the Senate floor. During Helen's review of the bill there was discussion with the Committee on the wording of the bill and also the changes made on the bill last session before it was passed out of the Committee. The discussion turned to the payroll card and how it worked. Chairperson Brownlee stated that the payroll card would probably be explained during testimony. In closing, Ms. Pedigo stated Electronic banking would be at the discretion of the employer. There would be a payroll card available upon the employee's request. This would mainly be for those that did not have a checking account.

Upon the completion of Ms. Pedigo's review of the bill, Chairperson Brownlee introduced Bobbie Johnson, Legal Counsel for Via Christi Health System to give her testimony as a proponent for **SB 518**. Ms. Johnson presented written testimony. (Attachment 1) Ms. Johnson stated that Via Christi Health System was an employer of approximately 9,000 employees located in a number of communities throughout the State of Kansas. They asked that **SB 518** be introduced to address a payroll issue that adds tens of thousands of unnecessary costs to Via Christi's operations on an annual basis. She stated that current law requires the employer to obtain written consent from an employee before the employer can pay an employee by direct deposit. While a large majority of the Via Christi Health System has chosen direct deposit, a few employees elect to be paid by paper check delivered to them by mail. Via Christi believes this bill would not put a hardship on anyone. For those who don't have or can't have a checking account, payment would be made by a payroll card. A payroll card is a plastic card issued to an employee onto which an employee's net payroll funds are loaded or prepaid each pay period, much like a gift card. Balance on the card can be obtained by inquiries at ATM's, on-line or by a telephone call to a customer service number at the financial entity that issued the card. This system of payroll would benefit both the employee and the employer. Ms. Johnson stated Via Christi would like to take advantage of technology currently available to them and to employ that technology in payroll processes and payment methodologies they need to be able to determine what best fits their needs. In closing, Ms. Johnson referred the Committee to a newspaper article from the Wichita Eagle. (Attachment 2) She asked the Committee to please support **SB 518**.

Upon the conclusion of Ms. Johnson's testimony, Chairperson Brownlee introduced Phillip Hays, Operations Manager and HR Consultant for the Arnold Group, to give his testimony as a proponent for **SB 518**. Mr. Hayes offered written testimony. (Attachment 3) Mr. Hayes stated employers throughout the state are being challenged to do more with less and must develop process improvements to provide quality services and improve their competitive position. Allowing Kansas employers to mandate and implement electronic payroll programs will provide businesses an important opportunity to deliver high quality service that their employees deserve, result in more efficient and cost effective operations, and helps employees without traditional bank

## CONTINUATION SHEET

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accounts take advantage of the benefits of electronic payments. Electronic payroll processing is safe, convenient and reliable. He stated the Arnold Group transitioned from a paper payroll processing to an electronic payroll processing system and there has been numerous benefits for both the employee and the employer. Mr. Hayes ended his testimony (Attachment 4) by stating there was written testimony from Christina Morgan, Staffing Specialist with the Arnold Group. He stated that she did not have a checking account and chose the payroll card; in her written testimony she stated the payroll card was very convenient for her to have and the only drawback is the financial institution which she chose charges a fee for cash withdrawals and transactions. However, she stated the card won't allow her to overdraw her account eliminating finance charges she would incur on return checks. In closing he asked the Committee to vote yes on **SB 518**.

Chairperson Brownlee introduced Bill Schmitz with the YMCA in Wichita, Kansas to give his testimony as a proponent for **SB 518**. Mr. Schmitz presented written testimony. (Attachment 5) Mr. Schmitz stated employees that currently cash their payroll check at local stores would have more money to spend on food if they received their pay compensation on a payroll card, thus eliminating the charge for cashing their payroll check. The payroll card can help reduce time spent on fraudulent check cases by law enforcement officials enabling them to focus on more important issues for taxpayers. In closing Mr. Schmitz stated he firmly believes SB 518 would benefit the Kansas economy for all parties involved.

Chairperson Brownlee called the Committee's attention to written only testimony form: Marlee Carpenter representing the Kansas Chamber; Patrick Salmons representing the Sunflower Bank; and Judy Weigel representing Independent Living Resource Center in Wichita.

Chairperson Brownlee announced the hearing on **SB 518** was closed. She also stated the Committee would meet on Monday, February 13, 2006 at 8:30 to take action on bills previously heard that the Committee was unable to do today due to the time.

Meeting adjourned at 9:30 a.m. with the next meeting scheduled for Monday, February 13, 2006 at 8:30 a.m. in room 123S.