Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 1667
Bill #: SB 224 GA
Document ID #: 8010
Bill Subject/Title: AN ACT relating to retirement funds of urban-county governments and declaring an emergency.
Sponsor: Senator Donald Douglas
Unit of Government: City County X Urban-County Unified Local
Charter County Consolidated Local Government
Office(s) Impacted: Police and fire retirement pension funds of urban-county governments
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing
Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local

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Sections 5 -8 apply a local mandate to a police and fire retirement fund operated by an urban-county government.

Section 5 requires that the average salary calculation include the salary a member would have otherwise been paid while the member is in receipt of worker's compensation benefits provided the member voluntarily paid to the fund an amount equivalent to the employee contribution established by KRS 67A.510. Section 5 also mandates the urban-county government to make a contribution equivalent to the employer contribution required by KRS 67A.520 if the member elects to make the employee contribution. The provisions of **Section 5** are retroactive and shall apply to all active members who have or have not retired on or after January 1, 2021.

Section 6 precludes any member who converts a service retirement to a disability retirement from requesting to revert back to a service retirement. This would be applicable

to any member who begins receiving disability retirement on or after July 1, 2022, or any member approved for a disability retirement prior to July 1, 2022, but who hasn't reverted back to a service retirement.

Section 7 requires that a member applying for total and permanent occupational disability receive certification that the member's disability is due to an occupational cause from at least two licensed and practicing physicians selected by the board of trustees provided in KRS 67A.360. If the physicians do not concur on the occupational cause, the board with the consent of the member, may grant the member a disability retirement due to a cause other than occupational disability under the provisions of KRS 67A.470.

Section 8 requires the mayor, with the approval of the legislative body, to appoint a member to any vacancy on the board in the event no employee, retiree, or beneficiary is able or willing to serve on the board.

The fiscal impact of SB 224 GA is expected to be minimal. The Lexington-Fayette Urban County Government is the only urban-county government in the Commonwealth. The only agency SB 224 GA will impact is the Lexington-Fayette Urban County Government's (LFUCG) Police and Fire Pension Fund, who had an actuarial review of SB 224 GA completed by Cavanaugh Macdonald Consulting LLC. The review concluded that the proposed changes would have a minimal impact on the actuarial cost of the plan. LFUCG staff stated they don't expect any administrative costs derived from SB 224 GA.

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

Part II, above, pertains to **SB 224 GA** version. The GA version is the same as the introduced version. No amendments or substitutes were adopted when the bill passed its chamber of origin.

Data Source(s): LRC Staff; LFUCG Police and Fire Pension Fund Staff

Preparer: K. Sallee (wb) **Reviewer:** KHC **Date:** 3/17/22