

WRITTEN TESTIMONY IN SUPPORT OF HB 2602

Kansas House Committee on Insurance
Submitted on Behalf of Libertas Institute
Justan Rice, Director of State Government Affairs
2026 Legislative Session

Chairman and members of the Committee, thank you for the opportunity to submit this testimony on behalf of Libertas Institute in support of House Bill 2602. Libertas Institute is a national policy organization that works with state legislators to advance practical, market-oriented reforms. Portable benefits is a priority for us, and Kansas has a real opportunity to lead.

According to the U.S. Small Business Administration's 2025 Kansas Small Business Profile, more than 217,000 nonemployer businesses operate in this state—the vast majority of them self-employed individuals running sole proprietorships. That is a significant share of a workforce of roughly 1.5 million. Nationally, roughly 30 million Americans work as freelancers, independent contractors, or self-employed professionals, and Bureau of Labor Statistics data show more than 80 percent prefer to remain independent. But that flexibility comes at a cost: these workers often go without health insurance, disability coverage, and retirement savings.

The problem is not that companies are unwilling to help. Under existing employment classification tests, providing benefits is one factor courts use to determine whether a worker is an employee. A hiring party that contributes to an independent contractor's health insurance risks having that generosity cited as evidence of an employment relationship. So for most companies, the safer legal choice is simply to do nothing.

House Bill 2602 removes that barrier, and it does so by making participation entirely voluntary for everyone involved. No hiring party is required to contribute to a portable benefit plan. No independent contractor is required to accept one. The bill requires that any withholding of compensation for benefit contributions must be agreed to in writing, voluntarily elected by the contractor through an opt-in process, and subject to the

contractor's right to opt out at any time. It further provides that contributions to a portable benefit account cannot be used as a criterion for determining employment classification. That single provision is the key: it removes the legal risk that has kept willing parties from acting.

This is proven policy. Utah enacted the first voluntary portable benefits law in 2023, and companies like Target and Lyft launched programs under that framework. Alabama and Tennessee followed with similar legislation in 2025. In pilot states like Pennsylvania, more than three-quarters of participating workers reported greater financial security. When you remove the legal barrier, companies step up and workers benefit.

This bill does not mandate anything. It does not reclassify anyone. It simply says that when a hiring party and an independent contractor both want to include portable benefits in their arrangement, they should be free to do so without legal risk. We respectfully urge the Committee to advance HB 2602.

Thank you for your time and consideration.