

HOUSE BILL No. 2576

By Committee on Commerce, Labor and Economic Development

2-7

1 AN ACT concerning the employment security law; pertaining to rate;
2 amending K.S.A. 2013 Supp. 44-710a and repealing the existing
3 section.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2013 Supp. 44-710a is hereby amended to read as
7 follows: 44-710a. (a) *Classification of employers by the secretary.* The
8 term "employer" as used in this section refers to contributing employers.
9 The secretary shall classify employers in accordance with their actual
10 experience in the payment of contributions on their own behalf and with
11 respect to benefits charged against their accounts with a view of fixing
12 such contribution rates as will reflect such experience. If, as of the date
13 such classification of employers is made, the secretary finds that any
14 employing unit has failed to file any report required in connection
15 therewith, or has filed a report which the secretary finds incorrect or
16 insufficient, the secretary shall make an estimate of the information
17 required from such employing unit on the basis of the best evidence
18 reasonably available to the secretary at the time, and notify the employing
19 unit thereof by mail addressed to its last known address. Unless such
20 employing unit shall file the report or a corrected or sufficient report as the
21 case may be, within 15 days after the mailing of such notice, the secretary
22 shall compute such employing unit's rate of contributions on the basis of
23 such estimates, and the rate as so determined shall be subject to increase
24 but not to reduction on the basis of subsequently ascertained information.
25 The secretary shall determine the contribution rate of each employer in
26 accordance with the requirements of this section.

27 (1) *New employers.* (A) No employer will be eligible for a rate
28 computation until there have been 24 consecutive calendar months
29 immediately preceding the computation date throughout which benefits
30 could have been charged against such employer's account.

31 (B) (i) (a) For the rate years 2007 through 2013, each employer who
32 is not eligible for a rate contribution shall pay contributions equal to 4% of
33 wages paid during each calendar year with regard to employment except
34 such employers engaged in the construction industry shall pay a rate equal

1 to 6%.

2 (b) For the rate year 2014 and each rate year thereafter, except as
3 provided in subclause (c), each employer who is not eligible for a rate
4 contribution shall pay contributions equal to 4% of wages paid during each
5 calendar year with regard to employment, except such employers engaged
6 in the construction industry shall pay a rate equal to 6%.

7 (c) For the rate year 2014 and each rate year thereafter, except for the
8 construction industry, each employer who starts a new business and who is
9 not eligible for a rate contribution shall pay contributions equal to 2.7% of
10 wages paid during each calendar year with regard to employment.

11 (d) (1) *For the rate year 2015 and each rate year thereafter, an*
12 *employer who was not doing business in Kansas prior to July 1, 2014,*
13 *shall be eligible for either the new employer rate under subsection (a)(1)*
14 *(B)(i)(c) or the rate associated with the reserve ratio such employer*
15 *experienced in the state which such employer was formerly located, but in*
16 *no event less than 1% if such:*

17 (A) *Employer has been in operation in the other state or states for at*
18 *least the three years immediately preceding the date such employer*
19 *becomes a liable employer in Kansas;*

20 (B) *employer provides the authenticated account history from*
21 *information accumulated from operations of such employer in the other*
22 *state or all the other states necessary to compute a current Kansas rate;*
23 *and*

24 (C) *employer's business operations established in Kansas are of the*
25 *same nature, as defined by the North American industrial classification*
26 *system, as conducted by such employer in the other state or states.*

27 (2) *The election authorized in subsection (a)(1)(B)(i)(d) of this*
28 *section must be made in writing within 30 days after notice of Kansas*
29 *liability. A rate in accordance with subsection (a)(1)(B)(i)(c) will be*
30 *assigned unless a timely election has been made.*

31 (3) *If the election is made timely, the employer's account will receive*
32 *the rate elected for the remainder of that rate year. The rate assigned for*
33 *the next and subsequent years will be determined by the condition of the*
34 *account on the computation date.*

35 (ii) For rate years prior to 2007, employers who are not eligible for a
36 rate computation shall pay contributions at an assigned rate equal to the
37 sum of 1% plus the greater of the average rate assigned in the preceding
38 calendar year to all employers in such industry sector or the average rate
39 assigned to all covered employers during the preceding calendar year,
40 except that in no instance shall any such assigned rate be less than 2%.
41 Employers engaged in more than one type of industrial activity shall be
42 classified by principal activity. All rates assigned will remain in effect for a
43 complete calendar year. If the sale or acquisition of a new establishment

1 would require reclassification of the employer to a different industry
2 sector, the employer would be promptly notified, and the contribution rate
3 applicable to the new industry sector would become effective the
4 following January 1.

5 (iii) For purposes of this subsection (a), employers shall be classified
6 by industrial activity in accordance with standard procedures as set forth in
7 rules and regulations adopted by the secretary.

