GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 52

AS ENACTED

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY: R. Adler

1 AN ACT relating to fiscal matters and declaring an emergency.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔SECTION 1. A NEW SECTION OF KRS 42.450 TO 42.495 IS CREATED TO

4 READ AS FOLLOWS:

5 ***As used in KRS 42.450 to 42.495:***

6 ***(1) "Refund" means a payment of money from the State Treasury to a taxpayer,***

7 ***upon the authorization of the Department of Revenue following the submission***

8 ***of a timely request filed in accordance with applicable statutes and administrative***

9 ***regulations, representing all or part of an overpayment previously made by the***

10 ***taxpayer for a tax liability arising under KRS 143.020 or 143A.020; and***

11 ***(2) "Severance and processing taxes on coal collected annually" means the total***

12 ***amount of money collected from the tax imposed by KRS 143.020 in a given fiscal***

13 ***year, reduced by the total amount of refunds of that tax paid during the prior***

14 ***fiscal year.***

15 ➔Section 2. KRS 42.4582 is amended to read as follows:

16 (1) There is hereby established in the State Treasury a fund entitled "Local Government

17 Economic Development Fund." The fund may receive state appropriations, gifts,

18 grants, and federal funds and shall be disbursed by the State Treasurer upon the

19 warrant of the secretary of the Finance and Administration Cabinet. Any unallotted

20 or unencumbered balances in the fund shall be invested as provided for in KRS

21 42.500(9). Income earned from the investments shall be prorated for grants to

22 counties according to the allotment schedule set out in KRS 42.4592.

23 (2) (a) Moneys shall be transferred from the general fund in an amount equal to fifty

24 percent (50%) of the severance and processing taxes on coal collected

25 annually, unless otherwise amended by the budget bill.

26 (b) The transfers shall be made quarterly, based upon the revenue estimates

27 prevailing at the time each quarterly transfer is due***. Each quarterly transfer***

1 ***shall be adjusted to account for refunds by determining the total amount of***
2 ***refunds paid in the prior fiscal year, dividing that amount by four (4), and***
3 ***reducing each transfer by this amount.***[~~, except that~~] The last quarterly
4 transfer shall be made after the close of the fiscal year accounting records, and
5 shall be adjusted to provide the balance of the annual transfer required by this
6 subsection.
7 (c) The quarterly calculation and transfer of funds pursuant to this section shall be
8 made only after distribution of the quarterly installment of the annual amount
9 from the prior calendar year allowed as an incentive to an approved company
10 under KRS 143.024 and 154.27-060.
11 ➔Section 3. KRS 42.4592 is amended to read as follows:
12 (1) Moneys remaining in the local government economic development fund following
13 the transfer of moneys to the local government economic assistance fund provided
14 for in KRS 42.4585 shall be allocated as follows:
15 (a) Thirty-three and one-third percent (33-1/3%) shall be allocated to each coal
16 producing county on the basis of the ratio of total ***coal severed***[~~tax collected~~]
17 in the current and preceding four (4) years[~~ on coal severed~~] in each respective
18 county to the total ***coal severed***[~~tax collected~~] statewide in the current and four
19 (4) preceding years;
20 (b) Thirty-three and one-third percent (33-1/3%) shall be allocated quarterly to
21 each coal-producing county on the basis of the following factors, which shall
22 be computed for the current and four (4) preceding years, and which shall be
23 equally weighted:
24 1. Percentage of employment in mining in relation to total employment in
25 the respective county;
26 2. Percentage of earnings from mining in relation to total earnings in the
27 respective county; and

1 3. Surplus labor rate; and
2 (c) Thirty-three and one-third percent (33-1/3%) shall be reserved for expenditure
3 for industrial development projects benefiting two (2) or more coal-producing
4 counties. For purposes of this paragraph, "coal-producing county" shall mean
5 a county which has produced coal in the current or any one of the four (4)
6 preceding years.
7 (2) (a) For purposes of paragraph (b) of subsection (1) of this section, "percentage of
8 employment in mining" and "percentage of earnings from mining" shall be
9 ***provided by the Office of Employment and Training in the Education and***
10 ***Workforce Development Cabinet, and***[~~the percentages published for the latest~~
11 ~~available five (5) year period by the Bureau of Economic Analysis in the~~
12 ~~United States Department of Commerce;~~] "surplus labor rate" shall be the rate
13 published for the latest available five (5) year period by the Office of
14 Employment and Training[~~ of the Department of Workforce Investment in the~~
15 ~~Education and Workforce Development Cabinet,~~] as provided in paragraph (b)
16 of this subsection.
17 (b) 1. Each year the Office of Employment and Training shall estimate surplus
18 labor for each county and for the Commonwealth and shall
19 annually publish an estimate of the surplus labor rate for each
20 county and the Commonwealth.
21 2. The estimate of surplus labor for each county and for the
22 Commonwealth shall be made using the best practical method available
23 at the time the estimates are made. In determining the method to be
24 adopted, the Office of Employment and Training may consult with
25 knowledgeable individuals, including but not limited to the Office of the
26 United States Bureau of Labor Statistics, state and national researchers,
27 state and local officials, and staff of the Legislative Research

1 Commission. The description of the method used to estimate surplus
2 labor shall be reported in each annual publication provided for in
3 subparagraph 1. of this paragraph.
4 3. For purposes of this section, "surplus labor" means the total number of
5 residents who can be classified as unemployed or as discouraged
6 workers, and "surplus labor rate" means the percentage of the potential
7 civilian labor force which is surplus labor.
8 (3) The funds allocated under the provisions of paragraphs (a) and (b) of subsection (1)
9 of this section shall retain their identity with respect to the county to which they are
10 attributable, and a separate accounting of available moneys within the fund shall be
11 maintained for the respective counties. Accounting for funds allocated under the
12 provisions of this section shall be by the Department for Local Government.
13 ➔Section 4. KRS 42.470 is amended to read as follows:
14 Moneys in the local government economic assistance fund shall be allocated among the
15 counties as follows:
16 (1) Funds allocated under KRS 42.4585:
17 (a) Sixty percent (60%) shall be distributed to each coal producing county on the
18 basis of the ratio of~~[tax collected on]~~ coal severed in each respective county
19 to the ***coal severed***~~[tax collected]~~ statewide.
20 (b) Thirty percent (30%) shall be distributed to each coal producing county on the
21 basis of per capita income (inverse order), ton miles of resource roads and
22 population, equally weighted.
23 (c) Ten percent (10%) shall be distributed to non-coal producing counties
24 impacted by the transport of coal on the basis of geographic area, ton miles of
25 resource roads, and per capita income (inverse order), weighted on a basis of
26 30/100, 40/100, and 30/100, respectively. The expenditure of such funds shall
27 be limited to the categories of projects set out in KRS 42.455(2)(c). All

