

Testimony for the Kansas Senate Commerce Committee
March 19, 2013, By Bill Goodlatte, The LDF Companies,
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LDF owns 20 Wendy's restaurants and has 700 employees in Kansas. Below is our recent KS SUTA Experience:

LDF EXPERIENCE	2009	2010	2011	2012
KS SUTA Tax Rate	0.40%	1.35%	2.20%	2.20%
KS SUTA Taxes	\$19,334	\$53,338	\$97,104	\$98,572

We've never had a layoff at LDF! But, sometimes we have to fire employees for cause or poor performance. They almost always apply for and receive unemployment benefits. Many companies have regular layoffs, draining the Trust Fund and often leaving them in a negative position. A system that allows some employers to pay out up to 6.5 times more in benefits than they pay in, while we pay in more than 3 times as much as we pay out, makes absolutely no sense. We have paid in \$1,360,380, paid out \$367,925, have a positive balance of \$992,455 (almost a million dollars) and yet our SUTA taxes keep going up! It is unsustainable and it is not fair to punish positive balance employers with higher taxes than negative balance employers.

Unemployment benefits used to be a safety net for people who lost their jobs through no fault of their own and wanted to work. Now unemployment benefits are just another welfare program that encourages people to stay home! People turn down our job offers every day, telling us they might consider coming back to apply for a job after their unemployment benefits run out.

Another problem we face is that we are charged for a pro-rata share of the benefits employees receive even though they applied for part time positions, worked for us as part timers, voluntarily quit, then took a job with a different employer, and subsequently got laid off by their new employer.

So we support Sub. HB 2105 as a step in the right direction. Our goal is to reform the Kansas Unemployment Insurance system to give more predictability, be fair to all employers, restrict the granting of benefits, reduce benefit levels, and their duration. Then maybe unemployment insurance can become a safety net again, not a welfare program that encourages people to stay home and collect rather than look for work.

When taxes are raised beyond reason and programs are unfairly administered, companies have no choice but to lay off employees, close facilities, move to more business friendly states, or go out of business altogether. When a state is business friendly, companies start up, move in, grow and create new jobs. Let's work together to make Kansas more friendly and fair to all businesses!

Thank you,



Bill Goodlatte