

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	1342	Bill #:	HB 265 SCS 1
Document ID #:	8647	Sponsor:	Representative Michael Meredith
Bill Title:	AN ACT relating to regulatory authorizations by the commissioner of insurance.		

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

Office(s) Impacted: Those seeking to form self-insured workers' compensation insurance groups; cities with ordinances prohibiting dissolution of self-insured plans; county clerks

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

HB 265 SCS **Section 1** would establish a new section of KRS Chapter 299 to authorize a solvent insurance company transacting business under the cooperative or assessment plan (i.e. a group self-insured plan), to voluntarily dissolve in accordance with the requirements of Section 1. Those requirements include filing articles of dissolution with the Secretary of State in the office of the county clerk where the company's principal place of business is or was located.

Section 2 would amend KRS 304.50-010 to prohibit new workers' compensation self-insured groups forming on and after July 15, 2027. Those authorized prior to July 15, 2027 would be allowed to continue in accordance with the Act.

The Act would not prohibit a new group joining an established workers' compensation cooperative or assessment plan.

The fiscal impact of HB 265 SCS 1 on local governments is indeterminable but expected to range from none to minimal.

The fiscal impact of HB 265 SCS 1 is unchanged from the fiscal impact of the bill as introduced. The bill does not require that insurance companies dissolve. If they choose to do so, the bill requires filing the articles of dissolution of the company with the Secretary of State (SOS) at a cost of \$40. The articles would be filed in the office of the county clerk of the county where the company's principal place of business was located for a fee of \$30 for the first 5 pages and \$3 per each page in excess of five pages. If this bill goes into effect, it is unknown how many companies would choose to dissolve or in which counties they would be located, therefore, the amount county clerks would earn from these fees is indeterminable.

A local government may need to amend its ordinances if the self-insured workers' compensation group plan of which it is a member dissolves. If so, they will incur costs associated with the drafting, publication, indexing and recording of adopted ordinances. According to Kentucky League of Cities, most cities, especially smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting an ordinance is influenced by its complexity and the amount of research necessary. In 2024, the estimated average salary paid by a city to a retained attorney was approximately \$117 to \$128 per hour. Rates for posting legal notices in the newspaper vary greatly depending on the length of the publication, the number of times it needs to be published and the newspaper in which the publication is placed. Therefore, these costs are unknown.

The Kentucky Association of Counties and Kentucky League of Cities believe HB 265 SCS 1 would have no fiscal impact on the workers' compensation insurance group plans it provides to its members.

Data Source(s): Kentucky League of Cities; Kentucky Association of Counties

Preparer: MS **Reviewer:** AS (MDA) **Date:** 3/18/26