

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

Part I: Measure Information

Bill Request #:	229	Bill #:	SB 10/GA
Document ID #:	5238	Sponsor:	Senator Robert Mills
Bill Title:	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 GA 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 contribution rate for insured hazardous CERS employees from 1% of pay to 2% of pay, effective July 1, 2026, and would apply the required contribution to insured CERS employees hired on or after July 1, 2003, but prior to September 1, 2008, for both non-hazardous and hazardous employees.

The fiscal impact of SB 10 GA 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:** 2/25/25