

1 AN ACT relating to the Labor Cabinet.

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

3 ➔Section 1. KRS 12.020 is amended to read as follows:

4 Departments, program cabinets and their departments, and the respective major
5 administrative bodies that they include are enumerated in this section. It is not intended
6 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
7 bureau, interstate compact, commission, committee, conference, council, office, or any
8 other form of organization shall be included in or attached to the department or program
9 cabinet in which they are included or to which they are attached by statute or statutorily
10 authorized executive order; except in the case of the Personnel Board and where the
11 attached department or administrative body is headed by a constitutionally elected officer,
12 the attachment shall be solely for the purpose of dissemination of information and
13 coordination of activities and shall not include any authority over the functions,
14 personnel, funds, equipment, facilities, or records of the department or administrative
15 body.

16 I. Cabinet for General Government - Departments headed by elected officers:

- 17 (1) The Governor.
- 18 (2) Lieutenant Governor.
- 19 (3) Department of State.
- 20 (a) Secretary of State.
- 21 (b) Board of Elections.
- 22 (c) Registry of Election Finance.
- 23 (4) Department of Law.
- 24 (a) Attorney General.
- 25 (5) Department of the Treasury.
- 26 (a) Treasurer.
- 27 (6) Department of Agriculture.

- 1 (a) Commissioner of Agriculture.
- 2 (b) Kentucky Council on Agriculture.
- 3 (7) Auditor of Public Accounts.
- 4 II. Program cabinets headed by appointed officers:
- 5 (1) Justice and Public Safety Cabinet:
- 6 (a) Department of Kentucky State Police.
- 7 (b) Department of Criminal Justice Training.
- 8 (c) Department of Corrections.
- 9 (d) Department of Juvenile Justice.
- 10 (e) Office of the Secretary.
- 11 (f) Office of Drug Control Policy.
- 12 (g) Office of Legal Services.
- 13 (h) Office of the Kentucky State Medical Examiner.
- 14 (i) Parole Board.
- 15 (j) Kentucky State Corrections Commission.
- 16 (k) Office of Legislative and Intergovernmental Services.
- 17 (l) Office of Management and Administrative Services.
- 18 (m) Department of Public Advocacy.
- 19 (2) Education and Workforce Development Cabinet:
- 20 (a) Office of the Secretary.
- 21 1. Governor's Scholars Program.
- 22 2. Governor's School for Entrepreneurs Program.
- 23 (b) Office of Legal and Legislative Services.
- 24 1. Client Assistance Program.
- 25 (c) Office of Communication.
- 26 (d) Office of Budget and Administration.
- 27 1. Division of Human Resources.

- 1 2. Division of Administrative Services.
- 2 (e) Office of Technology Services.
- 3 (f) Office of Educational Programs.
- 4 (g) Office for Education and Workforce Statistics.
- 5 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 6 (i) Board of Directors for the Center for School Safety.
- 7 (j) Department of Education.
 - 8 1. Kentucky Board of Education.
 - 9 2. Kentucky Technical Education Personnel Board.
- 10 (k) Department for Libraries and Archives.
- 11 (l) Department of Workforce Investment.
 - 12 1. Office for the Blind.
 - 13 2. Office of Vocational Rehabilitation.
 - 14 3. Office of Employment and Training.
 - 15 a. Division of Grant Management and Support.
 - 16 b. Division of Workforce and Employment Services.
 - 17 c. Division of Unemployment Insurance.
- 18 (m) Foundation for Workforce Development.
- 19 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 20 (o) Kentucky Workforce Investment Board.
- 21 (p) Statewide Council for Vocational Rehabilitation.
- 22 (q) Unemployment Insurance Commission.
- 23 (r) Education Professional Standards Board.
 - 24 1. Division of Educator Preparation.
 - 25 2. Division of Certification.
 - 26 3. Division of Professional Learning and Assessment.
 - 27 4. Division of Legal Services.

