

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

Part I: Measure Information

Bill Request #:	BR 287	Bill #:	HB 771
Document ID #:	568	Sponsor:	Representative Beverly Chester-Burton
Bill Title:	AN ACT relating to earned paid sick leave.		

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

Office(s) Impacted: All local government employers that currently do not offer earned paid sick leave to their employees and government employers that offer sick leave that does not comply with the requirements of BR 287

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 771, Section 1 would create a new section of KRS Chapter 337 requiring employers provide earned paid sick leave to each employee in Kentucky. Paid sick leave would begin accruing at date of hire or effective date of the Act, whichever is later, and accrue at 1 hour of sick leave for every 30 hours worked. Employees who are exempt from overtime requirements would be assumed to work 40 hours a week, unless their normal work week is less than that, in which case sick leave would accrue based on the normal work week.

The bill would establish that an employee may use accrued sick leave for the diagnosis, care, medical treatment of, or recovery from a mental or physical illness, injury, or other health condition of the employee or the employee’s child, parent, or spouse. Accrued sick leave could apply to time needed for medical care or legal proceedings due to domestic violence against the employee, the employee’s child, parent, or spouse. Employers would be required to provide notice to employees at the time of hiring of the employee’s right to

earn paid sick leave, the amount of sick leave provided, and the terms of its use. An employer may require employees provide notice up to 7 days prior to using sick leave, or as soon as practicable if not foreseeable. An employer would comply with HB 771 if they offer any other fully paid leave.

If the employer has fewer than 10 employees it would not be required to allow employees to accrue, or to carry forward, more than 40 hours of sick leave from one year to the next; if the employer has 10 or more employees the employees need not be allowed to carry forward more than 72 hours. Employers would not be required to pay employees for unused accrued sick leave on termination.

Section 2 of the bill would establish a civil penalty of \$500 for each violation of Section 1 by an employer. Each day and each worker affected would constitute a separate offense.

HB 771 would have a minimal to moderate negative fiscal impact on cities. Kentucky League of Cities (KLC) reports that most cities already provide as much leave time as the bill would require, though time accrues based on length of service rather than hours worked. The bill does not differentiate between full and part-time employees, so local government employers would have to provide paid sick leave to part-time employees and seasonal workers, which few currently do. KLC offers the following example of potential costs: a part-time employee working 30 hours a week would accrue 52 hours of sick leave per year. If the employee is paid \$15/hour, the value of that time is \$780, excluding additional direct costs (e.g., Social Security match) or peripheral costs (e.g., coverage during the employee's absence). A local government in violation of the Act could be fined \$500 for each day of violation, for each employee affected. The median number of employees in a city is 12. If a 12- employee city is found in violation, it could owe as much as \$6,000 for each day of noncompliance. KLC reports record keeping and policy changes to ensure compliance would have a negative fiscal impact on cities. Cities may need to redo personnel policies and their employee handbook, which would need to be reviewed and approved by their city attorney. Currently, the average salary paid by a city to a retained attorney was estimated at \$117- \$128/hour.

KLC believes the legislation could also indirectly negatively impact cities by decreasing the competitiveness of city jobs. Cities have historically offered enhanced benefits packages (e.g., pension, leave time, holidays, health insurance, etc.) to recruit and retain employees at lower salaries than the private sector. Data is insufficient to confirm, but it can be assumed the bill would have a similar fiscal impact on county government employers

Data Source(s): LRC staff, Kentucky League of Cities

Preparer: MS **Reviewer:** BW (MDA) **Date:** 1/5/26