

1 AN ACT relating to the reorganization of the Kentucky Labor Cabinet.

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

3 ➔Section 1. KRS 12.020 is amended to read as follows:

4 Departments, program cabinets and their departments, and the respective major  
5 administrative bodies that they include are enumerated in this section. It is not intended  
6 that this enumeration of administrative bodies be all-inclusive. Every authority, board,  
7 bureau, interstate compact, commission, committee, conference, council, office, or any  
8 other form of organization shall be included in or attached to the department or program  
9 cabinet in which they are included or to which they are attached by statute or statutorily  
10 authorized executive order; except in the case of the Personnel Board and where the  
11 attached department or administrative body is headed by a constitutionally elected officer,  
12 the attachment shall be solely for the purpose of dissemination of information and  
13 coordination of activities and shall not include any authority over the functions,  
14 personnel, funds, equipment, facilities, or records of the department or administrative  
15 body.

16 I. Cabinet for General Government - Departments headed by elected officers:

- 17 (1) The Governor.
- 18 (2) Lieutenant Governor.
- 19 (3) Department of State.
- 20 (a) Secretary of State.
- 21 (b) Board of Elections.
- 22 (c) Registry of Election Finance.
- 23 (4) Department of Law.
- 24 (a) Attorney General.
- 25 (5) Department of the Treasury.
- 26 (a) Treasurer.
- 27 (6) Department of Agriculture.

- 1           (a) Commissioner of Agriculture.
- 2           (b) Kentucky Council on Agriculture.
- 3           (7) Auditor of Public Accounts.
- 4    II. Program cabinets headed by appointed officers:
- 5           (1) Justice and Public Safety Cabinet:
- 6           (a) Department of Kentucky State Police.
- 7           (b) Department of Criminal Justice Training.
- 8           (c) Department of Corrections.
- 9           (d) Department of Juvenile Justice.
- 10          (e) Office of the Secretary.
- 11          (f) Office of Drug Control Policy.
- 12          (g) Office of Legal Services.
- 13          (h) Office of the Kentucky State Medical Examiner.
- 14          (i) Parole Board.
- 15          (j) Kentucky State Corrections Commission.
- 16          (k) Office of Legislative and Intergovernmental Services.
- 17          (l) Office of Management and Administrative Services.
- 18          (m) Department for Public Advocacy.
- 19          (2) Education and Workforce Development Cabinet:
- 20          (a) Office of the Secretary.
- 21                1. Governor's Scholars Program.
- 22                2. Governor's School for Entrepreneurs Program.
- 23          (b) Office of Legal and Legislative Services.
- 24                1. Client Assistance Program.
- 25          (c) Office of Communication.
- 26          (d) Office of Budget and Administration.
- 27                1. Division of Human Resources.

- 1                   2.    Division of Administrative Services.
- 2                   (e)   Office of Technology Services.
- 3                   (f)   Office of Educational Programs.
- 4                   (g)   Office for Education and Workforce Statistics.
- 5                   (h)   Board of the Kentucky Center for Education and Workforce Statistics.
- 6                   (i)   Board of Directors for the Center for School Safety.
- 7                   (j)   Department of Education.
  - 8                   1.    Kentucky Board of Education.
  - 9                   2.    Kentucky Technical Education Personnel Board.
- 10                  (k)   Department for Libraries and Archives.
- 11                  (l)   Department of Workforce Investment.
  - 12                  1.    Office for the Blind.
  - 13                  2.    Office of Vocational Rehabilitation.
  - 14                  3.    Office of Employment and Training.
    - 15                  a.    Division of Grant Management and Support.
    - 16                  b.    Division of Workforce and Employment Services.
    - 17                  c.    Division of Unemployment Insurance.
- 18                  (m)   Foundation for Workforce Development.
- 19                  (n)   Kentucky Office for the Blind State Rehabilitation Council.
- 20                  (o)   Kentucky Workforce Investment Board.
- 21                  (p)   Statewide Council for Vocational Rehabilitation.
- 22                  (q)   Unemployment Insurance Commission.
- 23                  (r)   Education Professional Standards Board.
  - 24                  1.    Division of Educator Preparation.
  - 25                  2.    Division of Certification.
  - 26                  3.    Division of Professional Learning and Assessment.
  - 27                  4.    Division of Legal Services.

- 1 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 2 (t) Kentucky Educational Television.
- 3 (u) Kentucky Environmental Education Council.
- 4 (3) Energy and Environment Cabinet:
- 5 (a) Office of the Secretary.
- 6 1. Office of Legislative and Intergovernmental Affairs.
- 7 2. Office of General Counsel.
- 8 3. Office of Administrative Hearings.
- 9 4. Mine Safety Review Commission.
- 10 5. Kentucky State Nature Preserves Commission.
- 11 6. Kentucky Environmental Quality Commission.
- 12 7. Kentucky Public Service Commission.
- 13 (b) Department for Environmental Protection.
- 14 1. Office of the Commissioner.
- 15 2. Division for Air Quality.
- 16 3. Division of Water.
- 17 4. Division of Environmental Program Support.
- 18 5. Division of Waste Management.
- 19 6. Division of Enforcement.
- 20 7. Division of Compliance Assistance.
- 21 (c) Department for Natural Resources.
- 22 1. Office of the Commissioner.
- 23 2. Division of Technical and Administrative Support.
- 24 3. Division of Mine Permits.
- 25 4. Division of Mine Reclamation and Enforcement.
- 26 5. Division of Abandoned Mine Lands.
- 27 6. Division of Oil and Gas.

