



## Fiscal Impact Statement

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## INITIATIVE 317: SEPARATION OF PINNACOL ASSURANCE FROM THE STATE TO FUND WORKFORCE DEVELOPMENT

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### Summary Information

**Overview.** The measure requires Pinnacol Assurance to separate from the State of Colorado, with the funding that results from the separation dedicated to a performance-based scholarship fund for training in skilled trades and other essential job categories.

**Types of impacts.** The measure is projected to affect the following areas:

- State Revenue
- State Expenditures
- TABOR Refunds
- Statutory Public Entity

**Disclaimer.** This initial fiscal impact statement has been prepared for an initiative approved for petition circulation by the Secretary of State. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available. Any appropriations required to implement this measure will be addressed through the annual or supplemental budget process if this measure is approved by voters.

**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$150,250,000	\$5,100,000	\$10,100,000
State Expenditures	\$250,000	at least \$10,000,000	at least \$10,000,000
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$250,000	\$5,100,000	Not estimated
Change in State FTE	1.0 FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below. Table 1 reflects both impacts to state agencies and the newly created Skilled Workers and Trades Fund Board.

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**Table 1A  
 State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0
Cash Funds	\$150,250,000	\$5,100,000	\$10,100,000
<b>Total Revenue</b>	<b>\$150,250,000</b>	<b>\$5,100,000</b>	<b>\$10,100,000</b>

**Table 1B  
 State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0
Cash Funds	\$250,000	at least \$10,000,000	at least \$10,000,000
Federal Funds	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$250,000</b>	<b>at least \$10,000,000</b>	<b>at least \$10,000,000</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

## Summary of Measure

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### Pinnacol Assurance

Pinnacol Assurance (Pinnacol) is currently a political subdivision of the state. On July 1, 2027, this measure requires that Pinnacol separate from the state and become a fully independent mutual insurance company.

Before separation, Pinnacol must make a one-time \$150 million payment, credited to the newly created Skilled Workers and Trades Fund on June 30, 2027. As part of the separation, Pinnacol must also terminate its affiliation with the Public Employees' Retirement Association (PERA) and make a payment to PERA in connection with the termination by June 30, 2027. PERA is reimbursed by Pinnacol for its associated third-party actuarial assessment costs.

The Commissioner of Insurance in the Department of Regulatory Agencies is required to facilitate the separation, and Pinnacol must reimburse the department for its costs up to \$250,000.

After its separation, Pinnacol is required to pay premium taxes as an independent mutual insurance company, with those revenues directed to the Skilled Workers and Trades Fund.

Finally, from July 1, 2027, to January 1, 2029, Pinnacol Assurance shall provide workers' compensation to the residual market, while the state legislature develops a carrier of last resort program.

## Skilled Workers and Trades Fund

The Skilled Workers and Trades Fund Board is created to reimburse education providers for scholarships awarded to state residents seeking job training in an essential job category using the Skilled Workers and Trades Fund. The seven-member board is a political subdivision of the state, operating independently of any state agency. It consists of members representing skilled workers and business owners appointed by the Governor and approved by the Senate, and the Chair of the State Board for Community Colleges.

The board may disburse funding, adopt rules, make investments, enter into contracts, and accept contributions. It is required to create an annual report and is subject to audit by the Office of the State Auditor. Of its annual expenditures, no more than five percent may be spent on administration, and no more than five percent may be spent on data management and evaluation systems.

Public or nonprofit organizations that have operated in Colorado for at least three years and are tied to an apprenticeship program, a state licensure exam, or other board-approved criteria qualify as education providers under the measure. Education providers award scholarships upfront to Colorado residents who demonstrate financial need. Once a student successfully completes the program, the board reimburses the education provider, up to \$3,000 per scholarship per year, adjusted for inflation. Essential occupations include firefighters, construction workers, welders, plumbers, electricians, teachers, early childhood education occupations, nurses, emerging technology jobs, and other trades or crafts persons as determined by the board.

## State Revenue

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### Skilled Workers and Trades Fund

In addition to the one-time payment and premium taxes credited to the Skilled Workers and Trades Fund, which are discussed below and shown in Table 2, the fund may also receive revenue from interest, any grants received, and any funding appropriated by the General Assembly.

**Table 2**  
**Skilled Workers and Trades Fund Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
One-time Payment for Pinnacol Separation	\$150,000,000	\$0	\$0
Pinnacol Premium Tax Revenue	\$0	\$5,100,000	\$10,100,000
<b>Total Revenue</b>	<b>\$150,000,000</b>	<b>\$5,100,000</b>	<b>\$10,100,000</b>

## Pinnacol One-Time Payment

The measure will result in a one-time payment of \$150 million from Pinnacol into the newly created Skilled Workers and Trades Fund at the end of FY 2026-27. This revenue is not subject to TABOR.

## Pinnacol Premium Taxes

Beginning in FY 2027-28, Pinnacol Assurance will pay insurance premium taxes on its worker's compensation policies, credited to the Skilled Workers and Trades Fund. This amount is estimated at approximately \$5.1 million in FY 2027-28 (a half-year impact), and \$10.1 million in FY 2028-29, with similar amounts ongoing. The fiscal note assumes this revenue is subject to TABOR.

This analysis assumes that workers' compensation insurance premiums written by Pinnacol will be subject to the state insurance premium tax starting July 1, 2027, with premiums for tax year 2027 due January 1 of the following year. If Pinnacol separates ahead of this timeline, first-year impacts will be more than shown. Workers' compensation premiums depend on factors such as the number of employees in the business, job classification risks, and claims history, all of which vary annually. In 2025, Pinnacol wrote \$529 million in workers' compensation premiums, a 1.2 percent decrease from the previous year. From 2021 to 2025, written premiums declined by an average of 0.7 percent per year, reflecting fewer workplace injuries and lower claim costs. The analysis projects a continued gradual decline in premiums written by Pinnacol through the forecast period. However, if separation from the state enables Pinnacol to increase its market share, premiums may be higher than estimated.

## Other State Funds

In FY 2026-27, the measure will increase state revenue 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 to cover the costs in the Division of Insurance described in the State Expenditures section below.

Additionally, the measure will increase state revenue for any services state agencies provide to the board, such as the annual audit and legal services.

Finally, 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.

## State Expenditures

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### Skilled Workers and Trades Fund Board

Beginning in FY 2027-28, it is estimated that the Skilled Workers and Trades Fund Board will spend at least \$10 million annually from premium tax revenue to support eligible scholarships.

The board may also spend from the initial \$150 million deposit, and from any investment income.

Of its annual expenses, the board may spend five percent on administration, and five percent on data management, with the remaining expenditures made to reimburse education providers for scholarships. 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. The exact timing and amount of spending will be determined by the board.

## Other State Impacts

In FY 2026-27, the Division of Insurance will have one-time costs of up to \$250,000, paid by Pinnacol, to facilitate the separation of Pinnacol Assurance from the state. The division requires 1.0 FTE and contract support for this work.

Beginning in FY 2027-28, the Office of the State Auditor (OSA) will have annual costs, estimated at \$70,000 per year, to contract for an audit of the Skilled Workers and Trades Board and Fund. This cost will be paid from the Skilled Workers and Trades Fund. Other costs may include legal services, provided by the Department of Law.

## