

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

April 16, 2018
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

SB18-200 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

- 1 Amend reengrossed bill, page 7, line 13, strike "and (42)(b);" and
2 substitute "(42)(b), and (46);".
- 3 Page 8, line 3, strike "SEVEN" and substitute "FIVE".
- 4 Page 9, line 27, strike "EIGHT" and substitute "SIX".
- 5 Page 10, strike lines 19 through 26 and substitute "CALCULATION. THIS
6 SUBSECTION (25)(b)(VI)".
- 7 Page 11, line 23, after "(a)" insert "(I)" and strike "means" and substitute
8 "means, FOR MEMBERS WHO WERE MEMBERS, INACTIVE MEMBERS, OR
9 RETIREES OF THE ASSOCIATION ON DECEMBER 31, 2019,".
- 10 Page 12, line 4, strike "AMOUNTS DEDUCTED FROM".
- 11 Page 12, strike lines 5 through 7 and substitute "performance or merit".
- 12 Page 12, line 12, strike "(b) "Salary"" and substitute "~~(b)~~ (II) FOR
13 MEMBERS WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE
14 ASSOCIATION ON DECEMBER 31, 2019, "salary"".
- 15 Page 12, line 17, strike "premiums" and substitute "premiums;".

1 Page 12, strike line 18 and substitute "dependent care assistance;
2 reimbursement for".

3 Page 12, after line 25 insert:

4 "(b) (I) "SALARY" MEANS, FOR MEMBERS WHO WERE NOT
5 MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE ASSOCIATION ON JUNE
6 30, 2019, COMPENSATION FOR SERVICES RENDERED TO AN EMPLOYER AND
7 INCLUDES: REGULAR SALARY OR PAY; ANY PAY FOR ADMINISTRATIVE,
8 SABBATICAL, ANNUAL, SICK, VACATION, OR PERSONAL LEAVE AND
9 COMPENSATION FOR UNUSED LEAVE CONVERTED TO CASH PAYMENTS; PAY
10 FOR COMPENSATORY TIME OR HOLIDAYS; PAYMENTS BY AN EMPLOYER
11 FROM GRANTS; AMOUNTS DEDUCTED FROM PAY PURSUANT TO
12 TAX-SHELTERED SAVINGS OR RETIREMENT PROGRAMS; AMOUNTS
13 DEDUCTED FROM PAY FOR A HEALTH SAVINGS ACCOUNT AS DEFINED IN 26
14 U.S.C. SEC. 223, AS AMENDED, OR ANY OTHER TYPE OF RETIREMENT
15 HEALTH SAVINGS ACCOUNT PROGRAM; AMOUNTS DEDUCTED FROM PAY
16 PURSUANT TO A CAFETERIA PLAN AS DEFINED IN 26 U.S.C. SEC. 125, AS
17 AMENDED; A QUALIFIED TRANSPORTATION FRINGE BENEFIT PLAN AS
18 DEFINED IN 26 U.S.C. SEC. 132, AS AMENDED; PERFORMANCE OR MERIT
19 PAYMENTS, IF APPROVED BY THE BOARD; SPECIAL PAY FOR WORK-RELATED
20 INJURIES PAID BY THE EMPLOYER PRIOR TO TERMINATION OF MEMBERSHIP;
21 AND RETROACTIVE SALARY PAYMENTS PURSUANT TO COURT ORDERS,
22 ARBITRATION AWARDS, OR LITIGATION AND GRIEVANCE SETTLEMENTS.

23 (II) FOR MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS,
24 OR RETIREES OF THE ASSOCIATION ON JUNE 30, 2019, "SALARY" DOES NOT
25 INCLUDE: COMMISSIONS; COMPENSATION FOR UNUSED SICK, ANNUAL,
26 VACATION, ADMINISTRATIVE, OR OTHER ACCUMULATED PAID LEAVE
27 CONTRIBUTED TO A HEALTH SAVINGS ACCOUNT AS DEFINED IN 26 U.S.C.
28 SEC. 223, AS AMENDED, OR A RETIREMENT HEALTH SAVINGS PROGRAM;
29 HOUSING ALLOWANCES; UNIFORM ALLOWANCES; AUTOMOBILE USAGE;
30 INSURANCE PREMIUMS PAID BY EMPLOYERS; REIMBURSEMENT FOR
31 EXPENSES INCURRED; TUITION OR ANY OTHER FRINGE BENEFITS,
32 REGARDLESS OF FEDERAL TAXATION; BONUSES FOR SERVICES NOT
33 ACTUALLY RENDERED, INCLUDING, BUT NOT LIMITED TO, EARLY
34 RETIREMENT INDUCEMENTS, CHRISTMAS BONUSES, CASH AWARDS,
35 HONORARIUMS AND SEVERANCE PAY, DAMAGES, EXCEPT FOR
36 RETROACTIVE SALARY PAYMENTS PAID PURSUANT TO COURT ORDERS OR
37 ARBITRATION AWARDS OR LITIGATION AND GRIEVANCE SETTLEMENTS, OR
38 PAYMENTS BEYOND THE DATE OF A MEMBER'S DEATH.