8 (C) "Computation date" means June 30 of each calendar year with
9 respect to rates of contribution applicable to the calendar year beginning
10 with the following January 1. In arriving at contribution rates for each
11 calendar year, contributions paid on or before July 31 following the
12 computation date for employment occurring on or prior to the computation
13 date shall be considered for each contributing employer who has been
14 subject to this act for a sufficient period of time to have such employer's
15 rate computed under this subsection (a).

16 (2) *Eligible employers.* (A) A reserve ratio shall be computed for each
17 eligible employer by the following method: Total benefits charged to the
18 employer's account for all past years shall be deducted from all
19 contributions paid by such employer for all such years. The balance,
20 positive or negative, shall be divided by the employer's average annual
21 payroll, and the result shall constitute the employer reserve ratio.

22 (B) Negative account balance employers as defined in subsection (d)
23 shall pay contributions at the rate of 5.4% for each calendar year.

24 (C) Eligible employers, other than negative account balance
25 employers, who do not meet the average annual payroll requirements as
26 stated in subsection (a)(2) of K.S.A. 44-703, and amendments thereto, will
27 be issued the maximum rate indicated in subsection (a)(3)(C) of this
28 section until such employer establishes a new period of 24 consecutive
29 calendar months immediately preceding the computation date throughout
30 which benefits could have been charged against such employer's account
31 by resuming the payment of wages. Contribution rates effective for each
32 calendar year thereafter shall be determined as prescribed below.

33 (D) As of each computation date, the total of the taxable wages paid
34 during the 12-month period prior to the computation date by all employers
35 eligible for rate computation, except negative account balance employers,
36 shall be divided into 51 approximately equal parts designated in column A
37 of schedule I as "rate groups," except, with regard to a year in which the
38 taxable wage base changes. The taxable wages used in the calculation for
39 such a year and the following year shall be an estimate of what the taxable
40 wages would have been if the new taxable wage base had been in effect
41 during the entire twelve-month period prior to the computation date. The
42 lowest numbered of such rate groups shall consist of the employers with
43 the most favorable reserve ratios, as defined in this section, whose

1 combined taxable wages paid are less than 1.96% of all taxable wages paid
 2 by all eligible employers. Each succeeding higher numbered rate group
 3 shall consist of employers with reserve ratios that are less favorable than
 4 those of employers in the preceding lower numbered rate groups and
 5 whose taxable wages when combined with the taxable wages of employers
 6 in all lower numbered rate groups equal the appropriate percentage of total
 7 taxable wages designated in column B of schedule I. Each eligible
 8 employer, other than a negative account balance employer, shall be
 9 assigned an experience factor designated under column C of schedule I in
 10 accordance with the rate group to which the employer is assigned on the
 11 basis of the employer's reserve ratio and taxable payroll. If an employer's
 12 taxable payroll falls into more than one rate group the employer shall be
 13 assigned the experience factor of the lower numbered rate group. If one or
 14 more employers have reserve ratios identical to that of the last employer
 15 included in the next lower numbered rate group, all such employers shall
 16 be assigned the experience factor designated to such last employer,
 17 notwithstanding the position of their taxable payroll in column B of
 18 schedule I.

SCHEDULE I—Eligible Employers

19	Column A	Column B	Column C
20	Rate	Cumulative	Experience factor
21	group	taxable payroll	(Ratio to total wages)
22	1	Less than 1.96% .....	.025%
23	2	1.96% but less than 3.92 .....	.40 .04
24	3	3.92 but less than 5.88 .....	.80 .08
25	4	5.88 but less than 7.84 .....	.12
26	5	7.84 but less than 9.80 .....	.16
27	6	9.80 but less than 11.76 .....	.20
28	7	11.76 but less than 13.72 .....	.24
29	8	13.72 but less than 15.68 .....	.28
30	9	15.68 but less than 17.64 .....	.32
31	10	17.64 but less than 19.60 .....	.36
32	11	19.60 but less than 21.56 .....	.40
33	12	21.56 but less than 23.52 .....	.44
34	13	23.52 but less than 25.48 .....	.48
35	14	25.48 but less than 27.44 .....	.52
36	15	27.44 but less than 29.40 .....	.56
37	16	29.40 but less than 31.36 .....	.60
38	17	31.36 but less than 33.32 .....	.64
39	18	33.32 but less than 35.28 .....	.68
40	19	35.28 but less than 37.24 .....	.72
41	20	37.24 but less than 39.20 .....	.76
42	21	39.20 but less than 41.16 .....	.80

