

Be It Enacted by the People of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** part 2 to article 45 of title 8 as follows:

PART 2

CONVERSION OF PINNACOL ASSURANCE INTO A FULLY INDEPENDENT MUTUAL INSURANCE COMPANY

8-45-201. Declaration. (1) THE PEOPLE OF THE STATE OF COLORADO HEREBY FIND AND DECLARE THAT:

(a) COLORADO’S WORKFORCE SHORTAGES THREATEN SMALL BUSINESSES, SLOW ECONOMIC GROWTH, AND LEAVE CRITICAL COMMUNITY NEEDS UNMET. RISING COSTS OF LIVING AND THE HIGH PRICE OF EDUCATION HAVE MADE IT HARDER FOR COLORADANS TO ACCESS THE TRAINING NEEDED FOR ESSENTIAL JOBS. BOLD ACTION IS NEEDED.

(b) THIS MEASURE PROVIDES COLORADANS WITH DEBT-FREE SKILLS TRAINING FOR ESSENTIAL ROLES, SUCH AS NURSES AND FIREFIGHTERS, AND HIGH DEMAND BLUE-COLLAR TRADES, SUCH AS WELDERS AND PLUMBERS, WITHOUT RAISING TAXES. EXPANDING TRAINING IN THESE HARD SKILLS IS AN IMPERATIVE; SUCH A POLICY WILL ALSO PROVIDE OPPORTUNITIES FOR COLORADANS TO WORK THEIR WAY INTO STABLE, GOOD PAYING CAREERS AND OBTAIN FINANCIAL STABILITY MORE QUICKLY. THIS MEASURE ALLOWS PINNACOL ASSURANCE TO OPERATE INDEPENDENTLY FROM THE STATE, ENDING GOVERNMENT SUBSIDIES AND USING THAT REVENUE TO PROVIDE TUITION-FREE TRAINING FOR THE JOBS WE NEED MOST, SUCH AS ELECTRICIANS, TEACHERS, AND EMERGENCY RESPONDERS.

(c) COLORADO CAN LEAD THE NATION WITH A FOCUSED INVESTMENT IN HARD SKILLS TRAINING AND, RATHER THAN PAY FOR THE INVESTMENT WITH HIGHER TAXES, BUSINESS AND CIVIC LEADERS REALIZE THAT UTILIZING A LEGACY STATE ASSET, PINNACOL ASSURANCE, WOULD BE A NATURAL FIT FOR GENERATING REVENUE FOR INVESTMENT IN WORKFORCE AND SKILLS TRAINING;

(d) THE STATE’S WORKERS’ COMPENSATION SYSTEM IS FUNDED ENTIRELY BY PREMIUMS PAID BY COLORADO EMPLOYERS. EXPANDING ACCESS TO SKILLED TRAINING ENHANCES WORKPLACE SAFETY AND REDUCES INJURIES AMONG WORKERS, RESULTING IN LOWER WORKERS’ COMPENSATION COSTS FOR COLORADO EMPLOYERS.

(e) FOCUSED INVESTMENT IN WORKFORCE DEVELOPMENT ALSO PROVIDES THESE EMPLOYERS WITH THE SKILLED TALENT TO ADD JOBS, GROW THE STATE AND LOCAL TAX BASE, AND REINVEST IN OUR COMMUNITIES;

(f) THERE ARE SUCCESSFUL EXAMPLES OF USING REVENUE FROM A STATE ASSET TO FUND CRITICAL NEEDS, SUCH AS THE USE OF REVENUE FROM ROYALTIES PAID FOR COMMERCIAL USE OF STATE LAND TO FUND NEW SCHOOL BUILDINGS IN AREAS THAT DO NOT HAVE A SIGNIFICANT PROPERTY TAX BASE; THE USE OF LOTTERY FUNDS TO PROTECT COLORADO’S PARKS AND OPEN SPACES; THE USE OF GAMING REVENUE TO FUND THE STATE’S TWO-YEAR COMMUNITY COLLEGE SYSTEM; THE USE OF TOBACCO LITIGATION SETTLEMENT DOLLARS TO FUND HEALTH CARE FOR MIDDLE AND LOWER INCOME CITIZENS. IN THESE CASES, REVENUES DERIVED FROM A SPECIFIC STATE ASSET WERE DEDICATED TO TACKLING A SPECIFIC FUNDING NEED.

(g) IT IS ALSO IN THE BEST INTERESTS OF THE PEOPLE OF THIS STATE, EMPLOYEES, AND EMPLOYERS THAT COLORADANS HAVE ACCESS TO THE BEST WORKERS' COMPENSATION COVERAGE AS POSSIBLE;

(h) AS THE INSURANCE MARKET HAS EVOLVED, THE CURRENT LIMITATIONS ON PINNACOL ASSURANCE THAT ARISE FROM ITS STRUCTURE AS A STATE-AFFILIATED ENTITY INHIBIT ITS ABILITY TO EVOLVE AND INNOVATE, WHICH UNDERMINES ITS ABILITY TO SERVE COLORADO EMPLOYEES AND EMPLOYERS;

(i) FULLY SEPARATING PINNACOL ASSURANCE FROM THE STATE OF COLORADO WILL ENABLE THE COMPANY TO MEET THE CURRENT AND FUTURE WORKERS' COMPENSATION INSURANCE NEEDS OF THE STATE. THIS WILL BENEFIT COLORADO'S EMPLOYEES, EMPLOYERS, AND ECONOMY.

