

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1005**

HOUSE BILL NUMBER **185**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to death-in-line-of-duty benefits and declaring an emergency.**

SPONSOR **Representative Blanton**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Participating and Eligible Employers of the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES	Indeterminable	Indeterminable	Indeterminable	Indeterminable
NET EFFECT	(Indeterminable)	(Indeterminable)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

MEASURE’S PURPOSE: This measure increases the death-in-line-of-duty benefits for surviving spouses and dependents of employees participating in eligible systems administered by the Kentucky Retirement Systems.

PROVISIONS/MECHANICS: Section 1 amends KRS 16.505 to expand the definition of a dependent child, solely in the case of a member who dies as a direct result of an act in the line of duty or who dies as a result of a duty-related injury, to include a naturally or legally adopted disabled child of the member if the child is eligible for Social Security disability benefits or is being claimed as a qualifying child for tax purposes due to the child’s total and permanent disability. It creates a definition for monthly average pay to mean the member’s monthly final rate of pay or the average monthly creditable compensation earned by the deceased member during his or her last 12 months of employment.

Section 2 amends KRS 16.601 to increase minimum act in line of duty or duty-related death benefits payable to the surviving spouse of a member of the State Police Retirement System from

25% to 75% of the deceased member's monthly average pay. If the member is also survived by dependent children, monthly payments will be made for each dependent child equal to 10% of the deceased member's monthly average pay, except that the combined maximum payment made to the surviving spouse and dependent children does not exceed 100% of the deceased member's monthly average pay and dependent children, while the spouse is living, shall not exceed 25% of the deceased member's monthly average pay. It provides that if there is no surviving spouse but there is a dependent child or children, the percentage of the deceased member's monthly average pay shall be 50% for one dependent child, 65% for two dependent children, and 75% for three or more dependent children.

Section 3 amends KRS 61.510 to create a definition for monthly average pay to mean the member's monthly final rate of pay or the average monthly creditable compensation earned by the deceased member during his or her last 12 months of employment.

Section 4 amends KRS 61.542 to provide that the surviving spouse shall supersede all previously designated beneficiaries in the case of line-of-duty death benefits payable from the systems administered by the Kentucky Retirement Systems unless the member files a valid beneficiary designation form after marriage to his or her spouse.

Section 5 amends KRS 61.621 to increase minimum act in line of duty or duty-related death benefits payable to the surviving spouse of a member of the Kentucky Employees Retirement Systems from 25% to 75% of the deceased member's monthly average pay. If the member is also survived by dependent children, monthly payments will be made for each dependent child equal to 10% of the deceased member's monthly average pay, except that the combined maximum payment made to the surviving spouse and dependent children does not exceed 100% of the deceased member's monthly average pay and dependent children, while the spouse is living, shall not exceed 25% of the deceased member's monthly average pay. It provides that if there is no surviving spouse but there is a dependent child or children, the percentage of the deceased member's monthly average pay shall be 50% for one dependent child, 65% for two dependent children, and 75% for three or more dependent children.

Section 6 amends KRS 61.702 to ensure full and timely hospital and medical insurance benefits for the spouse and dependents of a member who died as a direct result of an act in line of duty or duty-related injury.

Section 7 amends KRS 78.510 to create a definition for monthly average pay to mean the member's monthly final rate of pay or the average monthly creditable compensation earned by the deceased member during his or her last 12 months of employment.

Section 8 notwithstanding KRS 16.505, 16.652, 61.510 to 61.705, 78.510 to 78.852, 161.220 to 161.716, or any provisions of Sections 1 to Section 7 of this Act to retroactively apply increased line of duty or duty-related death benefits to surviving spouses and dependent children. It provides that a surviving spouse of a hazardous duty member who died as a result of an act in line of duty on or after January 1, 2017, who was ineligible for the minimum monthly death benefits because he or she was not named beneficiary shall be eligible for the benefits provided by this Act.

Section 9 stipulates that Section 1 to Section 8 shall not reduce any benefits payable to any surviving spouse or dependent children of a member who died prior to the effective date of this Act if the death was determined by the Kentucky Retirement Systems to be the direct result of an act in line of duty or resulted from a duty-related injury.

Section 10 establishes an emergency clause.

FISCAL EXPLANATION: KRS 6.350 stipulates that legislation which would increase or decrease the benefits, participation in the benefits, or change the actuarial accrued liability of any state-administered retirement system requires an actuarial valuation conducted by the actuary retained by the affected state-administered retirement system at no cost to the General Assembly. Pursuant to this statute, an actuarial analysis is pending. While an analysis will provide additional details, the retroactive provisions of this Act will result in an increase in benefit payments that were not previously funded. Therefore, costs to employers in each respective retirement plan will increase, although to what degree must be determined by the Kentucky Retirement System's actuary.

This Act is not anticipated to impose additional costs to the Kentucky Retirement Systems as a state agency.

DATA SOURCE(S): LRC Staff

PREPARER: Zach Ireland **NOTE NUMBER:** 36 **REVIEW:** JAB **DATE:** 1/18/2018