

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER **0510**

HOUSE BILL NUMBER **453**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the Kentucky Claims Commission.**

SPONSOR **Representative Hart**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Kentucky Claims Commission**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES		(Indeterminable)	(Indeterminable)
NET EFFECT		Indeterminable	Indeterminable

() indicates a decrease/negative

MEASURE'S PURPOSE: The measure creates the Kentucky Claims Commission and confirms Executive Order 2016-576.

PROVISIONS/MECHANICS: Section 1 establishes KRS Chapter 49 that creates the Kentucky Claims Commission (Commission) within the Public Protection Cabinet. It establishes the number of commission members, the qualifications of the commission members, and the duties of the executive director.

Sections 2 and 3 create new sections of KRS Chapter 49 that establishes the powers and authority of the Commission.

Section 4 repeals KRS 44.070 and reenacts and amends as a new section of KRS Chapter 49. The cap on single negligence claims against the state is raised from \$200,000 to \$250,000. The cap on multiple negligence claims from a single act is raised from \$350,000 to \$400,000.

Sections 5 repeals KRS 44.071 and reenacts and amends as a new section of KRS Chapter 49. The Board of Claims is abolished and the duties and responsibilities are reassigned to the Commission.

Sections 6 through 8, sections 10 through 14 and section 17, repeal various sections of KRS Chapter 44 and reenact and amend as new sections of KRS Chapter 49 to conform.

Section 9 repeals KRS 44.086 and reenacts and amends as a new section of KRS Chapter 49. The threshold for a negligence claim to be investigated by the Commission in-house is raised from \$1,000 to \$2,500. The threshold for contested negligence claims that shall receive a hearing is raised from \$1,000 to \$2,500.

Section 15 repeals KRS 44.140 and reenacts and amends as a new section of KRS Chapter 49. The threshold for awards that may be appealed by a state agency is raised from \$1,000 to \$2,500. The requirement for state agencies to get prior approval from the Attorney General to appeal a Commission award is deleted. The time limit that appeals shall be taken is reduced from 45 days to 30 days from the rendition of the award.

Section 18 repeals KRS 44.165 and reenacts and amends as a new section of KRS Chapter 49. The threshold for a claim to be brought before the Commission is raised from \$100 to \$250 or greater.

Section 19 creates a new section of KRS Chapter 49 to reassign the duties and responsibilities of the Board of Tax Appeals to the Commission.

Sections 20 through 25 repeal various sections of KRS Chapter 131 and reenact and amend as new sections of KRS Chapter 49 to conform.

Section 26 creates a new section of KRS Chapter 49 to reassign the duties and responsibilities of the Crime Victims Compensation Board to the Commission.

Sections 27 through 49 repeal various sections of KRS Chapter 346 and reenact and amend as new sections of KRS Chapter 49 to conform. Section 33 also shortens the time period that a crime victim claim must be filed from 5 years to 2 years after the occurrence of the criminally injurious conduct.

Section 50 creates a new section of KRS Chapter 49 to allow the Commission to fine any person who fails or refuses to obey a subpoena or order of the Commission not less than \$25 nor more than \$500.

Sections 51 through 105 amend various statutes to conform.

Section 106 repeals KRS 44.075, 44.080, 131.310, 131.315, 131.320, 131.330, and 346.030.

Section 107 establishes terms for the Commission members.

Section 108 confirms Executive Order 2016-576, dated August 9, 2016 unless superseded by this Act. All of the records, equipment, staff, and supporting budgets for the Board of Claims, Board of Tax Appeals, and Crime Victims Compensation Board are transferred to the Kentucky Claims Commission.

FISCAL EXPLANATION: With the exception of the specific sections listed below, the sections of the Act confirm Executive Order 2016-576 and there is no fiscal impact of those sections.

Section 4

Raising the cap on awards has the potential to increase the total amount of awards paid out by the state in any given year but the number of claims received in that year could decrease thus offsetting the impact of the cap increase. The fiscal impact is indeterminable.

Section 9

The fiscal impact of section 9 is indeterminable but is projected to reduce the Commission's expenditures by allowing more claims to be determined in-house without using a hearing officer. In the last 2 fiscal years, the Board of Claims received 150 claims that were below the \$2,500 threshold.

Section 18

Raising the threshold for claims from \$100 to \$250 will likely reduce the number of claims that are filed thus reducing the amount of claims paid out in any given year but there could also be an increase in overall claims in that year therefore the fiscal impact is indeterminable.

Section 33

Decreasing the time limit to file claims could reduce the amount of claims received by the Commission. In fiscal years 2015 and 2016, the Crime Victims Compensation Board received 25 claims filed more than 2 years after the date of the crime. The fiscal impact is indeterminable due to the uncertainty over the total number of claims that could be filed.

DATA SOURCE(S): Executive Order 2016-576 and Kentucky Claims Commission

PREPARER: Greg Troutman **NOTE NUMBER:** 107 **REVIEW:** JRS **DATE:** 2/22/2017