- 1                   7.    Division of Mine Safety.
- 2                   8.    Division of Forestry.
- 3                   9.    Division of Conservation.
- 4                   10.   Office of the Reclamation Guaranty Fund.
- 5                   11.   Kentucky Mining Board.
- 6           (d)   Department for Energy Development and Independence.
- 7                   1.    Division of Efficiency and Conservation.
- 8                   2.    Division of Renewable Energy.
- 9                   3.    Division of Biofuels.
- 10                  4.    Division of Energy Generation Transmission and Distribution.
- 11                  5.    Division of Carbon Management.
- 12                  6.    Division of Fossil Energy Development.
- 13    (4)   Public Protection Cabinet.
- 14           (a)   Office of the Secretary.
- 15                  1.    Office of Communications and Public Outreach.
- 16                  2.    Office of Legal Services.
- 17                      a.    Insurance Legal Division.
- 18                      b.    Charitable Gaming Legal Division.
- 19                      c.    Alcoholic Beverage Control Legal Division.
- 20                      d.    Housing, Buildings and Construction Legal Division.
- 21                      e.    Financial Institutions Legal Division.
- 22           (b)   Crime Victims Compensation Board.
- 23           (c)   Board of Claims.
- 24           (d)   Kentucky Board of Tax Appeals.
- 25           (e)   Kentucky Boxing and Wrestling Authority.
- 26           (f)   Kentucky Horse Racing Commission.
- 27                  1.    Division of Licensing.

- 1                   2.    Division of Incentives and Development.
- 2                   3.    Division of Veterinary Services.
- 3                   4.    Division of Security and Enforcement.
- 4                   (g)  Department of Alcoholic Beverage Control.
- 5                   1.    Division of Distilled Spirits.
- 6                   2.    Division of Malt Beverages.
- 7                   3.    Division of Enforcement.
- 8                   (h)  Department of Charitable Gaming.
- 9                   1.    Division of Licensing and Compliance.
- 10                  2.    Division of Enforcement.
- 11                  (i)  Department of Financial Institutions.
- 12                  1.    Division of Depository Institutions.
- 13                  2.    Division of Non-Depository Institutions.
- 14                  3.    Division of Securities.
- 15                  (j)  Department of Housing, Buildings and Construction.
- 16                  1.    Division of Fire Prevention.
- 17                  2.    Division of Plumbing.
- 18                  3.    Division of Heating, Ventilation, and Air Conditioning.
- 19                  4.    Division of Building Code Enforcement.
- 20                  (k)  Department of Insurance.
- 21                  1.    Property and Casualty Division.
- 22                  2.    Health and Life Division.
- 23                  3.    Division of Financial Standards and Examination.
- 24                  4.    Division of Agent Licensing.
- 25                  5.    Division of Insurance Fraud Investigation.
- 26                  6.    Consumer Protection Division.
- 27                  7.    Division of Kentucky Access.

- 1 (l) Office of Occupations and Professions.
- 2 (5) Labor Cabinet.
- 3 (a) Office of the Secretary.
- 4 1. Division of Management Services.
- 5 2. Office of General Counsel.
- 6 **a. Workplace Standards Legal Division.**
- 7 **b. Workers' Claims Legal Division.**
- 8 (b) Office of General Administration and Program Support for Shared
- 9 Services.
- 10 1. Division of Human Resource Management.
- 11 2. Division of Fiscal Management.
- 12 3. Division of Budgets.
- 13 4. Division of Information Services.
- 14 (c) Office of Inspector General for Shared Services.
- 15 (d) Department of Workplace Standards.
- 16 1. Division of ~~{Employment Standards,} Apprenticeship[, and~~
- 17 ~~Mediation}~~.
- 18 2. Division of Occupational Safety and Health Compliance.
- 19 3. Division of Occupational Safety and Health Education and
- 20 Training.
- 21 4. Division of **Wages, Hours, and Mediation**~~{Workers'~~
- 22 ~~Compensation Funds}~~.
- 23 (e) Department of Workers' Claims.
- 24 1. **Division of Workers' Compensation Funds**~~{Office of General~~
- 25 ~~Counsel for Workers' Claims}~~.
- 26 2. Office of Administrative Law Judges.
- 27 3. Division of Claims Processing.

- 1                   4.    Division of Security and Compliance.
- 2                   5.    Division of Information Services~~[and Research]~~.
- 3                   6.    Division of Ombudsman and Workers' Compensation Specialist
- 4                    Services.
- 5                   7.    Workers' Compensation Board.
- 6                   8.    ~~[Workers' Compensation Advisory Council]~~.
- 7                   9. ~~—~~]Workers' Compensation Nominating Commission.
- 8                   (f)   Workers' Compensation Funding Commission.
- 9                   (g)   Kentucky Labor-Management Advisory Council.
- 10                  (h)   Occupational Safety and Health Standards Board.
- 11                  (i)   Prevailing Wage Review Board.
- 12                  (j)   Apprenticeship and Training Council.
- 13                  (k)   State Labor Relations Board.
- 14                  (l)   Employers' Mutual Insurance Authority.
- 15                  (m)   Kentucky Occupational Safety and Health Review Commission.
- 16                  (6)   Transportation Cabinet:
- 17                   (a)   Department of Highways.
- 18                    1.    Office of Project Development.
- 19                    2.    Office of Project Delivery and Preservation.
- 20                    3.    Office of Highway Safety.
- 21                    4.    Highway District Offices One through Twelve.
- 22                   (b)   Department of Vehicle Regulation.
- 23                   (c)   Department of Aviation.
- 24                   (d)   Department of Rural and Municipal Aid.
- 25                    1.    Office of Local Programs.
- 26                    2.    Office of Rural and Secondary Roads.
- 27                   (e)   Office of the Secretary.