(j) PINNACOL ASSURANCE SHOULD MAKE A FAIR PAYMENT TO THE STATE AS PART OF ITS FULL SEPARATION FROM THE STATE. THIS SEPARATION PAYMENT, ALONG WITH REVENUE FROM THE PREMIUM TAX ON PINNACOL ASSURANCE, SHOULD BE USED TO ADDRESS THE URGENT NEED TO TRAIN COLORADANS FOR JOBS IN SECTORS ESSENTIAL TO THE STATE'S ECONOMY.

(k) THE PEOPLE INTEND THAT THE GENERAL ASSEMBLY, IN CONSULTATION WITH THE COMMISSIONER OF INSURANCE, PINNACOL ASSURANCE, AND OTHER WORKERS' COMPENSATION CARRIERS, WILL ASSESS APPROPRIATE OPTIONS AND DEVELOP LEGISLATION TO CREATE A CARRIER OF LAST RESORT PROGRAM.

(2) THEREFORE, THE PEOPLE OF THE STATE OF COLORADO APPROVE THE FULL SEPARATION OF PINNACOL ASSURANCE FROM THE STATE AND THE USE OF THE REVENUES THEREFROM FOR JOB AND CAREER TRAINING, AND THEY FURTHER FIND AND DECLARE THIS IS IN THE BEST INTERESTS OF THE STATE AND ITS RESIDENTS, EMPLOYEES, AND EMPLOYERS.

8-45-202. Full separation of Pinnacol Assurance from the state. (1) (a) PINNACOL ASSURANCE SHALL FULLY SEPARATE FROM THE STATE OF COLORADO AS OF JULY 1, 2027. UPON THAT DATE, PINNACOL ASSURANCE SHALL NO LONGER BE A POLITICAL SUBDIVISION OF THE STATE OF COLORADO AND SHALL BECOME A FULLY INDEPENDENT MUTUAL INSURANCE COMPANY IN WHICH ITS POLICYHOLDERS ARE ITS MEMBERS.

(b) FROM JULY 1, 2027, UNTIL JANUARY 1, 2029, PINNACOL ASSURANCE SHALL PROVIDE WORKERS' COMPENSATION INSURANCE COVERAGE TO EMPLOYERS WHO ARE UNABLE TO PROCURE COVERAGE IN THE VOLUNTARY MARKET PURSUANT TO THE STANDARDS AND OBLIGATIONS FOR THE ISSUANCE OR DENIAL OF CONTRACTS FOR WORKERS' COMPENSATION INSURANCE THAT APPLIED TO PINNACOL ASSURANCE UNDER ARTICLE 45 OF TITLE 8 AS OF DECEMBER 31, 2026.

(2) PINNACOL ASSURANCE SHALL MAKE THE FOLLOWING PAYMENTS IN CONNECTION WITH ITS FULL SEPARATION FROM THE STATE OF COLORADO:

(a) ON JUNE 30, 2027, PINNACOL ASSURANCE SHALL TRANSFER TO THE STATE OF COLORADO A ONE-TIME PAYMENT OF ONE HUNDRED FIFTY MILLION DOLLARS. PINNACOL ASSURANCE'S PAYMENT SHALL BE CREDITED TO THE SKILLED WORKERS AND TRADES FUND CREATED BY PART 11 OF ARTICLE 83 OF THIS TITLE 8.

(b)(I) FOR POLICIES ISSUED ON OR AFTER JULY 1, 2027, INCLUDING THOSE ISSUED PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION, PINNACOL ASSURANCE SHALL PAY PREMIUM TAX TO THE STATE OF COLORADO PURSUANT TO SECTION 10-3-209.

(II) NOTWITHSTANDING SECTION 10-3-209(4), ANY STATE PREMIUM TAXES PAID BY PINNACOL ASSURANCE TO THE STATE OF COLORADO SHALL BE CREDITED TO THE SKILLED WORKERS AND TRADES FUND CREATED BY PART 11 OF ARTICLE 83 OF THIS TITLE 8.

(3) THE DIRECTORS AND OFFICERS OF PINNACOL ASSURANCE SERVING ON DECEMBER 31, 2026, SHALL CONTINUE AS THE OFFICERS AND DIRECTORS OF THE COMPANY FOLLOWING FULL SEPARATION UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED PURSUANT TO THE BYLAWS OF THE FULLY INDEPENDENT COMPANY. THE OFFICERS AND DIRECTORS OF PINNACOL ASSURANCE SHALL TAKE ALL ACTIONS AS ARE NECESSARY TO COMPLETE THE FULL SEPARATION AND BECOME A FULLY INDEPENDENT MUTUAL INSURANCE COMPANY.

