

1 AN ACT relating to the Workers' Compensation Funding Commission.

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

3 ➔Section 1. KRS 342.1223 is amended to read as follows:

- 4 (1) The Kentucky Workers' Compensation Funding Commission is created as an
5 agency of the Commonwealth for the public purpose of controlling, investing, and
6 managing the funds collected pursuant to KRS 342.122.
- 7 (2) The commission shall:
- 8 (a) Hold, administer, invest, and reinvest the funds collected pursuant to KRS
9 342.122 and its other funds separate and apart from all "state funds" or "public
10 funds," as defined in KRS Chapter 446;
- 11 (b) Act as a fiduciary, as defined in KRS Chapter 386, in exercising its power
12 over the funds collected pursuant to KRS 342.122, and may invest association
13 funds through one (1) or more banks, trust companies, or other financial
14 institutions with offices in Kentucky in good standing with the Department of
15 Financial Institutions, in investments described in KRS Chapter 386, except
16 that the funding commission may, at its discretion, invest in nondividend-
17 paying equity securities;
- 18 (c) Report to the General Assembly at each even-numbered-year regular session
19 the actuarial soundness and adequacy of the funding mechanism for the
20 special fund and other programs supported by the mechanism, including
21 detailed information on the investment of funds and yields thereon;
- 22 (d) Recommend to the General Assembly, not later than October 31 of the year
23 prior to each even-numbered-year regular legislative session, changes deemed
24 necessary in the level of the assessments imposed in this chapter;
- 25 (e) In conjunction with the Labor Cabinet, submit to the General Assembly, not
26 later than October 31 of the year prior to each even-numbered-year regular
27 legislative session, a proposed budget for the biennium beginning July 1

- 1 following the even-numbered-year regular session of the General Assembly;
- 2 (f) In conjunction with the Labor Cabinet, provide to the Interim Joint Committee
3 on Appropriations and Revenue an annual budget and detailed quarterly
4 financial reports;
- 5 (g) Conduct periodic audits, independently or in cooperation with the Labor
6 Cabinet or the Department of Revenue, of all entities subject to the
7 assessments imposed in this chapter; and
- 8 (h) Report monthly to the Committees on Appropriations and Revenue and on
9 Labor and Industry its monthly expenditures of restricted agency funds and the
10 nature of the expenditures.
- 11 (3) The commission shall have all of the powers necessary or convenient to carry out
12 and effectuate the purposes for which it was established, including, but not limited
13 to, the power:
- 14 (a) To sue and be sued, complain, or defend, in its name;
- 15 (b) To elect, appoint, or hire officers, agents, and employees, and define their
16 duties and fix their compensation within the limits of its budget approved by
17 the General Assembly;
- 18 (c) To contract for investment counseling, legal, actuarial, auditing, and other
19 professional services in accordance with the provisions relating to personal
20 service contracts contained in KRS Chapter 45A;
- 21 (d) To appoint, hire, and contract with banks, trust companies, and other entities
22 to serve as depositories and custodians of its investment receipts and other
23 funds;
- 24 (e) To take any and all other actions consistent with the purposes of the
25 commission and the provisions of this chapter; and
- 26 (f) To make and promulgate administrative regulations.
- 27 (4) *The Kentucky Workers' Compensation Funding Commission may utilize the*

- 1 investment expertise and advice of the Office of Financial Management within
2 the Finance and Administration Cabinet. The Kentucky Workers' Compensation
3 Funding Commission may procure one (1) or more consulting firms and enter
4 into a personal service contract with such consulting firms to provide investment
5 advisory, investment counseling, or investment management services. The Office
6 of Financial Management shall participate in the selection of any firms for
7 investment services provided, however, the Kentucky Workers' Compensation
8 Funding Commission shall have the right to make the final decision on the
9 selection of any firms. Notwithstanding any provisions of this section to the
10 contrary, all contracts for investment advisory, investment counseling, or
11 investment management services or for the management of assets shall be subject
12 to KRS Chapter 45A. The fees charged by financial institutions for managing the
13 investments of the funds of the funding commission shall be paid from the
14 investment earnings of the funds[Notwithstanding the provisions of this chapter to
15 the contrary, The Kentucky Workers' Compensation Funding Commission shall
16 utilize the investment expertise and advice of the Office of Financial Management
17 in the Office of the Controller within the Finance and Administration Cabinet rather
18 than entering into a consulting contract for investment counseling. The fees charged
19 by financial institutions for managing the investments of the funds of the funding
20 commission shall be paid from the investment earnings of the funds].
21 (5) The commission shall be attached to the Labor Cabinet for administrative purposes
22 only.