

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

Part I: Measure Information

Bill Request #: 1172

Bill #: SB 169 HCS 1

Document ID #: 7014

Bill Subject/Title: AN ACT relating to duty-related disability benefits.

Sponsor: Senator Christian McDaniel

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

Office(s) Impacted: All offices that participate in the retirement systems.

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

SB 169 HCS 1 expands the following definitions in regards to the State Police, Kentucky Employees, and County Employees retirement systems:

The definition of 'dependent child' is expanded to also include a dependent of an individual that becomes totally and permanently disabled due to a line of duty injury or as a single act of violence related to his or her job duties, or becomes disabled due to a nonhazardous duty-related injury.

For members who die in the line of duty or die as a result of a nonhazardous duty-related injury, SB 169 HCS 1 expands the definition of "monthly average pay" to be the higher of a member's monthly compensation rate of pay or the 12-month average compensation earned by the member prior to the date the disabling event occurred or the single act of violence occurred.

SB 169 HCS 1 provides that if the disabling condition is a total and permanent disability disabled due to a line of duty injury as defined in Section 3 of the Act and is eligible for the benefits provided by subsection (5)(a) in that section or as a single act of violence related to his or her job duties, or as a result of a duty-related injury regarding nonhazardous members that could be certified as a hazardous position based on KRS 61.592, the monthly retirement allowance payable shall not be less than 75% of the member's monthly average pay. Additionally, dependent children payments shall not exceed 100% of the member's monthly average pay and the total dependent' children's benefits shall not exceed 25% of the members monthly average pay while the member is living and 40% of the member's monthly average pay after the member's death. All payments shall be divided equally among all dependent children.

Also as a result of a line of duty or duty-related injury as defined in Section 3 of the Act and is eligible for the benefits provided by subsection (5)(a) in that section, the member will have his premium for hospital and medical benefits paid in full as if he or she had completed 240 months of service. These premiums shall be paid for the spouse if the member is disabled and if the member is deceased, the premiums shall be paid for the surviving spouse (if the spouse is also the beneficiary) and for the dependent children as long as the member, beneficiary, or dependent child remains eligible for a monthly retirement benefit.

SB 169 HCS 1 requires that each disability recipient shall annually file with the Authority information on whether payments have ceased or began under the Federal Social Security Act or the Workers' Compensation Act. The Authority shall make any necessary adjustments.

The system shall hire or contract with an investigator regarding potential fraud involving disability benefits with the system. The investigator shall examine potential cases of fraud and conduct spot audits.

The Kentucky Public Pensions Authority shall report to the Public Pensions Oversight Board the number of individuals and payments made to members who become totally and permanently disabled as a result of a line of duty or duty-related injury as defined in Section 3 of the Act and is eligible for the benefits provided by subsection (5)(a) in that section. This data shall be broken down by system and hazardous/nonhazardous classification including a nonhazardous member that could be certified as a hazardous position based on KRS 61.592.

All sections of SB 169 HCS 1 are applicable to the County Employees Retirement System.

The fiscal impact of SB 169 HCS 1 on local governments indeterminable without a review of each entity's fiscal situation and their ability to meet the contribution requirement. If they are not, the impact on the local government is dependent on whether or not the agencies are state-funded; whether or not the agencies, primarily health departments, have taxing authority; and whether or not the local government is fiscally able to make up the difference if the agency is unable to pay their contribution.

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

SB 169 HCS keeps the provision of HB 169 GA and adds the following provisions:

- References Section 3 when defining a disabling condition, and further refers to subsection (5)(a) when determining eligibility for benefits.
- Broadens the definition of a duty-related injury to include nonhazardous members that could be certified as a hazardous position based on KRS 61.592.
- Requires disability recipients to annually inform the Authority regarding payments from the Federal Social Security Act or the Workers' Compensation Act.
- Requires the system to hire an investigator.
- Requires the Kentucky Public Pensions Authority to report to the Public Pensions Oversight Board the number of individuals and payments made to totally and permanently disabled members.

SB 169 GA is identical to SB 169 SCS 1. There are no changes to the prior version.

SB 169 SCS 1 keeps all the provision of SB 169 as introduced and makes Sections 1 thru 8 of SB 169 SCS1 applicable to the County Employees Retirement System.

Data Source(s): LRC Staff, Kentucky Retirement Systems

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 3/11/21