

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on February 2, 2006 in Room 241-N of the Capitol.

All members were present except:

Patricia Kilpatrick- unexcused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department

Norm Furse, Office of Revisor of Statutes

Renae Jefferies, Office of Revisor of Statutes

June Evans, Committee Secretary

Conferees appearing before the committee:

Larry Magill, Kansas Association of Insurance Agents

Wil Leiker, Kansas AFL/CIO

Jeff Glendening, The Kansas Chamber of Commerce

Jim Garner, Secretary of Labor

Others attending:

See attached list.

The Chairman stated this was the last day for bill introductions by members and asked if anyone wished to request a bill.

Bill Yanek, Director of Government Relations, Kansas Association of Realtors, requested a bill relating to home inspections; requiring home inspector registration, certification and requiring insurance.

Emilie Burdette Rush, Office of Attorney General Phil Kline, Consumer Protection Division, requested a bill establishing requirements that debt collectors, operating to collect debts in Kansas, register with the Secretary of State, post a surety bond and register as a resident agent. Such act is to be part of the Kansas Consumer Protection Act.

The Chairman stated without exception the bills would be accepted.

The Chairman opened the hearing on **HB 2696 - Workers compensation; administrative law judge, requirements, salary and applications; establishing the workers compensation administrative law judge nominating and review committee.**

Staff briefed the committee on **HB 2696**. Administrative law judges (ALJ's) shall have at least five years of experience as an attorney with at least one year of experience practicing law in the area of workers compensation. The annual salary shall be an amount equal to 80% of the annual salary paid by the state to a district court judge, other than a district court judge designated as a chief judge. Qualified applicants for a position of ALJ's shall be submitted by the director to the workers compensation ALJ nominating and review committee for consideration.

Larry Magill, Kansas Association of Insurance Agents, testified as a proponent to **HB 2696**. This is an outgrowth of a number of bills the last few sessions addressing this same issue. One area of the workers compensation act that was not reformed in 1993 was the process for selecting and reviewing ALJ's.

ALJ's salaries are paid with an assessment on business through their workers compensation claims expense. It is part of the budget of the Division of Workers Compensation, which is funded by an assessment on all paid workers compensation claims each year. The assessment is currently about 2%. In essence, it would be business that would be footing the bill for a salary increase for ALJ's of approximately 43%. For that kind of increase there must be greater accountability and an option to review performance and not reappoint those that are not balanced in their approach to the system (Attachment 1).

Wil Leiker, Executive Vice President, Kansas AFL/CIO, testified as a proponent to **HB 2696**. This bill is in

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essence, identical to **SB 259**. The AFL/CIO supports a raise for the ALJ's. We are not convinced that a complete overhaul is needed. It is believed moving the salaries to a level more in tune with the job performed would attract more qualified applicants (Attachment 2).

Jeff Glendening, Vice President of Political Affairs, The Kansas Chamber, testified as a proponent to **HB 2696**. This measure changes the way workers compensation ALJ's are appointed, compensated, and reviewed. It is hoped this would make the workers compensation system much more fair and unbiased so that all parties have an equal chance (Attachment 3).

Jim Garner, Secretary of Labor, testified with concerns on **HB 2696**. This would significantly increase the pay of ALJ's and would create a new method of selecting them. Under this bill, ALJ's would have the option of becoming unclassified employees and their pay would increase to 80% of the annual salary paid to district court judges for a total pay of \$84,000. If all ALJ's took the option (and ultimately all ALJ's will come under the new system) the fiscal impact would be a \$302,000 burden.

It appears that the new proposed method of selecting ALJ's is patterned closely after the process for selecting members of the Workers Compensation Board of Appeals in K.S.A. 44-555c. A panel consisting of one member of the AFL/CIO and one member of the Kansas Chamber of Commerce and Industry reviews qualified applicants and nominates one to a vacated position.

There are problems with Section 2 (c) of the bill. This creates a new, unique type of state employee. The ALJ's would become unclassified employees but unclassified employees who can only be disciplined or terminated for cause. If they become unclassified employees, they should be treated as all other unclassified employees who are basically employees at will. This section needs attention and language reworked (Attachment 4).

The Chairman closed the hearing on **HB 2696**.

Representative Huntington requested a bill introduction that on real estate contracts there would be notification if there were sexual predators on the KBI list in the area of the real estate.

The Chairman stated without exception the bill would be accepted.

The meeting adjourned at 10:00 a.m. The next meeting will be February 6, 2006.