- 1                   1.    Office of Public Affairs.
- 2                   2.    Office for Civil Rights and Small Business Development.
- 3                   3.    Office of Budget and Fiscal Management.
- 4                   4.    Office of Inspector General.
- 5                   (f)   Office of Support Services.
- 6                   (g)   Office of Transportation Delivery.
- 7                   (h)   Office of Audits.
- 8                   (i)   Office of Human Resource Management.
- 9                   (j)   Office of Information Technology.
- 10                  (k)   Office of Legal Services.
- 11                  (7)   Cabinet for Economic Development:
- 12                   (a)   Office of the Secretary.
- 13                   1.    Office of Legal Services.
- 14                   2.    Department for Business Development.
- 15                    a.    Office of Entrepreneurship.
- 16                      i.    Commission on Small Business Advocacy.
- 17                    b.    Office of Research and Public Affairs.
- 18                    c.    Bluegrass State Skills Corporation.
- 19                   3.    Office of Financial Services.
- 20                    a.    Kentucky Economic Development Finance Authority.
- 21                    b.    Division of Finance and Personnel.
- 22                    c.    Division of Network Administration.
- 23                    d.    Compliance Division.
- 24                    e.    Incentive Assistance Division.
- 25                  (8)   Cabinet for Health and Family Services:
- 26                   (a)   Office of the Secretary.
- 27                   (b)   Office of Health Policy.

- 1 (c) Office of Legal Services.
- 2 (d) Office of Inspector General.
- 3 (e) Office of Communications and Administrative Review.
- 4 (f) Office of the Ombudsman.
- 5 (g) Office of Policy and Budget.
- 6 (h) Office of Human Resource Management.
- 7 (i) Office of Administrative and Technology Services.
- 8 (j) Department for Public Health.
- 9 (k) Department for Medicaid Services.
- 10 (l) Department for Behavioral Health, Developmental and Intellectual
- 11 Disabilities.
- 12 (m) Department for Aging and Independent Living.
- 13 (n) Department for Community Based Services.
- 14 (o) Department for Income Support.
- 15 (p) Department for Family Resource Centers and Volunteer Services.
- 16 (q) Kentucky Commission on Community Volunteerism and Service.
- 17 (r) Kentucky Commission for Children with Special Health Care Needs.
- 18 (s) Governor's Office of Electronic Health Information.
- 19 (9) Finance and Administration Cabinet:
- 20 (a) Office of General Counsel.
- 21 (b) Office of the Controller.
- 22 (c) Office of Administrative Services.
- 23 (d) Office of Public Information.
- 24 (e) Office of Policy and Audit.
- 25 (f) Department for Facilities and Support Services.
- 26 (g) Department of Revenue.
- 27 (h) Commonwealth Office of Technology.

- 1 (i) State Property and Buildings Commission.
- 2 (j) Office of Equal Employment Opportunity and Contract Compliance.
- 3 (k) Kentucky Employees Retirement Systems.
- 4 (l) Commonwealth Credit Union.
- 5 (m) State Investment Commission.
- 6 (n) Kentucky Housing Corporation.
- 7 (o) Kentucky Local Correctional Facilities Construction Authority.
- 8 (p) Kentucky Turnpike Authority.
- 9 (q) Historic Properties Advisory Commission.
- 10 (r) Kentucky Tobacco Settlement Trust Corporation.
- 11 (s) Kentucky Higher Education Assistance Authority.
- 12 (t) Kentucky River Authority.
- 13 (u) Kentucky Teachers' Retirement System Board of Trustees.
- 14 (v) Executive Branch Ethics Commission.
- 15 (10) Tourism, Arts and Heritage Cabinet:
  - 16 (a) Kentucky Department of Travel and Tourism.
    - 17 1. Division of Tourism Services.
    - 18 2. Division of Marketing and Administration.
    - 19 3. Division of Communications and Promotions.
  - 20 (b) Kentucky Department of Parks.
    - 21 1. Division of Information Technology.
    - 22 2. Division of Human Resources.
    - 23 3. Division of Financial Operations.
    - 24 4. Division of Facilities Management.
    - 25 5. Division of Facilities Maintenance.
    - 26 6. Division of Customer Services.
    - 27 7. Division of Recreation.