(4)(a) THE COMMISSIONER OF INSURANCE SHALL TAKE ALL NECESSARY ACTS TO FACILITATE AND SUPPORT THE FULL SEPARATION OF PINNACOL ASSURANCE, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

(I) NO LATER THAN JULY 1, 2027, REISSUING PINNACOL ASSURANCE'S CERTIFICATE OF AUTHORITY REFLECTING ITS STATUS AS A FULLY INDEPENDENT MUTUAL INSURANCE COMPANY AND MAINTAINING THE SAME EFFECTIVE DATE AS THE ORIGINAL CERTIFICATE OF AUTHORITY ISSUED TO PINNACOL ASSURANCE;

(II) NO LATER THAN JULY 1, 2027, RATIFYING AND REAUTHORIZING ALL OF PINNACOL ASSURANCE'S EXISTING FILINGS, RATES, AND FORMS AND ALL OTHER ADMINISTRATIVE MATTERS ON FILE WITH THE COMMISSIONER OF INSURANCE AS A RESULT OF OR RELATED TO PINNACOL ASSURANCE'S EXISTING INSURANCE BUSINESS SO THAT THE FILINGS, RATES, FORMS AND OTHER ADMINISTRATIVE MATTERS ON FILE SHALL BE EFFECTIVE FOR PINNACOL ASSURANCE UPON ITS FULL SEPARATION; AND

(III) PERMITTING PINNACOL ASSURANCE TO MAKE TECHNICAL CORRECTIONS TO ITS FILINGS, RATES, FORMS AND OTHER ADMINISTRATIVE MATTERS TO REFLECT ITS CONVERSION INTO A FULLY INDEPENDENT MUTUAL INSURANCE COMPANY.

(b)(I) PINNACOL ASSURANCE SHALL REIMBURSE THE DIVISION OF INSURANCE FOR DIRECT COSTS INCURRED WITH RESPECT TO PROCESSING PINNACOL ASSURANCE'S SEPARATION FROM THE STATE TO A FULLY INDEPENDENT MUTUAL INSURANCE COMPANY.

(II) AS USED IN THIS SUBSECTION (4)(b), "DIRECT COSTS" MEANS COSTS ACTUALLY INCURRED BY THE DIVISION OF INSURANCE THAT ARE NECESSARY TO PROCESS AND DIRECTLY RESULT FROM PINNACOL ASSURANCE'S SEPARATION FROM THE STATE OF COLORADO. DIRECT COSTS DO NOT INCLUDE OVERHEAD OR ADMINISTRATIVE EXPENSES OF THE DIVISION OF INSURANCE THAT EXIST IRRESPECTIVE OF PINNACOL ASSURANCE'S SEPARATION FROM THE STATE OF COLORADO, INCLUDING BUT NOT LIMITED TO EMPLOYEE SALARIES AND BENEFITS, FACILITIES EXPENSES, STANDARD OFFICE SUPPLIES, AND LEGAL SERVICES THAT HAVE BEEN PREVIOUSLY ALLOCATED TO OR FUNDED FOR THE DIVISION OF INSURANCE.

(III) ALL DIRECT COSTS MUST BE REASONABLE, AND IN NO EVENT MAY THE TOTAL DIRECT COSTS EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS.

(IV) THE DIVISION OF INSURANCE SHALL PROVIDE PINNACOL ASSURANCE WITH AN ITEMIZED STATEMENT OF DIRECT COSTS. PINNACOL ASSURANCE SHALL HAVE SIXTY DAYS AFTER RECEIPT TO REVIEW THE ITEMIZED STATEMENT OF DIRECT COSTS AND TENDER OBJECTIONS TO ANY COST. IF PINNACOL ASSURANCE AND THE DIVISION OF INSURANCE ARE UNABLE TO REACH AGREEMENT ON A DIRECT COST, THE DIVISION OF INSURANCE SHALL AFFORD PINNACOL ASSURANCE AN ADMINISTRATIVE HEARING, CONDUCTED PURSUANT TO SECTION 24-4-105 BEFORE AN ADMINISTRATIVE LAW JUDGE APPOINTED UNDER SECTION 24-30-1003, AT WHICH THE DIVISION OF INSURANCE BEARS THE BURDEN OF PROOF BY A PREPONDERANCE OF THE EVIDENCE.

(5) ALL ASSETS, LIABILITIES, AND CAUSES OF ACTION OF PINNACOL ASSURANCE THAT EXIST AS OF JUNE 30, 2027, SHALL TRANSFER BY OPERATION OF LAW TO THE FULLY INDEPENDENT MUTUAL INSURANCE COMPANY CREATED BY THIS FULL SEPARATION WITHOUT ANY CONVEYANCE OR TRANSFER AND WITHOUT ANY FURTHER ACTION OR DEED.

(6) ALL MONEY, PROPERTY, RIGHTS, EMPLOYEES, AND PRIVILEGES OF PINNACOL ASSURANCE, INCLUDING BUT NOT LIMITED TO ITS RESERVES, THE NAME AND ANY INTELLECTUAL PROPERTY RIGHTS IN PINNACOL ASSURANCE, AND ATTORNEY-CLIENT PRIVILEGE, THAT EXIST AS OF JUNE 30, 2027, SHALL CONTINUE TO BE THE MONEY, PROPERTY, RIGHTS, EMPLOYEES, AND PRIVILEGES OF PINNACOL ASSURANCE AFTER FULL SEPARATION BY OPERATION OF LAW AND WITHOUT ANY FURTHER ACTION, DEED, OR CONVEYANCE.

(7) ALL OBLIGATIONS AND LIABILITIES OF PINNACOL ASSURANCE, INCLUDING BUT NOT LIMITED TO CLAIMS UNDER INSURANCE POLICIES THEN IN FORCE, THAT EXIST AS OF JUNE 30, 2027, SHALL CONTINUE TO BE THE OBLIGATIONS AND LIABILITIES OF PINNACOL ASSURANCE AFTER FULL SEPARATION.

