

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 7:30 a.m. on March 26, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Brungardt, absent
Senator Steineger, absent

Committee staff present: April Holman, Legislative Research
Deb Hollon, Legislative Research
Mitch Rice, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Jim Garner, Kansas Department of Human Resources
Terry Leatherman, KCCI
Wayne Maichel, AFL-CIO

Others attending: See attached list.

Chairperson Brownlee opened the hearings on SB 269 and SB 270. April Holman, Legislative Research, briefed the committee on the bills. SB 269 modifies unemployment benefits, and SB 270 places a one year moratorium on the one week waiting period to receive unemployment benefits. Secretary Garner noted that SB 269 would cost \$8.8 million at most. Senator Kerr thought it would be no more than \$2-3 million.

Jim Garner, Secretary of the Kansas Department of Human Resources, testified as a proponent to SB 269 and SB 270. (Attachment 1) Secretary Garner noted that the week of January 25, 2003, was the highest ever for unemployment payouts. The current mandatory one week waiting period was enacted in the time before computers and is no longer necessary. In the first week of unemployment, the individual is unable to receive monetary benefits. If we had not had the waiting week last year, \$13.9 million in additional benefits would have been paid out to unemployed individuals. The only way an individual collects the waiting week benefits is if they exhaust all their entitlement of benefits, usually 26 weeks. Secretary Garner attached proposed changes to each bill. His change to SB 270 makes it more clear that the intent of the bill is to eliminate the waiting period, and the change to SB 269 makes it clear that a person must exhaust all federally available benefits before receiving the additional state-provided week. Secretary Garner answered questions from the committee regarding severance packages and typical unemployment benefits.

Terry Leatherman, Kansas Chamber of Commerce and Industry, testified against SB 269 and SB 270. (Attachment 2) He is concerned because this legislation proposes to remove funds from the Kansas Employment Security Trust Fund. The Trust Fund's balance is currently 17% less than it was four months

CONTINUATION SHEET

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ago. As unemployment benefits have soared, unemployment taxes paid by employers have increased. Both of these bills are tax increase measures. Attached to his testimony is a chart showing how states are using the Reed Act dollars. Eight states have used a portion of the Reed Act allotment for some form of an unemployment benefit increase. Senator Wagle noted that a small employer who pays less wages puts a higher percentage into the unemployment fund, yet small employers are the ones that are still employing.

Wayne Maichel, Kansas AFL-CIO, testified in support of SB 270. He said that Wichita is the now the number one city in the United States affected by the terrorist attacks of September 11, 2001. The best way to support Kansas workers is to eliminate the one week waiting period for one year, and not to add an additional week to unemployment benefits.

Chairperson Brownlee closed the hearings on SB 269 and SB 270.

Senator Barone moved to recommend SB 270 favorable for passage. The motion died for lack of a second.

Senator Emler moved to amend SB 269 to add the additional week after all available state and federal programs have been exhausted. Senator Jordan seconded. The motion carried.

Senator Emler moved to pass SB 269 and recommend it favorably for passage as amended. Senator Barone seconded. The motion carried.

Chairperson Brownlee announced that the Commerce Committee will attend a briefing tomorrow by Jeff Turner of The Boeing Company regarding a new plane they are developing at 12:30 in the Old Supreme Court Room.

The meeting was adjourned at 8:46 a.m.