

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 8:30 a.m. on February 9, 2011, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Ms. Margaret Cianciarulo, Committee Assistant  
Mr. Ken Wilke, Office of the Revisor of Statutes  
Mr. Reed Holwegner, Kansas Legislative Research Department  
Ms. Dorothy Noblitt, Kansas Legislative Research Department

Conferees appearing before the Committee:

Mr. Phillip Hayes, KS Unemployment Insurance Committee Chair,  
The Kansas State Council of the Society for Human Resource Management (KS SHRM)  
Ms. Natalie Bright, on behalf of the Wichita Independent Business Association  
Mr. Robert Bausch, Assistant Business Manager for I.B.E.W. Local Union #226  
Mr. Robert Taylor, Journeyman Wireman, Local #226

Others attending:

Please see attached list.

**Continued hearing on SB77 – an act concerning the employment security act**

Upon calling the meeting to order, the Chair called on the first of two proponents, Mr. Phillip Hayes, Kansas Unemployment Insurance Committee Chair, The Kansas State Council of the Society for Human Resource Management (KS SHRM) who stated they offer support for the following amendments regarding the bill:

1. Expanding the last negative rate group.
2. Reinstating the waiting week and eliminate trailing spouse except for military spouses.
3. Retain rate caps passed in **HB2676** until 2014.
4. Increase wage base from its current \$8K to \$9K in 2012, \$10K in 2013, and \$11K in 2014.

He shared a summary of feedback he received over the past 15 months from more than 1,000 employers from across the state by speaking to local community groups, business organizations, and conferences. Overall, he said employers voiced the most frustration with the following:

1. Inconsistencies from Kansas Adjudicators. (2007 Legislative Post Audit indicated Kansas ranked the highest in the US for 2005 at 44.7% in overpayment rates.) He also explained a table entitled, "Historical TAG Unemployment Costs, the Arnold Group (TAG) Benefit Charges Summary.
2. Notice Periods and Time-frame for Appeal. (2011 Experience Rating Notices were dated 12-13-10 – new rates were effective January 2, 2011, 17 days notice. A mere two (2) weeks notice is provided to the business community to plan for any increase from the previous year can hardly be called notice.)
3. Providing Predictability to all employers – restore respectability to the Experience/Merit ratings of each employer. (He offered table 2, showing Kansas SUTA rate comparisons.)
4. Provide accountability within the system. (Asked if we can we link actual job refusals once a claimant is registered on the KANSASWORKS.com website?)

## CONTINUATION SHEET

The minutes of the Senate Commerce Committee at 8:30 a.m. on February 9, 2011, in Room 548-S of the Capitol.

A copy of his testimony is (Attachment 1) attached and incorporated into the Minutes as referenced.

The second proponent to testify was Ms. Natalie Bright, on behalf of the Wichita Independent Business Associations who stated:

- 1.) They offer their support for the direction we are heading in reforming the Kansas Unemployment Compensation Trust Fund, which is now bankrupt and in dire need of redirection.
- 2.) WIBA became actively engaged last session in the issues surrounding unemployment insurance after several of their members notified them regarding significant increase in their 2010 contributions amounts and they worked with the Legislature to pass **HB2676**, with the understanding the issues would be revisited during the 2011 session.
- 3.) The most important component contained in KDOL's proposal is the continuation of rate caps set out in **HB2676** and if these caps are not extended, over two-thirds of the positive balanced employers will be assessed the maximum rate of 5.4% in 2012, which would cause significant layoffs.
- 4.) Our members agreed to support the proposed KDOL amendments with the understanding KDOL will work with our members and other business organizations after the 2011 session.

A copy of her testimony is (Attachment 2) attached and incorporated into the Minutes as referenced.

Three written proponent testimonies were also offered from:

- 1.) Ms. Ashley Sherard, Vice President, Lenexa Chamber of Commerce
- 2.) Mr. John Lay, President, George Jay Signs Inc.
- 3.) Ms. Emily Compton, President/CEO, Goodwill Industries of Kansas Inc.

A copy of the above testimonies are (Attachment 3) attached and incorporated into the Minutes as referenced.

The Chair then recognized the first of two opponents, Mr. Robert Bausch, Assistant Business Manager for I.B.E.W. Local Union #226 stating he had worked in the Electrical Construction field for 17 years and his purpose for being before the Committee was to let them know that reinstating the waiting week for unemployment benefits has a devastating effect on workers. He offered them an idea of what some of his fellow electricians and construction trade workers are experiencing with unemployment benefits in the current economy. In closing, he again asked the Committee consider not to reinstate the waiting week regarding unemployment benefits as it only causes severe hardship when people need help the most. A copy of his testimony is (Attachment 4) attached and incorporated into the Minutes as referenced.

The second opponent called to testify was Mr. Robert Taylor, Journeyman Wireman, Local #226 to let the Committee know how hard it is for the working man to survive on unemployment as it is. (UI benefits provide families with about 1/3 of the weekly income they are use to having and their expenses are still the same.) And he asked them to take him into consideration during their discussion of reinstating the waiting week and taking away the option for benefits for relocating spouses. He stated he has traveled all over the country chasing every rumor and opportunity of

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work that he could find and there is nothing like having to leave his family behind to find work in a strange place and it would be extremely hard to relocate his family to another location if he found permanent work elsewhere without the eligibility of UI benefits for his spouse. A copy of his testimony is (Attachment 5) attached and incorporated into the Minutes as referenced.

As there was no neutral testimony, Chairperson Wagle asked for questions which came from Senators Lynn Schodorf, Holland and Wagle including:

1. For Mr. Bausch and Mr. Taylor - Is the one week of the waiting week going to solve your overall life problem, for example, finding a job? (The longer you are on UI benefits the more important that week becomes, making a difference of whether you keep your head above or you fall behind.) Which would help the most, the third week or the end week? (In the beginning to me it is most important, it keeps you from going under.)
2. For Mr. Hayes – How many members are in SHERM and have their been lay offs due to the unexpected tax increase last year? (Shared a story of a man from Lawrence who had a printing company and had to decrease his payroll.) Regarding Goodwill and the tax increase, what do they do if they cannot pay, do they take out a loan, or put it on a credit card? (In Goodwill's case because of the downturn in the economy has forced more people into their stores and this revenue has helped to offset that.)

### **Adjournment**

As there was no further discussion or questions, the Chair told the Committee that they would work the bill tomorrow. The meeting was adjourned at 9:15 a.m.

The next meeting is scheduled for February 10, 2011.