(8) A PERSON SHALL NOT HAVE ANY CLAIM AGAINST PINNACOL ASSURANCE, ITS OFFICERS OR DIRECTORS, OR THE STATE OF COLORADO ARISING FROM THIS FULL SEPARATION; EXCEPT THAT PINNACOL ASSURANCE AND THE STATE OF COLORADO ARE NOT PRECLUDED FROM ENFORCING RIGHTS AND OBLIGATIONS THAT ARISE UNDER THIS SECTION.

(9) THE CONVERSION DOES NOT OTHERWISE ANNUL, MODIFY, OR CHANGE ANY EXISTING LICENSE OR OTHER AUTHORITY VESTED IN PINNACOL ASSURANCE, AND ALL SUCH LICENSES AND AUTHORITY SHALL VEST IN THE FULLY INDEPENDENT MUTUAL INSURANCE COMPANY CREATED BY THIS FULL SEPARATION BY OPERATION OF LAW.

(10) EXCEPT FOR THE PAYMENTS REQUIRED BY SUBSECTIONS (2)(a), (4)(b), AND (13)(c) OF THIS SECTION, NEITHER THE STATE OF COLORADO NOR A DEPARTMENT, AGENCY, OR POLITICAL SUBDIVISION OF THE STATE OF COLORADO MAY LEVY A TAX OR FEE BASED UPON PINNACOL ASSURANCE'S FULL SEPARATION, INCLUDING FOR THE TRANSFER OF ANY ASSETS, RIGHTS, LIABILITIES, OR PROPERTY PROVIDED FOR BY THIS SECTION.

(11) BEGINNING ON JULY 1, 2027, PINNACOL ASSURANCE SHALL NOT RECEIVE ANY SUBSIDY OR FINANCIAL SUPPORT FROM THE STATE THAT IS SOLELY BASED UPON ITS PRIOR STATUS AS A POLITICAL SUBDIVISION OF THE STATE OF COLORADO. THIS PROHIBITION DOES NOT REQUIRE PINNACOL ASSURANCE TO PAY PREMIUM TAXES PURSUANT TO SECTION 10-3-209 FOR POLICIES ISSUED ON OR BEFORE JUNE 30, 2027.

(12) FOR ANY CAUSE OF ACTION OR CLAIM AGAINST PINNACOL ASSURANCE OR AN OFFICER, DIRECTOR, EMPLOYEE, OR CONTRACTOR OF PINNACOL ASSURANCE ARISING FROM AN ACT OR

OMISSION THAT OCCURRED PRIOR TO JULY 1, 2027, ANY IMMUNITIES OR DEFENSES TO SUCH CAUSES OF ACTION OR CLAIMS THAT WOULD APPLY IF PINNACOL ASSURANCE HAD NOT FULLY SEPARATED FROM THE STATE OF COLORADO MAY BE ASSERTED.

(13) (a) PINNACOL ASSURANCE'S AFFILIATION WITH THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SHALL TERMINATE EFFECTIVE JUNE 30, 2027.

(b) THE RESERVE PAYMENT DUE FROM PINNACOL ASSURANCE TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION IS TO BE DETERMINED PURSUANT TO THE PROCEDURES CONTAINED IN SECTION 24-51-315; EXCEPT THAT THE FOLLOWING MODIFICATIONS TO THOSE PROCEDURES APPLY:

(I) THE ASSUMPTIONS APPROVED BY THE BOARD FOR THE ACTUARY SHALL BE REASONABLE AND CONSISTENT WITH THE ACTUARIAL ASSUMPTIONS USED TO PREPARE THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION'S ANNUAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2026;

(II) NEITHER THE STATE OF COLORADO NOR THE BOARD OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION HAS THE AUTHORITY TO DISAPPROVE OR DENY PINNACOL ASSURANCE'S TERMINATION OF ITS AFFILIATION WITH THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION; AND

(III) IF PINNACOL ASSURANCE DISPUTES THE DETERMINATION OF THE RESERVE PAYMENT, THE RESERVE PAYMENT SHALL BE REVIEWED BY AN INDEPENDENT THIRD-PARTY ACTUARY PURSUANT TO THE FOLLOWING PROCEDURES:

(A) PINNACOL ASSURANCE SHALL PROVIDE NOTICE TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION WITHIN SIXTY DAYS AFTER SERVICE OF THE DETERMINATION OF RESERVE PAYMENT OF ITS INTENT TO REQUEST REVIEW;

(B) WITHIN THIRTY DAYS OF PROVIDING NOTICE OF ITS INTENT TO REQUEST REVIEW, PINNACOL ASSURANCE SHALL PROPOSE TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION THREE OPTIONS FOR AN INDEPENDENT THIRD-PARTY ACTUARY TO CONDUCT THE REVIEW;

(C) PINNACOL ASSURANCE MAY ONLY PROPOSE ACTUARIES THAT HAVE SUBSTANTIAL EXPERIENCE WITH PUBLIC PENSION PLANS;

(D) THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SHALL SELECT ONE OF THE ACTUARIES PROPOSED BY PINNACOL ASSURANCE TO REVIEW THE RESERVE PAYMENT DETERMINATION;

(E) THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SHALL SUPPLY THE ACTUARY WITH SUCH INFORMATION AS IS CUSTOMARY AND NECESSARY FOR THE ACTUARY TO COMPLETE A REVIEW OF THE RESERVE PAYMENT DETERMINATION AND ANY OTHER INFORMATION REQUESTED BY THE ACTUARY;

