

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2018 Regular Session**

Part I: Measure Information

Bill Request #: 1074

Bill #: HB 461

Document ID #: 2772

Bill Subject/Title: AN ACT relating to supplements paid to police officers, professional firefighters and qualified volunteer fire departments, declaring an emergency, and making an appropriation therefor.

Sponsor: Representative Michael L. Meredith

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
Government

Office(s) Impacted: Fire Departments, Local Law Enforcement

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 461 amends KRS 15.460 to increase the annual supplemental pay received from the Kentucky Law Enforcement Foundation Program Fund (LEFPF) from \$3,000 to \$4,000 starting July 1, 2018. The Kentucky Law Enforcement Foundation Program is funded through the collection of the insurance premium surcharge paid by all insurance companies, except health and life insurance companies. A portion of these monies are then provided to local governments as supplemental pay for qualified police officers.

HB 461 amends KRS 95A.250 to increase the annual supplemental pay received from the Firefighters Foundation Program Fund (FFPF) from \$3,000 to \$4,000 starting July 1, 2018. The Firefighters Foundation Program Fund is also funded through the collection of the insurance premium surcharge paid by all insurance companies, except health and life insurance companies. A portion of these monies are then provided to local governments as supplemental pay for professional firefighters and qualified volunteer firefighters.

HB 461 provides for administrative expense reimbursement that is equal to 7.65% of the total annual supplement received greater than \$3,100 for each qualified police officer and qualified firefighter to partially cover the cost of administering the payments from the LEFPF subject to a \$525,000 and the FFPF subject to a \$250,000 cap for each fiscal year. The local government may use the reimbursed amount in any manner it deems necessary to partially cover the cost of administering the payments received from the LEFPF and FFPF. If there are insufficient funds for total reimbursement, then the amount shall be prorated to each eligible unit of local government.

HB 461 further amends KRS 95A.262 to increase from \$8,250 to \$11,000 the amount of allotment appropriated for volunteer fire departments in cities of all classes, fire protection districts organized pursuant to KRS Chapter 75, county districts established pursuant to KRS 67.083, and volunteer fire department created as non-profit corporations pursuant to KRS Chapter 273. These funds also originate from the Firefighters Foundation Program Fund.

The fiscal impact of HB 461 on local government is expected to be minimal to moderate regarding law enforcement and firefighter supplemental pay. It would depend on the size of the local police and fire departments, the number of police officers and firefighters employed, and the size of their respective operating budgets.

Supplemental pay is not included when calculating hourly wage rates for scheduled overtime and thus would not affect overtime pay rates.

However, supplemental pay must be included when calculating hourly wage rates for unscheduled overtime, thus increasing the hourly wage rate for overtime pay resulting in minimal to moderate increases in expenditures for local governments. Overtime is calculated at 150% of base pay. With the supplemental pay entering the equation, the basic pay rate per hour increases, and thus overtime liability to the local government would increase proportionately. The employer is required to pay 6.2 % Social Security Tax and 1.45% Medicare tax on the additional pay. However, this amount is equal to the 7.65% reimbursement the local governments will receive. There may be a minor increase on state and federal unemployment taxes that are also required to be paid by the employer.

The Fraternal Order of Police and the Kentucky Firefighters Association both expect this bill to be positive for their respective members. Both organizations cited improved recruitment and retention. Additionally, there is a positive impact to the individual police officer and firefighter due to increased base pay and increased overtime pay. The allotment to individual volunteer departments provides an opportunity to fund additional training.

Part III: Differences to Local Government Mandate Statement from Prior Versions

The Part II above pertains to the bill as introduced. There are not any prior introduced versions of the bill to complete the Part III section.

Data Source(s): LRC Staff

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 1/29/18