1 (46) "State trooper" means an employee of the Colorado state
2 patrol, Colorado bureau of investigation, or successors to these agencies,
3 who is vested with the powers of peace officers as provided for in section
4 24-33.5-409. IN ADDITION, FOR MEMBERS WHO WERE NOT MEMBERS,
5 INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, "STATE
6 TROOPER" INCLUDES A COUNTY SHERIFF, UNDERSHERIFF, DEPUTY SHERIFF,
7 NONCERTIFIED DEPUTY SHERIFF, OR DETENTION OFFICER HIRED BY A
8 LOCAL GOVERNMENT DIVISION EMPLOYER ON OR AFTER JANUARY 1, 2020,
9 AND A CORRECTIONS OFFICER CLASSIFIED AS I THROUGH IV HIRED BY A
10 STATE DIVISION EMPLOYER ON OR AFTER JANUARY 1, 2020.

11 **SECTION 3.** In Colorado Revised Statutes, **add** 24-51-221 as
12 follows:

13 **24-51-221. Information provided to employer - salary**
14 **definition.** AN EMPLOYER MAY REQUEST INFORMATION FROM THE
15 ASSOCIATION TO DETERMINE WHETHER TO USE "SALARY" AS DEFINED IN
16 SECTION 24-51-101 (42)(a) OR AS DEFINED IN SECTION 24-51-101 (42)(b),
17 WHEN THE EMPLOYER HIRES AN EMPLOYEE WHO IS A CURRENT MEMBER OR
18 RETIREE OF THE ASSOCIATION. THE ASSOCIATION SHALL PROVIDE SUCH
19 INFORMATION TO THE EMPLOYER UPON REQUEST."

20 Renumber succeeding sections accordingly.

21 Page 18, line 10, strike "(I)".

22 Page 19, strike lines 3 through 27.

23 Strike page 20.

24 Page 21, strike lines 1 through 14.

25 Page 22, lines 6 and 7, strike "24-51-413 and 24-51-414" and substitute
26 "24-51-413, 24-51-414, and 24-51-415".

27 Page 22, line 14, after "24-51-411," insert "AND THE AMOUNT THE
28 ASSOCIATION RECEIVES PURSUANT TO SECTION 24-51-415,".

29 Page 22, line 26, strike "JANUARY 1, 2020, AND EVERY YEAR" and
30 substitute "JULY 1, 2019, AND EACH JULY 1".

31 Page 22, line 27, strike "MEMBER CONTRIBUTION RATES" and substitute
32 "EMPLOYER CONTRIBUTION RATES, MEMBER CONTRIBUTION RATES,".

1 Page 23, line 11, strike "AND".

2 Page 23, strike line 12 and substitute:

3 "(b) THE EMPLOYER CONTRIBUTION RATE WILL BE INCREASED BY
4 UP TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE EMPLOYER
5 CONTRIBUTION RATE BE INCREASED TO EXCEED THE EMPLOYER
6 CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a), PLUS TWO
7 PERCENT; AND".

8 Reletter succeeding paragraph accordingly.

9 Page 23, line 16, strike "(1.7)(a)(V)," and substitute "(1.7)(a),".

10 Page 23, line 20, strike "BETWEEN THE ANNUAL INCREASES" and substitute
11 "AMONG THE ANNUAL INCREASES, THE EMPLOYER CONTRIBUTIONS,".