1 counties shall receive an annual payment based on the average of total ton
2 miles within the county during the most recent three (3) year period. To
3 qualify for the funds distributed under the provisions of this paragraph, a
4 county must have within its geographic boundaries in any single year twenty-
5 five hundredths of one percent (0.25%) of the total ton miles within coal
6 impact counties during the most recent three (3) year period.
7 (2) ***(a)*** All funds allocated under KRS 42.450(2) shall be distributed among the
8 mineral producing counties on the basis of the tax collected on minerals
9 severed in each respective county.
10 ***(b) In no event shall the amount of funds distributed to a mineral producing***
11 ***county, and to the incorporated areas within that county under KRS 42.475,***
12 ***in any given quarter be reduced by greater than fifty percent (50%) as a***
13 ***result of any refund of the tax imposed on the severance and processing of***
14 ***minerals. If a refund of tax occurs and a county's allocated share of the***
15 ***refund amount is greater than fifty percent (50%) of the quarterly***
16 ***distribution due that county and its incorporated areas, the remainder shall***
17 ***carry forward to be offset in successive quarters as necessary until it is***
18 ***satisfied in full.***
19 ➔Section 5. KRS 42.475 is amended to read as follows:
20 ***(1) Except as provided in subsection (2) of this section,*** ten percent (10%) of the funds
21 allocated to each county under the provisions of KRS 42.470 shall be allotted to the
22 incorporated areas within the county based on the ratio that the population of each
23 incorporated area bears to the total population of all the incorporated areas within
24 the county; except that incorporated areas shall not be eligible for funds allocated to
25 counties under the provisions of KRS 42.490 and 1980 Acts, ch. 394, sec. 11.
26 ***(2) If the amount of funds to be allotted to an incorporated area under subsection (1)***
27 ***of this section is less than twenty-five dollars ($25) in any given quarter, then the***

1 ***allotment shall not be made and the applicable funds shall instead be distributed***
2 ***to the county to which they were allocated under KRS 42.470.***
3 ➔Section 6. KRS 16.010 is amended to read as follows:
4 As used in KRS 16.010 to 16.199, unless the context requires otherwise:
5 (1) ***"Board" means the Department of Kentucky State Police Personnel Board;***
6 ***(2)*** "Cabinet" means the Justice and Public Safety Cabinet;
7 ***(3)***[~~(2)~~] ***"Cadet Trooper" means an applicant for employment as an officer who is***
8 ***selected by the commissioner to attend the department training program, and who***
9 ***is employed as a trainee;***
10 ***(4) "Civilian" means experts, statisticians, clerks, and other assistants who are not***
11 ***peace officers***[~~"Secretary" means the secretary of justice and public safety~~];
12 ***(5)***[~~(3)~~] "Commissioner" means the commissioner of the Department of Kentucky
13 State Police;
14 ***(6) "Continuous service" for participation in and eligibility for the promotional***
15 ***process for each rank of officer commissioned under this chapter means:***
16 ***(a) For sergeant, service as a commissioned Kentucky State Police officer that***
17 ***has not been interrupted by actual separation from the department, whether***
18 ***in the form of resignation, retirement, or termination;***
19 ***(b) For lieutenant, service in grade as a sergeant that has not been interrupted***
20 ***by actual separation from the department, whether in the form of***
21 ***resignation, retirement, termination, or by demotion in accordance with***
22 ***KRS 16.140; and***
23 ***(c) For captain, service in grade as lieutenant that has not been interrupted by***
24 ***actual separation from the department, whether in the form of resignation,***
25 ***retirement, termination, or by demotion in accordance with KRS 16.140;***
26 ***(7) "CVE R Class" means any retired Kentucky State Police commercial vehicle***
27 ***enforcement officer commissioned under KRS 16.187 who has become***

1 ***reemployed with the department on a contractual basis pursuant to KRS 16.196***
2 ***to 16.199;***
3 ***(8) "Department" means the Department of Kentucky State Police;***
4 ***(9)***[~~(4)~~] "Officer" means any member of the Department of Kentucky State Police,
5 other than an individual employed as a Trooper R Class or CVE R Class, who
6 possesses the powers of a peace officer;
7 [~~(5) "Civilian" means such experts, statisticians, clerks, and other assistants who do not~~
8 ~~possess the powers of a peace officer;~~
9 ~~(6) "Board" means the Department of Kentucky State Police Personnel Board;~~
10 ~~(7) "Department" means the Department of Kentucky State Police;~~
11 ~~(8) "Continuous service" for participation in and eligibility for the promotional process~~
12 ~~for each rank of officer commissioned under this chapter means:~~
13 ~~(a) For sergeant, service as a commissioned Kentucky State Police officer that has~~
14 ~~not been interrupted by actual separation from the department, whether in the~~
15 ~~form of resignation, retirement, or termination;~~
16 ~~(b) For lieutenant, service in grade as a sergeant that has not been interrupted by~~
17 ~~actual separation from the department, whether in the form of resignation,~~
18 ~~retirement, termination, or by demotion in accordance with KRS 16.140;~~
19 ~~(c) For captain, service in grade as lieutenant that has not been interrupted by~~
20 ~~actual separation from the department, whether in the form of resignation,~~
21 ~~retirement, termination, or by demotion in accordance with KRS 16.140;~~]
22 ***(10)***[~~(9)~~] ***"Secretary" means the secretary of Justice and Public Safety Cabinet; and***
23 ***(11)*** "Trooper R Class" means any retired Kentucky State Police officer commissioned
24 under this chapter who has become reemployed with the department on a
25 contractual basis pursuant to KRS 16.196 to 16.199[~~; and~~
26 ~~(10) "CVE R Class" means any retired Kentucky State Police commercial vehicle~~
27 ~~enforcement officer commissioned under KRS 16.187 who has become reemployed~~

1 ~~with the department on a contractual basis pursuant to KRS 16.196 to 16.199~~].

