

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

**Part I: Measure Information**

<b>Bill Request #:</b>	229	<b>Bill #:</b>	SB 10
<b>Document ID #:</b>	3464	<b>Sponsor:</b>	Senator Robert Mills
<b>Bill Title:</b>	AN ACT relating to retiree health provisions of the County Employees Retirement System.		

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

Office(s) Impacted:    Any local government agencies that participate in the County Employees Retirement System (CERS)

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**

SB 10 would amend KRS 78.5536 to increase the retiree health subsidy benefit for County Employees Retirement System (CERS) members (county employees) who began participating on or after July 1, 2003, and are eligible for a fixed-dollar retiree health subsidy not tied to the premium. The bill would raise the benefit to \$40 a month for non-hazardous CERS service and \$50 a month for hazardous CERS service, effective January 1, 2026. These increases would only be payable when a member is not eligible for Medicare benefits and only if they have met certain year-of- service thresholds at retirement. In order for the member to be eligible for the proposed increase in the insurance dollar benefit, the member would need to meet the following career threshold requirements:

- (1) 20 years of service for a hazardous Tier 1 member;
- (2) 25 years of service for a hazardous Tier 2 or Tier 3 member; and
- (3) 27 years of service for a non-hazardous member.

The legislation also would increase the insurance member contribution rate for hazardous CERS members from 1% of pay to 2% of pay, effective July 1, 2026, and would extend the required member contribution to CERS members hired on or after July 1, 2003 but prior to September 1, 2008 for both non-hazardous and hazardous members.

**The fiscal impact of SB 10 is indeterminable but would likely be moderate to significant for local governments, specifically counties.**

The increase in the health subsidy would result in higher long-term costs for local governments that fund CERS. Some of these expenses would be mitigated by the employee contributions and the expansion of the employee contribution requirement to those who began participating in July 2003. The exact impact would vary from county to county. It would be dependent upon the number of employees in each county who participate in CERS.

Input was sought from the Kentucky Association of Counties, Kentucky League of Cities, and the Kentucky Public Pension Authority to prepare this mandate. If information is received from these organizations, this mandate statement may be amended.

**Data Source(s):** LRC Staff; GRS Consulting

**Preparer:** AS **Reviewer:** MS (MDA) **Date:** 2/17/25