

1 AN ACT relating to unemployment insurance and declaring an emergency.

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

3 ➔Section 1. KRS 341.030 is amended to read as follows:

4 (1) As used in this chapter, unless the context clearly requires otherwise, and except as  
5 provided in subsections (2) to (7) of this section, "wages" means all remuneration  
6 for services, including commissions, bonuses, and, except for services performed in  
7 agriculture and domestic employment, the cash value of all remuneration in any  
8 medium other than cash. The reasonable cash value of remuneration in any medium  
9 other than cash shall be estimated and determined in accordance with rules  
10 prescribed by the commission.

11 (2) (a) Amounts paid to traveling salesmen or other workers as allowance or  
12 reimbursement for traveling or other expenses, incurred on the business of the  
13 employing unit, constitute wages only to the extent of the excess of the  
14 amounts over the expenses actually incurred and accounted for by the worker  
15 to his employer; provided, however, that the cash value of meals and lodging  
16 when furnished to the worker for the convenience of the employer shall not  
17 constitute wages.

18 **(b) Amounts paid to volunteer firefighters as allowance or reimbursement for**  
19 **expenses incurred while responding to emergencies, or for the use of a**  
20 **volunteer firefighter's personal vehicle or other equipment in responding to**  
21 **emergencies, shall not be considered wages.**

22 (3) For purposes of this chapter, the term "wages" includes tips which are:

23 (a) Received while performing services which constitute employment;

24 (b) Included in a written statement furnished to the employer pursuant to Section  
25 6053(a) of the Internal Revenue Code; and

26 (c) Shall be treated as having been paid by the employing unit.

27 (4) "Wages" does not include the amount of any payment made to, or on behalf of, a

1 worker under a plan or system established by an employing unit that makes  
2 provision for its workers generally or for a class of its workers, including any  
3 amount paid by an employing unit for insurance or annuities, or into a fund, to  
4 provide for any such payment, on account of:

5 (a) Retirement;

6 (b) Sickness or accident disability but, in the case of payments made to an  
7 employee or any of his dependents, this subsection shall exclude from the  
8 term "wages" only payments which are received under a workers'  
9 compensation law;

10 (c) Medical and hospitalization expenses in connection with accident or sickness  
11 disability; or

12 (d) Death, if the worker has not:

13 1. The option to receive, instead of provision for the death benefit, any part  
14 of the payment, or if the death benefit is insured, any part of the  
15 premiums or contributions to premiums paid by his employing unit; and

16 2. The right, under the provisions of the plan or system or policy of  
17 insurance providing for the death benefit, to assign the benefit, or to  
18 receive a cash consideration in lieu of it either upon his withdrawal from  
19 the plan or system providing for the benefit or upon termination of the  
20 plan or system or policy of insurance or of his employment with his  
21 employing unit.

22 (5) "Wages" does not include any payment on account of sickness or accident  
23 disability, or medical or hospitalization expenses in connection with sickness or  
24 accident disability, made by an employer to, or on behalf of, an employee after the  
25 expiration of six (6) calendar months following the last calendar month in which the  
26 employee worked for the employer.

27 (6) "Wages" does not include the amount of any payment made by an employing unit

1 without deduction from the remuneration of the worker of the tax imposed under  
2 Section 3101 of the Internal Revenue Code or any payment required from an  
3 employer under a state unemployment compensation law with respect to  
4 remuneration paid to an employee for domestic service in a private home of the  
5 employer or for agricultural labor.

