

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM
2022 REGULAR SESSION
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Amend printed copy of **HB 297/SCS 1**

On page 30, beginning on line 5 and continuing to line 9, by deleting subsection (43) in its entirety and inserting the following in lieu thereof:

"(43) "Nominal fee" means compensation earned for services as a volunteer that does not exceed five hundred dollars (\$500) per month with each participating employer. Compensation earned for services as a volunteer from more than one (1) participating employer during a month shall not be aggregated to determine whether the compensation exceeds the five hundred dollars (\$500) per month maximum provided by this subsection;"; and

On page 124, beginning on line 16 and continuing to line 20, by deleting subsection (40) in its entirety and inserting the following in lieu thereof:

"(40) "Nominal fee" means compensation earned for services as a volunteer that does not exceed five hundred dollars (\$500) per month with each participating employer. Compensation earned for services as a volunteer from more than one (1) participating employer during a month shall not be aggregated to determine whether the compensation exceeds the five hundred dollars (\$500) per month maximum provided by this subsection;"; and

On page 188, between lines 26 and 27, by inserting the following:

"➔Section 27. KRS 61.675 is amended to read as follows:

(1) Except as provided by subsection (5) of this section, the employer shall prepare the records and, from time to time, shall furnish the information the system may require in the

Amendment No. SFA 4

Rep. Sen. Christian McDaniel

Committee Amendment _____

Signed: _____

Floor Amendment _____

LRC Drafter: _____

Adopted: _____

Date: _____

Rejected: _____

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- discharge of its duties. Upon employment of an employee, the employer shall inform him of his duties and obligations in connection with the system as a condition of employment.
- (2) The system may at any time conduct an audit of the employer in order to determine if the employer is complying with the provisions of KRS 16.505 to 16.652, 61.610 to 61.705, or 78.510 to 78.852. The system shall have access to and may examine all books, accounts, reports, correspondence files, and records of any employer. Every employer, employee, or agency reporting official of a department or county, as defined in KRS 78.510(3), having records in his possession or under his control, shall permit access to and examination of the records upon the request of the system.
- (3) (a) Any agency participating in the Kentucky Employees Retirement System which is not an integral part of the executive branch of state government shall file the following at the retirement office on or before the tenth day of the month following the period being reported:
1. The employer and employee contributions required under KRS 61.560, 61.565, and 61.702;
 2. The employer contributions and reimbursements for retiree health insurance premiums required under KRS 61.637; and
 3. A record of all contributions to the system on the forms prescribed by the board.
- (b) If the agency fails to file all contributions and reports on or before the tenth day of the month following the period being reported, interest on the delinquent contributions at the actuarial rate adopted by the board compounded annually, but not less than one thousand dollars (\$1,000), may be added to the amount due the system.
- (4) If a nonhazardous employer in the Kentucky Employees Retirement System is delinquent in paying the employer contributions required by KRS 61.565 for a period of ninety (90) days

or more for those contributions payable on or after July 1, 2021, or if an employer who voluntarily ceases participation in the Kentucky Employees Retirement System as provided by KRS 61.522(8) elects to pay off the costs of ceasing participation by installment payments as provided by KRS 61.522(8)(g) and subsequently is delinquent in making installment payments for a period of ninety (90) days or more:

- (a) Employees of the employer who are participating in the system or who are continuing to participate in the system after the employer's effective cessation date as provided by KRS 61.522(8)(d)2. shall not accrue any additional service credit or benefits in the system through the employer or ceasing employer until such time as the employer has satisfied the required employer contributions or installment payments to the system;
- (b) The board may file an action in the Franklin Circuit Court to collect any delinquent employer contributions or installment payments owed by the employer and to attach so much of the general fund appropriations of the delinquent employer as is necessary to achieve full compliance with the provisions of KRS 61.522(8) or 61.565; and
- (c) The systems shall notify the Finance and Administration Cabinet, and the Finance and Administration Cabinet may withhold or intercept from the employer or ceasing employer a sufficient portion of any appropriated state funds not yet disbursed to the employer or ceasing employer to satisfy the required employer contributions or installment payments to the system.

(5) Employers shall not be required to report any information or pay employer contributions on any individual serving as a volunteer who is receiving compensation from the employer equal to or less than a nominal fee as defined by Sections 3 and 18 of this Act if the compensation paid to the volunteer is excluded from the definition of creditable compensation as provided by subsection (13) of Section 3 of this Act or subsection (13) of

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Section 18 of this Act.

