



**House Committee on Commerce
Proponent Testimony on House Bill 2570
Presented by William Wilk, Senior Director of Government Affairs**

Monday, February 3, 2024

Mister Chairman and members of the committee, my name is William Wilk, Senior Director of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to submit proponent testimony on House Bill 2570, a bill enacting significant changes to the Kansas Unemployment Insurance statutes.

The Kansas Chamber has been in discussions with unemployment insurance experts, human resource management experts, and the Department of Labor representatives over the past year to present the legislature with an Unemployment Insurance reform bill this session. This bill will provide relief for businesses and give negative balance employers better opportunities to become positively balanced while not sacrificing the solvency of the trust fund.

The provisions you will hear brought forth to you today started last year with HB2104, which dealt with administrative changes per request by the Department of Labor. Another key provision in HB2570, includes the contents of HB2333 from last year which pertained to “interview ghosting.”

The new highlights within HB2570, start with the contribution rates being cut in half for positive rated employers. The current tax rates will incrementally increase each rate group by 0.10% versus the current 0.2%. A new rate group 0 will be formed with a 0.00% tax rate. For negative balance employer’s, solvency credits will be removed to reflect original intent from the legislation passed in 2015 which created statutory surcharges and credits based on the balance of the UI trust fund.

Additionally, HB2570 proposes to increase the taxable wage base for all employers, beginning with incremental increases starting at 30% of the statewide average annual wage (SAAW) starting in 2026. The increase will be 5% per year until the taxable wage base reaches 50% in the year 2030 based on most recent negotiations. This will provide all rated employers with one standard taxable wage base that will be better aligned with benefit usage, as benefits are already indexed and increase annually.

There will be a one-time soft reset for negative balance employers with most of their debt being forgiven. This will occur in 2024 after quarter two contributions are applied, no earlier than August 21, 2024. This will apply only to active negative rated employers that have a reserve ratio less than -25.000%. This was tough to accept but nearly 500 of the 1,900 negative balance employers will improve to a positive balanced position within 2 years, and ultimately improve their tax position in future years.

In terms of the temporary unemployment benefits, based on recently agreed upon negotiations starting in 2025, all contributing rated employers will receive 8 standard unconditional weeks approved upon employer request. All contributing rated employers will also be eligible for up to 8 additional unconditional weeks approved upon employer request. The maximum number of weeks eligible will be 16 weeks. Our preference would be to only allow the positive rated employers and highway/road construction employers to be eligible for the additional 8 weeks of benefits. However, this is what was agreed to through the most recent discussion.

Highway, Street, and Bridge Construction classified employers should receive an exemption for weather conditions. These employers will receive 8 weeks upon approved request. The maximum benefit will be 16 weeks for this classification of employers.

In conclusion HB 2570 will provide positive changes to all employers contributing into our unemployment insurance system. We would ask for your support in the passage of HB2570, and I am happy to answer questions at the appropriate time.