



PROPONENT TESTIMONY – WRITTEN ONLY

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TO: Sen. Rob Olson, Chairman
Members, Senate Commerce Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: March 16, 2021

RE: **Support for HB 2196--Unemployment Compensation Changes**

The Lenexa Chamber of Commerce would like to express its strong support for HB 2196, which puts forth a comprehensive proposal to address impacts of the pandemic on the unemployment compensation system and to strengthen the system for both employers and employees going forward.

Unemployment compensation is a critical issue to the business community. Unemployment compensation taxes are paid solely by employers and represent a significant business expense, providing an important safety net for employees who may lose their jobs through no fault of their own. In Kansas, unemployment compensation tax collections stand behind only property, sales/use, income, and motor fuels taxes in total amount of state and local taxes collected.

The COVID-19 pandemic and its resulting economic disruption clearly placed an unprecedented strain on the system. Nevertheless, we believe the State of Kansas fell short in its role as steward of both the unemployment compensation system and the Employment Security Trust Fund, evidenced by communication breakdowns, delayed payments, and fraud rates reaching among the highest in the nation. Employers and employees from across the state have shared with you the serious financial, administrative, legal and emotional impacts it has created.

Employers already collectively face higher taxes in coming years to replenish the ESTF simply based on the pandemic's *legitimate* unemployment claims. We believe HB 2196 takes necessary steps to ensure employers aren't also unfairly held financially responsible for the fraudulent claims enabled by the State, totaling hundreds of millions of dollars, and to rebuild the Fund in a manner that facilitates stability, protects the integrity and fairness of employer experience ratings, helps employers sustainably meet their unemployment compensation tax obligations, and supports our state's continued economic recovery.

In addition, we strongly support provisions in the bill calling for additional oversight as well as IT system modernization upgrades by a date certain, not only to avoid a repeat of the past year but also to give a voice to the stakeholders that wholly finance and utilize the system.

For these reasons, we strongly urge you to consider HB 2196 favorably for passage. Thank you for your consideration of this high priority issue facing our members.