

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2022 REGULAR SESSION**

MEASURE

2022 BR NUMBER 831

HOUSE BILL NUMBER 137 GA

TITLE AN ACT relating to supplemental payments to police officers.

SPONSOR Representative Melinda Gibbons Prunty

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Criminal Justice Training

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Kentucky Law Enforcement Foundation Program Fund

FISCAL ESTIMATES	2021-2022	2022-2023	2023-2024	2023-2024 ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		Indeterminable: > \$360,000	Indeterminable: > \$360,000	Indeterminable (See fiscal explanation)
NET EFFECT		(Indeterminable: > \$360,000)	(Indeterminable: > \$360,000)	Indeterminable (See fiscal explanation)

() indicates a decrease/negative

PURPOSE OF MEASURE: HB 137 GA expands the definition of “police officer” to add various officers as eligible to receive a \$4,000 training incentive payment provided by the Department of Criminal Justice Training (DOCJT) from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). The legislation also requires the KLEFPF to provide reimbursement to the employers of the newly-added officers for Federal Insurance Contributions Act (FICA) tax.

FISCAL EXPLANATION: This legislation could impose significant costs to the KLEFPF. It is not known how many personnel would be added under these provisions as many of the personnel added are at the local level. Each new officer added would increase costs by \$4,000 plus related fringe costs annually. Additionally, the provisions of this legislation extend reimbursement for FICA tax (currently 7.65%) to *some* local employers. Currently, all local units of government employing eligible KLEFPF stipend recipients receive an administrative cost reimbursement of 7.65% on the amount of the stipend in excess of \$3,100 and is capped at \$525,000 annually (KRS 15.460(1)(c)1. and 3.). Therefore, HB 137 GA would provide both the administrative reimbursement and FICA to a subset of local units of government, while all other local units of

government would only receive the administrative reimbursement on \$900 (\$4,000 - \$3,100). To date, there is no known administrative burden shouldered by any employer whose officers receive the training incentive stipend.

Additionally, it is unclear whether this legislation is intended to only capture County Attorney investigators at the local level, the state level, or both; however, only the local portion appear to be captured. Furthermore, County Attorney and Commonwealth's Attorney Offices do not employ any investigators. There are, however, a total of 53 *detectives* under County/Commonwealth's Attorneys in *state* personnel queries (only one of which is employed by County Attorneys). These 53 positions would increase costs by \$353,100 annually, but only if the legislation is amended to reference the correct job title (i.e., Commonwealth's Detective and County Detective). This cost estimate assumes reimbursement for FICA tax, not the administrative reimbursement, is provided. Costs will decrease to \$348,800 if HB 137 GA is not intended to capture Detectives employed on the state side of County Attorney Offices.

Regarding officers serving on joint task forces, it is believed that there are only two individuals who would be captured by these provisions. If enacted, costs to the KLEFPF would increase by \$12,200 annually.

Furthermore, depending on the number of officers these provisions ultimately add as eligible to receive the stipend, the DOCJT may need to employ additional staff, such as Training Instructors, to avoid training delays for its current clientele. On average, a single training instructor costs about \$105,000 annually, including salary and related fringe benefits.

Lastly, it is important to note that expanding the number of eligible KLEFPF participants will impact the County Employees Retirement System in the fact that retired/rehired KLEFPF participants do not trigger employer contributions if the rehiring agency is a sheriff department or police department (i.e., the System will lose contributions it otherwise would receive). An actuarial analysis would provide greater detail as to the potential impact of reduced contributions resulting from these changes.

Based on all of the above, costs will vary significantly depending on the exact number of officers being added to participate in receiving stipend payments, the number of new staff hires the DOCJT will need to accommodate the increase in its clientele, any changes in salary, and/or fringe benefit costs, as well as any other unforeseen cost factors.

DATA SOURCE(S): LRC Staff

PREPARER: Zach Ireland NOTE NUMBER: 72 REVIEW: JAB DATE: 2/21/2022