



**Section 3** of the bill would require that regulations implementing a drug-free workplace program promulgated by the Commissioner of the Department of Insurance include the appeals process to be implemented by public employers, which current law requires be considered in the workers' compensation insurance rate setting process.

SB 83 would have **a minimal to moderate negative fiscal impact on local governments** that have a drug-free workplace policy and procedures, depending on the number of appeals brought. The Pulaski County Attorney reports that in 2017 and 2018 there were only 3 county employees who failed a drug test. It is unknown whether they would have challenged the drug test results in an administrative hearing if one had been available.

According to Consumerlab, a company that tests natural supplements like hemp-based cannabidiol (CBD), around 10% of people who use CBD can test positive for THC, the psycho-active ingredient in marijuana.

Kentucky League of Cities reports there are 40 cities and 22 other public agencies within its workers' compensation insurance pool that have drug-free workplace policies and would be impacted by SB 83.

State law currently excludes local government administrative hearings from application of KRS Chapter 13B, so to comply with SB 83, local governments would need to establish their own Chapter 13B hearings proceedings. Expenses of doing so may include hiring a hearing officer to preside. A government agency head may serve as a 13B hearing officer; alternatively, the agency would have to hire/contract for a hearing officer. In Kentucky, the hourly wage for state administrative hearing officers ranges from \$18.075/hour to \$35.056/hour.

Another expense would be training a hearing officer, whether the agency head or contracted, as each Chapter 13B hearing officer must receive 18 hours initial training and 6 hours training annually.

Other expenses could be expert witness testimony regarding the medical or scientific interpretation of a drug test. The bill does not identify who would represent the local government in an administrative hearing. Such representation, whether by the county attorney, city attorney, or private counsel, would be another expense to the local government.

Local governments would also incur costs in drafting, posting for public notice, and holding public hearings to incorporate the changes required by KRS Chapter 13B into local ordinances.

Kentucky Employers Mutual Insurance Co. anticipates no fiscal impact on local government workers' compensation insurance rates as a result of the bill.

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

Part II, above, pertains to SB 83 as introduced. There is no prior introduced version for comparison in Part III.

**Data Source(s):** Kentucky Employers Mutual Insur. Co., Kentucky Assn. of Counties;  
Kentucky League of Cities; Kentucky County Attorneys Association

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