

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2025 Regular Session**

Part I: Measure Information

Bill Request #:	378	Bill #:	HB 107
Document ID #:	1012	Sponsor:	Nima Kulkarni
Bill Title:	AN ACT relating to unemployment insurance.		

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

Office(s) Impacted: All with employees

Requirement: Mandatory Optional

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

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

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

Section 1 (6) would amend KRS 341.370 to establish that a worker may **not** be disqualified from receiving unemployment insurance benefits if he or she leaves work, is unable to work, or separated from employment due to circumstances directly resulting from domestic violence and abuse, or from dating violence and abuse, sexual assault, or stalking under circumstances involving fear of harm, the need to relocate for safety, or concern for future safety and health (hereinafter all scenarios will be referred to as violence).

The worker claiming unemployment benefits would be required to provide documentation of violence, for example, police and court records, a sworn statement by the worker, or other documentation as provided by a shelter, attorney, clergy, or medical professional, or any other professional from whom the worker has sought assistance.

Section 2 would create a new section of KRS 341 to require the secretary of the Education and Labor Cabinet 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 a special filing, verification, review, determination, and appeals process; a confidential verification process for detecting fraudulent claims; and a process for creating and disseminating educational materials for both employers and workers explaining 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.

Section 3 (6) would amend KRS 341.125 to require the secretary to establish a program to train employees involved in the processing of unemployment insurance claims on issues related to violence and would require the secretary to provide an annual report to the Legislative Research Commission for referral to the Interim Joint Committee on Economic Development and Workforce Investment detailing the number of claims made under Section 1 (6) of the bill.

Section 5 of the bill would amend KRS 341.530 to provide that any benefits paid for reasons related to violence would be paid from the Education and Labor Cabinet's pooled account for contributing employers and not from the employer's reserve account. No reserve account would be charged for benefits payable due to separation from employment as a result of violence.

Section 6 (4) 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 Section 1 (6) of the bill as a result of violence would not impact the employer's experience rating regarding the employer's unemployment insurance tax rate.

The fiscal impact of HB 107 on local governments is indeterminable. The bill 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. The bill would not change this requirement. While extending UI benefits to

additional claimants, the bill would not increase UI insurance rates paid by contributing employers. However, it would increase reimbursements due from reimbursing employers.

Additionally, under KRS 341.530 the pooled account pays for benefits related to a state or federal emergency. These funds are required to be accounted for separately to allow for reimbursement from the federal government; however, this separate accounting does not apply to benefits payable under Section 1(6).

The Kentucky League of Cities (KLC) believes that HB 107, as proposed, may have both negative and positive financial impacts on cities. While it could result in a minimal increase in UI premiums, it may also reduce the potential for workers' compensation claims or liability related to workplace violence stemming from the victim's continued presence at work. If an employer is aware of past violence and the potential for future incidents but fails to take preventative measures—such as implementing additional security protocols—the city could face increased liability if an adverse event occurs on city property or during the employee's work duties.

However, providing affected employees with the option to relocate or work from home without a loss of salary or benefits could mitigate these risks by reducing the likelihood of workplace incidents. While increased employer liability for employees who have experienced domestic or sexual abuse may lead to higher insurance premiums, the overall fiscal impact on local governments is expected to be minimal.

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

Preparer: AS **Reviewer:** BW (MDA) **Date:** 2/6/25