

SESSION OF 2020

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2642**

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

Brief*

Sub. for HB 2642 would amend a provision of the Employment Security Law, commonly referred to as unemployment insurance (UI), pertaining to the quarterly reporting of tax and wage data to the Kansas Department of Labor (Department). Under current law, professional employer organizations (PEOs), which provide human resource and other administrative services to businesses, are prohibited from including a client company's owners and officers in the same UI quarterly report as that company's employees. Those companies must file two reports with the Department. The bill would repeal the prohibition.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by Representative Hoheisel and 28 other representatives. Prior to recommending a substitute bill be passed on March 17, 2020, the House Committee on Commerce, Labor and Economic Development (House Committee) deleted the contents of the bill pertaining to UI and inserted the provisions of SB 27, as passed by the Senate during the 2019 Session.

*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>

SB 27

The bill was introduced by the Senate Committee on Commerce at the request of the National Association of PEOs (National Association).

During the Senate Committee hearing, representatives of the National Association and two PEOs operating in Kansas spoke in favor of the bill, stating the bill would alleviate an administrative burden placed on client companies.

A representative of the Department provided neutral testimony, stating there was no record with the agency as to the reason for the prohibition. The conferee stated the bill would facilitate filing and would not affect limitations placed on business owners' eligibility for UI benefits.

No opponent testimony was provided.

The Senate Committee recommended the bill be placed on the Consent Calendar.

Upon the bill being re-referred to the Senate Committee, a representative of the Department reconfirmed previous testimony and indicated the Department had no opposition to the bill. The Senate Committee again recommended the bill be passed.

On March 12, 2020, in the House Committee hearing, a representative of the National Association spoke in favor of the bill, stating the bill would alleviate an administrative burden placed on client companies.

No other testimony was provided.

According to the fiscal note prepared in 2019 by the Division of the Budget on SB 27, the bill would not have a fiscal effect.