

1 AN ACT relating to unemployment insurance and declaring an emergency.

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

3 ➔Section 1. KRS 341.030 is amended to read as follows:

4 (1) As used in this chapter, unless the context clearly requires otherwise, and except as
5 provided in subsections (2) to (7) of this section, "wages" means all remuneration
6 for services, including commissions, bonuses, and, except for services performed in
7 agriculture and domestic employment, the cash value of all remuneration in any
8 medium other than cash. The reasonable cash value of remuneration in any medium
9 other than cash shall be estimated and determined in accordance with rules
10 prescribed by the commission.

11 (2) (a) Amounts paid to traveling salesmen or other workers as allowance or
12 reimbursement for traveling or other expenses, incurred on the business of the
13 employing unit, constitute wages only to the extent of the excess of the
14 amounts over the expenses actually incurred and accounted for by the worker
15 to his or her employer; provided, however, that the cash value of meals and
16 lodging when furnished to the worker for the convenience of the employer
17 shall not constitute wages.

18 ***(b) Amounts paid to volunteer firefighters as allowance or reimbursement for***
19 ***expenses incurred while responding to emergencies, or for the use of a***
20 ***volunteer firefighter's personal vehicle or other equipment in responding to***
21 ***emergencies, shall not be considered wages.***

22 (3) For purposes of this chapter, the term "wages" includes tips which are:

23 (a) Received while performing services which constitute employment;

24 (b) Included in a written statement furnished to the employer pursuant to Section
25 6053(a) of the Internal Revenue Code; and

26 (c) Shall be treated as having been paid by the employing unit.

27 (4) "Wages" does not include the amount of any payment made to, or on behalf of, a

1 worker under a plan or system established by an employing unit that makes
2 provision for its workers generally or for a class of its workers, including any
3 amount paid by an employing unit for insurance or annuities, or into a fund, to
4 provide for any such payment, on account of:

5 (a) Retirement;

6 (b) Sickness or accident disability but, in the case of payments made to an
7 employee or any of his or her dependents, this subsection shall exclude from
8 the term "wages" only payments which are received under a workers'
9 compensation law;

10 (c) Medical and hospitalization expenses in connection with accident or sickness
11 disability; or

12 (d) Death, if the worker has not:

13 1. The option to receive, instead of provision for the death benefit, any part
14 of the payment, or if the death benefit is insured, any part of the
15 premiums or contributions to premiums paid by his or her employing
16 unit; and

17 2. The right, under the provisions of the plan or system or policy of
18 insurance providing for the death benefit, to assign the benefit, or to
19 receive a cash consideration in lieu of it either upon his or her
20 withdrawal from the plan or system providing for the benefit or upon
21 termination of the plan or system or policy of insurance or of his or her
22 employment with his or her employing unit.

23 (5) "Wages" does not include any payment on account of sickness or accident
24 disability, or medical or hospitalization expenses in connection with sickness or
25 accident disability, made by an employer to, or on behalf of, an employee after the
26 expiration of six (6) calendar months following the last calendar month in which the
27 employee worked for the employer.

- 1 (6) "Wages" does not include the amount of any payment made by an employing unit
2 without deduction from the remuneration of the worker of the tax imposed under
3 Section 3101 of the Internal Revenue Code or any payment required from an
4 employer under a state unemployment compensation law with respect to
5 remuneration paid to an employee for domestic service in a private home of the
6 employer or for agricultural labor.
- 7 (7) (a) "Wages" does not, for the purposes of KRS 341.260 to 341.310, include that
8 part of remuneration which, after wages equal to eight thousand dollars
9 (\$8,000) have been paid in a calendar year to a worker by a subject employer
10 or his or her predecessor with respect to covered employment during any
11 calendar year, is paid to the worker by the subject employer during the
12 calendar year unless that part of the wages is subject to a tax under a federal
13 law, imposing a tax against which credit may be taken for contributions
14 required to be paid into a state unemployment fund. On January 1, 2012, the
15 amount of eight thousand dollars (\$8,000) in this subsection shall increase to
16 nine thousand dollars (\$9,000), which shall increase by an additional three
17 hundred dollars (\$300) on January 1 of each subsequent year, unless limited
18 by paragraph (b) or (c) of this subsection, not to exceed twelve thousand
19 dollars (\$12,000). For the purpose of this subsection, the term "covered
20 employment" shall include service constituting covered employment under
21 any unemployment compensation law of another state.
- 22 (b) If the trust fund balance on September 30 of a calendar year equals or exceeds
23 two hundred million dollars (\$200,000,000), the taxable wage base amount in
24 effect at that time shall not increase on January 1 of the next calendar year or
25 on January 1 of subsequent calendar years, except as provided in paragraphs
26 (c) and (e) of this subsection.
- 27 (c) If the trust fund balance on September 30 of a calendar year equals or exceeds

1 two hundred million dollars (\$200,000,000), but is twenty million dollars
2 (\$20,000,000) or less lower than the trust fund balance amount that would
3 trigger in a lower schedule of contribution rates under KRS 341.270, the
4 taxable wage base shall increase by three hundred dollars (\$300) on January 1
5 of the next calendar year and that taxable wage base amount shall be the
6 taxable wage base amount in effect for subsequent calendar years, subject to
7 the limitations in paragraph (d) of this subsection.

8 (d) The total number of years that the increase in the taxable wage base shall be
9 prohibited or limited under paragraph (b) or (c) of this subsection shall not
10 exceed the total number of years that contributing employers paid additional
11 federal unemployment taxes because of a reduction in the credit against the
12 federal unemployment tax established in 26 U.S.C. sec. 3302 beginning in
13 2011.

14 (e) If the taxable wage base on January 1 of the calendar year immediately
15 following the last year the increase in the taxable wage base was prohibited or
16 limited under this subsection is less than twelve thousand dollars (\$12,000),
17 the taxable wage base amount shall be increased by three hundred dollars
18 (\$300), and by an additional three hundred dollars (\$300) on January 1 of
19 each subsequent calendar year until the taxable wage base amount reaches
20 twelve thousand dollars (\$12,000).

21 (f) Notwithstanding paragraphs (b) and (c) of this subsection, if the trust fund
22 balance is less than two hundred million dollars (\$200,000,000) on September
23 30 of a calendar year, the suspension of the taxable wage base increase shall
24 not occur.

25 (g) Notwithstanding any other provision of this subsection, any increase in the
26 maximum weekly benefit rate which otherwise would have occurred except
27 for the suspension of the taxable wage base increase shall be implemented in

1 accordance with the provisions of this chapter.

2 (h) The provisions of this subsection shall apply unless the United States
3 Department of Labor notifies the secretary that implementation of this
4 subsection would result in decertification of Kentucky's unemployment
5 insurance program, impact any cap application, affect the receipt of
6 emergency unemployment compensation funds, create an ineligibility for
7 receipt of federal funds, or result in other penalties or sanctions under the
8 Social Security Act or Federal Unemployment Tax Act, 26 U.S.C. secs. 3301
9 et seq.

10 (i) Notwithstanding any other provisions of this chapter, for the calendar years
11 2021 and 2022, the taxable wage base increase shall be suspended and the
12 taxable wage base in effect for the calendar year 2020 shall be utilized.

13 ➔Section 2. Section 1 of this Act shall be retroactive to March 6, 2020.

14 ➔Section 3. Whereas Kentucky's volunteer firefighters and volunteer fire
15 departments are of the utmost importance to our local communities as Kentucky
16 continues to recover from the economic impact of COVID-19, an emergency is declared
17 to exist, and this Act takes effect upon its passage and approval by the Governor or upon
18 its otherwise becoming a law.