



**The fiscal impact of HB 15 on city and county governments would generally range from none to significantly negative, depending on the number of employees.**

Cities with 50 or more employees must already provide similar leave pursuant to the federal Family and Medical Leave Act (FMLA). These cities, which the Kentucky League of Cities numbers at approximately 60, would see no fiscal impact from HB 15.

Cities with 15-40 employees would see a minimal to moderate negative fiscal impact from the bill. The negative impact would result from overtime paid to other employees to cover unmanned shifts, hiring contract or temporary employment, and the additional administrative, i.e., paperwork and recordkeeping. For example, while leave forms are provided to employers under the FMLA, smaller city employers would need to generate their own certification process and necessary forms if they want their employees to certify the serious health problem of their family member.

The approximately 75 Kentucky cities with five or fewer employees would expect significant negative fiscal impact due to paying overtime or contracting for replacement services. Those cities are most likely to reduce city services without replacement workers.

It is also possible that access to family care leave could have a positive fiscal impact on local government employers. In the area of maternity leave, a compilation of research demonstrates that paid maternity leave has a positive fiscal impact on employers. This research indicates that paid maternity leave increases the likelihood that workers will return to work after childbirth, improves employee morale, has no effect or a positive effect on workplace productivity, and reduces costs to employers due to better employee retention. It may also reduce government spending on public assistance and increase labor force participation, resulting in economic gains that generate a larger tax base and increased consumer spending. The same could hold true for employees who are able to take leave, including unpaid leave, to care for a newborn or a seriously ill family member and know they have a job to return to. This could result in greater employee retention, thereby saving employers costs of hiring and training replacement employees.

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

Part II applies to HB 15 as introduced. There is no prior bill for comparison.

**Data Source(s):** Kentucky League of Cities

**Preparer:** Mary Stephens (RB) **Reviewer:** KHC **Date:** 1/23/23