

CHAPTER 188

(SB 129)

AN ACT relating to unemployment insurance.

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

➔Section 1. KRS 341.243 is amended to read as follows:

- (1) There is created within the State Treasury a special fund known as the service capacity upgrade fund that shall be administered separate and apart from all public money or funds of the state.
- (2) The service capacity upgrade fund shall be used solely for acquisition and upgrading of the technology base, program integrity functions, and service delivery capacity in support of the programs administered by the Office of Unemployment Insurance. The secretary shall have full power, authority, and jurisdiction over the fund, including all money, property, and securities belonging thereto, and shall perform any act necessary or convenient in the administration of the fund consistent with this section. Any expenditure of the fund *to upgrade the technology base* shall be coordinated with and approved by the Commonwealth Office of Technology, and nothing in this section shall be construed as reducing or limiting the authority of the Commonwealth's chief information officer over all technology expenditures. The secretary shall provide an annual report to the Interim Joint Committee on Economic Development and Workforce Investment detailing all receipts and expenditures of the fund.
- (3) Any money collected under the provisions of this section shall be invested at interest in banks or other interest-bearing obligations of the United States. Investments shall at all times be made so that all the assets of the service capacity upgrade fund shall be convertible into cash when needed for the payment of expenses incurred in upgrading the service capacity of the Office of Unemployment Insurance. All interest income received under this section shall be credited to the fund. The State Treasurer shall dispose of securities or other property belonging to the fund only under the direction of the secretary and the secretary of the Finance and Administration Cabinet.
- (4) ~~From Beginning~~ **October 1, 2018, to December 31, 2026**, all rates otherwise established under KRS 341.270 and 341.272 shall be adjusted by subtracting seventy-five thousandths percent (0.075%) from each rate, but only if the unemployment insurance trust fund balance exceeds the balance of the trust fund as of December 31, 2017.
- (5)
 - (a) ***Beginning January 1, 2027, all rates otherwise established under KRS 341.270 and 341.272 shall be adjusted by subtracting one hundred fifteen ten-thousandths percent (0.0115%) from each rate;***
 - (b) ***The secretary shall annually set the adjustment percentage to be effective January 1 of the subsequent year, not to exceed twenty-five thousandths percent (0.025%).***
 - (c) ***The secretary shall suspend the subtraction from each rate as prescribed in this subsection at any time:***
 1. ***The service capacity upgrade fund balance is fifteen million dollars (\$15,000,000) or more; or***
 2. ***The unemployment insurance trust fund does not exceed the balance of the trust fund as of December 31, 2022.***
- (6)~~(5)~~ For any calendar year in which all rates have been reduced in accordance with subsection (4) **or (5)** of this section, all contributory employers shall pay into the service capacity upgrade fund an amount equal to the percentage by which rates were reduced multiplied by their taxable wages paid during that calendar year. Payments shall be made at the same time and in the same manner as prescribed for payment of contributions under KRS 341.260 and all regulations prescribed by the secretary in support of that section. The restrictions in KRS 341.470(1) apply equally to the provisions of this section. Failure to make these payments shall be subject to interest and all other collection actions provided for failure to make contributions under KRS 341.300.
- (7)~~(6)~~ All payments required under subsection (6)~~(5)~~ of this section, along with any interest due to late payment of these assessments, shall be deposited in the service capacity upgrade fund.

~~(8)~~~~(7)~~ Notwithstanding subsection (4) *or* (5) of this section, the secretary may exercise his or her discretion to reduce the percentage rate prescribed in subsection (4) *or* (5) of this section or suspend required payments to the service capacity upgrade fund at any time.†

~~(8)~~ ~~The secretary shall suspend the reduction of the rate prescribed in subsection (4) of this section at any time when collections for the service capacity upgrade fund exceed a cumulative amount of sixty million dollars (\$60,000,000). At the time payments are suspended, any funds thus far collected under subsection (4) of this section in excess of those necessary to fund technology upgrades, shall be deposited into the unemployment insurance trust fund. Any future collection of past due payments to the service capacity upgrade fund, including any applicable penalty and interest funds, shall be deposited into the penalty and interest fund.~~†

Signed by Governor April 17, 2026.