1	22	41.16 but less than 43.12 .....	.84
2	23	43.12 but less than 45.08 .....	.88
3	24	45.08 but less than 47.04 .....	.92
4	25	47.04 but less than 49.00 .....	.96
5	26	49.00 but less than 50.96	1.00
6	27	50.96 but less than 52.92	1.04
7	28	52.92 but less than 54.88	1.08
8	29	54.88 but less than 56.84	1.12
9	30	56.84 but less than 58.80	1.16
10	31	58.80 but less than 60.76	1.20
11	32	60.76 but less than 62.72	1.24
12	33	62.72 but less than 64.68	1.28
13	34	64.68 but less than 66.64	1.32
14	35	66.64 but less than 68.60	1.36
15	36	68.60 but less than 70.56	1.40
16	37	70.56 but less than 72.52	1.44
17	38	72.52 but less than 74.48	1.48
18	39	74.48 but less than 76.44	1.52
19	40	76.44 but less than 78.40	1.56
20	41	78.40 but less than 80.36	1.60
21	42	80.36 but less than 82.32	1.64
22	43	82.32 but less than 84.28	1.68
23	44	84.28 but less than 86.24	1.72
24	45	86.24 but less than 88.20	1.76
25	46	88.20 but less than 90.16	1.80
26	47	90.16 but less than 92.12	1.84
27	48	92.12 but less than 94.08	1.88
28	49	94.08 but less than 96.04	1.92
29	50	96.04 but less than 98.00	1.96
30	51	98.00 and over	2.00

31

32 (E) Negative account balance employers shall, in addition to paying
 33 the rate provided for in subsection (a)(2)(B) of this section, pay a
 34 surcharge based on the size of the employer's negative reserve ratio, the
 35 calculation which is provided for in subsection (a)(2) of this section. The
 36 amount of the surcharge shall be determined from column B2 of schedule
 37 II of this section for calendar years 2012, 2013, 2014 and from column B4
 38 of schedule II of this section for each calendar year after 2014. Each
 39 negative account balance employer who does not satisfy the requirements
 40 to have an average annual payroll, as defined by subsection (a)(2) of
 41 K.S.A. 44-703, and amendments thereto, shall be assigned a surcharge of
 42 equal to the maximum negative ratio surcharge from column B2 of
 43 schedule II of this section for calendar years 2012, 2013 and 2014. From

1 calendar year 2015 forward, each negative account balance employer who
2 does not satisfy the requirements to have an average annual payroll, as
3 defined by subsection (a)(2) of K.S.A. 44-703, and amendments thereto,
4 shall be assigned a surcharge equal to the maximum negative ratio
5 surcharge from column B4 of schedule II of this section. Funds from the
6 surcharge paid according to this subsection (a)(2)(E), and amendments
7 thereto, shall be used to pay principal and interest due on funds received
8 from the federal unemployment account under title XII of the social
9 security act, (42 U.S.C. §§ 1321 to 1324), in the following manner:

10 (i) For each calendar year 2012, 2013 and 2014, an additional 0.10%
11 of the taxable wages paid by all negative account balance employers with
12 a negative reserve ratio between 0.0% and 19.9% shall be designated an
13 interest assessment surcharge and paid into the employment security
14 interest assessment fund for the purpose of paying interest due and owing
15 on funds received from the federal unemployment account under title XII
16 of the social security act. The total surcharges assessed, including the
17 additional 0.10% surcharge mentioned above, on such employers are listed
18 in schedule II column B2. For the calendar year 2015, and each calendar
19 year thereafter, the surcharge rate for negative balance employers with a
20 negative reserve ratio between 0.0% and 19.9% shall be as listed in
21 schedule II column B4.

22 (ii) For the calendar years 2012, 2013 and 2014, an additional
23 surcharge on negative balance employers with a negative reserve ratio of
24 20.0% and higher shall be designated an interest assessment surcharge and
25 deposited in the employment security interest assessment fund. The
26 additional surcharge shall be used for the purposes of paying interest due
27 and owing on funds received from the federal unemployment account
28 under title XII of the social security act. The total surcharge including the
29 additional surcharge on such employers is listed in schedule II column B3
30 of this section.

31 (iii) For any succeeding year in which interest is due and owing on
32 funds received from the federal unemployment account under title XII of
33 the social security act, the secretary of labor may adjust the surcharge
34 amounts necessary to pay such interest;

35 (iv) the portion of such surcharge used for the payment of such
36 interest shall not be included in the calculation of such employers reserve
37 ratio pursuant to subsection (a)(2). The portion of such surcharge used for
38 the payment of principal shall be included in the calculation of such
39 employers reserve ratio pursuant to subsection (a)(2); and

40 (v) if the amounts collected under this subsection are in excess of the
41 amounts needed to pay interest due, the amounts in excess shall remain in
42 the employment security interest assessment fund to be used to pay interest
43 in future years. Whenever the secretary certifies all interest payments have

1 been paid pursuant to this section, any excess funds remaining in the
 2 employment security interest assessment fund shall be transferred to the
 3 employment security trust fund for the purpose of paying any remaining
 4 principal amount due for advances described in this section. In the event
 5 that the amount transferred from the employment security interest
 6 assessment fund exceeds such remaining amount of principal due, the
 7 balance shall be used for the purposes of the employment security trust
 8 fund.