2 ➔SECTION 7. A NEW SECTION OF KRS 16.010 TO 16.199 IS CREATED TO

3 READ AS FOLLOWS:

4 *(1) The base compensation of officers shall be determined based on years of service*

5 *and rank, as provided in this section.*

6 *(2) (a) The years-of-service requirements for the salary schedule for ranks below*

7 *sergeant are as follows:*

8 *1. A Trooper is an officer with less than three (3) years of continuous*

9 *service as a commissioned officer with the department;*

10 *2. A Senior Trooper shall have:*

11 *a. At least three (3) years of continuous service as a commissioned*

12 *officer with the department and sixty (60) college credit hours;*

13 *b. At least four (4) years of continuous service as a commissioned*

14 *officer with the department and thirty-two (32) college credit*

15 *hours; or*

16 *c. Five (5) years of continuous service as a commissioned officer*

17 *with the department with no college credit requirement;*

18 *3. A Trooper First Class shall have at least ten (10) years of continuous*

19 *service as a commissioned officer with the department; and*

20 *4. A Master Trooper shall have at least fifteen (15) years of continuous*

21 *service as a commissioned officer with the department.*

22 *(b) In addition to meeting the years of service requirements established by*

23 *paragraph (a) of this subsection, officers listed in the salary schedule for*

24 *officers below the rank of sergeant shall also meet the requirements for*

25 *promotion in rank established by the commissioner pursuant to Section 8 of*

26 *this Act.*

27 *(c) Requirements for promotion to sergeant, lieutenant, and captain are as*

1 *established by KRS 16.055.*

2 *(3) Any overtime and any salary supplement received from the Law Enforcement*
3 *Foundation Program pursuant to KRS 15.410 to 15.510 or any comparable*
4 *supplements received from another funding source shall be in addition to the*
5 *amounts reflected in the base salary schedules established by subsection (4) of*
6 *this section.*

7 *(4) (a) The salary schedules established in this subsection are based on a*
8 *combination of officer classification and years of service.*

9 *(b) When "NA" appears in the schedule, it is not possible for an officer to be in*
10 *that classification and years-of-service combination based upon statutory or*
11 *regulatory conditions established for promotion or advancement.*

12 *(c) Salary increases based on years of service shall be effective on the first day*
13 *of the month during which the anniversary of the officer's appointment as a*
14 *commissioned Kentucky State Police officer falls.*

15 *(d) Salary increases based on promotion to a higher rank shall be effective on*
16 *the first day of the month following the date the officer is promoted.*

17 *(e) If an officer is reverted to a previous rank, the officer's salary shall be*
18 *adjusted to the salary reflected in the base salary schedule for the officer's*
19 *applicable number of years of service and rank. The adjustment shall take*
20 *effect the first pay period following the pay period in which the reversion*
21 *occurs.*

22 *(f) The base salary for a Cadet Trooper shall be thirty-five thousand dollars*
23 *($35,000).*

24 *BASE SALARY SCHEDULE FOR RANKS BELOW SERGEANT*

25 *Years of Service*	*Trooper Salary Steps Based on Rank*			
26	*Trooper*	*Senior*	*First Class*	*Master*
27 *Base Pay*	*$37,887*	*$43,014*	*NA*	*NA*

3 years	$41,310	NA	NA	NA
5 years	$43,014	$44,216	NA	NA
7 years	NA	$45,452	NA	NA
9 years	NA	$46,726	NA	NA
10 years	NA	NA	$47,000	NA
13 years	NA	NA	$49,450	NA
15 years	NA	NA	NA	$55,356
17 years	NA	NA	NA	$58,224
19 years	NA	NA	NA	$61,263
21 years	NA	NA	NA	$64,397
23 years	NA	NA	NA	$67,716
25 years	NA	NA	NA	$68,414
27 years	NA	NA	NA	$69,118
29 years	NA	NA	NA	$69,829

BASE SALARY SCHEDULE SERGEANT AND ABOVE

Years of Service	Salary Steps Based on Rank		
	Sergeant	Lieutenant	Captain
6 years	$45,271	NA	NA
7 years	$47,271	$53,500	NA
8 years	$47,805	NA	$59,100
9 years	$49,918	$54,500	NA
11 years	$50,911	$56,000	$61,199
13 years	$53,108	$58,000	$63,798
15 years	$56,966	$61,000	$67,188
17 years	$61,093	$65,000	$70,747
19 years	$65,510	$70,436	$74,845
21 years	$70,235	$74,158	$78,409

23 years	$75,292	$78,066	$82,529
25 years	$80,702	$82,169	$86,755
27 years	$85,491	$86,478	$90,306
29 years	$90,686	$91,002	$93,998

(5) Beginning on July 1, 2018, the salary schedule established by subsection (4) of this section shall be adjusted annually to incorporate any increase in the nonseasonally adjusted Consumer Price Index for all urban consumers, U.S. city average, all items, published by the United States Department of Labor, Bureau of Labor Statistics.

(6) The salary schedules shall be applied to officers employed by the department on the effective date of this Act as follows:

(a) Except as provided in paragraph (b) of this subsection:

1. Any officer whose base salary exceeds the amount established for his or her years of service and rank in subsection (4) of this section shall retain his or her base salary and shall not receive an increase under the salary schedule until the officer's years of service and rank require a higher base salary than the base salary he or she was receiving on the effective date of this Act; and

2. Any officer whose base salary is below the amount established for his or her years of service and rank in subsection (4) of this section shall receive the base salary he or she qualifies for under the salary schedule for the pay period beginning August 1, 2016; and

(b) Any officer who is receiving compensation under Section 9 of this Act shall not receive any years of service or rank increases during any period that he or she is receiving compensation under Section 9 of this Act.

