

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2401

As Amended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2401, as amended, would make various amendments to law related to unemployment compensation. The bill would make changes to the temporary expansion of the Employment Security Board of Review, change the time for new unemployment accounts and reports after business acquisitions, make certain electronic filing and payment provisions mandatory for certain employers, provide for an audit process related to interview non-participation, provide for additional extensions of the unemployment modernization project, make changes to temporary unemployment, and define benefit year to always begin on a Sunday.

The bill would also make various technical and conforming changes to unemployment compensation law.

Temporarily Expanded Employment Security Board of Review Changes

The bill would permit the Employment Security Board of Review to be composed of up to six members through June 30, 2024.

[*Note*: Current law requires the board to be composed of exactly six members to that date, at which time it will revert to three members.]

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Business Acquisition Changes

The bill would provide that upon the completion of a business acquisition involving two employers, a new account would be established and contribution rate determined as of the first day of the next calendar year, rather than the first day of the calendar quarter as in current law, following the completion of the business acquisition.

Electronic Filing and Payment Requirements

The bill would require all employers with 25 or more employees and all third-party administrators with 25 or more client employees to file all wage reports, contribution returns, payments, and interest assessments electronically.

Interview Non-participation Audit Process

The bill would require the modernized unemployment compensation system to include an audit process permitting employers to submit reports regarding the work search requirement or My Reemployment Plan and related to applicants accepting interview appointments, but not participating or notifying the employer of their inability to participate in the scheduled interview.

The Secretary of Labor (Secretary) would be required to notify employers of the reporting options in annual summaries of benefit changes and rate notices. The bill would not require the audit system to be implemented until a new unemployment compensation information technology system is completed.

Unemployment Modernization Project Extensions

The bill would provide the Legislative Coordinating Council (LCC) the authority to extend the deadline for the full implementation of a new unemployment compensation

information technology system as often as the LCC deems appropriate. The Secretary would be required to provide written notice to the LCC and the Unemployment Compensation Modernization and Improvement Council (Council) at least 30 days prior to the expiration of the deadline indicating if an extension of the deadline is being sought and the basis for the extension. The bill would permit the chairperson or any member of the Council to provide a written statement to the LCC regarding any extension.

The bill would specify that the failure to provide written notice or meet any deadline would not affect the LCC's ability to extend the deadline and would permit retroactive extensions of the deadline.

Temporary Unemployment

The bill would define "temporary unemployment" to mean an individual has been laid off due to lack of work by an employing unit for which the individual has worked full time and reasonably expects to resume full-time work at a future date and the individual's employment with the employing unit has been temporarily suspended and not terminated.

Temporary unemployment would generally be limited to eight consecutive weeks. However, extensions of up to four additional weeks would be permitted upon approval of the Secretary. Extensions would be allowed only upon a determination by the Secretary that the employer has filed all required employment security reports and paid all required contributions and is either a positive account employer or a negative account employer with a calculated reserve ratio that has improved since the employer's most recent reporting year.

Benefit Year Definition

The bill would modify the definition of “benefit year” to specify that unemployment benefit years always begin on a Sunday.

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of a representative of the Department of Labor.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by representatives of the Department of Labor and the Kansas State Council of the Society for Human Resource Management. Proponents generally stated the bill contained a number of provisions that would assist with the modernization of the state unemployment compensation system.

No other testimony was provided.

The House Committee amended the bill to insert the provisions providing for an audit process for interview non-participation, allowing for further extensions of the unemployment modernization project, and allowing for extensions of temporary unemployment for up to 12 weeks.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Labor indicates enactment of the bill would result in annual savings of up to \$30,000 and one-time savings of an indeterminate amount. The Department of Revenue indicates enactment of

the bill would require an additional expenditure of \$600. Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Unemployment compensation; modernization; temporary unemployment; interview ghosting; extension of time