(F) PINNACOL ASSURANCE MAY SUBMIT TO THE ACTUARY SUCH ARGUMENTS AND INFORMATION AS IT DEEMS NECESSARY FOR THE ACTUARY TO COMPLETE THE REVIEW OF THE RESERVE PAYMENT DETERMINATION;

(G) THE ACTUARY SHALL EITHER CERTIFY THE ACCURACY OF THE RESERVE PAYMENT DETERMINATION OR MAY ORDER A CORRECTION TO THE RESERVE PAYMENT DETERMINATION; EXCEPT THAT THE ACTUARY MAY NOT ORDER PINNACOL ASSURANCE TO PAY MORE THAN THE

RESERVE PAYMENT INITIALLY DETERMINED BY THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION;

(H) THE INDEPENDENT THIRD-PARTY ACTUARY'S DECISION SHALL BE FINAL AND IS NOT SUBJECT TO JUDICIAL REVIEW, AND NEITHER PINNACOL ASSURANCE NOR THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SHALL HAVE ANY RIGHT OF APPEAL; AND

(I) THE FEES OF THE INDEPENDENT THIRD-PARTY ACTUARY SHALL BE PAID BY PINNACOL ASSURANCE.

(c) THE EXPENSES INCURRED FOR THE ACTUARIAL REPORTS REQUIRED BY SUBSECTION (13)(b) OF THIS SECTION SHALL BE PAID FOR BY PINNACOL ASSURANCE.

(d)(I) IN ACCORDANCE WITH FEDERAL AND COLORADO LAW, THE EMPLOYEES OF PINNACOL ASSURANCE SHALL NO LONGER BE PERMITTED TO PARTICIPATE AS MEMBERS IN THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION AFTER PINNACOL ASSURANCE'S TERMINATION OF AFFILIATION.

(II) THE TERMINATION OF PINNACOL ASSURANCE'S AFFILIATION WITH THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SHALL NOT IMPAIR OR REDUCE THE VESTED OR ACCRUED RIGHTS OR BENEFITS OF FORMER OR CURRENT EMPLOYEES OF PINNACOL ASSURANCE WHO ARE OR WERE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION.

(14) THE PAYMENT FROM PINNACOL ASSURANCE REQUIRED BY SUBSECTION (2)(a) OF THIS SECTION SHALL NOT BE INCLUDED WITHIN THE STATE OF COLORADO'S ANNUAL REVENUE AND SPENDING LIMITATIONS UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

SECTION 2. In Colorado Revised Statutes, **add** 8-45-126 as follows:

8-45-146. Repeal of part. (1) THIS PART 1 IS REPEALED, EFFECTIVE JULY 1, 2027.

(2) THE REVISOR OF STATUTES IS AUTHORIZED TO AMEND OR DELETE ANY PROVISION OF THE COLORADO REVISED STATUTES SO AS TO MAKE THE STATUTES CONSISTENT WITH THE REPEAL OF PART 1 OF ARTICLE 45 OF TITLE 8.

SECTION 3. In Colorado Revised Statutes, **add** part 11 to article 83 of title 8 as follows:

PART 11

SKILLED WORKERS AND TRADES FUND

8-83-1101. Declaration. (1) THE PEOPLE OF THE STATE OF COLORADO INTEND THAT THE NET PROCEEDS RESULTING FROM THE FULL SEPARATION OF PINNACOL ASSURANCE FROM THE STATE, ALONG WITH THE PREMIUM TAX PAID BY PINNACOL ASSURANCE TO THE STATE OF COLORADO THEREAFTER, SHALL BE GUARANTEED AND DEDICATED TO SUPPORTING THE DEVELOPMENT OF COLORADO'S WORKFORCE.

(2) THE MONEY IN THE SKILLED WORKERS AND TRADES FUND SHALL BE USED SOLELY TO PROVIDE SUPPORT FOR JOB TRAINING PROGRAMS FOR ESSENTIAL AND SKILLED WORKERS SUCH AS FIREFIGHTERS, CONSTRUCTION WORKERS, WELDERS, PLUMBERS, ELECTRICIANS, TEACHERS,

OCCUPATIONS IN EARLY CHILDHOOD EDUCATION, NURSES, EMERGING TECHNOLOGY JOBS, AND OTHER TRADES OR CRAFTS PERSONS.

(3) TO ENSURE THE INTEGRITY OF THE PROGRAM CREATED BY THIS PART 11, AN INDEPENDENT BOARD IS CREATED PURSUANT TO THIS PART TO OVERSEE AND IMPLEMENT THE SKILLED WORKERS AND TRADES FUND. THE BOARD SHALL DRAW UPON THE KNOWLEDGE AND EXPERIENCE OF COLORADO EMPLOYERS AND EMPLOYEES, AND THE PEOPLE INTEND THAT IT WILL NOT BE SUBJECT TO THE CONTROL OR DIRECTION OF ANY DEPARTMENT OR AGENCY.

(4) THE PEOPLE SUPPORT INNOVATION IN THE DELIVERY OF JOB TRAINING PROGRAMS, AND THEY FURTHER RECOGNIZE THAT TRADITIONAL EDUCATION SETTINGS MAY NOT MEET THE NEEDS OF ALL COLORADANS SEEKING JOB TRAINING. THEREFORE, THE PEOPLE INTEND THAT BOTH PUBLIC AND PRIVATE NONPROFIT PROVIDERS MAY PARTICIPATE IN THE PROGRAM CREATED BY THIS PART 11, AND THEY SUPPORT NONTRADITIONAL APPROACHES TO TRAINING THAT DELIVER HIGH-QUALITY AND EFFECTIVE OUTCOMES FOR COLORADO'S ECONOMY, EMPLOYERS, AND EMPLOYEES.