(7) The commissioner may establish additional ranks beyond those provided in the salary schedules established by this section, including the ranks of major,

1 ***lieutenant colonel, colonel, and executive security detail. If the commissioner***
2 ***establishes any of these ranks, the commissioner shall set forth in a policy the***
3 ***conditions under which an officer may be promoted to the rank, and the salary***
4 ***that the officer will receive while serving in that rank.***
5 ➔Section 8. KRS 16.050 is amended to read as follows:
6 (1) The commissioner shall appoint or promote to the ranks and grades and positions of
7 the department such officers as are considered by him or her to be necessary for the
8 efficient administration of the department. ***The Kentucky State Police shall***
9 ***conduct a biennial salary survey, and the findings of the salary survey***[~~
10 Notwithstanding the provisions of KRS 64.640, the commissioner of the~~
11 ~~Department of Kentucky State Police and the secretary of the Personnel Cabinet~~
12 ~~shall biennially conduct a salary survey, by rank, of State Police/highway patrol~~
13 ~~officers in those states adjoining Kentucky. The salaries of such officers of equal~~
14 ~~rank in those states surveyed shall be averaged, and such averages where the~~
15 ~~average for that rank exceeds the salary paid to Kentucky officers of that rank in the~~
16 ~~preceding biennium~~] shall be included in the department's budget request submitted
17 to the Kentucky General Assembly.
18 (2) All initial appointments of officers to the department shall be made for merit and
19 fitness after a competitive examination.
20 (3) There is created a Department of Kentucky State Police Personnel Board consisting
21 of the commissioner and four (4) other members to be appointed by the Governor,
22 two (2) to be appointed from each of the two (2) major political parties.
23 (4) The initial appointment of members of the board shall be for terms of one (1), two
24 (2), three (3), and four (4) years. Thereafter each appointment shall be for a term of
25 four (4) years, except that a person appointed to fill a vacancy occurring prior to the
26 expiration of a term shall be appointed for the remainder of that term.
27 (5) Members of the board may be removed by the Governor only for cause, after being

given a copy of charges against them and an opportunity to be heard publicly on such charges before the Governor.

(6) The board shall elect one (1) of its members chairman. It shall meet at such time and place as shall be specified by call of the commissioner. Three (3) members shall constitute a quorum for the transaction of business. Members of the board other than the commissioner shall receive compensation of fifty dollars ($50) and reimbursement of travel expenses for each meeting of the board which they attend.

(7) The board shall promulgate administrative regulations to carry out the purposes herein, which shall include provisions for:

(a) Open competitive examination as to fitness of applicants for employment as officers; and

(b) Establishment of eligible lists as a result of such competitive examinations, from which lists vacancies shall be filled.

(8) The board shall hear appeals from applicants for employment for which examinations are being given or have been conducted and from eligibles on examination registers subject to the procedural rules which the board may adopt pursuant to the provisions of this section.

(9) (a) Prior to appointment as a Cadet Trooper, all applicants shall agree in writing that if, within three (3) years of completing the basic training course offered by the department, he or she accepts employment as a peace officer with another law enforcement agency, or accepts employment with another type of agency or entity in a position that requires law enforcement training to meet the qualifications for the position, he or she will repay to the department the cost incurred by the department in providing training to the officer to the extent repayment has not been made by the agency with which the officer accepts employment under paragraph (b) or (c) of this subsection.

1 ***(b) If the officer accepts employment as a peace officer with another state***
2 ***agency or a state university or educational institution within Kentucky***
3 ***within three (3) years of completing the basic training course offered by the***
4 ***department, the agency, university, or educational institution shall***
5 ***reimburse the department for costs incurred in providing training to the***
6 ***officer.***
7 ***(c) If the officer accepts employment with a city, county, or other local law***
8 ***enforcement agency within Kentucky within three (3) years of completing***
9 ***the basic training course offered by the department, KRS 70.290 shall apply***
10 ***as well, except that the amount of the reimbursement shall not be prorated***
11 ***as provided in KRS 70.290.***
12 ➔Section 9. KRS 16.165 is amended to read as follows:
13 Any Department of Kentucky State Police officer, as defined in KRS 16.010, who
14 becomes disabled after July 1, 1977, as a direct result of an injury or disease arising out of
15 the performance of a hazardous duty in the course of employment with the department
16 may elect to be retained on the regular payroll of the department subject to the following:
17 (1) ***(a) For officers who become disabled after July 1, 1977, but prior to the***
18 ***effective date of this Act,*** compensation paid to the officer by the department
19 shall be~~[adjusted and]~~ maintained at the officer's~~[regular]~~ rate of pay ***that he***
20 ***or she was receiving on the effective date of this Act.***~~[based upon the~~
21 ~~officer's rank and tenure with the department and shall include annual~~
22 ~~increments, salary adjustments, and other benefits of employment]~~
23 ***(b) For officers becoming disabled on or after the effective date of this Act,***
24 ***compensation paid to the officer by the department shall be maintained at***
25 ***the officer's regular rate of pay based upon the officer's rank and tenure***
26 ***with the department on the date he or she elects to be retained on the***
27 ***regular payroll of the department under this section.***

