Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

Part I: Measure Information

Bill Request #: 812
Bill #: SB 1 SCS 1
Bill Subject/Title: An ACT relating to contracts.
Sponsor: Senator Damon D. Thayer
Unit of Government: X City X County X Urban-County Unified Local X Charter County X Consolidated Local X Government
Office(s) Impacted: Finance and administration; human resources; legal; county attorneys
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

SB 1 SCS 1 retains the major provisions of the measure as introduced, but eliminates its application to certain police officers and deputy sheriffs, county police, and firefighters.

SB 1 SCS 1 amends KRS 336.130 to prohibit mandatory membership or financial support of a labor organization as a condition of employment. The section is entitled the "Kentucky Right to Work Act." The bill defines "employer" to include public and private employers. The measure exempts existing collective bargaining agreements or any other type of agreement between employees and a labor organization entered into before the measure's effective date. The measure applies to all future agreements as well as renewals or extensions of existing collective bargaining agreements. Federal employees or employees subject to federal collective bargaining laws are exempt.

The measure amends KRS 336.990 to make a violation of the measure a Class A misdemeanor. It also provides for civil injunctive relief and damage awards. SB 1 SCS 1 requires the Attorney General to investigate complaints and prosecute violations of the Act.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of SB 1 SCS 1 on local government is expected to be minimal.

One potential cost to local governments is the administrative time and resources to amend any existing local government bargaining agreements at the point of renewal or extension. The employees of a number of local governmental units are represented by labor organizations. According to a survey conducted by the Kentucky League of Cities in 2010, the cities of Ashland, Covington, Fort Thomas, Greenup, Jeffersontown, Lexington, Louisville, Newport, Paducah, Raceland, Shelbyville, and Shively had collective bargaining agreements with unions representing at least a portion of their employees. However, since SCS 1 eliminated application to collective bargaining agreements for certain firefighters and police officers, the efforts would be diminished.

A second potential cost is that the bill makes it a Class A misdemeanor to require an employee to join a union or provide financial support for a charity as a condition of employment. While the exact number of future violations is unknowable, local governments are responsible for the cost of incarcerating an individual who does not make bail when charged with a Class A misdemeanor as well as an individual convicted of such an offense. A person convicted of a Class A misdemeanor can be incarcerated for up to one year in one of Kentucky's 77 jails. While the expense of housing inmates varies by jail, each additional inmate will increase facility costs by an estimated average of \$33.26 per day.

Data Source(s): LRC Staff; Kentucky League of Cities

Preparer: John V. Ryan **Reviewer:** MCY **Date:** 1/8/15