

HB 140 SCS 1 amends KRS 15.460 to increase the annual supplemental pay received from the Kentucky Law Enforcement Foundation Program Fund (LEFPF) from \$3,000 to \$4,000 starting July 1, 2018. The Kentucky Law Enforcement Foundation Program is funded through the collection of the insurance premium surcharge paid by all insurance companies, except health and life insurance companies. A portion of these monies are then provided to local governments as supplemental pay for qualified police officers. In addition to the supplemental pay and as it pertains to police officers only, each unit of local government shall receive the associated fringe benefit costs for the supplement limited to retirement plan contributions and the federal insurance contributions act tax.

HB 140 SCS 1 includes any officer sanctioned by the Tourism, Arts, and Heritage Cabinet including Kentucky Horse Park mounted patrol officers and Kentucky state park rangers in the Law Enforcement Foundation Program Fund.

In order to receive disbursements from the LEFPF, the local government must follow all laws regarding disciplinary procedures for its officers. However, HB 140 SCS 1 does not allow:

- the Department of Criminal Justice Training, the Justice and Public Safety Cabinet, or the council to investigate, judge, or exercise any control or jurisdiction regarding disciplinary procedures of a local government regarding its officers.
- the creation of a private right of action for any police officer regarding the agency's participation in the LEFPF
- termination of an agency's participation in the LEFPF due to any cause of action brought by a police officer against a local government,
- prevention of the adoption, amendment, or repeal of any laws related to disciplinary procedures of a local government's police officers.

HB 140 SCS 1 amends KRS 95A.250 to increase the annual supplemental pay received from the Firefighters Foundation Program Fund (FFPF) from \$3,000 to \$4,000 starting July 1, 2018. The Firefighters Foundation Program Fund is also funded through the collection of the insurance premium surcharge paid by all insurance companies, except health and life insurance companies. A portion of these monies are then provided to local governments as supplemental pay for professional firefighters and qualified volunteer firefighters.

HB 140 SCS 1 provides for administrative expense reimbursement that is equal to 7.65% of the total annual supplement received greater than \$3,100 for each qualified police officer and qualified firefighter to partially cover the cost of administering the payments from the LEFPF which are subject to a \$525,000 cap and the FFPF which are subject to a \$250,000 cap for each fiscal year. The local government may use the reimbursed amount in any manner it deems necessary to partially cover the cost of administering the payments received from the LEFPF and FFPF. However, if there are insufficient funds for total reimbursement, then the amount shall be prorated to each eligible unit of local government.

HB 140 SCS 1 further amends KRS 95A.262 to increase from \$8,250 to \$11,000 the amount of allotment appropriated for volunteer fire departments in cities of all classes, fire protection districts organized pursuant to KRS Chapter 75, county districts established pursuant to KRS 67.083, and volunteer fire department created as non-profit corporations pursuant to KRS Chapter 273. These funds also originate from the Firefighters Foundation Program Fund.

HB 140 SCS 1 expands the definition of “violent offender” to include a Class B felony involving criminal attempt to commit murder if the victim of the offense is a clearly identifiable peace officer or firefighter acting in the line of duty, regardless of whether an injury results.

The effective date of HB 140 SCS 1 is July 1, 2018.

The fiscal impact of HB 140 SCS 1 on local government is expected to be minimal to moderate regarding law enforcement and firefighter supplemental pay. It would depend on the size of the local police and fire departments, the number of police officers and firefighters employed, and the size of their respective operating budgets.

Supplemental pay is not included when calculating hourly wage rates for scheduled overtime and thus would not affect overtime pay rates. However, supplemental pay must be included when calculating hourly wage rates for unscheduled overtime, thus increasing the hourly wage rate for overtime pay resulting in minimal to moderate increases in expenditures for local governments. Overtime is calculated at 150% of base pay. With the supplemental pay entering the equation, the basic pay rate per hour increases, and thus overtime liability to the local government would increase proportionately. The employer is required to pay 6.2 % Social Security Tax and 1.45% Medicare tax on the additional pay. However, this amount is equal to the 7.65% reimbursement the local governments will receive. There may be a minor increase on state and federal unemployment taxes that are also required to be paid by the employer.

The Fraternal Order of Police and the Kentucky Firefighters Association both expect this bill to be positive for their respective members. Both organizations cited improved recruitment and retention. Additionally, there is a positive impact to the individual police officer and firefighter due to increased base pay and increased overtime pay. The allotment to individual volunteer fire departments provides an opportunity to fund additional training.

Part III: Differences to Local Government Mandate Statement from Prior Versions

HB 140 SCS 1 made the following changes to HB 140 GA as passed by the House:

- Includes Kentucky Horse Park mounted patrol officers and Kentucky state park rangers in the Law Enforcement Foundation Program.
- Defines “police department” and “retirement plan”.
- Restricts the amount of fringe benefit reimbursement received from the LEFPF to retirement plan contributions and the federal insurance contributions act tax.
- Includes any peace officer sanctioned by the Tourism, Arts, and Heritage Cabinet in the Law Enforcement Foundation Program Fund.

- The definition of “violent offender” is expanded to include a Class B felony involving criminal attempt to commit murder if the victim of the offense is a clearly identifiable peace officer or firefighter acting in the line of duty, regardless of whether an injury results.
- Changes the effective date to July 1, 2018.

The LM statement to HB 140 GA is the same as HB 140 HCS. The House adopted the HCS along with a Title Amendment.

HB 140 GA made the following changes to the bill as introduced:

- Expands the definition of “police officer” to include a school security officer.
- Provides for supplemental pay for police officers and fireman, and reimbursement to cover additional pension contributions, social security, and Medicare.

Data Source(s): LRC Staff, Fraternal Order of Police, Kentucky Firefighters Association

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 3/13/18