



2. Amend KRS 61.990 to subject Trustees who knowingly violate statutes that prohibit Trustees serving who have a conflict of interest (KRS 61.655), or require Trustees act in the best interest of members and beneficiaries of the Systems under a good faith interpretation of the law (KRS 61.650), and require Trustees make informed decisions, act in good faith, and act in the best interest of the Kentucky Retirement Systems (KRS 61.645), to prosecution for a Class D felony.

HB 126 would have **no or minimal fiscal impact on county or school district employers** who contribute to the Systems. It is indeterminable whether requiring the Systems to comply with the Model Procurement Code and other financial administration statutes would have a negative or positive fiscal impact on the two systems, though the requirement would seem to be aimed at saving the Systems money or, at the least, to stem any loss of assets. While current law requires the Board to reimburse out of their System's retirement allowance fund any legal expenses incurred by a trustee resulting from a civil action arising from the performance of the trustee's official duties, there is no requirement for reimbursement of legal expenses resulting from a criminal action arising from those duties. Therefore, creating new felonies would not have a negative fiscal impact on retirement allowance funds or the amount local government employers must pay into them.

The new Class D felonies created by HB 126 could have a **minimal fiscal impact on local jails**. It would likely be rare for a Trustee to be charged with a criminal violation of the amended statutes. However, should that happen, if a court denies bail to a Class D felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case. While the expense of housing inmates varies by jail, each additional inmate increases facility costs by an estimated average of \$31.34 per day, which equals the per diem and medical expenses that the Department of Corrections (DOC) pays jails to house felony offenders. A Class D felon may spend up to 5 years incarcerated. Upon sentencing, a Class D felon is housed in one of Kentucky's full service jails for the duration of his or her sentence. Assuming the felon serves 20%, or one year of his or her sentence, DOC would reimburse the local jail \$11,439.10 (365 days x \$31.34/day). Since the per diem pays for the estimated average cost of housing a Class D felon, the per diem may be less than, equal to, or greater than the actual housing cost. It is unknown whether the reimbursement represents a profit, loss, or breaking even to the local jail.

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

Part II, above, refers to HB 126 as introduced. There is no earlier introduced version of the bill to compare for Part III.

**Data Source(s):** LRC Staff; Kentucky Teachers Retirement System

**Preparer:** Mary Stephens      **Reviewer:** KHC      **Date:** 2/6/19