- 1 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 2 (t) Kentucky Educational Television.
- 3 (u) Kentucky Environmental Education Council.
- 4 (3) Energy and Environment Cabinet:
- 5 (a) Office of the Secretary.
- 6 1. Office of Legislative and Intergovernmental Affairs.
- 7 2. Office of General Counsel.
- 8 3. Office of Administrative Hearings.
- 9 4. Mine Safety Review Commission.
- 10 5. Kentucky State Nature Preserves Commission.
- 11 6. Kentucky Public Service Commission.
- 12 (b) Department for Environmental Protection.
- 13 1. Office of the Commissioner.
- 14 2. Division for Air Quality.
- 15 3. Division of Water.
- 16 4. Division of Environmental Program Support.
- 17 5. Division of Waste Management.
- 18 6. Division of Enforcement.
- 19 7. Division of Compliance Assistance.
- 20 (c) Department for Natural Resources.
- 21 1. Office of the Commissioner.
- 22 2. Division of Technical and Administrative Support.
- 23 3. Division of Mine Permits.
- 24 4. Division of Mine Reclamation and Enforcement.
- 25 5. Division of Abandoned Mine Lands.
- 26 6. Division of Oil and Gas.
- 27 7. Division of Mine Safety.

- 1 8. Division of Forestry.
- 2 9. Division of Conservation.
- 3 10. Office of the Reclamation Guaranty Fund.
- 4 (d) Department for Energy Development and Independence.
- 5 1. Division of Efficiency and Conservation.
- 6 2. Division of Renewable Energy.
- 7 3. Division of Biofuels.
- 8 4. Division of Energy Generation Transmission and Distribution.
- 9 5. Division of Carbon Management.
- 10 6. Division of Fossil Energy Development.
- 11 (4) Public Protection Cabinet.
- 12 (a) Office of the Secretary.
- 13 1. Office of Communications and Public Outreach.
- 14 2. Office of Legal Services.
- 15 a. Insurance Legal Division.
- 16 b. Charitable Gaming Legal Division.
- 17 c. Alcoholic Beverage Control Legal Division.
- 18 d. Housing, Buildings and Construction Legal Division.
- 19 e. Financial Institutions Legal Division.
- 20 (b) Kentucky Claims Commission.
- 21 (c) Kentucky Boxing and Wrestling Commission.
- 22 (d) Kentucky Horse Racing Commission.
- 23 1. Office of Executive Director.
- 24 a. Division of Pari-mutuel Wagering and Compliance.
- 25 b. Division of Stewards.
- 26 c. Division of Licensing.
- 27 d. Division of Enforcement.

- 1 e. Division of Incentives and Development.
- 2 f. Division of Veterinary Services.
- 3 (e) Department of Alcoholic Beverage Control.
- 4 1. Division of Distilled Spirits.
- 5 2. Division of Malt Beverages.
- 6 3. Division of Enforcement.
- 7 (f) Department of Charitable Gaming.
- 8 1. Division of Licensing and Compliance.
- 9 2. Division of Enforcement.
- 10 (g) Department of Financial Institutions.
- 11 1. Division of Depository Institutions.
- 12 2. Division of Non-Depository Institutions.
- 13 3. Division of Securities.
- 14 (h) Department of Housing, Buildings and Construction.
- 15 1. Division of Fire Prevention.
- 16 2. Division of Plumbing.
- 17 3. Division of Heating, Ventilation, and Air Conditioning.
- 18 4. Division of Building Code Enforcement.
- 19 (i) Department of Insurance.
- 20 1. Division of Insurance Product Regulation.
- 21 2. Division of Administrative Services.
- 22 3. Division of Financial Standards and Examination.
- 23 4. Division of Agent Licensing.
- 24 5. Division of Insurance Fraud Investigation.
- 25 6. Division of Consumer Protection.
- 26 7. Division of Kentucky Access.
- 27 (j) Department of Professional Licensing.