➔Section 28. KRS 61.680 is amended to read as follows:

- (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to any deduction from his or her compensation required by KRS 6.500 to 6.535, 16.505 to 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions thereof. Thereafter, employee contributions shall be picked up by the employer pursuant to KRS 61.560(4).
- (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.505 to 16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714:
 1. Upon death, disability, or service retirement, a member's accounts under the Legislators' Retirement Plan, State Police Retirement System, Kentucky Employees Retirement System, County Employees Retirement System, and Teachers' Retirement System, except for service prohibited by KRS 161.623(2), shall be consolidated for the purpose of determining eligibility and amount of benefits, including those members who participate in the hybrid cash balance plan within the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System, on or after January 1, 2014, and regardless of the transition of administration of the County Employees Retirement System to the County Employees Retirement System board of trustees;
 2. Vested service credit in a retirement system, other than the Teachers' Retirement System, sponsored by a Kentucky institution of higher education and accepted by the Kentucky Employees Retirement System or the County Employees Retirement System, may be used to determine eligibility for twenty-seven (27) year retirement for an employee who begins participating before September 1,

- 2008, but not the amount of benefits;
3. The computation of benefits shall be based on the applicable formula in each system and service credit in each system, but the final compensation, excluding compensation earned under KRS 161.155(10), shall be determined as if all service were in one (1) system;
 4. If the member has prior service in more than one (1) system administered by Kentucky Retirement Systems, he or she shall obtain at least twelve (12) months' current service in each system in which he or she has prior service in order to validate the prior service in each system for purposes of determining consolidated benefits under this subsection; and
 5. Upon the determination of benefits, each system shall pay the applicable amount of benefits due the member.
- (b) The provisions of paragraph (a) of this subsection shall be waived if the member:
1. Notifies the system of his or her desire to maintain separate retirement accounts in the State Police Retirement System, Kentucky Employees Retirement System, or County Employees Retirement System; or
 2. Fails to simultaneously retire from all state-administered retirement systems in which the member has an account or fails to retire from any other systems not administered by Kentucky Retirement Systems within one (1) month of the member's effective retirement date in the systems administered by Kentucky Retirement Systems.
- (c) If the member has not contributed at least one (1) year in a system in which he or she has prior service, his or her current service in the system shall be valid for purposes of determining eligibility and in computation of benefits on a consolidated basis.

- (3) (a) A member with service credit in the Kentucky Employees Retirement System, State Police Retirement System, or the County Employees Retirement System who becomes the holder of an office entitling him or her to membership in the Judicial Retirement Plan or the Legislators' Retirement Plan, but who does not elect within thirty (30) days after taking office in such service to participate in the plan, in accordance with KRS 6.505 or 21.360, shall be deemed to have elected to retain membership in the system in which he or she is a member, either the Kentucky Employees Retirement System, State Police Retirement System, or the County Employees Retirement System. In that event, the agency employing the member shall withhold employee contributions, or picked-up employee contributions after August 2, 1982, make employer contributions and remit these contributions to the system in which the member retained his or her membership.
- (b) Any person entitled to membership in the Judicial Retirement Plan or the Legislators' Retirement Plan, who does not elect within thirty (30) days after taking office to participate in the plan, in accordance with KRS 6.505 or 21.360, and who at the time of taking office is not a contributing member of, or does not have service credit in, any of the retirement systems mentioned in this section, or the Teachers' Retirement System, shall participate in the Kentucky Employees Retirement System.
- (c) A member of one (1) of the state-administered retirement plans who ceases to contribute to the plan as provided in KRS 21.360 and who is employed in a nonelected position by an agency participating in the Kentucky Retirement Systems or Kentucky Teachers' Retirement System shall be deemed to have elected membership in the system in which the employer of the nonelected position participates. A member of one (1) of the state-administered retirement plans who

ceases to contribute to the plan as provided in KRS 21.360 and who is not employed in a nonelected position by an agency participating in the Kentucky Retirement Systems shall be deemed to have elected membership in the Kentucky Employees Retirement System.

- (4) (a) Prior to July 1, 1976, a person entering the service of an employer participating in the Kentucky Employees Retirement System or the County Employees Retirement System with service credit in the Teachers' Retirement System and who desires to retain membership in the Teachers' Retirement System, and who is permitted by that system to continue, shall be exempt from participating in the Kentucky Employees Retirement System or the County Employees Retirement System.
- (b) Any person who has elected to retain membership in the Teachers' Retirement System as provided in paragraph (a) of this subsection may cancel his or her election and participate in the system under which his or her position would normally participate, if he or she elects to cancel his or her option prior to January 1, 1977.
- (c) Any member of the General Assembly who upon election is a contributing member of the Teachers' Retirement System and who does not elect within thirty (30) days after taking office to participate in the Legislators' Retirement Plan, in accordance with KRS 6.505, shall during his or her term of office participate in the Kentucky Employees Retirement System unless an election to retain membership in the Teachers' Retirement System is filed in writing within ninety (90) days after his or her term of office begins. No contributions may be made to the Teachers' Retirement System for the same period of service under the Legislators' Retirement Plan or the Kentucky Employees Retirement System as a member of the General Assembly, but contributions made to the Teachers' Retirement System while a member of the

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General Assembly shall be transferred to the Legislators' Retirement Plan, as provided for in KRS 6.535, when the member elects to join the Legislators' Retirement Plan, and service credit in the Legislators' Retirement Plan shall be granted as provided for in KRS 6.505(5).

