

Services Program (KRS 205.5605-205.561) would not include referral to, or to secure new employment for a person in, a sheltered workshop where participants are paid less than minimum wage.

The fiscal impact of SB 53 on local governments is indeterminable but likely to be minimally positive. There are currently approximately 1,389 Kentuckians with a disability employed in sheltered workshops at 23 community rehabilitation providers and two 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). This compares to 3,656 Section 14 (c) waiver participants who work in the community with 79% earning minimum wage \$7.25/hour (minimum wage) and up to \$10/hour, 19% earning \$10.01 to \$15/hour, and 2% earning more than \$15/hour.

It is unknown how many of the 1,389 workshop 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 the bill as introduced.

Data Source(s): Department for Behavioral Health, Developmental and Intellectual Disabilities

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 1/16/20