- 1 1. Real Estate Authority.
- 2 (5) Labor Cabinet.
- 3 (a) Office of the Secretary.
- 4 1. Division of Management Services.
- 5 2. Office of General Counsel.
- 6 a. Workplace Standards Legal Division.
- 7 b. Workers' Claims Legal Division.
- 8 (b) Office of General Administration and Program Support for Shared
- 9 Services.
- 10 1. Division of Human Resource Management.
- 11 2. Division of Fiscal Management.
- 12 3. Division of Budgets.
- 13 4. Division of Information Services.
- 14 (c) Office of Inspector General for Shared Services.
- 15 (d) Department of Workplace Standards.
- 16 1. Division of Apprenticeship.
- 17 2. Division of Occupational Safety and Health Compliance.
- 18 3. Division of Occupational Safety and Health Education and
- 19 Training.
- 20 4. Division of Wages and Hours.
- 21 (e) Department of Workers' Claims.
- 22 1. ~~[Division of Workers' Compensation Funds.~~
- 23 2. ~~—~~]Office of Administrative Law Judges.
- 24 2.~~[3.]~~Division of Claims Processing.
- 25 3.~~[4.]~~Division of Security and Compliance.
- 26 4.~~[5.]~~Division of Information Services.
- 27 5.~~[6.]~~Division of Ombudsman and Workers' Compensation Specialist

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Services.

~~6.~~~~7.~~ Workers' Compensation Board.

(f) Workers' Compensation Funding Commission.

(g) ~~Occupational Safety and Health Standards Board.~~

~~(h)~~ Apprenticeship and Training Council.

~~(h)~~~~(i)~~ State Labor Relations Board.

~~(i)~~~~(j)~~ Employers' Mutual Insurance Authority.

~~(j)~~~~(k)~~ Kentucky Occupational Safety and Health Review Commission.

~~(k)~~~~(l)~~ Workers' Compensation Nominating Committee.

(6) Transportation Cabinet:

(a) Department of Highways.

- 1. Office of Project Development.
- 2. Office of Project Delivery and Preservation.
- 3. Office of Highway Safety.
- 4. Highway District Offices One through Twelve.

(b) Department of Vehicle Regulation.

(c) Department of Aviation.

(d) Department of Rural and Municipal Aid.

- 1. Office of Local Programs.
- 2. Office of Rural and Secondary Roads.

(e) Office of the Secretary.

- 1. Office of Public Affairs.
- 2. Office for Civil Rights and Small Business Development.
- 3. Office of Budget and Fiscal Management.
- 4. Office of Inspector General.

(f) Office of Support Services.

(g) Office of Transportation Delivery.

- 1 (h) Office of Audits.
- 2 (i) Office of Human Resource Management.
- 3 (j) Office of Information Technology.
- 4 (k) Office of Legal Services.
- 5 (7) Cabinet for Economic Development:
- 6 (a) Office of the Secretary.
- 7 1. Office of Legal Services.
- 8 2. Department for Business Development.
- 9 a. Office of Entrepreneurship.
- 10 i. Commission on Small Business Advocacy.
- 11 b. Office of Research and Public Affairs.
- 12 c. Bluegrass State Skills Corporation.
- 13 3. Office of Financial Services.
- 14 a. Kentucky Economic Development Finance Authority.
- 15 b. Division of Finance and Personnel.
- 16 c. Division of Network Administration.
- 17 d. Compliance Division.
- 18 e. Incentive Assistance Division.
- 19 (8) Cabinet for Health and Family Services:
- 20 (a) Office of the Secretary.
- 21 (b) Office of Health Policy.
- 22 (c) Office of Legal Services.
- 23 (d) Office of Inspector General.
- 24 (e) Office of Communications and Administrative Review.
- 25 (f) Office of the Ombudsman.
- 26 (g) Office of Finance and Budget.
- 27 (h) Office of Human Resource Management.

