

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 18, 2006 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Rena Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Lew Ebert, President, CEO, Kansas Chamber of Commerce
John Ostrowski, Attorney, AFL/CIO

Others attending:

See attached list.

The Chairman asked if anyone wished to introduce bills.

Representative John Grange requested a bill regarding retainage for contractors. Representative Ruff requested a bill regarding workers compensation benefits. Larry McGill, Kansas Association of Insurance Agents, requested a bill regarding deductible that is authorized protection for a catastrophic loss.

The Chairman stated without objection all three bill requests will be accepted.

Lew Ebert, President, CEO, Kansas Chamber of Commerce, gave a briefing on the third annual survey of 300 business owners/executive in Kansas. The surveys were conducted between October 31 and November 3, 2005. The survey reflects how businesses feel about the Kansas economy. While there was a little positive movement from February to November of last year, that trend has begun to reverse itself. The quality of the Kansas workforce is high and the employers recognize that. While concern about energy costs has risen over the past year, taxes remain the top concern. There has also been an increase in those concerned with helping small business and government regulations and mandates. Businesses in Wichita and the West are the most likely to consider leaving Kansas. As has been the case in past surveys, those in the construction, wholesale and retail sectors are the most likely to consider leaving the state – but even 10% of manufacturers and 16% of professional services would also explore this option. Why would businesses consider leaving Kansas? Last year 20% mentioned taxes; this year it is up substantially. A very small percentage of businesses actually increased jobs over the past year. This year's reality does not match last year's expectations. Employment was decreased during the last year in Wichita, Kansas City and Southeast Kansas. Managing health care costs and lowering taxes on business are the most important factors for profitability in business. (See Attachment 1).

John M. Ostrowski, Attorney, Kansas AFL/CIO, gave a briefing regarding workers compensation - 2006. The Kansas AFL/CIO recognizes that Kansas employers must remain "competitive" to enhance job security and job growth for its members. However, it is respectfully suggested that if Kansas employers are not competitive, it is unquestionably not due to the Kansas workers compensation system. Indeed, the Chamber's own membership lists as its top concerns taxes (22%), energy costs (10%), helping small businesses (7%), and government mandates (7%).

It is hoped that it is obvious to even the casual objective observer that Kansas workers deserve better from the workers compensation system. Over the years, the Kansas AFL/CIO, and others, have proposed multiple suggestions for improving the system without driving up premiums. In short, there are "win-win" situations that can serve both employers and employees (Attachment 2 - filed in Chairman's office).

The meeting adjourned at 10:25 a.m. and the next meeting will be January 19, 2006.