

Local Government Mandate Statement
Kentucky Legislative Research Commission
2024 Regular Session

Part I: Measure Information

Bill Request #: 1475

Bill #: HB 196

Document ID #: 2700

Bill Title: AN ACT relating to earned paid sick leave.

Sponsor: Representative Cherlynn Stevenson

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

Office(s) Impacted: All local government offices

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 196, Section 1 would create a new section of KRS Chapter 337 requiring that employers provide earned paid sick leave to each employee in Kentucky. Paid sick leave would begin accruing at date of hire or effective date of the Act, and accrue at 1 hour of sick leave for every 30 hours worked. Employees who are exempt from overtime requirements would be assumed to work 40 hours a week, unless their normal work week is less than that, in which case sick leave would accrue based on the normal work week.

The bill would establish that an employee may use accrued sick leave for the diagnosis, care, medical treatment of, or recovery from a mental or physical illness, injury, or other health condition of the employee or the employee’s child, parent, or spouse. Accrued sick leave could apply to time needed for medical care or legal proceedings due to domestic violence against the employee, the employee’s child, parent, or spouse. Employers would be required to provide notice to employees at the time of hiring of the employee’s right to earn paid sick leave, the amount of sick leave provided, and the terms of its use.

If the employer has fewer than 10 employees it would not be required to allow employees to carry forward more than 40 hours of sick leave from one year to the next; if the employer has 10 or more employees the employees need not be allowed to carry forward more than 72 hours. Employers would not be required to pay employees for unused accrued sick leave on termination.

Section 2 of the bill would establish a civil penalty of \$500 for each violation of Section 1 by an employer. Each day and each worker affected would constitute a separate offense.

HB 196 would have a minimal to moderate negative financial impact on cities.

Kentucky League of Cities (KLC) reported that most cities already provide as much leave time as the bill would require, though time accrues based on length of service rather than hours worked. The bill does not differentiate between full and part-time employees, so local government employers would have to provide paid sick leave to part-time employees and seasonal workers, which few currently do.

KLC offers the following example of potential costs: a part-time employee working 30 hours a week would accrue 52 hours of sick leave per year. If the employee is paid \$15/hour, the value of that time is \$780, excluding additional direct costs (e.g., Social Security match) or peripheral costs (e.g., coverage during the employee's absence).

A local government in violation of the Act could be fined \$500 for each day of violation, for each employee affected. The median number of employees in a city is 12. If a 12-employee city is found in violation, it could owe as much as \$6,000 for each day of noncompliance.

KLC reports record keeping and policy changes to ensure compliance would have a negative fiscal impact on cities. Cities may need to redo personnel policies and their employee handbook, which would need to be reviewed and approved by their city attorney. Currently, the average salary paid by a city to a retained attorney was estimated at \$117-\$128/hour.

KLC believes the legislation could also indirectly negatively impact cities by decreasing the competitiveness of city jobs. Cities have historically offered enhanced benefits packages (e.g., pension, leave time, holidays, health insurance, etc.) to recruit and retain employees at lower salaries than the private sector.

Data is insufficient to confirm, but it can be assumed the bill would have a similar fiscal impact on county government employers.

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

Preparer: Brandon White (MS) **Reviewer:** KHC **Date:** 1/10/24