- 1                   8.    Division of Golf Courses.
- 2                   9.    Division of Food Services.
- 3                   10.   Division of Rangers.
- 4                   11.   Division of Resort Parks.
- 5                   12.   Division of Recreational Parks and Historic Sites.
- 6           (c)    Department of Fish and Wildlife Resources.
- 7                   1.    Division of Law Enforcement.
- 8                   2.    Division of Administrative Services.
- 9                   3.    Division of Engineering.
- 10                  4.    Division of Fisheries.
- 11                  5.    Division of Information and Education.
- 12                  6.    Division of Wildlife.
- 13                  7.    Division of Public Affairs.
- 14           (d)    Kentucky Horse Park.
- 15                   1.    Division of Support Services.
- 16                   2.    Division of Buildings and Grounds.
- 17                   3.    Division of Operational Services.
- 18           (e)    Kentucky State Fair Board.
- 19                   1.    Office of Administrative and Information Technology Services.
- 20                   2.    Office of Human Resources and Access Control.
- 21                   3.    Division of Expositions.
- 22                   4.    Division of Kentucky Exposition Center Operations.
- 23                   5.    Division of Kentucky International Convention Center.
- 24                   6.    Division of Public Relations and Media.
- 25                   7.    Division of Venue Services.
- 26                   8.    Division of Personnel Management and Staff Development.
- 27                   9.    Division of Sales.

- 1                   10. Division of Security and Traffic Control.
- 2                   11. Division of Information Technology.
- 3                   12. Division of the Louisville Arena.
- 4                   13. Division of Fiscal and Contract Management.
- 5                   14. Division of Access Control.
- 6           (f) Office of the Secretary.
  - 7                   1. Office of Finance.
  - 8                   2. Office of Research and Administration.
  - 9                   3. Office of Governmental Relations and Tourism Development.
  - 10                  4. Office of the Sports Authority.
  - 11                  5. Kentucky Sports Authority.
- 12           (g) Office of Legal Affairs.
- 13           (h) Office of Human Resources.
- 14           (i) Office of Public Affairs and Constituent Services.
- 15           (j) Office of Creative Services.
- 16           (k) Office of Capital Plaza Operations.
- 17           (l) Office of Arts and Cultural Heritage.
- 18           (m) Kentucky African-American Heritage Commission.
- 19           (n) Kentucky Foundation for the Arts.
- 20           (o) Kentucky Humanities Council.
- 21           (p) Kentucky Heritage Council.
- 22           (q) Kentucky Arts Council.
- 23           (r) Kentucky Historical Society.
  - 24                  1. Division of Museums.
  - 25                  2. Division of Oral History and Educational Outreach.
  - 26                  3. Division of Research and Publications.
  - 27                  4. Division of Administration.

- 1 (s) Kentucky Center for the Arts.
- 2 1. Division of Governor's School for the Arts.
- 3 (t) Kentucky Artisans Center at Berea.
- 4 (u) Northern Kentucky Convention Center.
- 5 (v) Eastern Kentucky Exposition Center.
- 6 (11) Personnel Cabinet:
- 7 (a) Office of the Secretary.
- 8 (b) Department of Human Resources Administration.
- 9 (c) Office of Employee Relations.
- 10 (d) Kentucky Public Employees Deferred Compensation Authority.
- 11 (e) Office of Administrative Services.
- 12 (f) Office of Legal Services.
- 13 (g) Governmental Services Center.
- 14 (h) Department of Employee Insurance.
- 15 (i) Office of Diversity and Equality.
- 16 (j) Center of Strategic Innovation.
- 17 III. Other departments headed by appointed officers:
- 18 (1) Council on Postsecondary Education.
- 19 (2) Department of Military Affairs.
- 20 (3) Department for Local Government.
- 21 (4) Kentucky Commission on Human Rights.
- 22 (5) Kentucky Commission on Women.
- 23 (6) Department of Veterans' Affairs.
- 24 (7) Kentucky Commission on Military Affairs.
- 25 (8) Office of Minority Empowerment.
- 26 (9) Governor's Council on Wellness and Physical Activity.
- 27 ➔Section 2. KRS 336.020 is amended to read as follows:

- 1 (1) The Department of Workplace Standards shall be headed by a commissioner  
2 appointed by the Governor in accordance with KRS 12.040 and shall be divided for  
3 administrative purposes into the Division of ~~[Employment Standards,]~~  
4 Apprenticeship~~[and Mediation]~~, the Division of Occupational Safety and Health  
5 Compliance, the Division of Occupational Safety and Health Education and  
6 Training, and the Division of Wages, Hours, and Mediation~~[Workers'~~  
7 ~~Compensation Funds]~~. Each of these divisions shall be headed by a director  
8 appointed by the secretary and approved by the Governor in accordance with KRS  
9 12.050.
- 10 (2) The Department of Workers' Claims shall be headed by a commissioner who is  
11 nominated by the Workers' Compensation Nominating Commission, appointed by  
12 the Governor, and confirmed by the Senate in accordance with KRS 342.213 and  
13 342.228. The department shall be divided for administrative purposes into the  
14 Office of Administrative Law Judges, ~~[the Office of General Counsel for Workers'~~  
15 ~~Claims,]~~ the Division of Claims Processing, the Division of Information  
16 Services~~[and Research]~~, the Division of Security and Compliance, the Division of  
17 Workers' Compensation Funds, and the Division of Ombudsman and Workers'  
18 Compensation Specialist Services. The Office of Administrative Law Judges shall  
19 be headed by a chief administrative law judge appointed in accordance with KRS  
20 342.230. Each division in the department shall be headed by a director appointed by  
21 the commissioner and approved by the Governor in accordance with KRS 12.050  
22 and 342.230. The following agencies are attached to the Department of Workers'  
23 Claims for administrative purposes only:
- 24 (a) Workers' Compensation Board; and  
25 (b) ~~[Workers' Compensation Advisory Council; and~~  
26 (c) ~~]~~Workers' Compensation Nominating Commission.
- 27 (3) The Office of General Counsel for the Labor Cabinet and the Division of