- 1 (i) Office of Administrative and Technology Services.
- 2 (j) Department for Public Health.
- 3 (k) Department for Medicaid Services.
- 4 (l) Department for Behavioral Health, Developmental and Intellectual
- 5 Disabilities.
- 6 (m) Department for Aging and Independent Living.
- 7 (n) Department for Community Based Services.
- 8 (o) Department for Income Support.
- 9 (p) Department for Family Resource Centers and Volunteer Services.
- 10 (q) Kentucky Commission on Community Volunteerism and Service.
- 11 (r) Kentucky Commission for Children with Special Health Care Needs.
- 12 (s) Governor's Office of Electronic Health Information.
- 13 (t) Office of Legislative and Regulatory Affairs.
- 14 (9) Finance and Administration Cabinet:
- 15 (a) Office of the Secretary.
- 16 (b) Office of the Inspector General.
- 17 (c) Office of Legislative and Intergovernmental Affairs.
- 18 (d) Office of General Counsel.
- 19 (e) Office of the Controller.
- 20 (f) Office of Administrative Services.
- 21 (g) Office of Policy and Audit.
- 22 (h) Department for Facilities and Support Services.
- 23 (i) Department of Revenue.
- 24 (j) Commonwealth Office of Technology.
- 25 (k) State Property and Buildings Commission.
- 26 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 27 (m) Kentucky Employees Retirement Systems.

- 1 (n) Commonwealth Credit Union.
- 2 (o) State Investment Commission.
- 3 (p) Kentucky Housing Corporation.
- 4 (q) Kentucky Local Correctional Facilities Construction Authority.
- 5 (r) Kentucky Turnpike Authority.
- 6 (s) Historic Properties Advisory Commission.
- 7 (t) Kentucky Tobacco Settlement Trust Corporation.
- 8 (u) Kentucky Higher Education Assistance Authority.
- 9 (v) Kentucky River Authority.
- 10 (w) Kentucky Teachers' Retirement System Board of Trustees.
- 11 (x) Executive Branch Ethics Commission.
- 12 (10) Tourism, Arts and Heritage Cabinet:
- 13 (a) Kentucky Department of Tourism.
- 14 1. Division of Tourism Services.
- 15 2. Division of Marketing and Administration.
- 16 3. Division of Communications and Promotions.
- 17 (b) Kentucky Department of Parks.
- 18 1. Division of Information Technology.
- 19 2. Division of Human Resources.
- 20 3. Division of Financial Operations.
- 21 4. Division of Facilities Management.
- 22 5. Division of Facilities Maintenance.
- 23 6. Division of Customer Services.
- 24 7. Division of Recreation.
- 25 8. Division of Golf Courses.
- 26 9. Division of Food Services.
- 27 10. Division of Rangers.

- 1 11. Division of Resort Parks.
- 2 12. Division of Recreational Parks and Historic Sites.
- 3 (c) Department of Fish and Wildlife Resources.
- 4 1. Division of Law Enforcement.
- 5 2. Division of Administrative Services.
- 6 3. Division of Engineering, Infrastructure, and Technology.
- 7 4. Division of Fisheries.
- 8 5. Division of Information and Education.
- 9 6. Division of Wildlife.
- 10 7. Division of Marketing.
- 11 (d) Kentucky Horse Park.
- 12 1. Division of Support Services.
- 13 2. Division of Buildings and Grounds.
- 14 3. Division of Operational Services.
- 15 (e) Kentucky State Fair Board.
- 16 1. Office of Administrative and Information Technology Services.
- 17 2. Office of Human Resources and Access Control.
- 18 3. Division of Expositions.
- 19 4. Division of Kentucky Exposition Center Operations.
- 20 5. Division of Kentucky International Convention Center.
- 21 6. Division of Public Relations and Media.
- 22 7. Division of Venue Services.
- 23 8. Division of Personnel Management and Staff Development.
- 24 9. Division of Sales.
- 25 10. Division of Security and Traffic Control.
- 26 11. Division of Information Technology.
- 27 12. Division of the Louisville Arena.

- 1 13. Division of Fiscal and Contract Management.
- 2 14. Division of Access Control.
- 3 (f) Office of the Secretary.
- 4 1. Office of Finance.
- 5 2. Office of Government Relations and Administration.
- 6 3. Office of Film and Tourism Development.
- 7 4. Kentucky Sports Authority.
- 8 (g) Office of Legal Affairs.
- 9 (h) Office of Human Resources.
- 10 (i) Office of Public Affairs and Constituent Services.
- 11 (j) Office of Creative Services.
- 12 (k) Office of Capital Plaza Operations.
- 13 (l) Office of Arts and Cultural Heritage.
- 14 (m) Kentucky African-American Heritage Commission.
- 15 (n) Kentucky Foundation for the Arts.
- 16 (o) Kentucky Humanities Council.
- 17 (p) Kentucky Heritage Council.
- 18 (q) Kentucky Arts Council.
- 19 (r) Kentucky Historical Society.
- 20 1. Division of Museums.
- 21 2. Division of Oral History and Educational Outreach.
- 22 3. Division of Research and Publications.
- 23 4. Division of Administration.
- 24 (s) Kentucky Center for the Arts.
- 25 1. Division of Governor's School for the Arts.
- 26 (t) Kentucky Artisans Center at Berea.
- 27 (u) Northern Kentucky Convention Center.

