

payable due to separation from employment as a result of violence. **Section 5** of the bill would amend KRS 341.550 to establish that benefits paid into the pooled account by an employer or paid to an employee under this Act as a result of violence would not impact the employer's experience rating regarding the employer's unemployment insurance tax rate.

HB 118 **Section 6** would create a new section of KRS Chapter 341 to authorize the secretary to promulgate regulations establishing the process for filing an unemployment insurance claim based on the circumstances described in Section 1 (6) of the bill, including appeals, detection of fraudulent claims, and educating both the employer and employee regarding the process. It further provides that the employer would not be considered a party to the claim, would not be allowed to challenge or appeal benefits paid to an employee, and requires the employee's consent before the employer may release evidence regarding the employee's relationship or the incident(s) of violence that caused the separation from work.

The fiscal impact of HB 118 on local governments is indeterminable. HB 118 may result in an increase in the number of Unemployment Insurance (UI) benefits claimants.

For the purpose of this mandate analysis and regarding unemployment benefits, there are two types of employers, including local government employers. One type satisfies its obligation to fund UI benefits by contributing a percentage of its total wages (sometimes referred to as the UI "tax") to a reserve account in the UI fund maintained by the Cabinet for Education and Workforce Development. Since the bill provides that the employer's reserve account would not be charged for unemployment benefits paid as a result of separation resulting from domestic violence nor impact an employer's experience rating the fiscal impact on local governments that participate in in this account would be minimally impacted by the bill, if at all. The second type of employer does not contribute to the UI fund, but "makes payments in lieu of contributions," that is, reimburses the UI fund for benefits paid its former employees from the fund. KRS 431.530 mandates that only benefits paid on behalf of a contributing employer may be paid out of the pooled account; benefits paid on behalf of a reimbursing employer must be reimbursed by the employer. HB 118 would not change this requirement. While extending UI benefits to additional claimants, HB 118 would not increase UI insurance rates paid by contributing employers. However, it would increase reimbursements due from reimbursing employers.

According to the Kentucky League of Cities (KLC), HB 118 would have a minimal negative impact on a city's UI premiums, but could have a larger positive financial impact on the potential for workers compensation claims or liability. The presence of victims of domestic violence and abuse, etc. at a workplace increases the probability of violence occurring at the workplace. If an employer is aware of the violence against, or stalking of, its employee and takes no preventive action (for example, by implementing additional security measures), the city might incur workers' compensation liability if an assault or other injury to the worker or other employees occurred on city property or during the course of the employee's work. A successful workers' compensation claim would be paid by the city and not chargeable to another account. If victims of such violence have the option to

leave the workplace and re-locate or otherwise avoid violence at the workplace without sacrificing financial stability, there could be less probability of incidents of violence at the workplace for which an employer might be deemed to have some liability, and so incur a workers' compensation insurance claim, and increase in premiums.

Relying on the Centers for Disease Control statistics that 1 in 4 women and 1 in 7 men will be victims of domestic violence and abuse, and 1 in 6 women and 1 in 19 men will be victims of stalking during their lifetime, KLC believes HB 118 could allow city employers to protect themselves from potential workers compensation claims or other liability claims if the victims would have recourse to UI benefits if they needed to separate from service to escape victimization.

The Kentucky Association of Counties (KACo) reports that most of its members, including 114 fiscal courts and various other local government entities, do not contribute to the UI trust fund, but participate in KACo's reimbursing account. Those reimbursing employers would be required to reimburse KACo's account for benefits paid to their former employee victims of domestic or dating violence and abuse, sexual assault, or stalking.

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

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