

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

Part I: Measure Information

Bill Request #: 448

Bill #: HB 78

Document ID #: 1081

Bill Subject/Title: AN ACT relating to unemployment insurance.

Sponsor: Representative Nima Kulkarni

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

Office(s) Impacted: All

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

HB 78 **Section 1** would amend KRS 341.370 to make eligible for unemployment insurance (“UI”) benefits a worker who leaves work, is unable to work, or is separated from employment due to circumstances arising directly from domestic violence and abuse, dating violence and abuse, sexual assault, or stalking. The worker would be required to provide documentation of domestic or dating violence and abuse, sexual assault, or stalking.

Section 2 of the bill would amend KRS 341.530 to provide that UI benefits paid to a worker under HB 78, that would normally be chargeable to a contributing employer’s unemployment **reserve** account, would instead be paid from the pooled account so long as the employer timely notified the Secretary’s office, in writing, of the circumstances.

The fiscal impact of HB 78 on local governments is indeterminable. HB 78 may result in an increase in the number of UI benefits claimants. For the purpose of this mandate analysis and regarding unemployment benefits, there are two types of local government employers. One type satisfies its obligation to fund UI benefits by contributing a percentage of its total wages (sometimes referred to as the UI “tax”) to a reserve account in the UI fund maintained

by the Cabinet for Education and Workforce Development. The second type the employer does not contribute to the UI fund, but “makes payments in lieu of contributions,” that is, reimburses the UI fund for benefits paid its former employees from the fund. KRS 431.530 mandates that only benefits paid on behalf of a contributing employer may be paid out of the pooled account; benefits paid on behalf of a reimbursing employer must be reimbursed by the employer. HB 78 would not change this requirement. While extending UI benefits to additional claimants as contemplated by HB 78, it shouldn’t increase UI insurance rates payable by contributing employers, it could increase reimbursements due from reimbursing employers.

According to the Kentucky League of Cities (KLC), HB 78 would have a minimal negative impact on a city’s UI premiums, but could have a larger positive financial impact on the potential for workers compensation claims or liability. The presence of victims of domestic violence and abuse, etc. at a workplace increases the probability of violence occurring at the workplace. If an employer is aware of the violence against, or stalking of, its employee and takes no preventive action (for example, by implementing additional security measures), the city might incur workers’ compensation liability if an assault or other injury to the worker or other employees occurred on city property or during the course of the employee’s work. Workers’ compensation claims would be paid by the city and not chargeable to another account. If victims of such violence have the option to leave the workplace and re-locate or otherwise avoid violence at the workplace without sacrificing financial stability, there could be less probability of incidents of violence at the workplace for which an employer might be deemed to have some liability, and so incur a workers’ compensation insurance claim, and increase in premiums.

Relying on the Centers for Disease Control statistics that 1 in 4 women and 1 in 7 men will be victims of domestic violence and abuse, and 1 in 6 women and 1 in 19 men will be victims of stalking during their lifetime, KLC believes HB 78 could allow city employers to protect themselves from potential workers compensation claims or other liability claims if the victims would have recourse to UI benefits if they needed to separate from service to escape victimization.

The Kentucky Association of Counties (KACO) reports that most of its members, including 114 fiscal courts and various other local government entities, do not contribute to the UI trust fund, but participate in KACO’s reimbursing account. Those reimbursing employers would be required to reimburse the UI fund for benefits paid to their former employee victims of domestic or dating violence and abuse, sexual assault, or stalking.

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

Part II applies to HB 78 as introduced. There is no prior version for comparison.

Data Source(s): Education and Workforce Development Cabinet; Kentucky Association of Counties; Kentucky League of Cities

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 2/5/21