

1 AN ACT relating to hazardous duty retirement for code enforcement personnel of a  
2 consolidated local government.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔Section 1. KRS 78.5520 is amended to read as follows:

5 (1) For purposes of this section:

6 (a) "Hazardous position" for employees who began participating in the County  
7 Employees Retirement System prior to September 1, 2008, means:

8 1. Any position whose principal duties involve active law enforcement,  
9 including the positions of probation and parole officer, active fire  
10 suppression or prevention, correctional officers with duties that  
11 routinely and regularly require face-to-face contact with inmates, or  
12 other positions, including but not limited to paramedics and emergency  
13 medical technicians, with duties that require frequent exposure to a high  
14 degree of danger or peril and also require a high degree of physical  
15 conditioning; and

16 2. Code enforcement officers employed by a consolidated local  
17 government pursuant to KRS Chapter 67C with duties including but  
18 not limited to investigation, inspection, and issuance of citations for  
19 violations of ordinances relating to facilities, hazardous materials,  
20 land development, and zoning, and with duties that require frequent  
21 exposure to a high degree of danger or peril and also require a high  
22 degree of physical conditioning; and

23 (b) "Hazardous position" for employees who begin participating in the County  
24 Employees Retirement System on or after September 1, 2008, means:

25 1. Police officers and firefighters as defined in KRS 61.315(1),  
26 paramedics, correctional officers with duties that routinely and regularly  
27 require face-to-face contact with inmates, and emergency medical

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technicians, if:

a.[1.] The employee's duties require frequent exposure to a high degree of danger or peril and a high degree of physical conditioning; and

b.[2.] The employee's duties are not primarily clerical or administrative;  
*and*

2. Code enforcement officers employed by a consolidated local government pursuant to KRS Chapter 67C with duties including but not limited to investigation, inspection, and the issuance of citations for violations of ordinances relating to facilities, hazardous materials, land development, and zoning, if:

a. The employee's duties require frequent exposure to a high degree of danger or peril and a high degree of physical conditioning; and

b. The employee's duties are not primarily clerical or administrative.

(2) (a) Each employer may request of the board hazardous coverage for those positions as defined in subsection (1) of this section. Upon request, each employer shall certify to the system, in the manner prescribed by the board, the names of all employees working in a hazardous position as defined in subsection (1) of this section for which coverage is requested. The certification of the employer shall bear the approval of the agent or agency responsible for the budget of the employer indicating that the required employer contributions have been provided for in the budget of the employer. The system shall determine whether the employees whose names have been certified by the employer are working in positions meeting the definition of a hazardous position as provided by subsection (1) of this section.

(b) Each employer shall also certify, under penalty of perjury in accordance with

1 KRS Chapter 523, that each employee's actual job duties are accurately  
2 reflected in the job description provided to the system. The system shall  
3 determine whether the employees whose names have been certified by the  
4 employer are working in positions meeting the definition of a hazardous  
5 position as defined in subsection (1) of this section.

6 (c) The board shall have the authority to remove any employee from hazardous  
7 coverage if the board determines the employee is not working in a hazardous  
8 position or if the employee is classified in a hazardous position but has  
9 individual job duties that do not meet the definition of a hazardous position or  
10 are not accurately reflected in the job descriptions filed by the employer with  
11 the system.

12 (3) (a) If the employer participated in the system prior to electing hazardous  
13 coverage, the employer may pay to the system the cost of converting the  
14 nonhazardous service to hazardous service from the date of participation to  
15 the date the payment is made, or the employer may establish a payment  
16 schedule for payment of the cost of the hazardous service above that which  
17 would be funded within the existing employer contribution rate. The employer  
18 may extend the payment schedule to a maximum of thirty (30) years.  
19 Payments made by the employer under this subsection shall be deposited to  
20 the retirement allowance account of the proper retirement or retiree health  
21 fund and shall not be considered accumulated contributions of the individual  
22 members.

23 (b) If the employer elects not to make the additional payment as provided by  
24 paragraph (a) of this subsection, the employee may pay the cost of converting  
25 the service and provide payment for the cost as provided by KRS 61.552(9).  
26 Payments made by the employee under this subsection shall not be picked up,  
27 as described in KRS 78.610(4), by the employer.

