Local Government Mandate Statement
Kentucky Legislative Research Commission
2021 Regular Session

Part I: Measure Information

Bill Request #: **1108**

Bill #: HB 280

Document ID #: 2034

Bill Subject/Title: AN ACT relating to employment provisions for employees on parental leave.

Sponsor: Representative Josie Raymond

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

Office(s) Impacted: All offices in a local government with 50 or more employees

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 Government

HB 280 would create a new section of KRS Chapter 337 requiring an employer with 50 or more employees to provide 12 weeks of paid leave to employees who give birth to a child, including by surrogate, or who adopt a child under age six, if employed by the employer for at least 1 year. The requirements would apply to new fathers also.

HB 280 would have a minimal to moderate negative fiscal impact on cities with 50 or more employees. The most recent information provided by the Kentucky League of Cities shows that in the 2017-2018 fiscal year there were approximately 51 cities in Kentucky with 50 or more employees. These 51 cities provide paid accrued vacation, sick, and (some) personal leave but not parental leave.

HB 280 would require the employer to provide the 12 weeks of paid leave to the employee irrespective of the employer's leave policies. An employee may voluntarily waive the paid parental leave by returning to work before the 12 weeks have elapsed.

Employee wages and benefits amounts are already budgeted; additional costs could be incurred if the employer hires temporary replacement for the employee that is on maternity or paternity leave, or must pay for overtime earned by co-workers covering the duties of the employee on parental leave. Most research and anecdotal evidence indicates that local government employers do not typically hire temporary workers when employees are on leave, but rather assign their work to other employees or otherwise “make do” while temporarily less than fully staffed. In addition, approximately 60% of cities with 50 or more employees allow their employees to earn compensatory time for overtime worked, rather than paying them overtime wages.

Research indicates that paid parental leave has a positive fiscal impact on employers. The 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 cities to which HB 280 would apply that have statutory authority to impose an occupational license tax may see an increase in tax collections since employees on parental leave would be receiving a paycheck rather than being on leave without pay.

HB 280 refers simply to “employees,” making no distinction between full-time and part-time, or temporary and permanent employees. Part-time employees do not receive paid leave benefits, but they might qualify for paid parental leave under this bill. Although the bill requires employment of longer than one year, it does not say continuous employment.

Cities may need to redo personnel policies and their employee handbook, which would need to be reviewed and approved by their city attorney. HB 280 could result in local governments incurring costs to publish, hold hearings on, and print new personnel ordinances. According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting an ordinance is influenced by its complexity and the amount of research that is necessary. In FY 2020, the average hourly rate was estimated at $107 to $117. Therefore, these costs are unknown in regards to updating personnel ordinances; however cities are required to update ordinances every 5 years, so this update might be completed during that time frame.

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

Part II applies to HB 280 as introduced.

Data Source(s): Kentucky League of Cities; LRC Staff

Preparer: Ryan Brown (MS) **Reviewer:** KHC **Date:** 2/21/23