



## Fiscal Summary

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

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**Measure:** Initiative 218 – SEPARATION OF PINNACOL ASSURANCE FROM THE STATE TO FUND WORKFORCE DEVELOPMENT

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## Fiscal Summary of Initiative 218

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at [leg.colorado.gov/bluebook](http://leg.colorado.gov/bluebook). This fiscal summary identifies the following impact.

### Statutory Public Entities

#### Skilled Workers and Trades Fund and Board

##### Revenue

The measure will result in a one-time payment of \$150 million into the newly created Skilled Workers and Trades Fund at the end of FY 2026-27, which will be managed by an independent board of directors appointed by the Governor. This revenue is exempt under TABOR. The fund may also receive revenue from interest, any grants received, and any funding appropriated by the General Assembly.

Beginning in FY 2027-28, Pinnacol Assurance will begin paying insurance premium taxes on its worker's compensation policies, which will be credited to the Skilled Workers and Trades Fund. This amount is estimated at approximately \$10 million per year and is exempt under TABOR.

##### Expenditures

The Board of Directors for the Skilled Workers and Trades Fund is created as a political subdivision of the state. The board will oversee expenditures from the fund to support eligible scholarships and training. The board is permitted to spend 5 percent of annual expenditures on administrative costs, and 5 percent on data management and evaluation. The remaining expenditures must be used to reimburse education providers for scholarships awarded to eligible award recipients beginning in FY 2027-28.

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At a minimum, it is assumed that board will spend at least \$10 million annually from premium tax revenue deposited into the fund. The board may also spend additional money from the initial \$150 million deposit to the fund and any interest generated from money held in the fund. Assuming a minimum \$10 million annual expenditure, this would result in at least \$9 million in scholarships and training reimbursement, up to \$0.5 million in administrative spending, and up to \$0.5 million in data management and evaluation spending. The exact timing and amount of spending will be determined by the board.

### Public Employees' Retirement Association

Assuming a discount rate of 5.25 percent, the Public Employees' Retirement Association (PERA) will receive an estimated payment \$302.3 million payment from Pinnacle Assurance to disaffiliate from PERA. This payment amount assumes a timely payment in-full, and is based on financial reporting as of December 31, 2024.

### State Revenue

Revenue will increase to institutions of higher education that offer scholarships for students to take skilled worker and trades training if they receive reimbursement for those scholarships from the Skilled Workers and Trades Fund.

### State Expenditures

The Division of Insurance will have costs of up to \$200,000, paid from the Division of Insurance Cash Fund, to develop a risk plan to provide workers' compensation insurance coverage to employers who are unable to procure coverage in the voluntary market.

The Office of the State Auditor will also have costs up to \$200,000 per audit to annually audit the Skilled Workers and Trades Fund Board. It is assumed that these costs will be paid by from the Skilled Workers and Trades Fund.

### State Diversion

Beginning in FY 2026-27, costs in the Division of Insurance will divert up to \$200,000 in premium tax revenue from the General Fund. This money will be used to pay the division's administrative costs rather than flow into the General Fund; thus, it will not be available for other uses.

### Economic Impacts

The separation of Pinnacle Assurance from state government is not anticipated to have a measurable impact on the state's economy. To the extent allocating funding to the Skilled Workers and Trades Fund improves the training of the Colorado workforce, economic benefits may include increased productivity and profits, business investment, and fewer on-the-job injuries.