1 ***(c) On and after the effective date of this Act:***
2 ***1. Any officer receiving compensation under this section shall not***
3 ***receive any annual increments or increases based on years of service***
4 ***or rank established by the schedules set forth in Section 7 of this Act***
5 ***during the period in which the officer receives compensation under***
6 ***this section; and***
7 ***2. If the officer returns to full active duty, and the base salary he or she***
8 ***qualifies for at that time exceeds the base salary he or she was***
9 ***receiving under this section, the officer shall receive the base salary he***
10 ***or she qualifies for under the schedules established by Section 7 of***
11 ***this Act beginning on the first day of the month following the month***
12 ***that he or she returns to full active duty.***
13 ***(d) Any***[~~; provided, however, such~~] compensation paid to ***an***[~~the~~] officer by the
14 department ***under paragraph (a) or (b) of this subsection*** shall be reduced by
15 the amount of payments received by the officer from workers' compensation
16 insurance, Social Security benefits, and other federal or state-financed
17 disability programs designed to supplement the officer's income for which the
18 officer is qualified and elects participation. Final compensation shall not be
19 reduced by payments for medical care. The disabled officer's regular rate of
20 pay, without the reductions required by this subsection, shall be his ***or her***
21 creditable compensation for purposes of KRS 16.510 to 16.652***;***[~~.~~]
22 (2) ***The***[~~Such~~] officer shall be assigned by the commissioner of the Department of
23 Kentucky State Police to a position in the department for which the officer is
24 qualified, if the commissioner determines, based upon medical reports and
25 recommendations submitted for that purpose, that the officer is able to perform
26 limited duties. If it is determined that the officer is able to perform limited duties
27 and refuses to accept an assignment from the commissioner, the officer shall not be

1 eligible for the payment of compensation authorized by this section. If the
2 commissioner determines that the officer is unable to perform limited duties, the
3 officer shall be eligible for the payment of compensation authorized by this section
4 without the performance of limited duties. Any officer adversely affected or
5 aggrieved by a final determination of the commissioner pursuant to this section may
6 appeal within thirty (30) days to the local Circuit Court;~~[.]~~
7 (3) (a) For an officer whose participation date in the State Police Retirement System
8 is prior to January 1, 2014, payments made pursuant to this section shall
9 continue until the officer is eligible for normal retirement allowances pursuant
10 to KRS 16.576 or until the officer elects early retirement allowances pursuant
11 to KRS 16.577 or disability retirement allowances pursuant to KRS 16.582.
12 (b) For an officer whose participation date in the State Police Retirement System
13 is on or after January 1, 2014, payments made pursuant to this section shall
14 continue until the officer is eligible to retire under KRS 16.583(6)(a) or until
15 the officer elects to retire under KRS 16.583(6)(b) or to receive disability
16 retirement allowances pursuant to KRS 16.582.
17 (c) If the officer receives preretirement payments under this section or KRS
18 16.167 and subsequently elects disability retirement, the effective date of his
19 disability retirement shall be the first month following the month in which the
20 officer last receives preretirement payments under this section or KRS 16.167,
21 KRS 16.505(16) to the contrary notwithstanding***; and***~~[.]~~
22 (4) Any Department of Kentucky State Police officer, disabled prior to July 1, 1977, as
23 a result of severe physical injuries arising out of the performance of duty, who is
24 unable to maintain gainful employment as a result of such injuries, but who was
25 ineligible for retention on the regular payroll because of the date of his injury, shall,
26 if his or her time in active service plus his or her time on disability retirement
27 allowance equal the time necessary for normal retirement pursuant to KRS

1 16.505(15), have his or her retirement allowance increased to the amount he or she
2 would receive, had he or she been retained on the regular payroll of the department
3 pursuant to this section and had he or she subsequently elected normal retirement
4 pursuant to KRS 16.576 when first eligible, but any survivor option which he or she
5 chose at the time of disability retirement shall not be changed.
6 ➔Section 10. KRS 16.198 is amended to read as follows:
7 The appointment, salary, benefits, and number of individuals employed as a Trooper R
8 Class and ***CVE***[~~commercial vehicle enforcement officer~~] R class shall be as follows:
9 (1) The commissioner may appoint ***CVE***[~~Trooper R Class employees and commercial~~
10 ~~vehicle enforcement officer~~] R Class ***employees***. ***CVE***[~~Trooper~~] R Class employees[
11 ~~and Commercial vehicle enforcement officer R class~~] shall serve on a contractual
12 basis for a term of one (1) year, and the contract may be renewed annually, by
13 agreement of the parties, for no more than four (4) additional one (1) year terms.
14 ***(2) The commissioner may appoint Trooper R Class employees who shall serve on a***
15 ***contractual basis for a term of one (1) year. The contract may be renewed on an***
16 ***annual basis upon the agreement of both parties. A Trooper R Class employee***
17 ***shall be required to pass a physical fitness test every three (3) years.***
18 ***(3)***[~~(2)~~] The compensation for Trooper R Class employees and ***CVE***[~~commercial~~
19 ~~vehicle enforcement officer~~] R Class ***employees*** shall be established by
20 administrative regulation promulgated pursuant to KRS Chapter 13A.
21 ***(4)***[~~(3)~~] (a) All appointments of individuals employed as a Trooper R Class and
22 ***CVE***[~~commercial vehicle enforcement officer~~] R Class shall be based upon
23 agency need as determined by the commissioner.
24 (b) Work stations for individuals employed as a Trooper R Class and
25 ***CVE***[~~commercial vehicle enforcement officer~~] R Class shall be determined by
26 agency need with consideration given to the applicant's stated preference.
27 (c) Merit of individuals employed as a Trooper R Class and ***CVE***[~~commercial~~

1 ~~vehicle enforcement officer~~] R Class shall be determined by the applicant's
2 work performance history.
3 (d) Fitness of individuals employed as a Trooper R Class and ***CVE***[~~commercial~~
4 ~~vehicle enforcement officer~~] R Class shall be determined by the applicant's
5 ability to adhere to the agency standards set by the commissioner under this
6 chapter.
7 ***(5)***[~~(4)~~] The number of individuals employed as a Trooper R Class and
8 ***CVE***[~~commercial vehicle enforcement officer~~] R Class by the department shall not:
9 (a) Exceed one hundred (100); or
10 (b) Be counted in the total employee cap for the department.
11 ***(6)***[~~(5)~~] All individuals employed as a Trooper R Class and ***CVE***[~~commercial vehicle~~
12 ~~enforcement officer~~] R Class shall be assigned the job duties of trooper or
13 commercial vehicle enforcement officer and shall not be placed in any supervisory
14 positions or special work assignments.
15 ***(7)***[~~(6)~~] Notwithstanding any provision of KRS 16.505 to 16.652, KRS 18A.005 to
16 18A.228, and KRS 61.510 to 61.705 to the contrary:
17 (a) Individuals employed as a Trooper R Class and ***CVE***[~~commercial vehicle~~
18 ~~enforcement officer~~] R Class shall continue to receive all retirement and
19 health insurance benefits provided by the systems administered by Kentucky
20 Retirement Systems to which they were entitled upon retiring from the
21 department as a commissioned officer under this chapter;
22 (b) Individuals employed as a Trooper R Class and ***CVE***[~~commercial vehicle~~
23 ~~enforcement officer~~] R Class shall not be eligible to receive health insurance
24 coverage or benefits through the department and shall not be eligible to
25 participate in the State Police Retirement System or the Kentucky Employees
26 Retirement System; and
27 (c) The department shall not pay health insurance contributions to the state health

1 insurance plan for individuals employed as a Trooper R Class ***or CVE***[~~and~~
2 ~~commercial vehicle enforcement officer~~] R Class.
3 ***(8)***[~~(7)~~] Individuals employed as a Trooper R Class ***or CVE***[~~and commercial vehicle~~
4 ~~enforcement officer~~] R Class shall be employed on a contractual basis and shall be
5 provided due process pursuant to KRS 16.140 or 16.192 for any disciplinary action
6 imposed by the commissioner. A decision by the commissioner to not renew a
7 contract shall not be considered a disciplinary action for purposes of this section.
8 ***(9)***~~(8)~~] The provisions of this section shall not eliminate or reduce any requirements
9 under KRS 61.637 for the department to pay employer contributions to the
10 retirement systems or to reimburse the retirement systems for the cost of retiree
11 health, on any individual employed as a Trooper R Class or ***CVE***[~~commercial~~
12 ~~vehicle enforcement officer~~] R Class.
13 ➔Section 11. KRS 18A.110 is amended to read as follows:
14 (1) The secretary shall promulgate comprehensive administrative regulations for the
15 classified service governing:
16 (a) Applications and examinations;
17 (b) Certification and selection of eligibles;
18 (c) Classification and compensation plans;
19 (d) Incentive programs;
20 (e) Lay-offs;
21 (f) Registers;
22 (g) Types of appointments;
23 (h) Attendance; hours of work; compensatory time; annual, court, military, sick,
24 voting, and special leaves of absence, provided that the secretary shall not
25 promulgate administrative regulations that would reduce the rate at which
26 employees may accumulate leave time below the rate effective on December
27 10, 1985; and

1 (i) Employee evaluations.
2 (2) The secretary shall promulgate comprehensive administrative regulations for the
3 unclassified service.
4 (3) (a) Except as provided by KRS 18A.355, the secretary shall not promulgate
5 administrative regulations that would reduce an employee's salary; and
6 (b) As provided by KRS 18A.0751(4)(e), the secretary may submit a proposed
7 administrative regulation providing for an initial probationary period in excess
8 of six (6) months to the board for its approval.
9 (4) The secretary may promulgate administrative regulations to implement state
10 government's affirmative action plan under KRS 18A.138.
11 (5) (a) The administrative regulations shall comply with the provisions of this chapter
12 and KRS Chapter 13A, and shall have the force and effect of law after
13 compliance with the provisions of KRS Chapters 13A and 18A and the
14 procedures adopted thereunder;
15 (b) Administrative regulations promulgated by the secretary shall not expand or
16 restrict rights granted to, or duties imposed upon, employees and
17 administrative bodies by the provisions of this chapter; and
18 (c) No administrative body other than the Personnel Cabinet shall promulgate
19 administrative regulations governing the subject matters specified in this
20 section.
21 (6) Prior to filing an administrative regulation with the Legislative Research
22 Commission, the secretary shall submit the administrative regulation to the board
23 for review.
24 (a) The board shall review the administrative regulation proposed by the secretary
25 not less than twenty (20) days after its submission to it;
26 (b) Not less than five (5) days after its review, the board shall submit its
27 recommendations in writing to the secretary;

1 (c) The secretary shall review the recommendations of the board and may revise
2 the proposed administrative regulation if he deems it necessary; and
3 (d) After the secretary has completed the review provided for in this section, he
4 may file the proposed administrative regulation with the Legislative Research
5 Commission pursuant to the provisions of KRS Chapter 13A.
6 (7) The administrative regulations shall provide:
7 (a) For the preparation, maintenance, and revision of a position classification plan
8 for all positions in the classified service, based upon similarity of duties
9 performed and responsibilities assumed, so that the same qualifications may
10 reasonably be required for, and the same schedule of pay may be equitably
11 applied to, all positions in the same class. The secretary shall allocate the
12 position of every employee in the classified service to one (1) of the classes in
13 the plan. The secretary shall reallocate existing positions, after consultation
14 with appointing authorities, when it is determined that they are incorrectly
15 allocated, and there has been no substantial change in duties from those in
16 effect when such positions were last classified. The occupant of a position
17 being reallocated shall continue to serve in the reallocated position with no
18 reduction in salary;
19 (b) For a pay plan for all employees in the classified service, after consultation
20 with appointing authorities and the state budget director. The plan shall take
21 into account such factors as:
22 1. The relative levels of duties and responsibilities of various classes of
23 positions;
24 2. Rates paid for comparable positions elsewhere taking into consideration
25 the effect of seniority on such rates; and
26 3. The state's financial resources.
27 Amendments to the pay plan shall be made in the same manner. Each