8-83-1102. Definitions.

AS USED IN THIS PART 11, UNLESS THE CONTEXT REQUIRES OTHERWISE:

(1) "BOARD" MEANS THE BOARD OF DIRECTORS CREATED BY SECTION 8-83-1106 FOR MANAGEMENT OF THE SKILLED WORKERS AND TRADES FUND BY SECTION 8-83-1103.

(2) "EDUCATION PROVIDER" MEANS A PUBLIC OR NONPROFIT PRIVATE ENTITY OFFERING PROGRAMS IN THE STATE OF COLORADO THAT MEETS THE FOLLOWING CRITERIA:

(a) A PRIVATE ENTITY SHALL BE IN GOOD STANDING WITH THE COLORADO SECRETARY OF STATE'S OFFICE OR, IN THE CASE OF A PUBLIC ENTITY, CONSTITUTED UNDER THE LAWS OF THIS STATE;

(b) THE ENTITY SHALL HAVE EXISTED AND OFFERED QUALIFYING PROGRAMS IN THE STATE OF COLORADO FOR AT LEAST THREE YEARS; AND

(c) THE ENTITY MUST MEET AT LEAST ONE OF THE FOLLOWING CRITERIA:

(I) IT IS RECOGNIZED AS AN APPRENTICESHIP PROGRAM REGISTERED WITH THE U.S. DEPARTMENT OF LABOR OR COLORADO STATE APPRENTICESHIP AGENCY OR A PRE-APPRENTICESHIP PROGRAM THAT PREPARES STUDENTS FOR AN APPRENTICESHIP PROGRAM REGISTERED WITH THE U.S. DEPARTMENT OF LABOR OR COLORADO STATE APPRENTICESHIP AGENCY;

(II) IT PREPARES ITS GRADUATES TO PASS A STATE LICENSURE EXAMINATION OR AN ALTERNATIVE LICENSURE PROGRAM; OR

(III) IT MEETS OTHER CRITERIA FOR ELIGIBILITY TO PARTICIPATE AS ESTABLISHED BY THE BOARD, INCLUDING BUT NOT LIMITED TO ITS PROGRAM MUST BE EVIDENCE-BASED AS DEFINED BY THE BOARD.

(3) "ELIGIBLE AWARD RECIPIENT" MEANS A COLORADO RESIDENT WHO:

(a) IS SEEKING JOB TRAINING IN AN ESSENTIAL JOB CATEGORY; AND

(b) DEMONSTRATES FINANCIAL NEED AS DETERMINED BY THE BOARD.

(4) "ESSENTIAL JOB CATEGORY" MEANS A PROFESSION THAT IS ESSENTIAL TO THE GROWTH AND DEVELOPMENT OF THE STATE OF COLORADO, SUCH AS FIREFIGHTERS, WELDERS, PLUMBERS,

ELECTRICIANS, TEACHERS, OCCUPATIONS IN EARLY CHILDHOOD EDUCATION, NURSES, PEOPLE WORKING IN EMERGING TECHNOLOGY JOBS, AND OTHER TRADES OR CRAFTS PERSONS, THAT IS IN DEMAND IN COLORADO'S LABOR MARKET AS CERTIFIED ANNUALLY BY THE BOARD.

(5) "FUND" MEANS THE SKILLED WORKERS AND TRADES FUND CREATED BY SECTION 8-83-1103.

(6) "QUALIFYING PROGRAM" MEANS A JOB TRAINING OR CERTIFICATION PROGRAM THAT PREPARES STUDENTS TO WORK IN AN ESSENTIAL JOB CATEGORY, PROVIDED, HOWEVER, THAT SUCH PROGRAM IS NOT A TWO- OR FOUR-YEAR DEGREE PROGRAM.

(7) "SCHOLARSHIP" MEANS MONEY PAID TO, EXPENSES INCURRED ON BEHALF OF, OR MONEY OR RESOURCES USED TO ALLOW AN ELIGIBLE AWARD RECIPIENT TO PARTICIPATE IN A QUALIFYING PROGRAM.

8-83-1103. Skilled workers and trades fund created.

(1) THE SKILLED WORKERS AND TRADES FUND IS CREATED IN THE STATE TREASURY. ALL MONEY CREDITED TO THE FUND SHALL BE USED SOLELY FOR THE PURPOSES SET FORTH IN THIS PART 11.

(2) THE MONEY IN THE FUND IS HEREBY CONTINUOUSLY APPROPRIATED FOR THE PURPOSES AUTHORIZED BY THIS PART 11.

(3) THE MONEY IN THE FUND SHALL NOT BE TRANSFERRED TO THE GENERAL FUND OR REVERT TO THE GENERAL FUND AT THE END OF ANY FISCAL YEAR. THE MONEY IN THE FUND SHALL NOT BE USED OR APPROPRIATED FOR ANY PURPOSE EXCEPT THOSE AUTHORIZED BY THIS PART 11.