12 Page 24, lines 2 and 3, strike "(3)(a) AND (3)(b)" and substitute "(3)(a),
13 (3)(b), AND (3)(c)".

14 Page 24, line 4, strike "EITHER OF THE TWO" and substitute "ANY ONE OF
15 THE THREE".

16 Page 24, line 8, strike "COMPONENT" and substitute "TWO COMPONENTS".

17 Page 24, line 24, strike "AND".

18 Page 24, strike line 25 and substitute:

19 "(b) THE EMPLOYER CONTRIBUTION RATE WILL BE REDUCED BY UP
20 TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE EMPLOYER
21 CONTRIBUTION RATE BE LESS THAN THE EMPLOYER CONTRIBUTION RATES
22 UNDER SECTION 24-51-401 (1.7)(a); AND".

23 Reletter succeeding paragraph accordingly.

24 Page 25, line 2, strike "(1.7)(a)(I)" and substitute "(1.7)(a)".

25 Page 25, line 5, strike "BETWEEN THE ANNUAL INCREASES" and substitute
26 "AMONG THE ANNUAL INCREASES, THE EMPLOYER CONTRIBUTIONS,".

1 Page 25, line 15, strike "(6)(a) AND (6)(b)" and substitute "(6)(a), (6)(b),
2 AND (6)(c)".

3 Page 25, line 20, strike "JANUARY 1" and substitute "JULY 1".

4 Page 25, line 22, after "INCREASES." add "THE FIRST ADJUSTMENT
5 PURSUANT TO THIS SECTION SHALL NOT OCCUR BEFORE JULY 1, 2020."

6 Page 25, strike lines 23 through 27.

7 Strike pages 26 and 27.

8 Page 28, strike lines 1 through 23 and substitute:

9 **"24-51-415. Direct distribution.** (1) ON JULY 1, 2018, THE STATE
10 TREASURER SHALL ISSUE A WARRANT TO THE ASSOCIATION IN AN AMOUNT
11 EQUAL TO TWO HUNDRED TWENTY-FIVE MILLION DOLLARS. SUCH AMOUNT
12 SHALL BE PAID TO THE ASSOCIATION FROM THE GENERAL FUND. ON JULY
13 1, 2019, THE STATE TREASURER SHALL ISSUE A WARRANT TO THE
14 ASSOCIATION IN AN AMOUNT EQUAL TO TWO HUNDRED FIFTY-FIVE MILLION
15 SIX HUNDRED SIX THOUSAND DOLLARS. SUCH AMOUNT SHALL BE PAID TO
16 THE ASSOCIATION FROM THE GENERAL FUND OR FROM ANY OTHER FUND.
17 ON JULY 1, 2020, AND ON JULY 1 EACH YEAR THEREAFTER UNTIL THERE
18 ARE NO UNFUNDED ACTUARIAL ACCRUED LIABILITIES OF ANY DIVISION OF
19 THE ASSOCIATION THAT RECEIVES THE DISTRIBUTION PURSUANT TO THIS
20 SUBSECTION (1), THE STATE TREASURER SHALL ISSUE A WARRANT TO THE
21 ASSOCIATION IN AN AMOUNT EQUAL TO THREE PERCENT OF THE
22 ASSOCIATION'S MOST CURRENT AUDITED PAYROLL; EXCEPT THAT THE
23 ASSOCIATION'S MOST CURRENT AUDITED PAYROLL SHALL NOT INCLUDE
24 PAYROLL FOR THE LOCAL GOVERNMENT DIVISION OF THE ASSOCIATION.
25 SUCH AMOUNT SHALL BE PAID TO THE ASSOCIATION FROM THE GENERAL
26 FUND OR FROM ANY OTHER FUND.

27 (2) THE DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS
28 SECTION SHALL END WHEN THERE ARE NO UNFUNDED ACTUARIAL
29 ACCRUED LIABILITIES OF ANY DIVISION OF THE ASSOCIATION THAT
30 RECEIVES SUCH DISTRIBUTION. BY SEPTEMBER 1, 2019, AND BY
31 SEPTEMBER 1 OF EACH YEAR THEREAFTER, UNTIL THE DISTRIBUTION
32 PURSUANT TO SUBSECTION (1) OF THIS SECTION IS NO LONGER REQUIRED,
33 THE BOARD SHALL DETERMINE WHETHER THE SUM OF THE EMPLOYER AND
34 MEMBER CONTRIBUTIONS PURSUANT TO SECTION 24-51-401 (1.7)(a), THE
35 CONTRIBUTIONS PURSUANT TO SECTION 24-51-411, AND THE DISTRIBUTION
36 PURSUANT TO SUBSECTION (1) OF THIS SECTION, IS GREATER THAN THE

