

SESSION OF 2007

**CONFERENCE COMMITTEE REPORT BRIEF  
SENATE BILL NO. 83**

As Agreed to March 15, 2007

**Brief\***

SB 83 would amend employment security law by adjusting employer contribution rates beginning in FY 2007 and for all subsequent years as follows:

- For new employers, the rate would be 4.0 percent of wages paid during the calendar year except for new employers engaged in the construction industry would pay a 6.0 percent rate. (Under current law, the rates are between 0.462 to 0.591 percent for new employers.)
- For experienced employers with a positive balance in the employer account at the Kansas Department of Labor, the rate would be the following:
  - Rate Groups 1 through 5 – Zero
  - Rate Groups 6 through 28 – 50.0 percent of current rate
  - Rate Groups 29 through 51 – 60 percent of current rate

The bill would provide that if the Employment Security Trust Fund balance falls below a prescribed amount, in any subsequent years, the reduction would be eliminated and the rates would return to the previous percentages.

The bill also would amend the definition of “employer” under the employment security law to allow for the employer to establish the unemployment tax account at the initial registration. Under current law, the employer can only establish the account in any calendar quarter in which a minimum of \$1,500 in wages has been paid.

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\*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

Finally, the bill would provide for an exemption to the waiting week requirement to any new claims filed on or after July 1, 2007, by claimants who become unemployed as a result of an employer terminating business operations within the state of Kansas, declaring bankruptcy or initiating a work force reduction pursuant to the federal Warren Act. In addition, the bill would provide the Kansas Department of Labor rule and regulation authority for the exemption.

The bill also would provide that the employees affected by the exemption would be eligible to receive compensation for the waiting period upon the fourth week of consecutive unemployment.

### **Conference Committee Action**

The Conference Committee adopted the House amendments to the bill with the following exceptions:

- Deleted the provision that abolished the waiting week period for receiving unemployment benefits;
- Amended the waiting week statute to provide for an exemption from the waiting week period for employees who are laid off due to an employer terminating business operations within the state of Kansas, declaring bankruptcy or initiating work force reduction pursuant to the federal Warren Act;
- Amended the definition of an employer to allow for an employer to establish an unemployment tax account at the time of the initial registration; and
- Amended the reduction in employer unemployment tax rates from a two-year period to a permanent reduction, except if the Employment Security Trust Fund balance falls below a prescribed amount, in any subsequent years, the reduction would be eliminated and the rates would return to the previous percentages.

### **Background**

Proponents for the bill appearing before the Senate Committee included the Secretary of the Kansas Department of Labor; Dr. Charles Krider; and representatives from the AFL-CIO, Kansas Grain and Feed

Association, Lenexa Chamber of Commerce, the National Federation of Independent Business, and the Kansas Chamber of Commerce and Industry. An individual also appeared.

A staff person from the Kansas Department of Labor pointed out in testimony that the bill would be retroactive to January 1, 2007, therefore, if possible, the bill would need to be enacted by early March 2007 in order for the employers to receive the reduction for 2007.

The Kansas Department of Labor provided the Conference Committee the following information on the rate reduction savings to employers:

Calendar Year	Savings for Employers
2007	\$81.0 million
2008	\$94.8 million

The Department also indicated that this new rate reduction would reduce the revenues to the Employment Security Trust Fund by \$40.5 million in FY 2007 and by \$87.9 million in FY 2008.

The Department did not provide any information about the cost that would occur with the enactment of the exemption for the waiting period.

Employment Security Law; unemployment benefits