

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on March 13, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department  
Renaee Jefferies, Revisor of Statutes  
Lea Gerard, Secretary

Conferees appearing before the committee: Steve Rarrick, Deputy Attorney General  
Janet Stubbs on behalf o Kansas Building Industry  
Williams Layes, Chief of Labor Market  
Information Services  
Paul Bicknell, Chief of Contributions, Dept. of  
Human Resources

Others attending: See attached sheet.

Upon motion by Senator Jenkins, seconded by Senator Emler, the Minutes of February 21, 27 and 28, 2001 meetings were unanimously approved.

Steve Rarrick, Deputy Attorney General Consumer Protection, appeared on behalf of Attorney General Carla J. Stovall to testify in support of **HB 2206**. The Attorney General seeks to amend the definition of consumer in the Kansas Consumer Protection Act (KCPA) to include transactions involving husbands and wives and family partnerships. Currently, the definition of “consumer” includes only “an individual or sole proprietor” (Attachment 1).

Senator Emler moved that **HB 2206** be reported favorably to the full senate and placed on the consent calendar, Senator Brungardt seconded the motion. The motion unanimously carried.

Janet Stubbs testified on behalf of the Kansas Building Industry Workers Compensation Fund in support of **HB 2263**. The Kansas Building Industry Workers Compensation Fund, KBIWCF, began actual operation of writing workers compensation insurance coverage for the residential and light commercial construction industry related businesses on February 1, 1993. The bill was requested to enable the Board of Trustees to “declare” a dividend at the end of a fund year prior to December 31 of that fund year. Current statute prohibits a fund board from declaring a dividend less than 12 months after the end of the fund year. Therefore, the dividend amount cannot be deducted from the federal income tax filing and taxes must be paid upon it. Because the IRS will not allow more than a 2-year carry back for deductions and because all workers comp claims for each year do not close out in time to permit approval of a dividend within that 2 year time period, a Fund loses the ability to recover that already paid 34% tax

The Department of Insurance suggested two changes be made to the bill on Page 2, Line 4 and 9. (Attachment 2).

Senator Kerr made a motion to accept the Department of Insurance’s amendments on Page 2, Line 4 and Line 9, seconded by Senator Jordan. The voice vote was in favor of the motion.

Senator Kerr moved, seconded by Senator Jordan, that **HB 2263** be recommended favorably for passage as amended. The voice vote was in favor of the motion.

Bill Layes, Chief of Labor Market Information Services, Kansas Department of Human Resources, testified in support of **HB 2303**. The bill provides for classification of employers under the North American Industry Classification System (NAICS). The change becomes necessary due to the North American Free Trade Agreement (NAFTA). The US Department of Labor, Bureau of Labor Statistics and many other federal and state agencies are adopting the NAICS classification system (Attachment 3).

Paul Bicknell, Chief Contributions, Kansas Department of Human Resources spoke in favor of an amendment to be made to **HB 2303**. On December 21, 2000, the President signed the Consolidated Appropriations Act, 2001 (CAA) affecting the Federal-State Unemployment Compensation program. The CAA amended Federal law to change the way American Indian tribes are treated under the Federal Unemployment Tax Act (FUTA). Specifically, the Indian tribes are now to be treated similarly to State and local governments. Services performed in the employ of a tribe must be covered for State UC law purposes when the services are excluded from the FUTA definition of "employment" solely by reason of being performed for the tribe (Attachment 4).

The amendment was not available due to the absence of the Revisor and was presented to the Committee later in the day.

Meeting adjourned at 9:30 a.m.

Next meeting scheduled March 14, 2001 at 8:30 a.m.