- 1 (c) If neither the employer nor employee makes the payment, the service prior to  
2 hazardous position coverage shall remain nonhazardous.
- 3 (d) The provisions of this subsection shall not apply to members who begin  
4 participating in the system on or after January 1, 2014.
- 5 (4) Any person employed in a hazardous position shall be required to undergo a  
6 thorough medical examination by a licensed physician, and a copy of the medical  
7 report of the physician shall be retained on file by the person's employer and made  
8 available to the system upon request.
- 9 (5) If doubt exists regarding the benefits payable to a hazardous position employee  
10 under this section, the board shall determine the benefits payable under KRS 78.510  
11 to 78.852.



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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Kentucky Public  
Pensions Authority

March 6, 2024

Ms. Katie Carney

Executive Assistant, Director's Office  
Legislative Research Commission  
Capitol Annex, Room 186  
Frankfort, KY 40601

**RE: House Bill 738 (2024 RS BR 1768)**  
**AA Statement Required by KRS 6.350**  
**AA Statement 1 of 1**

Dear Ms. Carney:

House Bill 738 (2024 RS BR 1768) amends Kentucky Revised Statute 78.5520 to redefine "hazardous position" to include code enforcement officers and zoning inspection personnel employed by a consolidated local government for the purpose of determining benefits of the County Employees Retirement System.

Kentucky Public Pensions Authority (KPPA) staff members have examined House Bill 738 (2024 RS BR 1768). We have determined that the bill may increase benefits for code enforcement officers and zoning inspection personnel employed by consolidated local governments in the County Employees Retirement System (CERS) retirement plan, should an employer receive approval of their petition for hazardous coverage from the CERS Board of Trustees. We do not anticipate the bill will increase or decrease participation in any of the systems administered by the KPPA. House Bill 738 (2024 RS BR 1768) is not expected to have measurable fiscal impact on any of the KERS, CERS, or SPRS funds.

In accordance with KRS 6.350(2)(c), KPPA certifies the following:

1. The estimated number of individuals potentially affected as of June 30, 2023, is 125,995 active members and 169,245 inactive members within the systems administered by the KPPA.
2. Code enforcement officers and zoning personnel employed by consolidated local governments may be eligible for increased benefits if an employer successfully appeals to the CERS Board of Trustees for hazardous coverage and the request is granted.
3. There is no estimated change to employer costs as the bill is currently written, however, if an employer successfully petitions the CERS Board of Trustees for hazardous coverage and is approved, employer costs may increase to reflect the higher employer contribution rate for hazardous members; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 738 (2024 RS BR 1768) by the KPPA's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 738 (2024 RS BR 1768).

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

David L. Eager, Executive Director  
Kentucky Public Pensions Authority



require a high degree of physical conditioning would be classified as hazardous, so long as their duties are not primarily clerical or administrative.

**HB 738 would have a negative fiscal impact on Metro Louisville Government.**

The Bill would change code enforcement officers employed by Metro Louisville government from the County Employee Retirement System non-hazardous plan to the County Employee Retirement System hazardous plan.

Metro Louisville government, through its representative is unsure how many employees in Metro Louisville Codes and Regulation department would be covered by this change in participating retirement systems. It reports there could be a minimum of approximately 50 strictly code enforcement employees or up to approximately 85 employees impacted by the retirement system change if building, electrical, and zoning inspectors were also included within the definition of hazardous duty work within the bill.

The reclassification of the Metro Louisville workers from non-hazardous duty to hazardous duty would result in an increase in the employer pension contribution expense for Metro Louisville government. The FY25 Kentucky Public Pensions Authority Employer Contribution rates are 38.61% of earnings for hazardous duty positions and 19.71% of earnings for non-hazardous duty positions. The hazardous duty employer contribution expense for Metro Louisville for 50 employees would be approximately \$965,000 in FY25 while the non-hazardous duty employer contribution expense for Metro Louisville for 50 employees would be about \$493,000. This constitutes an additional annual expense of about \$472,000 for Metro Louisville government. However, if up to 85 employees were covered in this reclassification, then the additional annual employer contribution expense for Metro Louisville government would total approximately \$802,000.

**Data Source(s):** Louisville Metro Government; LRC staff.

**Preparer:** Mary Stephens (BW) **Reviewer:** KHC **Date:** 3/8/24