

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 a.m. on March 5 in Room 241-N of the Capitol.

All members were present except:

Representative Broderick Henderson-Absent  
Representative Doug Patterson- Absent  
Representative Kevin Yoder- Absent

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Renaë Jefferies, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Jeff Wheeler, Impact Design  
Jim DeHoff, Kansas AFL/CIO

Others attending:

See Attached List.

The Chairman called the meeting to order and said minutes had been distributed. Since there are quite a few minutes, please review them and notify the secretary if there are any changes, additions or deletions or they will stand as approved.

The Chairman opened the hearing on **SB 481 - Employment security law, state unemployment tax, exempting private prison based industries from paying.**

Staff gave a briefing on **SB 481** which would exempt private, for-profit employers from paying state unemployment taxes on inmate employees. There are currently 20 companies that would qualify for this exemption. Federal unemployment taxes are not collected on inmate employees; however, state unemployment taxes are collected.

Jeff Wheeler, Impact Design, Inc. a proponent for **SB 481** testified this would remove a financial burden from private industry companies that operate within Kansas state correctional facilities to provide meaningful work for inmates.

Impact Design is the largest private industry company of our kind providing work to inmates within the Kansas correctional system. There are approximately 250 inmate workers assigned to Impact Design regularly throughout the calendar year. Impact Design is one of the largest companies of their kind in the country. Operation is under a federal law known as the Prison Industry Enhancement (PIE) Certification Program, created by Congress in 1979 to encourage government to provide prisoners with work in a work environment that simulates the private sector in the free world. Inmates can not draw unemployment. The state was paid \$211,000 for unemployment compensation from the 20 companies and Impact Design paid \$65,000 of that amount. More prisons could have been hired to work if the company did not have to pay that tax. If this type of work is not performed at the prison, it goes south of the border or overseas. Request the House vote on this bill alone as in the Senate (Attachment 1).

Jim DeHoff, Executive Secretary, Kansas AFL-CIO, testified as an opponent to **SB 481**. There are several items to consider before passing this bill. These companies can and do compete with outside business so a competitive question arises. Prisoners who are released do in fact draw unemployment benefits if they have worked for a private prison based employer. The Kansas AFL-CIO feels very strongly about helping make former inmates productive citizens. Denying unemployment could force them back to a life of crime. The Advisory Council has been working very hard to keep track of the Employment Security Trust Fund for the past two years as there have been a large number of layoffs. The loss of twenty prison based employers would have an effect on the Trust Fund. The bill was not brought to the Employment Security Advisory 2Council for recommendation. Recommend this bill be sent to the Employment Security Council for review

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE at 9:00 a.m. on in Room 241-N of the Capitol.

(Attachment 2).

There was discussion about referring **SB 481** to the Advisory Council and when they would be able to meet and take action.

The meeting adjourned at 9:50 a.m. The next meeting will be March 8, 2004.