- 1 (v) Eastern Kentucky Exposition Center.
- 2 (11) Personnel Cabinet:
- 3 (a) Office of the Secretary.
- 4 (b) Department of Human Resources Administration.
- 5 (c) Office of Employee Relations.
- 6 (d) Kentucky Public Employees Deferred Compensation Authority.
- 7 (e) Office of Administrative Services.
- 8 (f) Office of Legal Services.
- 9 (g) Governmental Services Center.
- 10 (h) Department of Employee Insurance.
- 11 (i) Office of Diversity, Equality, and Training.
- 12 (j) Office of Public Affairs.

13 III. Other departments headed by appointed officers:

- 14 (1) Council on Postsecondary Education.
- 15 (2) Department of Military Affairs.
- 16 (3) Department for Local Government.
- 17 (4) Kentucky Commission on Human Rights.
- 18 (5) Kentucky Commission on Women.
- 19 (6) Department of Veterans' Affairs.
- 20 (7) Kentucky Commission on Military Affairs.
- 21 (8) Office of Minority Empowerment.
- 22 (9) Governor's Council on Wellness and Physical Activity.
- 23 (10) Kentucky Communications Network Authority.

24 ➔Section 2. KRS 224.20-320 is amended to read as follows:

25 Notwithstanding any statute or regulation to the contrary, the facilities of those entities
26 defined in KRS 278.010(3) shall be required to comply solely with the National Emission
27 Standards for Asbestos, of the United States Environmental Protection Agency and

1 applicable rules and regulations of the United States Occupational Safety and Health
 2 Administration, and the Kentucky Labor Cabinet~~[Kentucky Occupational Safety and
 3 Health Standards Board]~~, for purposes of asbestos abatement or removal.

4 ➔Section 3. KRS 336.015 is amended to read as follows:

5 (1) The secretary of the Labor Cabinet shall have the duties, responsibilities, power,
 6 and authority relating to labor, wages and hours, occupational safety and health of
 7 employees, child labor, apprenticeship, workers' compensation, and all other matters
 8 previously under the jurisdiction of the Department of Labor.

9 (2) The Labor Cabinet shall consist of the Office of the Secretary, the Department of
 10 Workers' Claims, and the Department of Workplace Standards.

11 (3) The following agencies are attached to the cabinet for administrative purposes only:

12 (a) Kentucky Occupational Safety and Health Review Commission;

13 (b) State Labor Relations Board;

14 (c) Workers' Compensation Funding Commission;

15 (d) ~~[Occupational Safety and Health Standards Board;~~

16 (e)~~]~~Apprenticeship and Training Council;

17 (e)~~[(f)]~~ Employers' Mutual Insurance Authority;

18 (f)~~[(g)]~~ Office of General Administration and Program Support for Shared

19 Services, which shall be headed by an executive director appointed by the
 20 Governor in accordance with KRS 12.040 upon recommendation from the
 21 secretaries of the Energy and Environment Cabinet, the Labor Cabinet, and
 22 the Public Protection Cabinet. The office is composed of the following
 23 divisions:

24 1. Division of Human Resource Management;

25 2. Division of Fiscal Management;

26 3. Division of Budgets; and

27 4. Division of Information Services;

1 ~~(g)~~~~(h)~~ Office of Inspector General for Shared Services, which shall be headed
2 by an executive director appointed by the Governor in accordance with KRS
3 12.040 upon recommendation from the secretaries of the Energy and
4 Environment Cabinet, the Labor Cabinet, and the Public Protection Cabinet;
5 and

6 ~~(h)~~~~(i)~~ Workers' Compensation Nominating Committee.