9 SCHEDULE II—Surcharge on Negative Accounts

10 Column A	Column B1	Column B2	Column B3	Column B4
11 Negative Reserve	Surcharge as a	Surcharge as a	Surcharge as a	Surcharge as a
12 ratio	percent of	percent of	percent of	percent of
	taxable wages	taxable wages	taxable wages	taxable wages
14 Less than 2.0%.....	0.20%.....	0.30%.....	0.10%	
15 2.0% but less than 4.0.....	0.40.....	0.50.....		0.20
16 4.0 but less than 6.0.....	0.60.....	0.70.....		0.30
17 6.0 but less than 8.0.....	0.80.....	0.90.....		0.40
18 8.0 but less than 10.0.....	1.00.....	1.10.....		0.50
19 10.0 but less than 12.0.....	1.20.....	1.30.....		0.60
20 12.0 but less than 14.0.....	1.40.....	1.50.....		0.70
21 14.0 but less than 16.0.....	1.60.....	1.70.....		0.80
22 16.0 but less than 18.0.....	1.80.....	1.90.....		0.90
23 18.0 but less than 20.0.....	2.00.....	2.10.....		1.00
24 20.0 but less than 22.0.....	2.00.....		2.20.....	1.10
25 22.0 but less than 24.0.....	2.00.....		2.40.....	1.20
26 24.0 but less than 26.0.....	2.00.....		2.60.....	1.30
27 26.0 but less than 28.0.....	2.00.....		2.80.....	1.40
28 28.0 but less than 30.0.....	2.00.....		3.00.....	1.50
29 30.0 but less than 32.0.....	2.00.....		3.20.....	1.60
30 32.0 but less than 34.0.....	2.00.....		3.40.....	1.70
31 34.0 but less than 36.0.....	2.00.....		3.60.....	1.80
32 36.0 but less than 38.0.....	2.00.....		3.80.....	1.90
33 38.0 and over.....	2.00.....		4.00.....	2.00

34

35 ~~(3) Entering and expanding employer. (A) Upon approval by the~~
 36 ~~secretary, an eligible employer with a positive account balance as~~
 37 ~~described in subsection (a)(2)(A) shall be eligible to qualify for the new~~
 38 ~~employer rate as defined in subsection (a)(B)(i)(c) for four years if the~~
 39 ~~following conditions are met:~~

40 ~~(i) There has been a 100% increase in such employer's taxable~~
 41 ~~payroll over the previous year; and~~

42 ~~(ii) there has been verification of a positive account balance in~~
 43 ~~Kansas; and~~

44 ~~(iii) such employer maintains a positive account balance~~
 45 ~~throughout the four-year period;~~

46 ~~(B) employers eligible to qualify as an entering or expanding~~
 47 ~~employer are not eligible for any additional discounts available under the~~
 48 ~~employment security act. Entering and expanding employer. (A) The~~

1 *secretary, as a method of providing for a reduced rate of contributions to*
 2 *an employer shall verify the qualifications in this statute that bear a*
 3 *direct relation to unemployment risk for that employer.*

4 (B) If, as of the computation date, an eligible, positive balance
 5 employer's reserve ratio is significantly affected due to an increase in the
 6 employer's taxable payroll of at least 100% and such increase is
 7 attributable to a growth in employment, and not to a change in the taxable
 8 wage base from the previous year, the secretary shall assign a reduced rate
 9 of contributions for a period of four years.

10 (i) Such reduced rate of contributions shall be the new employer rate
 11 described in subsection (a)(1)(B)(i)(c) or a rate based on the employer's
 12 demonstrated risk as reflected in the employer's reserve fund ratio history.

13 (ii) To be eligible for such reduced rate, the employer must maintain a
 14 positive account balance throughout the reduced-rate period and must have
 15 an increase in account balance for each year.

16 ~~(3)~~ (4) *Planned yield.* (A) The average required yield shall be
 17 determined from schedule III of this section, and the planned yield on total
 18 wages in column B of schedule III shall be determined by the reserve fund
 19 ratio in column A of schedule III. The reserve fund ratio shall be
 20 determined by dividing total assets in the employment security fund
 21 provided for in subsection (a) of K.S.A. 44-712, and amendments thereto,
 22 excluding all moneys credited to the account of this state pursuant to
 23 section 903 of the federal social security act, as amended, which have been
 24 appropriated by the state legislature, whether or not withdrawn from the
 25 trust fund, and excluding contributions not yet paid on July 31 by total
 26 payrolls for contributing employers for the preceding fiscal year which
 27 ended June 30.

