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		Date	00

MINUTES OF THE House COMMITTEE ON Labor and Industry	•
The meeting was called to order by Representative Arthur Douville Chairperson	at
9:00 a.m./資本的 <u>March 28</u> , 19.86n room <u>526-S</u> of	the Capitol.
All members were present except:	
Representatives Gjerstad and Acheson, both excused.	
Committee staff present.	

Committee staff present:

Revisor Jim Wilson, Research Jerry Donaldson, Committee Secretary Beth James.

Conferees appearing before the committee:

George McCullough, KS AFL-CIO Larry Wolgast, Secretary, DHR

The committee's first order of business was <u>S.B. 376</u>. The first speaker was George McCullough who opposed the bill. The next speaker was Secretary Wolgast. He said that this law would bring the definition of wages in our statutes into line with those at the federal level, and that at the present time due to the two different definition of wages employers are required to keep two different sets of books for certain types of employees.

A question and answer period followed.

The committee then took up $\underline{\text{H.B. }}$ 3108. Rep. O'Neal passed out attachment ± 1 to the committee. The attachment is a proposed amendment to $\underline{\text{H.B. }}$ 3108. Rep. O'Neal explained the amendment and then made a motion to amend $\underline{\text{H.B. }}$ 3108 as proposed. The motion was seconded by Rep. Friedeman. There was no discussion a vote was taken and the motion passed. Representative Friedeman made a motion to pass out $\underline{\text{H.B. }}$ 3108, as amended, favorably. The motion was seconded by Rep. Pottorff. A discussion followed. A vote was taken and the motion passed by a vote of 10 to 6. The following Representatives asked to be recorded as having voted against the passage of $\underline{\text{H.B. }}$ 3108: Rep. Green, Rep. Cribbs and Rep. Hensley.

The meeting was adjourned at 9:45 a.m.

Additional handouts received by the committee are attached (see attachment numbers 2 and 3).

HOUSE COMMITTEE ON LABOR AND INDUSTRY

Date____3-28-86 Guest List Name City Representing WICHITA

PROPOSED AMENDMENT TO H.B. No. 3108

On page 4, in line 125, by striking all after "be"; in line 126, by striking all preceding the period and inserting the following: "compensated by allowing the compensation due for each such extremity under this section and additional compensation not to exceed 20% of the total period allowed for both extremities"

3-28-86 Attachment #1 Affect on Kansas employers when IRS, under FUTA laws, considers certain items as wages and Kansas does not, such as sick pay and tips.

EXAMPLE:

During a calendar year an employer pays \$10,000. to employees in sick pay

and tips.

Employer's Kansas contribution rate is 0.06%. Under existing law Kansas tax on the \$10,000. is zero. Also the employees do not get credit for this amount when unemployment benefits are computed. Since the \$10,000. is not considered wages in Kansas, the employer must pay the full 6.20% to IRS.

$$$10,000.00 \times 6.20\% = $620.00$$

If Kansas law would consider sick pay and tips as wages as IRS does the employer would pay:

$$$10,000.00 \times .06\% = $6.00$$

to the State and wages could be used for unemployment benefits.

The employer would pay to IRS:

\$10,000.00 x 6.20% = \$620.00 Less credit allowed for Kansas Payment \$10,000.00 x 5.40% = \$540.00 Total amount due IRS = \$620.00
$$\frac{-540.00}{$80.00}$$

Total payment by Kansas employer under proposed amendments:

IRS	\$80.00
Kansas	6.00
TOTAL	\$86.00

Total payment by Kansas employer under existing law:

IRS	\$620.00
Kansas	.00
TOTAL	\$620.00

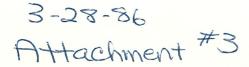
Savings to Kansas employer if S.B. 376 is passed:

Also double record keeping is eliminated and employees get to use the wage credits for unemployment benefits.

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-704a. Extended benefits. (a) <u>Definitions</u>. As used in this section, unless the context clearly requires otherwise:

- (1) "Extended benefit period" means a period which:
- (A) Begins with the third week after a week for which there is an "on" indicator; and
- (B) ends with either of the following weeks, whichever occurs later: (i) The third week after the first week for which there is an "off" indicator; or (ii) the 13th consecutive week of such period, except that no extended benefit period may begin by reason of an "on" indicator before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.
 - (2) For the purposes of this section:
- (A) There is an "on indicator" for this state for a week if the secretary of human resources determines, in accordance with the regulations of the U.S. secretary of labor, that, for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this act: (i) Equaled or exceeded 5% and equaled or exceeded 120% of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years; or (ii) equaled or exceeded 6%.
- (B) There is an "off indicator" for this state for a week if the secretary of human resources determines, in accordance with the regulations of the U.S. secretary of labor, that for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this act: (i) Was less than 5% or less than 120% of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years; and (ii) was less than 5%.
- (3) "Rate of insured unemployment," for purposes of paragraphs (2)(A) and (2)(B) of this subsection, means the percentage derived by dividing:
- (A) The average weekly number of individuals filing claims for regular benefits in this state for weeks of unemployment with respect to the most recent thirteen-consecutive-week period, as determined by the secretary of human resources on the basis of reports to the U.S. secretary of labor; by
- (B) the average monthly employment covered under this act for the first four of the most recent six completed calendar quarters ending before the end of such thirteen-week period.



