



sick leave, the amount of sick leave provided, and the terms of its use. Employers would not be required to pay employees for unused accrued sick leave on termination.

**Section 2** of the bill would establish a civil penalty of \$500 for each violation of Section 1 by an employer. Each day and each worker affected would constitute a separate offense.

HB 32, “**would have a minimal to moderate negative financial impact on cities**” in the opinion of the Kentucky League of Cities (KLC). KLC reports that most cities provide as much leave time as the bill would require, though time accrues based on length of service rather than hours worked. The bill does not differentiate between full and part-time employees, so local government employers would have to provide paid sick leave to part-time employees and seasonal workers, which few currently do.

KLC offers the following example of potential costs: a part time employee working 30 hours a week would accrue 52 hours of sick leave per year. If the employee is paid \$15/hour (KLC reports that the median wage paid part-time city employees in FY 2020 was \$14.55/hour), the value of that time is \$780, excluding additional direct costs (e.g. Social Security match) or peripheral costs (e.g. coverage during the employee’s absence).

The largest expense would be incurred if a local government violated the act’s requirements. A local government in violation of the Act could be **fined** \$500 for each day of violation, for each employee affected. The median number of employees in a city is 12. If a 12-employee city is found in violation, it could owe as much as \$6,000 for each day of noncompliance. In one 31-day calendar month, the fine could be as much as \$186,000.

KLC reports that record keeping and policy changes to ensure compliance would have a negative fiscal impact on cities. Cities may need to update personnel policies and employee handbooks, which would need to be reviewed and approved by an attorney. KLC believes the legislation could also indirectly negatively impact cities by decreasing the competitiveness of city jobs. KLC explains that cities have historically offered enhanced benefits packages (e.g. pension, leave time, holidays, health insurance, etc.) to recruit and retain employees at lower salaries than the private sector.

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

Part II applies to HB 32 as introduced. There is no prior version for comparison.

**Data Source(s):** Kentucky League of Cities

**Preparer:** Mary Stephens      **Reviewer:** KHC      **Date:** 1/6/21