

February 7, 2011

The Honorable Susan Wagle, Chairperson  
Senate Committee on Commerce  
Statehouse, Room 135-E  
Topeka, Kansas 66612

Dear Senator Wagle:

**SUBJECT:** Fiscal Note for SB 77 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 77 is respectfully submitted to your committee.

SB 77 would establish the Employment Security Interest Assessment Fund. This fund would allow the Secretary of Labor to deposit funds collected from the surcharge paid by eligible negative balance contributing employers to be used to pay principal and interest payments for the Unemployment Insurance (UI) Trust Fund advances made by the federal government. The bill would allow the Secretary of Labor to adjust the amount of the surcharge necessary to pay interest payments in future years. The bill would allow the Kansas Department of Labor to collect delinquent employer tax contribution payments, payments in lieu of contributions, and filing of quarterly wage reports for the purposes of the UI trust fund loan principal and interest payments.

The bill would also reestablish the “waiting week” for unemployment benefits. Retroactive compensation for the first week of benefits would no longer be available. Finally, individuals who leave work because of a relocating spouse would not be eligible for UI benefits. Members of the United States Armed Services would be exempt from this change.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure		--	--	(\$13,388,731)
FTE Pos.	--	--	--	--

According to the Kansas Department of Labor, enactment of SB 77 would reduce UI trust fund expenditures by \$13,388,731 in FY 2012, including savings of \$1,936,694 from the

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elimination of the “relocating spouse” provision and \$11,452,037 from the reinstatement of the waiting week for UI benefits. These savings have not been reflected in *The FY 2012 Governor’s Budget Report*.

The Department also estimates that the Employment Security Interest Assessment Fund would collect approximately \$9.0 million from employer surcharges in FY 2012, with a corresponding payment of interest to the federal government for interest payments on UI Trust Fund advances. However, *The FY 2012 Governor’s Budget Report* has accounted for the interest payment to the federal government in FY 2012, totaling \$9.0 million from all funding sources.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Bill Schafer, Department of Labor