1 Management Services are attached to the Office of the Secretary of the Labor  
2 Cabinet.

3 **(4) (a) The Office of General Counsel for the Labor Cabinet shall be headed by a**  
4 **general counsel appointed by the secretary with approval by the Governor in**  
5 **accordance with KRS 12.050 and 12.210.**

6 **(b) The Office of General Counsel shall be divided for administrative purposes**  
7 **into the Workplace Standards Legal Division and the Workers' Claims**  
8 **Legal Division.**

9 **(c) Each legal division shall be headed by a general counsel appointed by the**  
10 **secretary with approval by the Governor in accordance with KRS 12.050**  
11 **and 12.210.**

12 ➔Section 3. KRS 336.164 is amended to read as follows:

13 (1) The council shall function as an advisory agent of state government and provide  
14 leadership and assistance for labor and management in this state, and shall serve to  
15 effect improved labor-management relations within the state, and to thereby attract  
16 and encourage new and existing industry in this state.

17 (2) The council shall not infringe upon or assume the responsibilities, duties or  
18 functions of the Labor Cabinet or Cabinet for Economic Development. The council  
19 may make recommendations to the Governor and the Legislature on matters relating  
20 to labor-management problems in this state and any other matter it deems necessary.

21 (3) Meetings of the council may be held at any location in this state; however the  
22 principal office of the council will be located in Frankfort, Kentucky.

23 (4) The secretary of the Labor Cabinet shall supply necessary staff and supplies to the  
24 council as well as funds for reimbursing each member for reasonable and necessary  
25 expenses incurred as a result of attending council meetings, and he or she shall act  
26 as the executive secretary of the council. The director of the Division of **Wages,**  
27 **Hours, and Mediation**~~[Employment Standards, Apprenticeship and Mediation]~~



1 shall be responsible for the coordination of such staff and supplies.

2 ➔Section 4. KRS 336.165 is amended to read as follows:

3 The Division of Wages, Hours,~~[Employment Standards, Apprenticeship]~~ and Mediation  
4 shall, subject to appropriation from the General Assembly or funds made available to the  
5 division from any other public or private source, provide grants-in-aid to labor-  
6 management relations organizations that include both labor and management  
7 representatives. An organization shall use a grant-in-aid for the purpose of improving  
8 labor-management relations or improving communications with respect to subjects of  
9 mutual interest or concern to labor and management. The division shall not provide a  
10 grant-in-aid to any organization which interferes with collective bargaining in any plant  
11 or industry. The Division of Wages, Hours,~~[Employment Standards, Apprenticeship]~~ and  
12 Mediation shall promulgate administrative regulations necessary to carry out this section.

13 ➔Section 5. KRS 342.120 is amended to read as follows:

14 (1) There is created the Division of Workers' Compensation Funds in the Department  
15 of Workers' Claims~~[Workplace Standards]~~ which shall be responsible for the  
16 administration of the special fund and the coal workers' pneumoconiosis fund and  
17 the maintenance of records regarding the payment of claims by these funds. The  
18 Division of Workers' Compensation Funds shall be headed by a director appointed  
19 by the secretary of the Labor Cabinet, with the prior written approval of the  
20 Governor pursuant to KRS 12.050. The director shall be responsible for overseeing  
21 the administration of the funds and the maintenance of records regarding the  
22 payment of claims by the funds.

23 (2) The special fund shall have no liability upon any claim in which the injury occurred,  
24 or for cumulative trauma, the disability became manifest, or, for occupational  
25 disease, if the date of injury or last exposure occurred, after December 12, 1996.

26 (3) Where the employer has settled its liability for income benefits and thereafter a  
27 determination has been made of the special fund's liability, the special fund portion

1 of the benefit rate shall be paid over the maximum period provided for by statute for  
2 that disability, with the period of payment beginning on the date settlement was  
3 approved by an administrative law judge. This provision is remedial and shall apply  
4 to all pending and future claims.

5 ➔Section 6. KRS 342.122 is amended to read as follows:

- 6 (1) (a) For calendar year 1997 and for each calendar year thereafter, for the purpose  
7 of funding and prefunding the liabilities of the special fund, financing the  
8 administration and operation of the Kentucky Workers' Compensation  
9 Funding Commission, and financing the expenditures for all programs in the  
10 Labor Cabinet, except the Division of ~~Employment Standards,~~  
11 Apprenticeship and Division of Wages, Hours, and Mediation~~and~~  
12 ~~Mediation~~ in the Department of Workplace Standards, as reflected in the  
13 enacted budget of the Commonwealth and enacted by the General Assembly,  
14 the funding commission shall impose a special fund assessment rate of nine  
15 percent (9%) upon the amount of workers' compensation premiums received  
16 on and after January 1, 1997, through December 31, 1997, by every insurance  
17 carrier writing workers' compensation insurance in the Commonwealth, by  
18 every self-insured group operating under the provisions of KRS 342.350(4)  
19 and Chapter 304, and against the premium, as defined in KRS 342.0011, of  
20 every employer carrying his or her own risk.
- 21 (b) The funding commission shall, for calendar year 1998 and thereafter, establish  
22 for the special fund an assessment rate to be assessed against all premium  
23 received during that calendar year which shall produce enough revenue to  
24 amortize on a level basis the unfunded liability of the special fund as of June  
25 30 preceding January 1 of each year, for the period remaining until December  
26 31, 2029. The interest rate to be used in this calculation shall reflect the  
27 funding commission's investment experience to date and the current