7 ➔Section 4. KRS 336.020 is amended to read as follows:

8 (1) The Department of Workplace Standards shall be headed by a commissioner
9 appointed by the Governor in accordance with KRS 12.040 and shall be divided for
10 administrative purposes into the Division of Apprenticeship, the Division of
11 Occupational Safety and Health Compliance, the Division of Occupational Safety
12 and Health Education and Training, and the Division of Wages and Hours. Each of
13 these divisions shall be headed by a director appointed by the secretary and
14 approved by the Governor in accordance with KRS 12.050.

15 (2) The Department of Workers' Claims shall be headed by a commissioner appointed
16 by the Governor, and confirmed by the Senate in accordance with KRS 342.228.
17 The department shall be divided for administrative purposes into the Office of
18 Administrative Law Judges, the Division of Claims Processing, the Division of
19 Information Services, the Division of Security and Compliance, ~~the Division of~~
20 ~~Workers' Compensation Funds,~~ and the Division of Ombudsman and Workers'
21 Compensation Specialist Services. The Office of Administrative Law Judges shall
22 be headed by a chief administrative law judge appointed in accordance with KRS
23 342.230. Each division in the department shall be headed by a director appointed by
24 the secretary and approved by the Governor in accordance with KRS 12.050. The
25 Workers' Compensation Board shall be attached to the Department of Workers'
26 Claims for administrative purposes only.

27 (3) The Office of General Counsel for the Labor Cabinet and the Division of

1 Management Services are attached to the Office of the Secretary of the Labor
2 Cabinet.

- 3 (4) (a) The Office of General Counsel for the Labor Cabinet shall be headed by a
4 general counsel appointed by the secretary with approval by the Governor in
5 accordance with KRS 12.050 and 12.210.
- 6 (b) The Office of General Counsel shall be divided for administrative purposes
7 into the Workplace Standards Legal Division and the Workers' Claims Legal
8 Division.
- 9 (c) Each legal division shall be headed by a general counsel appointed by the
10 secretary with approval by the Governor in accordance with KRS 12.050 and
11 12.210.

12 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 336 IS CREATED TO
13 READ AS FOLLOWS:

14 **(1) The Office of Inspector General shall have authority for the following:**

- 15 **(a) Conduct audits and investigations relating to fraud in workers'**
16 **compensation insurance claims;**
- 17 **(b) Serve as the cabinet's ombudsman and receive public complaints and**
18 **inquiries concerning the cabinet and refer to the appropriate agency or**
19 **investigate as directed;**
- 20 **(c) Conduct investigations related to the cabinet, as requested by the secretary**
21 **or his or her designee;**
- 22 **(d) Review cabinet programs and procedures as directed by the secretary or his**
23 **or her designee and issue recommendations regarding the programs and**
24 **procedures;**
- 25 **(e) Conduct investigations for a cabinet other than the Labor Cabinet as**
26 **requested by that cabinet's secretary and approved by the Labor Cabinet**
27 **secretary; and**

1 (f) Notify and refer any potential criminal violations to the appropriate
2 prosecutor or attorney general.

3 (2) (a) In the course and scope of performing the duties as set forth in subsection
4 (1) of this section, the inspector general or an authorized representative
5 shall have the power, subject to written approval of the appropriate
6 secretary or his or her designee, to issue subpoenas to compel the
7 attendance and testimony of witnesses or the production of documents,
8 books, papers, and other records that are relevant to the matter under
9 investigation; administer oaths, examine witnesses under oath, take
10 verification or proof of written instruments, and take testimony, depositions,
11 and affidavits.

12 (b) Upon application of the inspector general or an authorized representative
13 when a person fails to comply with a subpoena issued by the inspector
14 general or an authorized representative, the Circuit Court of the county in
15 which the person is found, resides, or has his or her principal place of
16 business may issue an order requiring compliance with the subpoena.

17 (c) Subpoenas issued under this section may be served by the inspector general
18 or authorized representative at any location in the Commonwealth.