1 employee shall be paid at one (1) of the rates set forth in the pay plan for the
2 class of position in which he is employed, provided that the full amount of the
3 annual increment provided for by the provisions of KRS 18A.355, and the full
4 amount of an increment due to a promotion, salary adjustment,
5 reclassification, or reallocation, shall be added to an employee's base salary or
6 wages;
7 (c) For open competitive examinations to test the relative fitness of applicants for
8 the respective positions. The examinations shall be announced publicly and
9 applications accepted at least ten (10) days prior to certification of a register,
10 and may be advertised through the press, radio, and other media. The secretary
11 shall continue to receive applications and examine candidates on a continuous
12 basis long enough to assure a sufficient number of eligibles to meet the needs
13 of the service. Except as provided by this chapter, he shall add the names of
14 successful candidates to existing eligible lists in accordance with their
15 respective ratings. The secretary shall be free to use any investigation of
16 education and experience and any test of capacity, knowledge, manual skill,
17 character, personal traits, or physical fitness, which in his judgment, serves the
18 need to discover the relative fitness of applicants;
19 (d) As provided by this chapter, for the establishment of eligible lists for
20 appointment, upon which lists shall be placed the names of successful
21 candidates in the order of their relative excellence in the respective
22 examinations. Except as provided by this chapter, an eligible's score shall
23 expire automatically one (1) year from the date of testing, unless the life of the
24 score is extended by action of the secretary for a period not to exceed one (1)
25 additional year. Except for those individuals exercising reemployment rights,
26 all eligibles may be removed from the register when a new examination is
27 established;

1 (e) For the rejection of candidates or eligibles who fail to comply with reasonable
2 requirements of the secretary in regard to such factors as age, physical
3 condition, training, and experience, or who have attempted any deception or
4 fraud in connection with an examination;
5 (f) Except as provided by this chapter, for the appointment of a person whose
6 score is included in the five (5) highest scores earned on the examination;
7 (g) For annual, sick, and special leaves of absence, with or without pay, or
8 reduced pay, after approval by the Governor as provided by KRS
9 18A.155(1)(d);
10 (h) For lay-offs, in accordance with the provisions of KRS 18A.113, 18A.1131,
11 and 18A.1132, by reasons of lack of work, abolishment of a position, a
12 material change in duties or organization, or a lack of funds;
13 (i) For the development and operation of programs to improve the work
14 effectiveness of employees in the state service, including training, whether in-
15 service or compensated educational leave, safety, health, welfare, counseling,
16 recreation, employee relations, and employee mobility without written
17 examination;
18 (j) For a uniform system of annual employee evaluation for classified employees,
19 with status, that shall be considered in determining eligibility for discretionary
20 salary advancements, promotions, and disciplinary actions. The administrative
21 regulations shall:
22 1. Require the secretary to determine the appropriate number of job
23 categories to be evaluated and a method for rating each category;
24 2. Provide for periodic informal reviews during the evaluation period
25 which shall be documented on the evaluation form and pertinent
26 comments by either the employee or supervisor may be included;
27 3. Establish a procedure for internal dispute resolution with respect to the

1 final evaluation rating;
2 4. Permit a classified employee, with status, who receives either of the two
3 (2) lowest possible evaluation ratings to appeal to the Personnel Board
4 for review after exhausting the internal dispute resolution procedure.
5 The final evaluation shall not include supervisor comments on ratings
6 other than the lowest two (2) ratings;
7 5. Require that an employee who receives the highest possible rating shall
8 receive the equivalent of two (2) workdays, not to exceed sixteen (16)
9 hours, credited to his or her annual leave balance. An employee who
10 receives the second highest possible rating shall receive the equivalent
11 of one (1) workday, not to exceed eight (8) hours, credited to his or her
12 annual leave balance; and
13 6. Require that an employee who receives the lowest possible evaluation
14 rating shall either be demoted to a position commensurate with the
15 employee's skills and abilities or be terminated; and
16 (k) For other administrative regulations not inconsistent with this chapter and
17 KRS Chapter 13A, as may be proper and necessary for its enforcement.
18 (8) For any individual hired or elected to office before January 1, 2015, and paid
19 through the Kentucky Human Resources Information System, the Personnel Cabinet
20 shall not require payroll payments to be made by direct deposit or require the
21 individual to use a Web-based program to access his or her salary statement.
22 ***(9) To the extent that KRS 16.010 to 16.199 and administrative regulations***
23 ***promulgated by the commissioner of the Department of Kentucky State Police***
24 ***under authority granted in KRS Chapter 16 conflict with this section or any***
25 ***administrative regulation promulgated by the secretary pursuant to authority***
26 ***granted in this section, the provisions of KRS Chapter 16 shall prevail.***
27 ➔Section 12. KRS 64.640 is amended to read as follows:

1 (1) Except as otherwise provided in subsection (2) of this section, and excepting
2 officers elected by popular vote, employees of the General Assembly, including
3 employees of the Legislative Research Commission, members of boards and
4 commissions, those officers and employees of Kentucky Educational Television
5 exempt from classified service as provided in KRS 18A.115, presidents and
6 employees of the state universities and the state colleges, ***officers employed by the***
7 ***Department of Kentucky State Police under KRS Chapter 16,*** and persons
8 employed by the commissioner of parks on a temporary basis under KRS 148.026,
9 the Personnel Cabinet shall prepare schedules of compensation, payable out of the
10 State Treasury, with a minimum salary rate, and other salary rates as are deemed
11 necessary or advisable, for the office or position of employment of every state
12 officer and employee, including specifically the offices and positions of
13 employment in every constitutional administrative department, statutory
14 administrative department, independent agency, board, commission, or other unit of
15 state government. The language of any statute empowering a board, commission,
16 authority, or other administrative body for which the Personnel Cabinet provides
17 personnel and payroll services, except for any board governing any of the Kentucky
18 Retirement Systems, the Kentucky Higher Education Assistance Authority, the
19 Kentucky Authority for Educational Television, or the Council on Postsecondary
20 Education, to establish, set, or approve the salaries of its administrative head and
21 other employees to the contrary notwithstanding, the establishment or setting of
22 salaries for administrative heads or other employees shall be subject to the approval
23 of the secretary of the Personnel Cabinet. The schedules and rates shall be based
24 upon studies of the duties and responsibilities of the offices and positions and upon
25 a comparison with rates being paid for similar or comparable services elsewhere,
26 and in the preparation of such schedules, the Personnel Cabinet shall ascertain and
27 record the duties, responsibilities, and authority pertaining to the various offices and