1 investment policies of the commission. This assessment shall be imposed  
2 upon the amount of workers' compensation premiums received by every  
3 insurance carrier writing workers' compensation insurance in the  
4 Commonwealth, by every self-insured group operating under the provisions of  
5 KRS 342.350(4) and Chapter 304, and against the premium, as defined in  
6 KRS 342.0011, of every employer carrying its own risk. On or before October  
7 1 of each year, the commission shall notify each insurance carrier writing  
8 workers' compensation insurance in the Commonwealth, every group of self-  
9 insured employers, and each employer carrying its own risk, of the rates which  
10 shall become effective on January 1 of each year, unless modified by the  
11 General Assembly.

12 (c) All assessments imposed by this section shall be paid to the Kentucky  
13 Workers' Compensation Funding Commission and shall be credited to the  
14 benefit reserve fund within the Kentucky Workers' Compensation Funding  
15 Commission.

16 (d) The assessments imposed in this chapter shall be in lieu of all other  
17 assessments or taxes on workers' compensation premiums.

18 (2) These assessments shall be paid quarterly not later than the thirtieth day of the  
19 month following the end of the quarter in which the premium is received. Receipt  
20 shall be considered timely through actual physical receipt or by postmark of the  
21 United States Postal Service. Employers carrying their own risk and employers  
22 defined in KRS 342.630(2) shall pay the annual assessments in four (4) equal  
23 quarterly installments.

24 (3) The assessments imposed by this section may be collected by the insurance carrier  
25 from the insured. However, the insurance carrier shall not collect from the employer  
26 any amount exceeding the assessments imposed pursuant to this section. If the  
27 insurance carrier collects the assessment from an insured, the assessment shall be

1 collected at the same time and in the same proportion as the premium is collected.  
2 The assessment for an insurance policy or other evidence of coverage providing a  
3 deductible may be collected in accordance with this chapter on a premium amount  
4 that equates to the premium that would have applied without the deductible. Each  
5 statement from an insurance carrier presented to an insured reflecting premium and  
6 assessment amounts shall clearly identify and distinguish the amount to be paid for  
7 premium and the amount to be paid for assessments. No insurance carrier shall  
8 collect from an insured an amount in excess of the assessment percentages imposed  
9 by this chapter. The assessment for an insurance policy or other evidence of  
10 coverage providing a deductible may be collected in accordance with this chapter on  
11 a premium amount that equates to the premium that would have applied without the  
12 deductible. The percentages imposed by this chapter for an insurance policy issued  
13 by an insurance company shall be those percentages in effect on the annual effective  
14 date of the policy, regardless of the date that the premium is actually received by the  
15 insurance company.

16 (4) A self-insured group may elect to report its premiums and to have its assessments  
17 computed in the same manner as insurance companies. This election may not be  
18 rescinded for at least ten (10) years, nor may this election be made a second time for  
19 at least another ten (10) years, except that the board of directors of the funding  
20 commission may, at its discretion, waive the ten (10) year ban on a case-by-case  
21 basis after formal petition has been made to the funding commission by a self-  
22 insured group.

23 (5) The funding commission, as part of the collection and auditing of the special fund  
24 assessments required by this section, shall annually require each insurance carrier  
25 and each self-insured group to provide a list of employers which it has insured or  
26 which are members and the amount collected from each employer. Additionally, the  
27 funding commission shall require each entity paying a special fund assessment to

1 report the SIC code for each employer and the amount of premium collected from  
2 each SIC code. An insurance carrier or self-insured group may require its insureds  
3 or members to furnish the SIC code for each of their employees. However, the  
4 failure of any employer to furnish said codes shall not relieve the insurance carrier  
5 or self-insured group from the obligation to furnish same to the funding  
6 commission. The Office of Employment and Training, Education and Workforce  
7 Development Cabinet, is hereby directed to make available the SIC codes assigned  
8 in its records to specific employers to aid in the reporting and recording of the  
9 special fund assessment data.

10 (6) Each self-insured employer, self-insured group, or insurance carrier shall provide  
11 any information and submit any reports the Department of Revenue or the funding  
12 commission may require to effectuate the provisions of this section. In addition, the  
13 funding commission may enter reciprocal agreements with other governmental  
14 agencies for the exchange of information necessary to effectuate the provisions of  
15 this section.

16 (7) The special fund shall be required to maintain a central claim registry of all claims  
17 to which it is named a party, giving each such claim a unique claim number and  
18 thereafter recording the status of each claim on a current basis. The registry shall be  
19 established by January 26, 1988, for all claims on which payments were made since  
20 July 1, 1986, or which were pending adjudication since July 1, 1986, by audit of all  
21 claim files in the possession of the special fund.

22 (8) The fund heretofore designated as the subsequent claim fund is abolished, and there  
23 is substituted therefor the special fund as set out by this section, and all moneys and  
24 properties owned by the subsequent claim fund are transferred to the special fund.

25 (9) Notwithstanding any other provisions of this section or this chapter to the contrary,  
26 the total amount of funds collected pursuant to the assessment rates adopted by the  
27 funding commission shall not be limited to the provisions of this section.

