

February 16, 2023

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2399 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2399 is respectfully submitted to your committee.

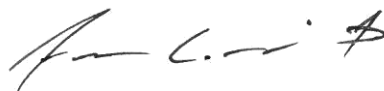
HB 2399 would create the Freelance Isn't Free Act. The bill would define a "freelance worker" as any natural person or any organization composed of not more than one natural person, whether or not incorporated or employing a trade name, that is hired or retained as an independent contractor by a hiring party to provide services in exchange for compensation. The bill would also specify what is not considered a freelance worker and would make other definitions for use under the Act. The bill would require written contracts for retained services of a freelance worker valued over \$500 and would include specific requirements for these contracts. The bill would also provide other protections for freelance workers and include new duties and requirements for the Kansas Department of Labor and the Attorney General related to those protections, complaints, and violations of the Act. In addition, the Secretary of Labor would be required to establish a Freelance Worker Assistance Program as detailed in the bill. The Secretary of Labor and Attorney General would have authority to adopt rules and regulations necessary to implement provisions Act.

According to the Kansas Department of Labor, enactment of HB 2399 would increase expenditures by \$440,000 in FY 2023 and \$290,000 in FY 2024, all from the State General Fund, and would require 2.00 additional FTE positions. The bill would require a new program and the agency reports it could not be incorporated into any of the agency's current programs or processes. Estimated costs related to building a database for the program are \$150,000 in FY 2023. Program staffing of 2.00 FTE positions, including benefits and overhead for one attorney and one conciliator, is estimated to be \$290,000 each fiscal year and would continue for the duration of the program. The agency does not currently have funding available for the program, so a State General Fund appropriation would be necessary.

The Office of the Attorney General estimates enactment of the bill would increase FY 2024 expenditures by \$234,352, all from the State General Fund, and would require 2.00 additional FTE positions. The estimate includes \$209,508 for salary and benefits for one attorney and one investigator/special agent. Additional expenditures would include overhead, supplies, and training. All expenditures would be ongoing.

The Office of Judicial Administration states enactment of HB2399 could increase the number of cases filed in district court because it allows for a civil suit to be filed by an individual or the Attorney General. In addition, all Department of Labor orders are subject to the Kansas Judicial Review Act. This could result in more time spent by district court judicial and nonjudicial personnel processing, researching, and hearing cases. The Office estimates enactment of the bill could result in the collection of docket fees assessed in those cases filed under the bill's provisions, which would be deposited in the State General Fund. According to the Office, a fiscal effect cannot be estimated. Any fiscal effect associated with HB 2399 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
John Milburn, Office of the Attorney General
Vicki Jacobsen, Judiciary