

HOUSE COMMITTEE OF REFERENCE REPORT

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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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