1 (10) All assessment rates imposed for periods prior to January 1, 1997, under KRS  
2 342.122 shall forever remain applicable to premiums received on policies with  
3 effective dates prior to January 1, 1997, by every insurance carrier writing workers'  
4 compensation insurance in the Commonwealth, by every self-insured group  
5 operating under the provision of KRS 342.350(4) and Chapter 304, and against the  
6 premium, as defined in KRS 342.0011, of every employer carrying its own risk.

7 ➔Section 7. KRS 342.215 is amended to read as follows:

8 (1) The Workers' Compensation Board is hereby created and established. The board  
9 shall rule on appeals of decisions rendered by administrative law judges under this  
10 chapter. The board shall rule on an appeal of a decision of an administrative law  
11 judge no later than sixty (60) days following the date on which the last appeal brief  
12 was filed.

13 (2) The Workers' Compensation Board shall consist of three (3) members appointed by  
14 the Governor. Each member shall hold no other public office and shall devote his or  
15 her full time to the duties of his or her office. *Each member shall be exempt from*  
16 *the classified service, and his or her support staff may be exempt from the*  
17 *classified service.*

18 (3) Of the members of the board appointed under this section, one (1) shall serve a term  
19 that shall expire on January 4, 2002; one (1) shall serve a term that shall expire on  
20 January 4, 2003; and one (1) shall serve a term that shall expire on January 4, 2004,  
21 as designated by the Governor at the time of appointment. Thereafter, each term of a  
22 board member shall run for four (4) years from the date of expiration of the term for  
23 which the member's predecessor was appointed, except that a person appointed to  
24 fill a vacancy prior to the expiration of a term shall be appointed for the remainder  
25 of the term. The Governor shall not appoint a member of the board to fill the  
26 unexpired term of another board member, nor shall the Governor reappoint a  
27 member of the board who has been removed from his or her position prior to the

1 expiration of his or her term. The members of the board shall have the qualifications  
2 required of appeals court judges, except for residence in a district, and shall receive  
3 the same salary and shall be subject to the same standards of conduct. The Governor  
4 shall designate a member of the board to serve as chairman. Any vacancy in the  
5 chairmanship shall be filled by the Governor. The Governor may at any time  
6 remove any member for cause after furnishing the member with a written copy of  
7 the charges against him or her and giving the member a public hearing if he or she  
8 requests it.

9 (4) A decision concurred in by any two (2) of the three (3) members shall constitute a  
10 decision of the board.

11 (5) Members of the Workers' Compensation Board and the administrative law judges  
12 shall be members of the Kentucky Employees Retirement System.

13 (6) The Workers' Compensation Board shall be attached to the Department of Workers'  
14 Claims in the Labor Cabinet.

15 ➔Section 8. KRS 342.230 is amended to read as follows:

16 (1) The commissioner, within the limits of appropriations therefor and except as  
17 otherwise specifically provided in this chapter, shall establish and fill any positions,  
18 including medical services and advice, necessary to carry on the department's work.  
19 ~~{The employees of the Department of Workers' Claims, except the commissioner,~~  
20 ~~administrative law judges, and board members, shall be members of the classified~~  
21 ~~service.}~~

22 (2) The commissioner of the Department of Workers' Claims shall have immediate  
23 supervision of the employees of the department, perform duties assigned him or her,  
24 and have complete authority to carry out all the administrative functions relating to  
25 the Department of Workers' Claims. The commissioner with the assistance of the  
26 board shall train and instruct the administrative law judges on an ongoing basis;  
27 assign cases; and monitor the caseloads of the administrative law judges and the

1 Workers' Compensation Board to ensure timely disposition of cases; keep and be  
2 the custodian of the records of the board and the administrative law judges; annually  
3 report the activities of the board and the administrative law judges to the Governor;  
4 and devote his or her full time to the duties of his or her office. The commissioner  
5 shall be paid a salary not less than the salary of a member of the board.

- 6 (3) The Governor shall appoint, with the consent of the Senate in accordance with KRS  
7 11.160 for a term of four (4) years, not more than nineteen (19) administrative law  
8 judges, each of whom shall be an attorney and shall have five (5) years' experience  
9 in the Commonwealth in the practice of workers' compensation law or a related  
10 field, and extensive knowledge of workers' compensation law, and shall be paid the  
11 same salary as a Circuit Judge. *Each administrative law judge shall be exempt*  
12 *from the classified service, and his or her support staff may be exempt from the*  
13 *classified service.* Each administrative law judge may be employed for additional  
14 terms with the consent of the Senate in accordance with KRS 11.160. The  
15 Governor, at least thirty (30) days prior to the expiration of a term of an  
16 administrative law judge, shall provide the name of the individual whom he intends  
17 to appoint to the position to the chairman of the Senate Labor and Industry  
18 Committee. These administrative law judges shall conduct hearings, and otherwise  
19 supervise the presentation of evidence and perform any other duties assigned to  
20 them by statute and shall render final decisions, orders, or awards. Administrative  
21 law judges may, in receiving evidence, make rulings affecting the competency,  
22 relevancy, and materiality of the evidence about to be presented and upon motions  
23 presented during the taking of evidence as will expedite the preparation of the case.
- 24 (4) To ensure that the administrative law judges perform their responsibilities  
25 competently and issue decisions consistent with this chapter, the commissioner  
26 shall, at least twice annually, conduct training and education seminars in workers'  
27 compensation law; administrative law; and methods and procedures for writing



