



commissioner of revenue shall have the sole authority to adjust the rate. The current surcharge per \$100 of premiums is \$1.80.<sup>3</sup>

Section 1 of HB 434 amends KRS 136.192 by removing the ratemaking authority from the commissioner and placing it in the General Assembly.

### **Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost**

#### **The Fiscal Impact of HB 434 on law enforcement and fire departments is unknown but likely to be negative.**

The Fraternal Order of Police and the Kentucky Firefighters Association expect the proposal to have a significant negative impact on law enforcement and fire departments throughout the state.<sup>4</sup> It is their concern that if the discretion to adjust the surcharge is placed in the hands of the legislature, then any necessary increases to the surcharge to pay for increased training costs may never occur again.<sup>5</sup> Increased personnel and additional Homeland Security training requirements are among the factors that will raise training costs.<sup>6</sup>

Neither the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) nor the Kentucky Firefighters Foundation Program Fund (KFFPF) receives any general fund appropriations.<sup>7</sup> Instead, the funds are supported by the insurance surcharge. The money collected through the surcharge is allocated amongst the state's local law enforcement and volunteer and professional firefighting agencies as an annual training allowance and as a supplement for workers compensation.<sup>8</sup>

**Data Source(s):** Kentucky Fraternal Order of Police; Kentucky Firefighters Association, Kentucky Law Enforcement Council; LRC Staff; Kentucky Department of Revenue.

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<sup>3</sup> Department of Revenue website, revenue.ky.gov/business/Insprem (accessed March 2, 2105).

<sup>4</sup> February 19, 2015 emails from the Fraternal Order of Police and the Kentucky Firefighters Association.

<sup>5</sup> February 23, 2015 email from the Fraternal Order of Police.

<sup>6</sup> February 23, 2015 email from the Kentucky Firefighters Association.

<sup>7</sup> *Id.*; February 23, 2015 telephone conversation with Ken Schwendeman of the Kentucky Law Enforcement Council; See also, 503 KAR 5:100 Section 2(3)(f).

<sup>8</sup> *Id.*; February 24, 2015 telephone conversation with the Kentucky Firefighters Association; February 24, 2015 email from Mr. Schwendeman; See also, KRS 95A.262(2).