

The fiscal impact of SB 76 on local governments is indeterminable but likely to be minimally positive. There are currently approximately 1,500 Kentuckians with a disability employed in sheltered workshops at 22 community rehabilitation providers and 2 other facilities in Kentucky. A 2016 census reported the average wage to be \$5.57 per hour with a low of \$.01 per hour and a high of \$9.92 per hour. (These wage figures are speculative because based on time and motion studies of experienced, able-bodied workers to determine the piece rate for a specific job; then, each worker with a disability undergoes the same study to determine the percentage of the market rate they are able to complete. The piece rate is adjusted by that percentage to create an individual piece rate for each worker. This piece rate does not correspond precisely with an hourly wage rate).

It is unknown how many of the workers would leave the sheltered workshop setting for competitive wage jobs in the local community. Those workers who did take jobs in the community would be paid at least minimum wage of \$7.25/hour and so would increase their spending power. Cities and counties that impose an occupational license tax would see an increase in occupational tax revenues based on the increased wages paid workers with a disability. As of 2018, 138 cities and 67 counties in Kentucky impose an occupational license tax (exclusive of Louisville/Jefferson County Metro and Lexington/Fayette Urban–County Government). First class cities may impose a license fee of up to 1.25% on wages; there is no specific statutory maximum on the license fees a home rule city may levy. Counties may impose an occupational license fee of 1% to 1.25% of wages.

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

Part II, above, pertains to SB 76 as introduced. There is no previous introduced version of the bill with which to complete Part III.

Data Source(s): Kentucky Department of Behavioral Health, Division of Developmental and Intellectual Disabilities

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 1/29/19