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To: House Commerce and Economic Development Committee

Date: February 8, 2011

Subject: **HB 2135** -- Protecting the Confidentiality of Tax Information Submitted to the Kansas Department of Revenue by Independent Contractors

Chairman Brown and members of the House Commerce and Economic Development Committee, thank you for the opportunity to submit written testimony on behalf of the Kansas Association of REALTORS® in support of **HB 2135**. Through the comments expressed herein, it is our hope to provide additional legal and public policy context to the discussion on this issue.

KAR is the state's largest professional association, representing nearly 8,000 members involved in both residential and commercial real estate and advocating on behalf of the state's 700,000 homeowners for over 90 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life, sustainable communities and providing affordable housing opportunities, while protecting the rights of private property owners.

HB 2135 would delete the statutory authority of the Kansas Department of Revenue to provide certain confidential taxpayer information to the Kansas Department of Labor and protect the confidentiality of individuals who choose to act as independent contractors. In summary, we believe that this would protect the confidentiality of taxpayer information and prevent the state from discouraging individuals to act as independent contractors in the marketplace.

Unfortunately, it is common to witness discussions in the news media and in public policy circles where negative dispersions are cast on independent contractor relationships in certain industries. In many cases, comments are made alleging that employers force employees to become independent contractors in order to avoid the payment of various fees and taxes.

In the real estate industry, it is extremely common (if not customary) for real estate salespersons to be associated with supervising real estate brokers as independent contractors. As independent contractors, real estate salespersons enjoy a greater degree of flexibility, freedom and control over their individual businesses than employees in a traditional employer-employee setting.

REALTORS® absolutely believe that the state should enact no statutes or regulations that would discourage individuals from choosing to become independent contractors to take advantage of these benefits. By supporting this legislation, the Kansas Legislature will ensure that no state agency provides confidential information that can be used to unfairly investigate independent contractors.

In our opinion, the passage of **HB 2135** would protect the confidentiality of taxpayer information and remove an improper impediment to the formation of independent contractor relationships. For all the foregoing reasons, we would urge the House Commerce and Economic Development Committee to support **HB 2135**.

House Commerce & Economic
Development Committee
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