



Fiscal Summary

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Measure: Initiative 249 – SEPARATION OF PINNACOL ASSURANCE FROM THE STATE TO FUND WORKFORCE DEVELOPMENT

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Date: March 17, 2026

Fiscal Summary of Initiative 249

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. This fiscal summary identifies the following impact.

State Revenue

The measure is anticipated to increase state revenue by \$150.3 million in FY 2026-27, and \$10.5 million in FY 2027-28 and ongoing, as discussed below.

The measure will result in a one-time payment of \$150.0 million into the newly created Skilled Workers and Trades Fund at the end of FY 2026-27. This revenue is exempt from TABOR. The fund may also receive revenue from interest, any grants received, and any funding appropriated by the General Assembly.

Additionally in FY 2026-27, revenue will increase by up to \$250,000 to the Division of Insurance Cash Fund in the Department of Regulatory Agencies. This revenue, which is subject to TABOR, comes from a payment from Pinnacol Assurance and will be used to cover the costs in the Division of Insurance described in the State Expenditures section below.

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 \$10.5 million in FY 2027-28, with similar amounts ongoing, and is subject to TABOR.

Additionally, state revenue may increase to institutions of higher education, to the extent they offer job training and certification programs outside of a two- or four-year degree program, and receive reimbursement for scholarships from the Skilled Workers and Trades Fund.

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State Expenditures

The measure is anticipated to increase state expenditures by \$250,000 in FY 2026-27, and \$10.5 million in FY 2027-28 and ongoing, as discussed below.

In FY 2026-27, the Division of Insurance will have one-time costs of up to \$250,000, paid by Pinnacol Assurance, to facilitate the separation of Pinnacol Assurance from the state.

The Board of Directors for the Skilled Workers and Trades Fund is created in the Department of Labor and Employment to 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. At a minimum, it is assumed that board will spend at least \$10.5 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 interested generated from money held in the fund. Assuming a minimum \$10.5 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.

As part of the board's administrative spending, the fiscal note assumes about \$100,000 will be paid to the Office of the State Auditor (OSA) in the Legislative Department and the Department of Law. The OSA will have annual costs, estimated at \$70,000 per year, to contract for an audit of the Skilled Workers and Trades Fund. The board is also assumed to require general counsel from the Department of Law, estimated at 200 hours in FY 2027-28 at a cost of \$28,000, and 150 hours ongoing at a cost of \$21,000. These costs assume that the board is required to adhere to the Administrative Procedures Act during promulgation of rules and regulations, and that the board will require general administrative guidance on an ongoing basis.

Statutory Public Entity

Assuming a discount rate of 5.25 percent, the Public Employees' Retirement Association (PERA) will receive an estimated payment \$302.3 million payment from Pinnacol 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.

Economic Impacts

The separation of Pinnacol 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.