

St. Louis - Kansas City Carpenters Regional Council



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Testimony In Opposition to Substitute for House Bill 2196 Joe Hudson, Political Director St. Louis - Kansas City Carpenters' Regional Council March 16, 2021

Chairman Olson and Members of the Committee:

Thank you for the opportunity to submit this written testimony in opposition to Substitute for House Bill 2196. Many points of our opposition are similar to the issues we raised with Senate Bill 177. While the St. Louis-Kansas City Carpenters' Regional Council opposes Substitute for HB 2196, there are certain provisions of the bill that deserve support. Again, efforts to resolve the fraud the unemployment insurance system has experienced during the COVID-19 pandemic is certainly a worthy endeavor. However, we do not see how limiting unemployment benefits for unemployed Kansans, particularly during this time, will address the current problems within the system. The changes to unemployment benefits within Sub for HB 2196 will do nothing to alleviate unemployment fraud. Rather, it will only serve to harm working Kansas families.

The changes to the unemployment rate triggers and the maximum duration a claimant can receive unemployment benefits found in the bill are problematic. We fail to understand how changing the amount of time a claimant can receive benefits will alleviate our system's current issues. Limiting unemployment benefits during a global pandemic, as well as growing questions around workplace safety, is quite simply immoral.

Additionally, Sub for HB 2196 seeks to hold harmless employers who have been victims of unemployment fraud through reimbursement for fraudulent claims. While the Carpenters' Regional Council supports these efforts, we find it troubling that protections are only offered to employers. While amendments to Sub for HB 2196 did address, in part, the punitive five (5) year prohibition penalty for unemployment fraud, the penalty provisions are still outside what is found in most other states. More than 40 states have penalties for unemployment fraud barring individuals from receiving unemployment benefits for one (1) year or less. Furthermore, there is nothing in this bill that protects individuals who were victims of fraud from being banned for 2 years. We understand the need to deter unemployment fraud and penalize individuals that have committed real fraud, we urge you to consider further amending Sub for HB 2196 to reduce the ban to one year to align with penalties across the country.

Finally, while this bill specifically addresses unemployment insurance fraud, we would encourage this committee to take an equally thoughtful look at the real problem payroll fraud. Payroll fraud occurs when an employer intentionally misclassifies an employee as an independent contractor to avoid paying payroll taxes on that employee or provide workers comp or other medical coverage. Payroll fraud puts law-abiding businesses at a distinct disadvantage. If you really want to help Kansas businesses and protect Kansas workers, this committee would be wise to address the issue of payroll fraud now or in the future.

As we stated previously in regards to SB 177, we elect our leaders to make decisions that will benefit both the business community and local workers in each community where we live. We need to trust them to balance the interests of both business and labor. We again urge you to keep this in mind as you consider Substitute for HB

2196. Again, thank you for the opportunity to submit this testimony on behalf of the St. Louis-Kansas City Carpenters' Regional Council and it's Kansas members.

Respectfully,

A handwritten signature in black ink, appearing to read "Joe L. Hudson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joe L. Hudson
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