6 (7) (a) "Wages" does not, for the purposes of KRS 341.260 to 341.310, include that  
7 part of remuneration which, after wages equal to eight thousand dollars  
8 (\$8,000) have been paid in a calendar year to a worker by a subject employer  
9 or his predecessor with respect to covered employment during any calendar  
10 year, is paid to the worker by the subject employer during the calendar year  
11 unless that part of the wages is subject to a tax under a federal law, imposing a  
12 tax against which credit may be taken for contributions required to be paid  
13 into a state unemployment fund. On January 1, 2012, the amount of eight  
14 thousand dollars (\$8,000) in this subsection shall increase to nine thousand  
15 dollars (\$9,000), which shall increase by an additional three hundred dollars  
16 (\$300) on January 1 of each subsequent year, unless limited by paragraph (b)  
17 or (c) of this subsection, not to exceed twelve thousand dollars (\$12,000). For  
18 the purpose of this subsection, the term "covered employment" shall include  
19 service constituting covered employment under any unemployment  
20 compensation law of another state.

21 (b) If the trust fund balance on September 30 of a calendar year equals or exceeds  
22 two hundred million dollars (\$200,000,000), the taxable wage base amount in  
23 effect at that time shall not increase on January 1 of the next calendar year or  
24 on January 1 of subsequent calendar years, except as provided in paragraphs  
25 (c) and (e) of this subsection.

26 (c) If the trust fund balance on September 30 of a calendar year equals or exceeds  
27 two hundred million dollars (\$200,000,000), but is twenty million dollars

1 (\$20,000,000) or less lower than the trust fund balance amount that would  
2 trigger in a lower schedule of contribution rates under KRS 341.270, the  
3 taxable wage base shall increase by three hundred dollars (\$300) on January 1  
4 of the next calendar year and that taxable wage base amount shall be the  
5 taxable wage base amount in effect for subsequent calendar years, subject to  
6 the limitations in paragraph (d) of this subsection.

7 (d) The total number of years that the increase in the taxable wage base shall be  
8 prohibited or limited under paragraph (b) or (c) of this subsection shall not  
9 exceed the total number of years that contributing employers paid additional  
10 federal unemployment taxes because of a reduction in the credit against the  
11 federal unemployment tax established in 26 U.S.C. sec. 3302 beginning in  
12 2011.

13 (e) If the taxable wage base on January 1 of the calendar year immediately  
14 following the last year the increase in the taxable wage base was prohibited or  
15 limited under this subsection is less than twelve thousand dollars (\$12,000),  
16 the taxable wage base amount shall be increased by three hundred dollars  
17 (\$300), and by an additional three hundred dollars (\$300) on January 1 of  
18 each subsequent calendar year until the taxable wage base amount reaches  
19 twelve thousand dollars (\$12,000).

20 (f) Notwithstanding paragraphs (b) and (c) of this subsection, if the trust fund  
21 balance is less than two hundred million dollars (\$200,000,000) on September  
22 30 of a calendar year, the suspension of the taxable wage base increase shall  
23 not occur.

24 (g) Notwithstanding any other provision of this subsection, any increase in the  
25 maximum weekly benefit rate which otherwise would have occurred except  
26 for the suspension of the taxable wage base increase shall be implemented in  
27 accordance with the provisions of this chapter.

1           (h) The provisions of this subsection shall apply unless the United States  
2           Department of Labor notifies the secretary that implementation of this  
3           subsection would result in decertification of Kentucky's unemployment  
4           insurance program, impact any cap application, affect the receipt of  
5           emergency unemployment compensation funds, create an ineligibility for  
6           receipt of federal funds, or result in other penalties or sanctions under the  
7           Social Security Act or Federal Unemployment Tax Act, 26 U.S.C. secs. 3301  
8           et seq.

9           (i) Notwithstanding any other provisions of this chapter, for the calendar years  
10           2021 and 2022, the taxable wage base increase shall be suspended and the  
11           taxable wage base in effect for the calendar year 2020 shall be utilized.

12           ➔Section 2. Section 1 of this Act shall be retroactive to March 6, 2020.

13           ➔Section 3. Whereas Kentucky's volunteer firefighters and volunteer fire  
14           departments are of the utmost importance to our local communities as Kentucky  
15           continues to recover from the economic impact of COVID-19, an emergency is declared  
16           to exist, and this Act takes effect upon its passage and approval by the Governor or upon  
17           its otherwise becoming a law.