- (5) Any member of the Kentucky Employees Retirement System or County Employees Retirement System who is working in a position covered by one (1) of these retirement systems and his or her employee contributions, service credit and employer contributions made on his or her behalf are being transferred to the other retirement system shall contribute to the system in which his or her employer participates, or after August 1, 1982, the employer shall pick up the employee contributions, and no further contributions or service credit shall be transferred to the system in which he or she elected to retain membership, as subsection (2) of this section eliminates the necessity of the transfers.
- (6) **(a)** Except as provided by KRS 61.545(3)(b)2., any member of the Kentucky Employees Retirement System or County Employees Retirement System who is working in more than one (1) position covered by the same retirement system, shall have his or her wages and contributions consolidated and his or her retirement account administered as a single account. If part-time positions are involved, an accumulation of all hours worked within the same retirement system shall be used to determine eligibility under KRS 61.510(21).
- (b)** ***The provisions of this subsection shall not apply to an individual serving as a volunteer who is receiving compensation from the employer equal to or less than a nominal fee as defined by Sections 3 and 18 of this Act if the compensation paid to the volunteer is excluded from the definition of creditable compensation as provided by subsection (13) of Section 3 of this Act or subsection (13) of Section 18***

of this Act.

- (7) (a) Notwithstanding the provisions of subsection (2) of this section, a person who does not have the amount of service required for service retirement in the State Police Retirement System, Kentucky Employees Retirement System, County Employees Retirement System, Legislators' Retirement Plan, or Teachers' Retirement System, but who is a member of one (1) of the systems or is a former member of one (1) or more of the systems with valid service credit therein, shall become eligible for service retirement benefits attributable to the amount of his or her actual service credit in each system in which he or she has service credit when his or her combined service credit in all the systems, plus any service credit he or she has in the Judicial Retirement Plan, is equal to that required for service retirement in each respective system. The computation of benefits shall be based on the applicable formula in each system and service credit in each system, except that total service in all systems, unless prohibited by KRS 161.623(2), shall be used to determine the reduction for early retirement, if any. Except as provided in KRS 21.360, the final compensation shall be determined by using the creditable compensation reported to the State Police Retirement System, Kentucky Employees Retirement System, County Employees Retirement System, Legislators' Retirement Plan, or Teachers' Retirement System and only as much of the compensation earned in the Judicial Retirement Plan as is needed to satisfy the final compensation requirement applicable in the respective retirement systems.
- (b) Paragraph (a) of this subsection shall be waived if the member fails to simultaneously retire from all state-administered retirement systems in which the member has an account or fails to retire from any other systems not administered by Kentucky

Retirement Systems within one (1) month of the member's effective retirement date in the systems administered by the Kentucky Retirement Systems.

- (8) Each retirement system from which the member retires shall pay a retirement allowance upon receipt of required forms and documents, except that no retirement system shall pay a retirement allowance or annuity until all forms and documents are filed at all retirement systems in compliance with each system's requirements.

➔Section 29. KRS 78.625 is amended to read as follows:

- (1) **Except as provided by subsection (6) of this section,** the employer shall prepare the reporting records necessary for the system to administer the provisions of KRS 78.510 to 78.852 and, from time to time, shall furnish the information the system may require in the discharge of its duties. Upon employment of an employee, the employer shall inform him or her of his or her duties and obligations in connection with the system as a condition of employment.
- (2) The agency reporting official of the county shall file the following at the retirement office on or before the tenth day of the month following the period being reported:
- (a) The employee and employer contributions required under KRS 78.610 and 78.635;
 - (b) The employer contributions and reimbursements for retiree health insurance premiums required under KRS 78.5540; and
 - (c) A record of all contributions to the system on the forms prescribed by the systems.
- (3) (a) If the agency reporting official fails to file at the retirement office all contributions and reports on or before the tenth day of the month following the period being reported, interest on the delinquent contributions at the actuarial rate adopted by the board compounded annually, but not less than one thousand dollars (\$1,000), may be added to the amount due the system.

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- (b) Delinquent contributions, with interest at the rate adopted by the board compounded annually, or penalties may be recovered by action in the Franklin Circuit Court against the county liable or may, at the request of the board, be deducted from any other moneys payable to the county by any department or agency of the state.
- (4) If an agency is delinquent in the payment of contributions due in accordance with any of the provisions of KRS 78.510 to 78.852, refunds and retirement allowance payments to members of this agency may be suspended until the delinquent contributions, with interest at the rate adopted by the board compounded annually, or penalties have been paid to the system.
- (5) The system may at any time conduct an audit of the employer in order to determine if the employer is complying with the provisions of KRS 78.510 to 78.852. The system shall have access to and may examine all books, accounts, reports, correspondence files, and records of any employer. Every employer, employee, or agency reporting official of a county, as defined in KRS 78.510(3), having records in its possession or under its control, shall permit access to and examination of the records upon the request of the system.
- (6) *Employers shall not be required to report any information or pay employer contributions on any individual serving as a volunteer who is receiving compensation from the employer equal to or less than a nominal fee as defined by Sections 3 and 18 of this Act if the compensation paid to the volunteer is excluded from the definition of creditable compensation as provided by subsection (13) of Section 3 of this Act or subsection (13) of Section 18 of this Act.***; and

Re-number subsequent sections accordingly.