(4) THE MANAGEMENT AND EXPENDITURE OF THE MONEY IN THE FUND SHALL NOT BE SUBJECT TO THE DIRECTION OF THE DEPARTMENT OF LABOR AND EMPLOYMENT OR ANY OTHER DEPARTMENT OR AGENCY OF THE STATE.

8-83-1104. Money allocated to the fund. (1) THE STATE TREASURER SHALL CREDIT THE FOLLOWING TO THE FUND:

(a) THE PAYMENT REQUIRED BY SECTION 8-45-202(2)(a) FOR THE FULL SEPARATION OF PINNACOL ASSURANCE FROM THE STATE;

(b) THE PREMIUM TAXES PAID BY PINNACOL ASSURANCE TO THE STATE OF COLORADO AFTER ITS FULL SEPARATION FROM THE STATE;

(c) ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY HELD IN THE FUND;

(d) ANY PROPERTY OR MONEY DONATED SPECIFICALLY TO THE STATE OF COLORADO FOR THE SPECIFIC PURPOSE OF BENEFITTING THE FUND, INCLUDING CONTRIBUTIONS, GRANTS, GIFTS, BEQUESTS, DONATIONS, AND FEDERAL, STATE, OR LOCAL GRANTS;

(e) ANY FEDERAL GRANTS OR MONEY AWARDED TO THE STATE OF COLORADO FOR THE PURPOSE OF SUPPORTING THE FUND; AND

(f) OTHER MONEY APPROPRIATED OR TRANSFERRED TO THE FUND BY THE GENERAL ASSEMBLY.

8-83-1105. Fund expenditures. (1) THE BOARD MAY ONLY EXPEND MONEY FROM THE FUND CONSISTENT WITH THE FOLLOWING RESTRICTIONS:

(a) NO MORE THAN FIVE PERCENT OF FUND EXPENDITURES IN ANY YEAR MAY BE SPENT ON ADMINISTRATIVE EXPENSES;

(b) NO MORE THAN FIVE PERCENT OF FUND EXPENDITURES IN ANY YEAR MAY BE SPENT ON COMPUTER-BASED DATA MANAGEMENT AND EVALUATION SYSTEMS;

(c) THE BOARD MAY ONLY DISBURSE MONEY FROM THE FUND TO REIMBURSE EDUCATION PROVIDERS FOR SCHOLARSHIPS AWARDED TO ELIGIBLE AWARD RECIPIENTS FOR PARTICIPATION IN A QUALIFYING PROGRAM;

(d) AN ELIGIBLE AWARD RECIPIENT MUST SUCCESSFULLY COMPLETE A QUALIFYING PROGRAM FOR AN EDUCATION PROVIDER TO RECEIVE REIMBURSEMENT FROM THE FUND;

(e) AN EDUCATION PROVIDER MAY AWARD A SCHOLARSHIP TO AN ELIGIBLE AWARD RECIPIENT IN ANY AMOUNT, BUT THE FUND MAY ONLY REIMBURSE THE EDUCATION PROVIDER FOR UP TO THREE THOUSAND DOLLARS PER SCHOLARSHIP PER YEAR, ADJUSTED ANNUALLY FOR INFLATION;

(f) AN EDUCATION PROVIDER THAT DOES NOT MEET THE REQUIREMENTS OF THIS SECTION, AND ANY OTHER REQUIREMENTS AS MAY BE ESTABLISHED BY RULE BY THE BOARD, SHALL NOT BE ELIGIBLE TO RECEIVE REIMBURSEMENT FROM THE FUND;

(g) TO REMAIN IN GOOD STANDING AND ELIGIBLE TO RECEIVE REIMBURSEMENTS, AN EDUCATION PROVIDER MUST SUBMIT A REPORT EACH YEAR TO THE BOARD. THE BOARD SHALL DETERMINE THE FORM AND SUBSTANCE FOR ANNUAL REPORTS, WHICH, AT A MINIMUM, MUST PERMIT THE BOARD TO:

(I) CONDUCT A REASONABLE AUDIT OF THE EDUCATION PROVIDER'S RECEIPT AND USE OF MONEY FROM THE FUND; AND

(II) ASSESS THE OUTCOMES ACHIEVED BY PARTICIPATION IN A QUALIFYING PROGRAM, INCLUDING THE COMPLETION RATE, EMPLOYMENT RATE, AND MEDIAN 1-YEAR EARNINGS OF PROGRAM PARTICIPANTS; AND

(h) MONEY FROM THE FUND MAY BE USED TO REIMBURSE THE STATE AUDITOR FOR COSTS OF THE ANNUAL AUDIT IN ACCORDANCE WITH SECTION 2-3-110.

(2) THE BOARD SHALL BEGIN DISBURSING MONEY FROM THE FUND AS SOON AS PRACTICABLE BUT NO LATER THAN JANUARY 1, 2028.

8-83-1106. The board of the skilled workers and trades fund.

(1) THERE IS ESTABLISHED A STATE BOARD TO ADMINISTER THE FUND AND THE PROVISIONS OF THIS PART 11. THE BOARD WILL HAVE SEVEN MEMBERS. SIX MEMBERS OF THE BOARD WILL BE MEMBERS OF THE PUBLIC AS FOLLOWS: THREE MEMBERS WHO ARE EMPLOYED IN AN ESSENTIAL JOB CATEGORY AND THREE MEMBERS WHO OWN A BUSINESS EMPLOYING PERSONS IN AN ESSENTIAL JOB CATEGORY. THE SEVENTH MEMBER OF THE BOARD WILL BE THE CHAIR OF THE STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION.

