

TESTIMONY BEFORE THE
SENATE COMMERCE COMMITTEE
REGARDING SENATE BILL 292
BY DAN MORGAN
BUILDERS' ASSOCIATION AND KANSAS CITY CHAPTER, AGC
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Thank you, Madam Chairman and members of the committee. I appreciate the opportunity to appear before you this morning and make some very brief comments in support of Senate Bill 292. My name is Dan Morgan and I am the director of governmental affairs for the Builders' Association and the Kansas City Chapter of Associated General Contractors of America. Our membership is made up of more than 1,050 general contractors, subcontractors and suppliers engaged in the commercial and industrial building construction industry throughout central and western Missouri and portions of northeast Kansas. Over half of our members are located in the Kansas City metropolitan area and are either domiciled in Kansas or perform work in the state.

As you know, Senate Bill 292 would strike language from current law that holds a general or prime contractor directly liable for any unpaid unemployment contributions, penalties and interest due from subcontractors. Simply put, we believe that it is unfair to hold one party liable because another party has failed to meet its own responsibilities. We believe that all parties to a construction contract should be expected to meet their own responsibilities and each should be held liable if they fail to meet those responsibilities.

While provisions of current law provide that a contractor can escape liability for the unpaid unemployment contributions, penalties and interests of subcontractors by requiring subcontractors to provide a bond, that option adds cost to construction projects. The contractor may also escape liability by submitting a "Prime Contractor's Release of Liability Application" for each subcontractor and receiving certifications from the Department of Labor that each subcontractor has paid all contributions, penalty and interest due. That option adds administrative costs to both contractors and the department.

If adopted, as we hope it will be, this bill will return the element of fairness and personal responsibility to this area of Kansas law. We urge your support for Senate Bill 292. Thank you very much. I will be happy to try to answer any questions that you might have.