- 1 well-reasoned, clear, correct, and concise opinions, orders, or awards.
- 2 (5) The Governor may at any time remove the commissioner or any member of the  
3 board. The commissioner may remove any administrative law judge. A member of  
4 the board or an administrative law judge may be removed for good cause, including  
5 violation of the code of judicial ethics or the code of ethics applicable to the  
6 executive branch of the Commonwealth. In addition, an administrative law judge or  
7 a member of the board may be removed for the persistent or repeated failure to  
8 perform satisfactorily the specific duties assigned in this chapter, including the  
9 requirement of timely disposition of cases, review of attorney's fees, and failure to  
10 attend training and continuing education programs required by this section.
- 11 (6) Any vacancy in the term of an administrative law judge, which occurs prior to the  
12 expiration of the term, shall be filled if necessary by appointment of the Governor in  
13 accordance with subsection (3) of this section within sixty (60) days from the date  
14 the vacancy occurs, with the consent of the Senate in accordance with KRS 11.160,  
15 for the remainder of the term.
- 16 (7) (a) Effective at 12 midnight, December 31, 1997, the terms of administrative law  
17 judges who were appointed to fill the five (5) administrative law judge  
18 positions which were created in 1990 shall end, and the term of the chief  
19 administrative law judge who was appointed under subsection (8) of this  
20 section shall end. On January 1, 1998, the Governor shall make four (4) year  
21 appointments to fill as many of these positions as are necessary to fulfill the  
22 duties assigned to administrative law judges under this chapter.
- 23 (b) Effective at 12 midnight, December 31, 1999, the terms of administrative law  
24 judges who were appointed to fill the ten (10) administrative law judge  
25 positions which were created in 1987 shall end. On January 1, 2000, the  
26 Governor shall make four (4) year appointments to fill as many of these  
27 positions as are necessary to fulfill the duties assigned to administrative law

1 judges under this chapter.

2 (8) One (1) of the administrative law judges appointed pursuant to this section shall be  
3 appointed as a chief administrative law judge, to have the same qualifications,  
4 powers, duties, and requirements as those of other administrative law judges. The  
5 chief administrative law judge shall not be assigned regular dockets but shall  
6 instead assist the commissioner by doing all scheduling of the administrative law  
7 judges, handling dockets assigned to the administrative law judges in case of an  
8 emergency, providing supervision of the administrative law judges, and providing  
9 educational opportunities for the administrative law judges. The chief  
10 administrative law judge shall be paid at the same rate as the administrative law  
11 judges plus an additional three thousand dollars (\$3,000) per year. At any time the  
12 commissioner may replace the chief administrative law judge with one (1) of the  
13 other administrative law judges at which time the former chief administrative law  
14 judge shall resume the duties assigned to the other administrative law judges  
15 pursuant to this chapter. The term of the chief administrative law judge employed in  
16 1994 shall expire on December 31, 1997. On January 1, 1998, the commissioner  
17 shall employ a person in this position for a four (4) year term.

18 ➔Section 9. KRS 342.382 is amended to read as follows:

19 (1) Any insurer authorized to write a policy of workers' compensation insurance shall  
20 transmit the following information on its workers' compensation experience only to  
21 the Department of Workers' Claims ~~and the Workers' Compensation Advisory~~  
22 ~~Council~~ each year, and that information shall be certified and reported on a net  
23 basis with respect to reinsurance for nationwide experience and direct basis with  
24 respect to Kentucky experience:  
25 (a) Direct premiums written;  
26 (b) Direct premiums earned;  
27 (c) Dividends paid or credited to policyholders;

- 1 (d) Losses paid;
- 2 (e) Allocated loss adjustment expenses;
- 3 (f) The ratio of allocated loss adjustment expenses to losses paid;
- 4 (g) Unallocated loss adjustment expenses;
- 5 (h) The ratio of unallocated loss adjustment expenses to losses paid;
- 6 (i) The total of losses paid and unallocated and allocated loss adjustment
- 7 expenses;
- 8 (j) The ratio of losses paid and unallocated and allocated loss adjustment
- 9 expenses to premiums earned;
- 10 (k) The number of claims outstanding as of December 31 of each year;
- 11 (l) The total amount of losses unpaid as of December 31 of each year;
- 12 (m) The total amount of allocated and unallocated loss adjustment expenses
- 13 unpaid as of December 31 of each year;
- 14 (n) The total of losses paid and allocated loss adjustment expenses and
- 15 unallocated loss adjustment expenses, plus the total of losses unpaid as of
- 16 December 31 of each year and loss adjustment expenses unpaid as of
- 17 December 31 of each year; and
- 18 (o) Net investment gain or loss.

19 (2) ~~[(The first report of the information required in subsection (1) of this section shall~~  
20 ~~include the information for the year ending December 31, 1987. Such report shall be~~  
21 ~~filed no later than August 1, 1988.]~~ Beginning with the report for the period ending  
22 December 31, 1989, all future reports shall have all information required by  
23 subsection (1) of this section broken down by year for the current and two (2)  
24 preceding years.

25 ➔Section 10. The following KRS section is repealed:

26 342.0012 Workers' Compensation Advisory Council.

27 ➔Section 11. The General Assembly confirms Executive Order 2016-855, dated

- 1 December 1, 2016, to the extent it is not otherwise confirmed or superseded by this Act.