

MINUTES OF THE HOUSE COMMERCE & ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Anthony R. Brown, at 1:30 p.m. on March 9, 2011, in Room 785 of the Docking State Office Building.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Joyce Bishop, Committee Assistant

Conferees appearing before the Committee:

Kathie Sparks, Deputy Secretary, Kansas Department of Labor

Others attending:

See attached list.

Representative Slattery moved, seconded by Representative Tietze, to accept the minutes from the February 7th, 8th, 9th, 10th, 11th, 14th, 15th, 16th, 17th, 18th, and 21st committee meetings. The motion passed on a voice vote.

Chairperson Brown asked for a motion regarding **SB 77, Employment security law; interest payment assessment; duties of secretary.**

Representative Hedke moved, seconded by Representative Osterman, the bill be passed favorably by the committee.

Kathy Sparks, Deputy Secretary, Kansas Department of Labor, said the federal government will not approve the bill if it is amended.

Chairperson Brown asked if removing the ESAC Board would throw the bill out of compliance.

Kathy Sparks said yes. The bill is acceptable to the federal Department of Labor as it is currently, but the amendment that is to be introduced will cause it to no longer be acceptable. In particular, the balloons regarding the web-based system and state withholding for claimants is agreeable, as well as the language on the Pooled Money Investment Board. What the U.S. Department of Labor will not approve is the work share portion and the ESAC amendment.

Representative Slattery said the President's budget had included delaying interest payments for two years and deferring the FUTA tax. It would also raise the taxable wage base. If it passes, Kansas would have this in place and paying interest in the third year and would be able to do it without charging to the employer's accounts.

Chairperson Brown said the Committee wants to improve Unemployment Insurance. He asked if the Department of Labor should come back and work with the House and Senate to address this matter and introduce a bill that can be taken action on this year.

The proposed amendment was distributed to the committee (Attachment 1).

Representative Osterman moved, seconded by Representative Ruis, a substitute motion to accept the amendment.

Ken Wilke gave the revisor's overview of the amendment. He said if the committee does not adopt the language the committee would need to reinstate the language on lines 18-22 on page 68 of SB 77 in its current form.

Representative Brown said the balloon amendments can be divided.

Representative Osterman moved, seconded by Representative Ruiz, a substitute motion to accept the

amendment with the changes requested by the Department of Labor on page 68 of SB 77 in its current form.

Representative Kleeb requested to divide the amendment into two sections; Section A, which would reinstate the \$8000 base wage in future years, and Section B, which would reinstate the reimbursement of the waiting week.

Section A of the motion carried on a 10 to 7 show of hands.

Section B of the motion failed on a 8 to 10 show of hands.

Representative Slattery moved, seconded by Representative Finney, to table the bill.

Chairperson Brown explained to the committee that it would take a majority vote to remove the bill from the table if the Slattery motion was approved. This is a time frame issue, and committee members need to be sure the Department of Labor will have an enacted bill soon.

The motion failed on a 5 to 14 show of hands.

Chairperson Brown moved, seconded by Representative Suellentrop, to make the bill effective upon publication in the Kansas Register, instead of July 1, 2011. The motion passed on a voice vote.

Representative Slattery moved, seconded by Representative Frownfelter, to reinstate the current statute with the trailing spouse provision. (Attachment 2). The motion failed on a voice vote.

Representative Suellentrop moved, seconded by Representative Mesa, to make the effective date of the amendment on the waiting week and trailing spouse provisions July 1, 2011. The motion carried on a voice vote.

Representative Sullentrop moved, seconded by Representative Peck, that **SB 77** as amended, be passed favorably by the committee. The motion passed on a show of hands. Representatives Tietze, Frownfelter, Finney, and Slattery requested their votes to be recorded.

The meeting adjourned at 3:20 p.m.