28 SCHEDULE III—Fund Control
 29 Ratios to Total Wages

30 Column A	30 Column B
31 Reserve Fund Ratio	31 Planned Yield
32 4.500 and over	0.00
33 4.475 but less than 4.500.....	0.01
34 4.450 but less than 4.475.....	0.02
35 4.425 but less than 4.450.....	0.03
36 4.400 but less than 4.425.....	0.04
37 4.375 but less than 4.400.....	0.05
38 4.350 but less than 4.375.....	0.06
39 4.325 but less than 4.350.....	0.07
40 4.300 but less than 4.325.....	0.08
41 4.275 but less than 4.300.....	0.09
42 4.250 but less than 4.275.....	0.10
43 4.225 but less than 4.250.....	0.11

1	4.200 but less than 4.225.....	0.12
2	4.175 but less than 4.200.....	0.13
3	4.150 but less than 4.175.....	0.14
4	4.125 but less than 4.150.....	0.15
5	4.100 but less than 4.125.....	0.16
6	4.075 but less than 4.100.....	0.17
7	4.050 but less than 4.075.....	0.18
8	4.025 but less than 4.050.....	0.19
9	4.000 but less than 4.025.....	0.20
10	3.950 but less than 4.000.....	0.21
11	3.900 but less than 3.950.....	0.22
12	3.850 but less than 3.900.....	0.23
13	3.800 but less than 3.850.....	0.24
14	3.750 but less than 3.800.....	0.25
15	3.700 but less than 3.750.....	0.26
16	3.650 but less than 3.700.....	0.27
17	3.600 but less than 3.650.....	0.28
18	3.550 but less than 3.600.....	0.29
19	3.500 but less than 3.550.....	0.30
20	3.450 but less than 3.500.....	0.31
21	3.400 but less than 3.450.....	0.32
22	3.350 but less than 3.400.....	0.33
23	3.300 but less than 3.350.....	0.34
24	3.250 but less than 3.300.....	0.35
25	3.200 but less than 3.250.....	0.36
26	3.150 but less than 3.200.....	0.37
27	3.100 but less than 3.150.....	0.38
28	3.050 but less than 3.100.....	0.39
29	3.000 but less than 3.050.....	0.40
30	2.950 but less than 3.000.....	0.41
31	2.900 but less than 2.950.....	0.42
32	2.850 but less than 2.900.....	0.43
33	2.800 but less than 2.850.....	0.44
34	2.750 but less than 2.800.....	0.45
35	2.700 but less than 2.750.....	0.46
36	2.650 but less than 2.700.....	0.47
37	2.600 but less than 2.650.....	0.48
38	2.550 but less than 2.600.....	0.49
39	2.500 but less than 2.550.....	0.50
40	2.450 but less than 2.500.....	0.51
41	2.400 but less than 2.450.....	0.52
42	2.350 but less than 2.400.....	0.53
43	2.300 but less than 2.350.....	0.54

1	2.250 but less than 2.300.....	0.55
2	2.200 but less than 2.250.....	0.56
3	2.150 but less than 2.200.....	0.57
4	2.100 but less than 2.150.....	0.58
5	2.050 but less than 2.100.....	0.59
6	2.000 but less than 2.050.....	0.60
7	1.975 but less than 2.000.....	0.61
8	1.950 but less than 1.975.....	0.62
9	1.925 but less than 1.950.....	0.63
10	1.900 but less than 1.925.....	0.64
11	1.875 but less than 1.900.....	0.65
12	1.850 but less than 1.875.....	0.66
13	1.825 but less than 1.850.....	0.67
14	1.800 but less than 1.825.....	0.68
15	1.775 but less than 1.800.....	0.69
16	1.750 but less than 1.775.....	0.70
17	1.725 but less than 1.750.....	0.71
18	1.700 but less than 1.725.....	0.72
19	1.675 but less than 1.700.....	0.73
20	1.650 but less than 1.675.....	0.74
21	1.625 but less than 1.650.....	0.75
22	1.600 but less than 1.625.....	0.76
23	1.575 but less than 1.600.....	0.77
24	1.550 but less than 1.575.....	0.78
25	1.525 but less than 1.550.....	0.79
26	1.500 but less than 1.525.....	0.80
27	1.475 but less than 1.500.....	0.81
28	1.450 but less than 1.475.....	0.82
29	1.425 but less than 1.450.....	0.83
30	1.400 but less than 1.425.....	0.84
31	1.375 but less than 1.400.....	0.85
32	1.350 but less than 1.375.....	0.86
33	1.325 but less than 1.350.....	0.87
34	1.300 but less than 1.325.....	0.88
35	1.275 but less than 1.300.....	0.89
36	1.250 but less than 1.275.....	0.90
37	1.225 but less than 1.250.....	0.91
38	1.200 but less than 1.225.....	0.92
39	1.175 but less than 1.200.....	0.93
40	1.150 but less than 1.175.....	0.94
41	1.125 but less than 1.150.....	0.95
42	1.100 but less than 1.125.....	0.96
43	1.075 but less than 1.100.....	0.97