(2) THE PUBLIC MEMBERS OF THE BOARD SHALL BE APPOINTED BY THE GOVERNOR, SUBJECT TO THE CONSENT OF THE SENATE, FOR TERMS OF FOUR YEARS; EXCEPT THAT WHEN THE FIRST SUCH MEMBERS ARE APPOINTED, THREE PUBLIC MEMBERS SHALL BE APPOINTED FOR A TWO-YEAR TERM TO ASSURE STAGGERED TERMS OF OFFICE THEREAFTER. NO TWO PUBLIC MEMBERS OF THE BOARD MAY RESIDE IN THE SAME CONGRESSIONAL DISTRICT AT THE TIME OF APPOINTMENT. MEMBERS OF THE BOARD SHALL BE SUBJECT TO REMOVAL AS PROVIDED IN SECTION 6 OF ARTICLE IV OF THE STATE CONSTITUTION.

(3) BOARD MEMBERS SHALL BE ENTITLED TO REASONABLE PER DIEM COMPENSATION TO BE DETERMINED BY THE BOARD PLUS THEIR ACTUAL EXPENSES FOR EACH MEETING OF THE BOARD OR A COMMITTEE OF THE BOARD.

(4) THE BOARD SHALL BE RESPONSIBLE FOR, AND SHALL HAVE THE POWER TO UNDERTAKE, THE FOLLOWING ACTIONS:

(a) TO DIRECT THE TREASURER TO DISBURSE MONEY FROM THE FUND AS THE BOARD MAY DETERMINE BY RESOLUTION, AND OTHERWISE TO ADMINISTER THE FUND, PROVIDED, HOWEVER, THAT THE BOARD SHALL NOT HAVE THE POWER TO ACQUIRE ANY INTEREST IN REAL PROPERTY OTHER THAN TEMPORARILY TO HOLD REAL PROPERTY DONATED TO IT AND TO ACQUIRE LEASED OFFICE SPACE;

(b) TO PROMULGATE RULES AND REGULATIONS AS ARE NECESSARY OR EXPEDIENT FOR THE CONDUCT OF ITS AFFAIRS AND ITS MEETINGS AND OF MEETINGS OF ANY COMMITTEES AND GENERALLY FOR THE ADMINISTRATION OF THIS PART 11;

(c) TO CAUSE TO BE PUBLISHED AN ANNUAL REPORT, INCLUDING A FINANCIAL REPORT, WHICH WILL SET OUT THE BOARD'S PROGRESS IN ADMINISTERING THE FUND, AND THE BOARD'S OBJECTIVES AND ITS BUDGET FOR THE FORTHCOMING YEAR;

(d) TO ADMINISTER THE DISTRIBUTION OF MONEY FROM THE FUND PURSUANT TO THIS PART 11;

(e) TO DETERMINE WHAT PORTIONS, IF ANY, OF MONEY IN THE FUND SHOULD BE INVESTED IN AN INTEREST-BEARING ACCOUNT BY THE TREASURER, TO REMAIN IN THE FUND AND AVAILABLE FOR EXPENDITURE IN FUTURE YEARS;

(f) TO CONTRACT WITH DEPARTMENTS AND AGENCIES OF THE STATE FOR STAFFING SUPPORT AND ADMINISTRATIVE ASSISTANCE SO AS TO LIMIT THE EXPENDITURE OF RESOURCES ON FUND ADMINISTRATION; EXCEPT THAT THE BOARD MAY EMPLOY PERSONS, RENT OFFICE SPACE, AND CONTRACT FOR EQUIPMENT AND SUPPLIES AS NECESSARY TO CARRY OUT THE PURPOSES OF THIS PART 11; AND

(g) TO ACCEPT CONTRIBUTIONS, GRANTS, GIFTS, BEQUESTS, DONATIONS, AND FEDERAL, STATE, OR LOCAL GRANTS TO THE FUND.

(5) THE BOARD SHALL BE A POLITICAL SUBDIVISION OF THE STATE, AND THE BOARD AND BOARD MEMBERS SHALL HAVE ALL THE DUTIES, PRIVILEGES, IMMUNITIES, AND RIGHTS ACCORDED TO A POLITICAL SUBDIVISION OF THE STATE AND OTHER OFFICIALS OF THE STATE.

(6) THE BOARD SHALL NOT BE SUBJECT TO THE ADMINISTRATIVE DIRECTION OR OVERSIGHT OF THE DEPARTMENT OF LABOR AND EMPLOYMENT OR ANY OTHER DEPARTMENT, COMMISSION, BOARD, BUREAU OR AGENCY OF THE STATE.

(7) THE BOARD SHALL BE SUBJECT TO ANNUAL AUDIT BY THE STATE AUDITOR, WHOSE REPORT SHALL BE A PUBLIC DOCUMENT.

8-83-1107. No Substitution Allowed

THE PEOPLE INTEND THAT THE ALLOCATION OF MONEY REQUIRED BY THIS PART 11 IS NOT A SUBSTITUTION FOR ANY MONEY APPROPRIATED BY THE GENERAL ASSEMBLY FOR ANY OTHER JOB TRAINING PROGRAM OR TO ANY EDUCATION OR TRAINING PROVIDER OR PROGRAM FUNDED BY THE STATE.

SECTION 4. Effective date. This measure shall be effective on and after the date it is declared by proclamation of the governor to have been adopted by voters.