

1           AN ACT relating to unemployment insurance.

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

3           ➔Section 1. KRS 341.243 is amended to read as follows:

4    (1) There is created within the State Treasury a special fund known as the service  
5        capacity upgrade fund that shall be administered separate and apart from all public  
6        money or funds of the state.

7    (2) The service capacity upgrade fund shall be used solely for acquisition and  
8        upgrading of the technology base, program integrity functions, and service delivery  
9        capacity in support of the programs administered by the Office of Unemployment  
10      Insurance. The secretary shall have full power, authority, and jurisdiction over the  
11        fund, including all money, property, and securities belonging thereto, and shall  
12        perform any act necessary or convenient in the administration of the fund consistent  
13        with this section. Any expenditure of the fund to upgrade the technology base shall  
14        be coordinated with and approved by the Commonwealth Office of Technology,  
15        and nothing in this section shall be construed as reducing or limiting the authority  
16        of the Commonwealth's chief information officer over all technology expenditures.  
17        The secretary shall provide an annual report to the Interim Joint Committee on  
18        Economic Development and Workforce Investment detailing all receipts and  
19        expenditures of the fund.

20    (3) Any money collected under the provisions of this section shall be invested at  
21        interest in banks or other interest-bearing obligations of the United States.  
22        Investments shall at all times be made so that all the assets of the service capacity  
23        upgrade fund shall be convertible into cash when needed for the payment of  
24        expenses incurred in upgrading the service capacity of the Office of Unemployment  
25        Insurance. All interest income received under this section shall be credited to the  
26        fund. The State Treasurer shall dispose of securities or other property belonging to  
27        the fund only under the direction of the secretary and the secretary of the Finance

1 and Administration Cabinet.

2 (4) From~~[Beginning]~~ October 1, 2018, to December 31, 2026, all rates otherwise  
3 established under KRS 341.270 and 341.272 shall be adjusted by subtracting  
4 seventy-five thousandths percent (0.075%) from each rate, but only if the  
5 unemployment insurance trust fund balance exceeds the balance of the trust fund as  
6 of December 31, 2017.

7 (5) Beginning January 1, 2027, all rates otherwise established under KRS 341.270  
8 and 341.272 shall be adjusted by subtracting one hundred fifteen ten-thousandths  
9 percent (0.0115%) from each rate. The secretary shall annually set the  
10 adjustment percentage to be effective January 1 of the subsequent year, not to  
11 exceed twenty-five thousandths percent (0.025%).

12 (6)~~(5)~~ For any calendar year in which all rates have been reduced in accordance with  
13 subsection (4) or (5) of this section, all contributory employers shall pay into the  
14 service capacity upgrade fund an amount equal to the percentage by which rates  
15 were reduced multiplied by their taxable wages paid during that calendar year.  
16 Payments shall be made at the same time and in the same manner as prescribed for  
17 payment of contributions under KRS 341.260 and all regulations prescribed by the  
18 secretary in support of that section. The restrictions in KRS 341.470(1) apply  
19 equally to the provisions of this section. Failure to make these payments shall be  
20 subject to interest and all other collection actions provided for failure to make  
21 contributions under KRS 341.300.

22 (7)~~(6)~~ All payments required under subsection (6)~~(5)~~ of this section, along with  
23 any interest due to late payment of these assessments, shall be deposited in the  
24 service capacity upgrade fund.

25 (8)~~(7)~~ Notwithstanding subsection (4) or (5) of this section, the secretary may  
26 exercise his or her discretion to reduce the percentage rate prescribed in subsection  
27 (4) or (5) of this section or suspend required payments to the service capacity

1 upgrade fund at any time. {

2 (8) ~~The secretary shall suspend the reduction of the rate prescribed in subsection (4) of~~  
3 ~~this section at any time when collections for the service capacity upgrade fund~~  
4 ~~exceed a cumulative amount of sixty million dollars (\$60,000,000). At the time~~  
5 ~~payments are suspended, any funds thus far collected under subsection (4) of this~~  
6 ~~section in excess of those necessary to fund technology upgrades, shall be deposited~~  
7 ~~into the unemployment insurance trust fund. Any future collection of past due~~  
8 ~~payments to the service capacity upgrade fund, including any applicable penalty~~  
9 ~~and interest funds, shall be deposited into the penalty and interest fund.}~~