

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 292

As Amended by House Committee on
Commerce and Labor

Brief*

SB 292 would amend employment security law by deleting the liability of contractors for subcontractors' unemployment contributions. Under current law, a contractor is liable for a subcontractor's unpaid unemployment contributions, penalties, and interest to the Department of Labor (DOL) unless the contractor requires the subcontractor to provide a bond guaranteeing payment of all unemployment contributions, penalties, and interest.

The bill also would require that a claimant, to be eligible for unemployment benefits, must, prior to June 30, 2010, be identified as likely to exhaust his or her benefits, has registered for work and continues to report at an employment office according to rules and regulations adopted by the Secretary of DOL.

Background

Proponents for the bill included representatives from the Kansas Building Industry Association; Kansas Builders Association; Associated General Contractors of Kansas; Kansas Manufactured Housing Association; and Associated General Contractors of Kansas, Kansas City Chapter. The Kansas Department of Labor appeared as an opponent and stated that this statutory language had been a very effective tool in assuring that subcontractors operating in Kansas pay unemployment taxes owed by them. The Department went on

*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>

to point out that the agency rarely uses this provision, but its mere existence provides a good insurance that the taxes will be paid.

The House Committee amended the bill by inserting the provision regarding claimants likely to exhaust benefits effective until June 30, 2010.

The fiscal note indicates that the Department of Labor estimates the enactment of the bill would cause a reduction in contributions to the Employment Security Fund. However, because the agency does not keep records of past due unemployment contributions that have been collected, a precise fiscal effect cannot be estimated.