1	1.050 but less than 1.075.....	0.98
2	1.025 but less than 1.050.....	0.99
3	1.000 but less than 1.025.....	1.00
4	0.900 but less than 1.000.....	1.01
5	0.800 but less than 0.900.....	1.02
6	0.700 but less than 0.800.....	1.03
7	0.600 but less than 0.700.....	1.04
8	0.500 but less than 0.600.....	1.05
9	0.400 but less than 0.500.....	1.06
10	0.300 but less than 0.400.....	1.07
11	0.200 but less than 0.300.....	1.08
12	0.100 but less than 0.200.....	1.09
13	Less than 0.100%.....	1.10

14

15 (B) *Adjustment to taxable wages.* The planned yield as a percent of
 16 total wages, as determined in this subsection (a)(3), shall be adjusted to
 17 taxable wages by multiplying by the ratio of total wages to taxable wages
 18 for all contributing employers for the preceding fiscal year ending June 30,
 19 except, with regard to a year in which the taxable wage base changes. The
 20 taxable wages used in the calculation for such a year and the following
 21 year shall be an estimate of what the taxable wages would have been if the
 22 new taxable wage base had been in effect during all of the preceding fiscal
 23 year ending June 30.

24 (C) *Effective rates.* (i) Except with regard to rates for negative
 25 account balance employers, employer contribution rates to be effective for
 26 the ensuing calendar year shall be computed by adjusting proportionately
 27 the experience factors from schedule I of this section to the required yield
 28 on taxable wages. For the purposes of this subsection (a)(3), all rates
 29 computed shall be rounded to the nearest .01% and for calendar year 1983
 30 and ensuing calendar years, the maximum effective contribution rate shall
 31 not exceed 5.4%.

32 (ii) For rate year 2007 and subsequent rate years, employers who are
 33 current in filing quarterly wage reports and in payment of all contributions
 34 due and owing, shall be issued a contribution rate based upon the
 35 following reduction: For rate groups 1 through 5, the rates would be
 36 reduced to 0.00%; for rate groups 6 through 28, the rates would be reduced
 37 by 50%; for rate groups 29 through 51, the rates would be reduced by
 38 40%.

39 (iii) In order to be eligible for the reduced rates for rate year 2007, the
 40 employer must file all late reports and pay all contributions due and owing
 41 within a 30-day period following the date of mailing of the amended rate
 42 notice.

43 (iv) In order to be eligible for the reduced rates for rate years 2008

1 through 2013, employers must file all reports due and pay all contributions
2 due and owing on or before January 31 of the applicable year, except that
3 the reduced rates for otherwise eligible employers shall not be effective for
4 any rate year if the average high cost multiple of the employment security
5 trust fund balance falls below 1.2 as of the computation date of that year's
6 rates. In order to be eligible for the reduced rates for rate year 2014 and
7 subsequent rate years, employers must file all reports due and pay all
8 contributions due and owing on or before January 31 of the applicable
9 year, except that the reduced rates for otherwise eligible employers shall
10 not be effective for any rate year if the average high cost multiple of the
11 employment security trust fund balance falls below 1.0 as of the
12 computation date of that year's rates. For the purposes of this provision,
13 the average high cost multiple is the reserve fund ratio, as defined by
14 subsection (a)(3)(A), divided by the average high benefit cost rate. The
15 average high benefit cost rate shall be determined by averaging the three
16 highest benefit cost rates over the last 20 years from the preceding fiscal
17 year which ended June 30. The high benefit cost rate is defined by dividing
18 total benefits paid in the fiscal year by total payrolls for covered employers
19 in the fiscal year.

20 (v) ***For rate year 2014 and rate years thereafter, an eligible***
21 ***employer other than a negative account balance employer, who has filed***
22 ***all reports due and paid all contributions due and owing on or before***
23 ***January 31 of the applicable year is entitled to a rate discount of 15%***
24 ***except as provided in this subsection.*** For rate year 2015 and rate years
25 thereafter, an eligible employer other than a negative account balance
26 employer, who has filed all reports due and paid all contributions due and
27 owing on or before January 31 of the applicable year is entitled to a rate
28 discount of 25% except as provided in this subsection. This discount shall
29 not be in effect if other reduced rates pursuant to subsections (a)(3)(C)(i)
30 through (iv) are in effect. This discount shall not be available for a rate
31 year if the average high cost multiple of the employment security trust
32 fund balance falls below 1.0 as of the computation date of that year's rates,
33 and this discount shall thereafter cease to be in effect for all subsequent
34 rate years. For the purposes of this provision, the average high cost
35 multiple is as defined by subsection (a)(3)(C)(iv).