1 positions in the state service, and classify such positions in the manner provided in
2 KRS 18A.030, 18A.035, 18A.110, 18A.130, 18A.135, and 18A.150 to 18A.160. No
3 such schedule shall become effective until it has been approved by the Governor by
4 executive order.
5 (2) The Governor shall set the compensation payable out of the State Treasury to each
6 officer or position in the state service, which officer or position heads a statutory
7 administrative department, independent agency, or other unit of state government,
8 except for those excluded under subsection (1) of this section. Such compensation
9 shall be based upon studies of the duties and responsibilities and classification of
10 the positions by the Governor and upon a comparison with compensation being paid
11 for similar or comparable services elsewhere, provided, however, such
12 compensation shall not exceed the total taxable compensation of the Governor
13 derived from state sources, the provisions of KRS 64.660 to the contrary
14 notwithstanding. For the purposes of this section, the total taxable compensation of
15 the Governor from state sources shall include the amount provided for
16 compensation to the Governor under KRS 64.480 and any benefits or discretionary
17 spending accounts that are imputed as taxable income for federal tax purposes.
18 (3) The compensation payable out of the State Treasury to officers and employees
19 subordinate to any office or position covered by subsection (2) of this section shall
20 not exceed the maximum rate established pursuant to subsection (2) of this section
21 for such office or position, except with respect to physicians as provided in KRS
22 64.655 and employees of the Public Service Commission of Kentucky whose
23 compensation shall be fixed, within constitutional limits, by the Personnel Cabinet
24 with the approval of the Governor as provided in subsection (1) of this section.
25 (4) Nothing in this section shall preclude the allowance of maintenance to officers and
26 employees of the state.
27 ➔Section 13. KRS 139.495 is amended to read as follows:

1 *(1)* The taxes imposed by this chapter shall apply to*:*
2 *(a)* Resident, nonprofit educational, charitable, *or*[~~and~~] religious institutions
3 which have qualified for exemption from income taxation under Section
4 501(c)(3) of the Internal Revenue Code*; and*
5 *(b) Any resident, single member limited liability company that is:*
6 *1. Wholly owned and controlled by a resident or nonresident, nonprofit*
7 *educational, charitable, or religious institution which has qualified for*
8 *exemption from income taxation under Section 501(c)(3) of the*
9 *Internal Revenue Code; and*
10 *2. Disregarded as an entity separate from the resident or nonresident,*
11 *nonprofit educational, charitable, or religious institution for federal*
12 *income tax purposes pursuant to 26 C.F.R. sec. 301.7701-2;*
13 as *provided in this section.*[~~follows:~~]
14 *(2)*[~~(1)~~] Tax does not apply to sales of tangible personal property, digital property, or
15 services to *these*[~~such~~] institutions *or limited liability companies described in*
16 *subsection (1) of this section,* provided the tangible personal property, digital
17 property, or service is to be used solely *in this state* within the educational,
18 charitable, or religious function.
19 *(3)*[~~(2)~~] Tax does not apply to sales of food to students in school cafeterias or
20 lunchrooms.
21 *(4)*[~~(3)~~] Tax does not apply to sales by school bookstores of textbooks, workbooks,
22 and other course materials.
23 *(5)*[~~(4)~~] Tax does not apply to sales by nonprofit, school sponsored clubs and
24 organizations, provided such sales do not include tickets for athletic events.
25 *(6)*[~~(5)~~] An institution shall be entitled to a refund equal to twenty-five percent (25%)
26 of the tax collected on its sale of donated goods if the refund is used exclusively as
27 reimbursement for capital construction costs of additional retail locations in this

1 state, provided the institution:
2 (a) Routinely sells donated items;
3 (b) Provides job training and employment to individuals with workplace
4 disadvantages and disabilities;
5 (c) Spends at least seventy-five percent (75%) of its annual revenue on job
6 training, job placement, or other related community services;
7 (d) Submits a refund application to the department within sixty (60) days after the
8 new retail location opens for business; and
9 (e) Provides records of capital construction costs for the new retail location and
10 any other information the department deems necessary to process the refund.
11 The maximum refund allowed for any location shall not exceed one million dollars
12 ($1,000,000). As used in this subsection, "capital construction cost" means the cost
13 of construction of any new facilities or the purchase and renovation of any existing
14 facilities, but does not include the cost of real property other than real property
15 designated as a brownfield site as defined in KRS 65.680(4).
16 ***(7)***[~~(6)~~] Notwithstanding any other provision of law to the contrary, refunds under
17 subsection ***(6)***[~~(5)~~] of this section shall be made directly to the institution. Interest
18 shall not be allowed or paid on the refund. The department may examine any refund
19 within four (4) years from the date the refund application is received. Any
20 overpayment shall be subject to the interest provisions of KRS 131.183 and the
21 penalty provisions of KRS 131.180.
22 ***(8)***[~~(7)~~] All other sales made by nonprofit educational, charitable, ***or***[~~and~~] religious
23 institutions ***or limited liability companies described in subsection (1) of this***
24 ***section*** are taxable and the tax may be passed on to the customer as provided in
25 KRS 139.210.
26 ➔Section 14. Section 13 of this Act takes effect August 1, 2016.
27 ➔Section 15. Sections 6 to 12 of this Act shall take precedence over the

1 provisions of Sections 5 to 11 of 16 RS HB 535 should that bill be enacted.

2 ➔Section 16. Whereas many cities and counties rely on funding provided through
3 the Local Government Economic Assistance Fund and the Local Government Economic
4 Development Fund programs to satisfy already budgeted expenditures and debt service in
5 priority categories relating to improving the environment for new industry and the quality
6 of life, and substantial, unanticipated reductions in that funding may cause serious
7 financial hardships on these local governments, an emergency is declared to exist, and
8 Sections 1 to 5 of this Act take effect July 1, 2016.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 13 APRIL 2016