

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2021 Regular Session**

Part I: Measure Information

Bill Request #: 1260

Bill #: HB 553 HCS 1

Document ID #: 5994

Bill Subject/Title: AN ACT relating to the Kentucky False Claims Act.

Sponsor: Rep. C. Ed Massey

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: Local law enforcement offices; peace officers, courts and jails

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

The fiscal impact of HB 553 HCS is indeterminate and minimal. HB 553 HCS creates new sections of KRS Chapter 15 to establish a False Claims Act with provisions that establish enhanced civil liability and penalties for committing fraud against the state and allows the Attorney General or a private citizen to bring a cause of action on behalf of the state to recover damages with a portion of any proceeds awarded being distributed to the person successfully bringing the action.

HB 553 HCS amends KRS 341.990 to provide criminal sanctions for fraudulent unemployment claims related to the COVID-19 pandemic. The bill provides that such **fraudulent claims are Class D Felony offenses.** The costs associated with Class D felony incarcerations are described below.

When a court denies bail to a Class D felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case in one of Kentucky’s 77 full service jails or three life safety jails. While the expense of housing

inmates varies by jail, each additional inmate increases facility costs by an average cost to incarcerate of \$37.35, which includes the \$31.34 per diem and medical expenses that the Department of Corrections pays jails to house felony offenders. Upon sentencing, a Class D felon is housed in one of Kentucky's full service jails for the duration of his or her sentence. The Department of Corrections pays a jail \$31.34 per day to house a Class D felon. The per diem may be less than, equal to, or greater than the actual housing cost.

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

HB 553 HCS retains the original provisions of HB 553 and amends KRS 341.990 to provide Class D Felony sanctions for fraudulent unemployment claims related to the COVID-19 pandemic. **Costs associated with Class D felony incarceration are described in Part II above.**

Data Source(s): Kentucky Department of Corrections; Kentucky Jailers Association; Kentucky Association of Chiefs of Police. Kentucky Sheriffs Association

Preparer: H. Marks **Reviewer:** KHC **Date:** 3/1/21