

Section 4 would exempt from the prohibition deductions authorized by state or federal law, or deductions in accordance with a joint agreement or collective bargaining contract or otherwise made before the effective date of the bill. **Section 5** of SB 7 GA would amend KRS 336.990 to establish that a public employer or labor organization that violates the provisions of the bill shall be assessed a civil penalty between \$100 and \$1,000 for each violation. **Section 6** would declare an emergency and establish that SB 7 GA is effective on passage and approval by the governor, or upon its otherwise becoming law.

SB 7 GA would have a minimal fiscal impact on local governments. According to the Kentucky League of Cities, only 11 cities formally engage in collective bargaining with at least one union. Louisville and Lexington have the most employees and they each recognize unions for many of their workers.

SB 7 GA would have a minimal negative administrative impact by requiring cities that recognize unions to solicit and maintain written authorization from the employee for those deductions. As a result, the city would need to retain additional personnel records and manage withholdings much more on an individual basis instead of department-wide.

It can be argued that the city would also need to determine whether the union uses the dues collected to perform political activities, which are defined broadly in SB 7 GA; if so, the city might be forbidden from collecting those dues. This could require a certification process with the unions that might require additional forms and paperwork, and would likely eliminate the ability of cities to collect and remit those fees from paychecks.

If the public employer contested any civil penalties assessed within Section 5 (2)(e), 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 applies to SB 7 GA. The GA version is the same as the introduced version. SB 7 passed its chamber of origin without amendments or substitutes.

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

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