

SESSION OF 2007

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 235**

As Amended by Senate Committee on  
Commerce

**Brief\***

SB 235, as amended, would make changes to the Employment Security Law statutes. The bill would clarify that individuals who are owner-operators of a motor vehicle leased or contracted to a licensed motor carrier would not be considered employees of the licensed motor carrier, unless the lease agreement or the contract specifies that the owner-operator is an employee of the licensed motor carrier. The bill would require owner-operators to pay their own federal social security tax, federal unemployment tax, and federal withholding tax when they are not considered employees of the licensed motor carrier.

**Background**

The bill was requested by the Kansas Motor Carriers Association, whose representative was the only conferee at the bill's hearing. In addition, the Kansas Motor Carriers Association requested a change on page 13, line 4, by deleting "individual who is an owner-operator" and replacing the deletion with "services performed by an owner-operator."

The fiscal note states that the Department of Labor believes that enactment of this bill could increase the number of contribution and benefit hearings the agency must conduct. The Department states that enactment could cause some owner-operators to be confused about who should pay the federal payroll taxes and how much should be paid. However, the agency states that it could absorb any additional costs associated with enactment of the legislation. The Department also states that the exclusion of an owner-operator from the definition of employment could result in a loss of coverage, and consequently reduce taxes paid into the Employment Security Fund. However, the agency has no information upon which to base an accurate estimate. Finally, the Department of Revenue states that SB 235 would not have any fiscal effect on State General Fund revenues.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>