19 ➔Section 6. KRS 338.015 is amended to read as follows:

20 As used in this chapter:

21 (1) "Employer" shall mean any entity for whom a person is employed except those
22 employers excluded in KRS 338.021;

23 (2) "Employee" shall mean any person employed except those employees excluded in
24 KRS 338.021;

25 (3) The term "occupational safety and health standard" means a standard which requires
26 conditions, or the adoption or use of one (1) or more practices, means, methods,
27 operations, or processes, reasonably necessary or appropriate to provide safe or

1 healthful employment and places of employment. "Standard" has the same meaning
2 as and includes the words "regulation" and "rule";

3 (4) "Occupational safety and health hazard" means any practice or condition in a place
4 of employment which may be deemed detrimental to the safety and health of
5 employees;

6 (5) "Occupational injury or illness" means any abnormal condition or disorder of an
7 employee caused by exposure to factors associated with his or her employment;

8 (6) ~~["Board" means the Kentucky Occupational Safety and Health Standards Board
9 established under this chapter;~~

10 ~~(7)~~ "Commissioner" means the commissioner of the Department of Workplace
11 Standards under the direction and supervision of the secretary of the Labor Cabinet;

12 ~~(7)~~~~(8)~~ "Review commission" means the Kentucky Occupational Safety and Health
13 Review Commission established under this chapter;

14 ~~(8)~~~~(9)~~ The term "national consensus standard" means any occupational safety and
15 health standard or modification thereof which has been adopted and promulgated by
16 a nationally recognized standards-producing organization;

17 ~~(9)~~~~(10)~~ The term "established federal standard" means any operative occupational
18 safety and health standard established by any agency of the United States
19 government;

20 ~~(10)~~~~(11)~~ "Department" means the Department of Workplace Standards; and

21 ~~(11)~~~~(12)~~ "Secretary" means the secretary of the Labor Cabinet.

22 ➔Section 7. KRS 338.061 is amended to read as follows:

23 (1) Occupational safety and health standards may be adopted, modified, or repealed by
24 the secretary~~board~~ as he or she~~it~~ shall deem necessary.

25 (2) Established federal standards and national consensus standards may be adopted by
26 reference.

27 ➔Section 8. KRS 342.120 is amended to read as follows:

1 (1) *The Kentucky Workers' Compensation Funding Commission*~~[There is created the~~
 2 ~~Division of Workers' Compensation Funds in the Department of Workers' Claims~~
 3 ~~which] shall be responsible for the administration of the special fund [and the coal~~
 4 ~~workers' pneumoconiosis fund]and the maintenance of records regarding the~~
 5 payment of claims by *this fund*~~[these funds. The Division of Workers'~~
 6 ~~Compensation Funds shall have no responsibility for the coal workers'~~
 7 ~~pneumoconiosis fund once the assets and liabilities have been transferred to the~~
 8 ~~Kentucky Employers' Mutual Insurance Authority, which will administer the fund~~
 9 ~~pursuant to KRS 342.1243. The Division of Workers' Compensation Funds shall be~~
 10 ~~headed by a director appointed by the secretary of the Labor Cabinet, with the prior~~
 11 ~~written approval of the Governor pursuant to KRS 12.050. The director shall be~~
 12 ~~responsible for overseeing the administration of the funds and the maintenance of~~
 13 ~~records regarding the payment of claims by the funds].~~

14 (2) The special fund shall have no liability upon any claim in which the injury occurred,
 15 or for cumulative trauma, the disability became manifest, or, for occupational
 16 disease, if the date of injury or last exposure occurred, after December 12, 1996.

17 (3) Where the employer has settled its liability for income benefits and thereafter a
 18 determination has been made of the special fund's liability, the special fund portion
 19 of the benefit rate shall be paid over the maximum period provided for by statute for
 20 that disability, with the period of payment beginning on the date settlement was
 21 approved by an administrative law judge. This provision is remedial and shall apply
 22 to all pending and future claims.

