

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

Part I: Measure Information

Bill Request #:	437	Bill #:	HB 30/SCS 1
Document ID #:	6246	Sponsor:	Representative John C. Blanton
Bill Title:	AN ACT relating to pension spiking in the Kentucky Public Pensions Authority.		

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

Office(s) Impacted: Any with employees participating in the Kentucky Employees Retirement System, the County Employees Retirement System, or the State Police Retirement System

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 of HB 30/SCS 1 would amend the definition of “bona fide career advancement” in KRS § 61.598 to include increases in compensation authorized or funded by a legislative or administrative body, or increases mandated by a collective bargaining agreement. In general, if an employee retiring from the Kentucky Employees Retirement System, the County Employees Retirement System, or the State Police Retirement System has an increase in their yearly creditable compensation during the last five years of employment that is more than 10% higher than their compensation from the previous year, the excess amount will not be counted when calculating their monthly retirement allowance (referred to as “pension spiking”). As allowed by current law, there are specific exceptions to the rule limiting pension spiking, including an employee’s “bona fide promotion or career advancement.” HB 30/SCS 1 would extend the definition of bona fide career advancement to include situations where increases in compensation occur on a group-wide basis, such

as pay adjustments that apply to all employees in a specific class or category, rather than being tied to individual promotions or advancements.

Section 2 would amend KRS 16.198 to require Kentucky State Police to establish vacation, bereavement, and sick leave for certain employees.

The fiscal impact of HB 30/SCS 1 is indeterminable, but expected to be negligible.

The Kentucky Public Pensions Authority (KPPA) reports that the legislation is not expected to result in any change in employer costs. According to the Kentucky Association of Counties (KACo), all Kentucky counties participate in the County Employees Retirement System. KACo states that while the fiscal impact of this legislation on counties cannot be determined, it is anticipated to be minimal. Additionally, The Kentucky League of Cities (KLC) states that it believes HB 30/SCS 1, as proposed, would have no fiscal impact on Kentucky cities.

Section 2 of the bill would only apply to Kentucky State Police and would not impact local governments.

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

Preparer: AS **Reviewer:** MS (MDA) **Date:** 3/6/25