

The fiscal impact of HB 144 GA on local governments would be minimal on cities and none on counties.

The Kentucky League of Cities (KLC) reports that HB 144 GA would have a minimal positive fiscal impact on many cities by mandating use of the Schedule A of Table A rates instead of the higher Table E rates to calculate employers' reserve account contribution rates. KLC cautions, though, that the short-term savings would likely be offset by long-term cost increases to the unemployment insurance fund that would not be paid for by federal assistance. Any underfunding in the short term will likely need higher rates in the future to make up the difference. The average city reporting any amount of payroll would save a little more than \$3,500 annualized by using Schedule A instead of Schedule E (assuming a 1.1% difference between the rates on each table). Louisville and Lexington could save hundreds of thousands of dollars; though, without knowing what they currently pay the exact benefit cannot be calculated.

The Kentucky Association of Counties (KACO) was also contacted for input regarding the proposal but a response has not been received as of the submission of this Local Government Mandate Statement. However, whereas HB 144 GA is a continuation of HB 413 from the 2021 session, KACO's input for RS 21 HB 413 is provided:

The Kentucky Association of Counties (KACO) reports that KACO and its participating members are a reimbursing unemployment insurance account and do not contribute to the state's pooled account. KACO also sets its own taxable wage base and premium calculations for its members. For these reasons HB 413 would have no fiscal impact on KACO's participating members.

If a response materially different from above is received, the statement will be updated accordingly.

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

Section II, above, pertains to HB 144 GA version. The GA version is the same as the bill introduced. No amendments or substitutes were adopted when the bill passed its chamber of origin.

Data Source(s): LRC staff, Kentucky Association of Counties, Kentucky League of Cities

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 2/1/2022