23 ➔Section 9. KRS 342.232 is amended to read as follows:

24 (1) The boards of directors of the following funds shall make quarterly reports
 25 according to generally accepted accounting principles of all money received and
 26 disbursed by the listed funds during each quarter to the Legislative Research
 27 Commission. The funds which shall be reported are:

- 1 (a) Kentucky individual self-insurance guaranty fund;
- 2 (b) Kentucky group self-insurance fund; and
- 3 (c) Kentucky coal employers self-insurance fund.

4 (2) The *Kentucky Workers' Compensation Funding Commission and the Kentucky*
5 *Employers' Mutual Insurance Authority*~~[director of the Division of Workers'~~
6 ~~Compensation Funds]~~ shall make *annual*~~[quarterly]~~ reports according to generally
7 accepted accounting principles of all money received and disbursed by the coal
8 workers' pneumoconiosis fund to the Legislative Research Commission.

9 (3) The Department of Workers' Claims shall make quarterly reports to the Legislative
10 Research Commission on the status of the provisions of this chapter.

11 ➔Section 10. KRS 342.265 is amended to read as follows:

12 (1) If the employee and employer and special fund or any of them reach an agreement
13 conforming to the provisions of this chapter in regard to compensation, a
14 memorandum of the agreement signed by the parties or their representatives shall be
15 filed with the commissioner, and, if approved by an administrative law judge, shall
16 be enforceable pursuant to KRS 342.305. Where all parties have not joined in the
17 settlement agreement, it shall not be approved unless it is certified that the party not
18 participating in the settlement has been served with a copy of the agreement not less
19 than ten (10) days prior to submission of the agreement for approval. This provision
20 shall not be construed to prevent the voluntary payment of compensation for the
21 periods and in the amounts prescribed by this chapter, but nothing shall operate as a
22 final settlement except a memorandum of agreement filed with the commissioner
23 and approved by the administrative law judge. Upon claims settled after December
24 12, 1996, the special fund shall have the option of settling its liability for income
25 benefits on the same terms as those reached between the employee and employer.
26 Notice of the special fund exercise of the option granted in this subsection shall be
27 made by letter of the *executive* director of the *Kentucky Workers' Compensation*

1 **Funding Commission**~~[Division of Workers' Compensation Funds]~~ mailed to the
2 parties within ten (10) days of receipt by the **executive** director of a copy of the
3 agreement.

4 (2) Settlement agreements concluded after July 14, 2000, providing for commuted
5 lump-sum payment of future income benefits which would otherwise be payable in
6 amounts greater than one hundred dollars (\$100) per week shall not be approved
7 unless there is reasonable assurance that the worker will have an adequate source of
8 income during disability. This subsection is remedial and applies to all pending and
9 future claims.

10 (3) Upon lump-sum settlement of future periodic payments, the discount rate used in
11 the calculation of the settlement amount shall not exceed a reasonable amount fixed
12 by the commissioner. For settlements approved after December 12, 1996, until
13 December 31, 1997, the true discount rate shall be six percent (6%) compounded
14 annually on each payment. Before January 1 of each year commencing in 2001, the
15 commissioner shall fix the discount rate to be utilized in the succeeding year based
16 at one-half of one percent (0.5%) below the interest rate paid upon ten (10) year
17 United States Treasury Notes as of August 1 of the preceding year.

18 (4) If the parties have previously filed an agreement which has been approved by the
19 administrative law judge, and compensation has been paid or is due in accordance
20 therewith and the parties thereafter disagree, either party may invoke the provisions
21 of KRS 342.125, which remedy shall be exclusive.

22 (5) An application for resolution of claim shall be held in abeyance during any period
23 voluntary payments of income benefits are being made under any benefit sections of
24 this chapter to the maximum which the employee's wages shall entitle unless it shall
25 be shown that the prosecution of the employee's claim would be prejudiced by
26 delay.

27 ➔Section 11. The following KRS sections are repealed:

- 1 337.200 Performance bond for wages due from employer engaged in construction work,
- 2 or the severance, preparation, or transportation of minerals.
- 3 337.994 Penalty for violating KRS 337.200.
- 4 338.051 Kentucky Occupational Safety and Health Standards Board -- Membership --
- 5 Terms -- Chairman -- Meetings -- Quorum -- Regulations -- Compensation.
- 6 342.235 Traveling expenses.