

March 31, 2014

The Honorable Marvin Kleeb, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 286-N
Topeka, Kansas 66612

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2559 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2559 is respectfully submitted to your committee.

HB 2559 establishes the Fair Consideration of the Unemployed Act. The bill would prohibit any employer, employment agency or labor organization from inquiring into or using a job applicant's unemployment status or gap in employment history as a basis in rendering employment decisions. The bill would also prohibit any advertisement from including a statement that current employment is a job qualification. The bill establishes civil penalties for violation of the new Act, to be administered by the Secretary of Labor. Any action of the Secretary could be subject to the Kansas Judicial Review Act. The Secretary would be authorized to establish rules and regulations to implement the Act, and would be required to establish a program to receive and investigate complaints related to provisions of the Act.

The Department of Administration reports that the bill would prohibit state agencies from determining whether vacancies for state positions can be limited to applicants who are already state employees, as is currently allowed by administrative rules and regulations. Other than restricting the authority of agency heads to make this decision, the bill would have no fiscal effect on state agencies.

HB 2559 would require the Department of Labor (KDOL) agency to establish a new program. KDOL does not have the available staff to absorb the work this bill could generate, and estimates it would require two investigators, one administrative assistant, one attorney, as well as funding to pay the Office of Administrative Hearings for appeals that might be filed in association with administration of this Act. Travel expenses would be incurred as staff must be available to conduct investigations anywhere in the state. Although the bill provides for civil penalties, it does not specify disposition of the penalties, nor does it provide a steady revenue

The Honorable Marvin Kleeb, Chairperson

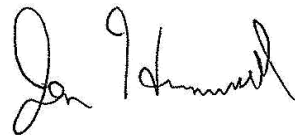
March 31, 2014

Page 2—HB 2559

stream to the Department to finance these additional expenses. In total, the Department estimates additional State General Fund expenditures of \$297,200 in FY 2015, and after start-up costs, expenses would stabilize around \$232,000 in future years.

The bill has the potential for increasing litigation in the courts because of the penalties imposed under the Fair Consideration of the Unemployed Act can be appealed to district courts and appellate courts. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources. Any fiscal effect associated with HB 2559 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Dawn Palmberg, Labor
Mary Rinehart, Judiciary