36 (b) ***Successor classification.*** (1) (A) For the purposes of this
37 subsection (b), whenever an employing unit, whether or not it is an
38 "employing unit" within the meaning of subsection (g) of K.S.A. 44-703,
39 and amendments thereto, becomes an employer pursuant to subsection (h)
40 (4) of K.S.A. 44-703, and amendments thereto, or is an employer at the
41 time of acquisition and meets the definition of a "successor employer" as
42 defined by subsection (dd) of K.S.A. 44-703, and amendments thereto, and
43 thereafter transfers its trade or business, or any portion thereof, to another

1 employer and, at the time of the transfer, there is substantially common
2 ownership, management or control of the two employers, then the
3 unemployment experience attributable to the transferred trade or business
4 shall be transferred to the employer to whom such business is so
5 transferred. These experience factors consist of all contributions paid,
6 benefit experience and annual payrolls of the predecessor employer. The
7 transfer of some or all of an employer's workforce to another employer
8 shall be considered a transfer of trade or business when, as the result of
9 such transfer, the transferring employer no longer performs trade or
10 business with respect to the transferred workforce, and such trade or
11 business is performed by the employer to whom the workforce is
12 transferred.

13 (B) If, following a transfer of experience under subparagraph (A), the
14 secretary determines that a substantial purpose of the transfer or business
15 was to obtain a reduced liability for contributions, then the experience
16 rating accounts of the employers involved shall be combined into a single
17 account and a single rate assigned to such account.

18 (2) A successor employer as defined by subsection (h)(4) or
19 subsection (dd) of K.S.A. 44-703, and amendments thereto, may receive
20 the experience rating factors of the predecessor employer if an application
21 is made to the secretary or the secretary's designee in writing within 120
22 days of the date of the transfer.

23 (3) Whenever an employing unit, whether or not it is an "employing
24 unit" within the meaning of subsection (g) of K.S.A. 44-703, and
25 amendments thereto, acquires or in any manner succeeds to a percentage
26 of an employer's annual payroll which is less than 100% and intends to
27 continue the acquired percentage as a going business, the employing unit
28 may acquire the same percentage of the predecessor's experience factors if:
29 (A) The predecessor employer and successor employing unit make an
30 application in writing on the form prescribed by the secretary; (B) the
31 application is submitted within 120 days of the date of the transfer; (C) the
32 successor employing unit is or becomes an employer subject to this act
33 immediately after the transfer; (D) the percentage of the experience rating
34 factors transferred shall not be thereafter used in computing the
35 contribution rate for the predecessor employer; and (E) the secretary finds
36 that such transfer will not tend to defeat or obstruct the object and
37 purposes of this act.

38 (4) (A) The rate of both employers in a full or partial successorship
39 under paragraph (1) of this subsection shall be recalculated and made
40 effective on the first day of the next calendar quarter following the date of
41 transfer of trade or business.

42 (B) If a successor employer is determined to be qualified under
43 paragraph (2) or (3) of this subsection to receive the experience rating

1 factors of the predecessor employer, the rate assigned to the successor
2 employer for the remainder of the contributions year shall be determined
3 by the following:

4 (i) If the acquiring employing unit was an employer subject to this act
5 prior to the date of the transfer, the rate of contribution shall be the same as
6 the contribution rate of the acquiring employer on the date of the transfer.

7 (ii) If the acquiring employing unit was not an employer subject to
8 this act prior to the date of the transfer, the successor employer shall have a
9 newly computed rate for the remainder of the contribution year which shall
10 be based on the transferred experience rating factors as they existed on the
11 most recent computation date immediately preceding the date of
12 acquisition. These experience rating factors consist of all contributions
13 paid, benefit experience and annual payrolls.

14 (5) Whenever an employing unit is not an employer at the time it
15 acquires the trade or business of an employer, the unemployment
16 experience factors of the acquired business shall not be transferred to such
17 employing unit if the secretary finds that such employing unit acquired the
18 business solely or primarily for the purpose of obtaining a lower rate of
19 contributions. Instead, such employing unit shall be assigned the
20 applicable industry rate for a "new employer" as described in subsection
21 (a)(1) of this section. In determining whether the business was acquired
22 solely or primarily for the purpose of obtaining a lower rate of
23 contributions, the secretary shall use objective factors which may include
24 the cost of acquiring the business, whether the employer continued the
25 business enterprise of the acquired business, how long such business
26 enterprise was continued, or whether a substantial number of new
27 employees were hired for performance of duties unrelated to the business
28 activity conducted prior to acquisition.

29 (6) Whenever an employer's account has been terminated as provided
30 in subsections (d) and (e) of K.S.A. 44-711, and amendments thereto, and
31 the employer continues with employment to liquidate the business
32 operations, that employer shall continue to be an "employer" subject to the
33 employment security law as provided in subsection (h)(8) of K.S.A. 44-
34 703, and amendments thereto. The rate of contribution from the date of
35 transfer to the end of the then current calendar year shall be the same as
36 the contribution rate prior to the date of the transfer. At the completion of
37 the then current calendar year, the rate of contribution shall be that of a
38 "new employer" as described in subsection (a)(1) of this section.

