

February 20, 2026

REVIESED

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Revised Fiscal Note for HB 2764 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2764 is respectfully submitted to your committee.

HB 2764 would clarify Legislative intent, guidance, and public policy regarding the Kansas Employment Security Law, KSA 44-701 et seq., including the addition of reference to applicable federal laws and guidance. The bill would prohibit certain employment security law measures, as outlined in the bill, from being amended without a thorough and comprehensive Legislative review. This would specifically prohibit such amendments from being made through budget provisos, appropriations bills, or temporary fiscal measures. Employer-sponsored supplemental unemployment benefit plans would be allowed if all requirements outlined in the bill were met and such plans were authorized by the Secretary of Labor. The Secretary would be required to maintain and publish a registry of authorized supplemental unemployment benefit plans submitted by employers on the Department of Labor website. In addition, the Secretary would be required to monitor the interaction between supplemental unemployment benefit plans and state unemployment insurance claims to ensure continued solvency of the Employment Security Trust Fund. Beginning July 1, 2025, and each fiscal year thereafter, the Secretary would be required to publish certain unemployment related information as detailed in the bill on agency's website and report such information to the Legislature.

HB 2764 would make extensive amendments to the Employment Security Law, including updates to definitions, primarily to add new definitions, as well as revisions to payment of benefits, extended benefits, and benefit eligibility provisions. The procedure for filing claims and the appeals process would be updated as well. Provisions related to COVID-related procedures would be set to expire July 1, 2027. The Secretary of Labor would be required to submit a report to the Legislature by January 15, 2027 detailing pandemic-related claims, reviews, appeals, and other information as specified in the bill. Provisions related to employer contributions and other employer requirements

would be revised, including employer classification and rate assignments. Schedules for standard rates, solvency rates, and credit rates would be revised. Beginning in 2027, the Secretary would be required to make available downloadable rate calculators or secure online planning tools to assist employers in estimating unemployment insurance contribution rates and projected liabilities.

The bill would implement new governance and oversight for the employment law changes. The Secretary of Labor would be required to adopt rules and regulations as necessary to administer provisions of the bill, consistent with federal conformity requirements and the goals of equity, solvency and transparency. Notice of rates and employer rights would also be updated and clarified, along with provisions related to fraud and improper payments. The Secretary would be required to maintain a standardized reporting and dispute resolution system for employers meeting all conditions detailed in the bill. Various other provisions throughout the Employment Security Law would be amended, updated, and processes would be modernized.

According to the Kansas Department of Labor, enactment of HB 2764 would increase State General Fund expenditures by \$2.4 million in FY 2027, with \$430,820 ongoing in future years. Implementing provisions of the bill would also require 5.00 additional positions. The agency states that the changes to unemployment law would require substantive reprogramming, testing, and training for the unemployment system and internal unemployment processes. The one-time cost for these changes is estimated at \$1.9 million.

The 5.00 positions would be necessary for completing the required annual mailings, meeting new appeals requirements, tracking and reporting of various unemployment information, and completing internal audits of various processes and systems. There would also be annual administrative costs for the mailings, programming requirements, tracking, and training. The ongoing costs for the positions and other administrative needs are estimated at \$430,820. The agency also notes there would be an impact on the Unemployment Trust Fund as the bill would make it easier for claimants to qualify for benefits, which would increase benefit payments and decrease the Trust Fund balance. The tax tables would also be adjusted, increasing the tax rates for negative rated employers. The agency anticipates that the increase in revenues would offset the increase in benefit payments, but an overall fiscal effect on the Trust Fund cannot be estimated.

Since the original fiscal effect statement was issued, the Office of the Attorney General and the Office of Judicial Administration have provided information on the fiscal effect of this bill. The Office of the Attorney General indicates that enactment of the bill would increase State General Fund expenditures by \$78,609 in FY 2027 and \$80,968 in FY 2028 for salary and wages and overhead for an additional 0.50 Assistant Attorney General position. The half-time position would be necessary to manage the anticipated caseload increase because the bill requires the Office to prosecute upon referral from either the Director of Employment Security or the Special Assistant Attorney General. While the Office currently handles certain similar cases, the bill would change the Office's involvement from discretionary to mandatory. The position would be responsible for case review, filing of actions, court appearances, and coordination with the Kansas Department of Labor.

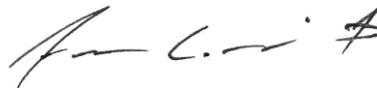
The Office of Judicial Administration states that enactment of HB 2764 could have a significant fiscal effect on expenditures of the Judicial Branch as the bill provides for expedited judicial review of the Secretary of Labor's final determinations under the Kansas Judicial Review Act. It sets a limit of final disposition within 90 calendar days of filing, unless good cause is shown,

and provides the proceedings take precedence over all other civil matters on the court's docket, except workers compensation matters and claims for benefits. The bill could also increase the number of cases filed in district courts because it creates several new crimes. This could result in more time spent by judicial and nonjudicial personnel processing, researching, and hearing these cases. Since the new crimes carry lower-level penalties, there could also be more supervision of offenders required by Court Services Officers. The Office estimates enactment of the bill could result in the collection of supervision fees which would be deposited in the Correctional Supervision Fund, as well as docket fees and fines assessed in those cases filed under the bill's provisions, which would be deposited to the State General Fund. The bill would not affect other revenues to the Judicial Branch. However, a total fiscal effect cannot be estimated.

The Department of Administration states enactment of the bill would not result in a fiscal effect for the agency. Any fiscal effect associated with HB 2764 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties reports that there are provisions of HB 2764 that could result in a fiscal effect for counties, such as new requirements and unemployment benefit standards, as well as court costs associated with filings and procedures that occur for any violations of the new employment requirements. There could also be costs related to meetings, documentation, filing, and assessments required to ensure counties are updating and maintaining procedures. Because counties would be able to levy tax revenues to fund unemployment insurance benefit obligations, this bill could impact revenues. A total fiscal effect for counties cannot be estimated. Responses for requests to provide fiscal effect information have also now been received from the League of Kansas Municipalities or the Kansas Association of School Boards for the effect on cities and school districts as employers. The League of Kansas Municipalities states that the bill would have a negligible fiscal effect on cities. The Kansas Association of School Boards states that provisions of the bill that disqualify individuals from unemployment between academic years and specifically bus drivers, would result in fewer successful filings for unemployment and appeals, which could result in savings for school districts.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Samir Arif, Department of Administration
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities
Angie Stallbaumer, Kansas Association of School Boards
Matt Bingesser, Office of the Attorney General
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