1 AMOUNT NECESSARY TO ELIMINATE THE UNFUNDED ACTUARIAL ACCRUED
2 LIABILITY OF EACH DIVISION OF THE ASSOCIATION THAT RECEIVES THE
3 DISTRIBUTION IN THE NEXT FISCAL YEAR. IF THE BOARD DETERMINES THAT
4 THE TOTAL AMOUNT OF THE DISTRIBUTION PURSUANT TO SUBSECTION (1)
5 OF THIS SECTION WILL NOT BE REQUIRED TO ELIMINATE THE UNFUNDED
6 ACTUARIAL ACCRUED LIABILITY OF EACH DIVISION OF THE ASSOCIATION
7 THAT RECEIVES THE DISTRIBUTION, THE BOARD SHALL NOTIFY THE OFFICE
8 OF STATE PLANNING AND BUDGETING AND THE JOINT BUDGET COMMITTEE
9 OF THE GENERAL ASSEMBLY BY SEPTEMBER 1 OF THE APPLICABLE YEAR.

10 (3) THE ASSOCIATION SHALL ALLOCATE THE DIRECT DISTRIBUTION
11 TO THE TRUST FUNDS OF EACH DIVISION OF THE ASSOCIATION AS IT WOULD
12 AN EMPLOYER CONTRIBUTION, IN A MANNER THAT IS PROPORTIONATE TO
13 THE ANNUAL PAYROLL OF EACH DIVISION AS REPORTED TO THE
14 ASSOCIATION; EXCEPT THAT THE ASSOCIATION SHALL NOT ALLOCATE ANY
15 PORTION OF THE DIRECT DISTRIBUTION AMOUNT TO THE LOCAL
16 GOVERNMENT DIVISION OF THE ASSOCIATION.

17 (4) MONEY DISTRIBUTED TO THE ASSOCIATION PURSUANT TO
18 SUBSECTION (1) OF THIS SECTION SHALL BE INCLUDED FOR
19 INFORMATIONAL PURPOSES IN THE ANNUAL GENERAL APPROPRIATION BILL
20 OR IN SUPPLEMENTAL APPROPRIATION BILLS FOR THE PURPOSE OF
21 COMPLYING WITH THE LIMITATION ON STATE FISCAL YEAR SPENDING
22 IMPOSED BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND
23 SECTION 24-77-103."

24 Renumber succeeding sections accordingly.

25 Page 30, line 17, strike "65" and substitute "60".

26 Page 43, strike lines 1 through 4 and substitute "WITH A SERVICE
27 RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH
28 A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
29 24-51-604 BUT HAS,".

30 Page 43, line 5, strike "SIXTY-FIVE;" and substitute "SIXTY;".

31 Page 43, strike line 8 and substitute "WITH A SERVICE RETIREMENT
32 BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A".

33 Page 46, strike lines 4 through 27.

34 Strike page 47.

- 1 Page 48, strike lines 1 and 2.
- 2 Renumber succeeding sections accordingly.
- 3 Page 48, line 27, strike "(1.7)(a)(I)." and substitute "(1.7)(a).".
- 4 Page 49, line 1, strike "(1.7)(a)(I)" and substitute "(1.7)(a)".
- 5 Page 50, strike lines 13 through 27.
- 6 Strike pages 51 through 55.
- 7 Page 56, strike lines 1 through 9 and substitute:

8 **"SECTION 22.** In Colorado Revised Statutes, **add with**
9 **amended and relocated provisions** article 51.5 to title 24 as follows:

10 **ARTICLE 51.1**

11 **Pension Review Commission**

12 **24-51.1-101. [Formerly 31-31-1001.] Pension review**
13 **commission.** (1) (a) There is hereby created the ~~police officers' and~~
14 ~~firefighters' pension reform~~ REVIEW commission to be comprised of five
15 senators appointed by the president of the senate and ten representatives
16 appointed by the speaker of the house of representatives. The party
17 representation shall be in proportion generally to the relative number of
18 members of the two major political parties in each chamber. The chair
19 shall be designated by the speaker of the house of representatives in
20 odd-numbered years and by the president of the senate in even-numbered
21 years. The vice-chair shall be appointed by the speaker of the house of
22 representatives in even-numbered years and by the president of the senate
23 in odd-numbered years. Members of the commission shall receive the
24 same per diem allowance authorized for other members of the general
25 assembly serving on interim study committees and actual expenses for
26 participation in meetings of the commission. Staff services for the
27 commission shall be furnished by the state auditor's office, the legislative
28 council, and the office of legislative legal services. The state auditor, with
29 the approval of the commission, may contract for services deemed
30 necessary for the implementation of this ~~part 10~~ ARTICLE 51.1.