39 (7) No rate computation will be permitted an employing unit
40 succeeding to the experience of another employing unit pursuant to this
41 section for any period subsequent to such succession except in accordance
42 with rules and regulations adopted by the secretary. Any such regulations
43 shall be consistent with federal requirements for additional credit

1 allowance in section 3303 of the federal internal revenue code of 1986,
2 and consistent with the provisions of this act.

3 (c) *Voluntary contributions.* Notwithstanding any other provision of
4 the employment security law, any employer may make voluntary payments
5 for the purpose of reducing or maintaining a reduced rate in addition to the
6 contributions required under this section. Such voluntary payments may be
7 made only during the thirty-day period immediately following the date of
8 mailing of experience rating notices for a calendar year. All such voluntary
9 contribution payments shall be paid prior to the expiration of 120 days
10 after the beginning of the year for which such rates are effective. The
11 amount of voluntary contributions shall be credited to the employer's
12 account as of the next preceding computation date and the employer's rate
13 shall be computed accordingly, ~~except that no employer's rate shall be~~
14 ~~reduced more than five rate groups as provided in schedule I of this section~~
15 ~~as the result of a voluntary payment. An employer not having a negative~~
16 ~~account balance may have such employer's rate reduced not more than five~~
17 ~~rate groups as provided in schedule I of this section as a result of a~~
18 ~~voluntary payment. An employer having a negative account balance may~~
19 ~~have such employer's rate reduced to that prescribed for rate group 51 of~~
20 ~~schedule I of this section by making a voluntary payment in the amount of~~
21 ~~such negative account balance or to that rate prescribed for rate groups 50~~
22 ~~through 47 of schedule I of this section by making an additional voluntary~~
23 ~~payment that would increase such employer's reserve ratio to the lower~~
24 ~~limit required for such rate groups 50 through 47. Under no circumstances~~
25 shall voluntary payments be refunded in whole or in part.

26 (d) As used in this section, "negative account balance employer"
27 means an eligible employer whose total benefits charged to such
28 employer's account for all past years have exceeded all contributions paid
29 by such employer for all such years.

30 (e) There is hereby established in the state treasury, separate and apart
31 from all public moneys or funds of this state, an employment security
32 interest assessment fund, which shall be administered by the secretary as
33 provided in this act. Moneys in the employment security fund established
34 by K.S.A. 44-712, and amendments thereto, and employment security
35 interest assessment fund established by K.S.A. 44-710, and amendments
36 thereto, shall not be invested in the pooled money investment portfolio
37 established under K.S.A. 75-4234, and amendments thereto.
38 Notwithstanding the provisions of subsection (a) of K.S.A. 44-712, K.S.A.
39 44-716, K.S.A. 44-717 and K.S.A. 75-4234, and amendments thereto, or
40 any like provision the secretary shall remit all moneys received from
41 employers pursuant to the interest payment assessment established in
42 ~~section subsection (a)(2)(E), and amendments thereto,~~ to the state treasurer
43 in accordance with the provisions of K.S.A. 75-4215, and amendments

1 thereto. Upon receipt of each such remittance, the state treasurer shall
2 deposit the entire amount in the employment security interest assessment
3 fund. All moneys in this fund which are received from employers pursuant
4 to the interest payment assessment established in ~~section~~ subsection (a)(2)
5 (E), ~~and amendments thereto~~, shall be expended solely for the purposes
6 and in the amounts found by the secretary necessary to pay any principal
7 and interest due and owing the United States department of labor resulting
8 from any advancements made to the Kansas employment security fund
9 pursuant to the provisions of title XII of the social security act (42 U.S.C.
10 §§ 1321 to 1324) except as may be otherwise provided under ~~section~~
11 ~~subsection (a)(2)(E), and amendments thereto~~. Notwithstanding any
12 provision of this section, all moneys received and credited to this fund
13 pursuant to ~~section~~ subsection (a)(2)(E), ~~and amendments thereto~~, pursuant
14 to ~~section~~ subsection (a)(2)(E), ~~and amendments thereto~~, shall remain part
15 of the employment security interest assessment fund and shall be used only
16 in accordance with the conditions specified in ~~section~~ subsection (a)(2)(E);
17 ~~and amendments thereto~~.

18 (f) The secretary of labor shall annually prepare and submit a
19 certification as to the solvency and adequacy of the amount credited to the
20 state of Kansas' account in the federal employment security trust fund to
21 the governor and the legislative coordinating council. The certification
22 shall be submitted on or before December 1 of each calendar year and
23 shall be for the 12-month period ending on June 30 of that calendar year.
24 In arriving at the certification contributions paid on or before July 31
25 following the 12-month period ending date of June 30 shall be considered.
26 Each certification shall be used to determine the need for any adjustment
27 to schedule III in subsection (a)(3)(A) and to assist in preparing legislation
28 to accomplish any such adjustment.

29 Sec. 2. K.S.A. 2013 Supp. 44-710a is hereby repealed.

30 Sec. 3. This act shall take effect and be in force from and after its
31 publication in the ~~statute book~~ **Kansas register**.