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"Extended entitlement period" of an individual means the period consisting of the weeks of the individual's benefit year which begin in an extended benefit period and, if the individual's benefit year ends within such extended benefit period, any weeks thereafter which begin in such period.

- (5) "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-service personnel pursuant to 5 U.S.C.A. chapter 85) payable to an individual under the provisions of the act for weeks of unemployment in the individual's extended entitlement period.
- (6) "Exhaustee" means an individual who, with respect to any week of unemployment in the individual's extended entitlement period:
- (A) Has received, prior to such week, all of the regular benefits that were available to the individual under this act or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-service personnel under 5 U.S.C.A. chapter 85) in the individual's current benefit year that includes such week, provided that, for the purposes of this subparagraph, an individual shall be deemed to have received all of the regular benefits that were available to the individual although the individual may subsequently be determined to be entitled to added regular benefits as a result of a pending appeal with respect to wages that were not considered in the original monetary determination of the individual's benefit year; or
- (B) the individual's benefit year having expired prior to such week, has no, or insufficient, wages on the basis of which the individual could establish a new benefit year that would include such week; and
- may be, under the railroad unemployment insurance act and such other federal laws as are specified in regulations issued by the U.S. secretary of labor; and (ii) has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada or the Virgin Islands; but if the individual is seeking such benefits and the appropriate agency finally determines that the individual is not entitled to benefits under such law the individual is considered an exhaustee.
- (7) "State law" means the unemployment compensation law of any state, approved by the U.S. secretary of labor under section 3304 of the internal revenue code of 1954.

- Payment of extended benefits. Extended benefits shall be payable to eligible individuals with respect to week of unemployment in their extended entitlement periods. The extended benefits provided herein shall be payable from the fund. All extended benefits shall be paid through the employment offices, in accordance with such regulations as the secretary of human resources may prescribe.
- (c) <u>Beginning</u> and termination of extended benefit period. (1) Whenever an extended benefit period is to become effective in this state as a result of an "on" indicator, or an extended benefit period is to be terminated in this state as a result of an "off" indicator, the secretary of human resources shall make an appropriate public announcement.
- (2) Computations required by the provisions of subsection (a)(3) of this section shall be made by the secretary of human resources, in accordance with regulations prescribed by the U.S. secretary of labor.
- (d) Weekly extended benefit amount. The weekly extended benefit amount payable to an individual for a week of total unemployment in the individual's extended entitlement period shall be an amount equal to the regular weekly benefit amount payable to the individual during the individual's applicable benefit year. except that for any week during a period in which federal payments to states under section 204 of the Federal-State Extended Unemployment Compensation Act of 1970 are reduced under an order issued under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, the weekly extended benefit amount payable to an individual for a week of total unemployment in the individual's extended entitlement period shall be reduced by a percentage equivalent to the percentage of the reduction in the federal payment. If the reduced weekly benefit amount is not a multiple of \$1, it shall be reduced to the next lower multiple of \$1.
- (e) <u>Duration of extended benefits</u>. The total extended benefit amount payable to any eligible individual with respect to the individual's applicable benefit year shall be the least of the following amounts:
- (1) Fifty percent of the total amount of regular benefits which were payable to the individual under this act in the individual's applicable benefit year;
- (2) thirteen times the individual's weekly benefit amount which was payable to the individual under this act for a week of total unemployment in the applicable year.

Provided that during any fiscal year in which Federal payments to States under section 204 of the Federal-State Extended Unemployment Compensation Act of 1970 are reduced under an order issued under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, the total extended benefit amount payable to an individual with respect to his applicable benefit year shall be reduced by an amount equal to the aggregate of the reductions under subsection K.S.A. 704a(d), in the weekly amounts paid to the individual.

- (f) Eligibility requirements for extended benefits. An individual shall be eligible to receive extended benefits with respect to any week of unemployment in the individual's extended entitlement period only if the secretary of human resources, or a person or persons designated by the secretary, finds that with respect to such week:
- (1) The individual is an "exhaustee" as defined in subsection (a)(6) of this section;
- (2) the individual is qualified and eligible for extended benefits pursuant to K.S.A. 44-704b, and any amendments therto;
- (3) the individual is entitled to benefits pursuant to the provisions of this act which apply to claims for, or the payment of regular benefits which are not inconsistent with the provisions of K.S.A. 44-704b, and any amendments thereto; and
- (4) the individual, during the base period, was paid wages for insured work equal to or greater than 1½ times the amount of total wages paid for the quarter in which such wages were highest during the individual's base period, provided that this paragraph 4 applies only with respect to weeks within an extended entitlement period beginning after September 25, 1982.
- readjustment act benefits received. Notwithstanding any other provisions of this chapter, if the benefit year of any individual ends within an extended entitlement period, the remaining balance of extended benefits that the individual would, but for this section, be entitled to receive in that extended entitlement period, with respect to weeks of unemployment beginning after the end of the benefit year, shall be reduced (but not below zero) by the product of the number of weeks for which the individual received any amounts as trade readjustment allowances within that benefit year, multiplied by the individual's weekly benefit amount for extended benefits.