



of the Act, as well as any deductions made in accordance with them, must comply with the relevant sections of the Act.

**Section 5** requires any employee who is a member of a labor organization to submit a written request every year to maintain their membership status or risk having their membership lapse. The section also requires labor organizations to make financial records detailing their quarterly expenses available to all members on an annual basis. **Section 6** requires the payroll notification card or voucher of a state public employee to follow the rules of Section 2, if that employee has a deduction from their wages for labor organization or union dues. **Section 7** amends KRS 161.158 to prohibit district boards of education from deducting membership dues of an employee organization, membership organization, or labor organization in contracts entered into, opted in, extended or renewed on or after January 9, 2017. Existing statues allows the deduction of such dues if the employee gives their express written consent, which may be revoked in writing at any time by the employee. **Section 8** amends KRS 164.365 to prevent the governing board of the Kentucky Community and Technical College System from allowing any deduction from an employee's paycheck for employee membership organizations, if such deductions are intended to fund any political activity for a labor organization. **Section 9** stipulates that any employer or labor organization that violates Section 2 through 8 of the Act shall be assessed a civil penalty of \$100 to \$1,000.

**HB 364 would likely have an uncertain negative fiscal impact on local governments.** Local public employers not already in compliance with provisions of the bill would need to make changes to their payroll system to ensure that deductions relating to labor organizations or political activities are not withheld from public employee earnings without written authorizations. Making these changes would likely force local governments to incur costs doing so, but the exact fiscal effect is not known.

If the public employer contested any civil penalties assessed within Section 9, then the local government would incur costs of litigation. According to Kentucky League of Cities, most cities, especially smaller ones, retain a city attorney on contract and pay on an hourly basis. In FY 2020, the average hourly rate was \$107. Because of many variables related to the difference in hourly rates, lack of complete data, complexity of lawsuits, final dispositions, and appeals, the costs of defending a lawsuit to contest the civil penalties is unknown, but could be significant.

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

Part II refers to HB 364 as introduced.

**Data Source(s):** LRC staff

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