

Unemployment Insurance

SB 77 revises provisions of the employment security laws, commonly referred to as Unemployment Insurance (UI), pertaining to loan interest payments, the taxable wage base, an extension of tax rate caps on positive balance employers, the number of rate groups for negative balance employers, and benefits.

The bill authorizes the creation of the Employment Security Interest Assessment Fund which pays interest and principal owed to the U.S. Department of Labor for advances received by the Kansas Employment Security Trust Fund. In future years, the Secretary of Labor may adjust the amount of the surcharge necessary to pay the interest. The portion of funds that pays the interest is not included in future reserve ratio calculations for the negative account employers. However, that portion applied to principal payments is used in future reserve ratio calculations. After there are sufficient funds to pay all of the interest to the federal government, any excess money in the Interest Assessment Fund will be transferred to the Employment Security Trust Fund.

In 2010, the Legislature enacted HB 2676 which lowers the contribution rates that are charged to positive balance employers, for 2010 and 2011, who are in rate groups 1 through 32 to the original 2010 tax rate contribution table. Employers in rate groups 33 through 51 are capped at the maximum contribution rate of 5.4 percent. Employers have ninety days past the due date to file their contributions without being charged interest for the first three quarters in each of the two years. The bill extends the tax rate caps for three more years, from 2012 to the end of 2014. However, the bill does not extend the ninety-day extension to file contributions.

The bill increases the number of reserve ratio groups for negative balance employers from ten to twenty. The surcharge rate applied to negative balance employers increases from 2.0 percent to 4.0 percent. For those employers in the top ten negative reserve ratio groups, there is a temporary 0.1 percent surcharge increase for 2012, 2013, and 2014. Starting in calendar year 2012, negative balance employers with a negative reserve ratio of 20.0 percent or greater will have a surcharge rate that ranges from 2.2 percent to 4.0 percent. The additional surcharge revenue is deposited in the Employment Security Interest Assessment Fund.

The bill repeals the provision that allows an unemployed individual to receive compensation for the waiting period of one week. The bill also modifies the so-called “trailing spouse” provision so that it applies only to the spouses of personnel in the U.S. armed forces or military reserves. Under previous law, a person could receive UI benefits if that person left a job because the person’s spouse had to transfer to another location for employment.

The Pooled Money Investment Board (PMIB) may make long term loans to the Department of Labor in order to fund debt obligations owed to the federal government. The interest rate for a PMIB loan may not exceed 2.0 percent. The loan period cannot exceed three years unless the PMIB and the Secretary of Labor agree to the extension.

As a means to continue the federal government's funding for administrative costs, the bill revises the definition of "extended benefit period" to include a three-year average unemployment rate instead of a two-year average. The remaining provisions of the bill insert references of "interest assessments" in provisions relating to the collection of payments, penalties and interest, liens, seizures, and refunds.

The bill grants an unemployed individual who receives UI benefits the discretion to have state income tax withheld from the payments. State law currently allows an unemployed individual to have federal income tax withheld.