31 (b) The terms of the members appointed by the speaker of the
32 house of representatives and the president of the senate and who are
33 serving on March 22, 2007, shall be extended to and expire on or shall
34 terminate on the convening date of the first regular session of the
35 sixty-seventh general assembly. As soon as practicable after such

1 convening date, the speaker and the president shall appoint or reappoint
2 members in the same manner as provided in ~~paragraph (a) of this~~
3 ~~subsection (1)~~ SUBSECTION (1)(a) OF THIS SECTION. Thereafter, the terms
4 of members appointed or reappointed by the speaker and the president
5 shall expire on the convening date of the first regular session of each
6 general assembly, and all subsequent appointments and reappointments
7 by the speaker and the president shall be made as soon as practicable after
8 such convening date. The person making the original appointment or
9 reappointment shall fill any vacancy by appointment for the remainder of
10 an unexpired term. Members appointed or reappointed by the speaker and
11 the president shall serve at the pleasure of the appointing authority and
12 shall continue in office until the member's successor is appointed.

13 (2) The commission shall study and develop proposed legislation
14 relating to funding of police officers' and firefighters' pensions in this
15 state and benefit designs of such pension plans. IN ADDITION, THE
16 COMMISSION SHALL STUDY AND DEVELOP PROPOSED LEGISLATION
17 RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION AS
18 SPECIFIED IN SUBSECTION (3) OF THIS SECTION. The commission study
19 shall include a review of, and the proposed legislation may include,
20 among other subjects, the following, AS APPLICABLE:

- 21 (a) Normal retirement age; ~~and compulsory retirement;~~
- 22 (b) Payment of benefits prior to normal retirement age;
- 23 (c) Service requirements for eligibility;
- 24 (d) Rate of accrual of benefits;
- 25 (e) Disability benefits;
- 26 (f) Survivors' benefits;
- 27 (g) Vesting of benefits;
- 28 (h) Employee AND EMPLOYER contributions;
- 29 (i) Postretirement increases;
- 30 (j) Creation of an administrative board;
- 31 (k) Creation of a consolidated statewide system;
- 32 ~~(l) Distribution of state funds;~~
- 33 ~~(m)~~ (l) Coordination of benefits with other programs;
- 34 ~~(n)~~ (m) The volunteer firefighter pension system;
- 35 ~~(o)~~ (n) The provisions of ~~this article and article 30.5 of this title~~
36 ARTICLES 30, 30.5 AND 31 OF TITLE 31;
- 37 ~~(p)~~ (o) THE PROVISIONS OF ARTICLE 51 OF THIS TITLE 24; and
- 38 (p) The necessity of continuing the direct to the public employees'
39 retirement association pursuant to section 24-51-415.

40 ~~(3) Repealed.~~

41 (3) AFTER THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
42 SUBMITS ITS ANNUAL ACTUARIAL VALUATION TO THE LEGISLATIVE AUDIT

1 COMMITTEE AND THE JOINT BUDGET COMMITTEE OF THE GENERAL
2 ASSEMBLY PURSUANT TO SECTION 24-51-204 (7), THE COMMISSION MAY,
3 WITH ADVICE OF THE BOARD OF DIRECTORS OF THE PUBLIC EMPLOYEES'
4 RETIREMENT ASSOCIATION, PROPOSE LEGISLATION TO ADDRESS ANY
5 ISSUES THAT ARISE FROM SUCH ACTUARIAL VALUATION OR OTHER
6 INFORMATION PROVIDED TO THE GENERAL ASSEMBLY.

7 **SECTION 23.** In Colorado Revised Statutes, 31-30.5-302, **amend**
8 (1) as follows:

9 **31-30.5-302. Definitions.** As used in this part 3, unless the
10 context otherwise requires:

11 (1) "Commission" means the ~~police officers' and firefighters'~~
12 pension ~~reform~~ REVIEW commission established pursuant to ~~section~~
13 ~~31-31-1001~~ SECTION 24-51.1-101.

14 **SECTION 24. Repeal of provisions being relocated in this act.**
15 In Colorado Revised Statutes, **repeal** 31-31-1001.

16 **SECTION 25.** In Colorado Revised Statutes, **repeal**
17 31-31-1002."

18 Renumber succeeding sections accordingly.

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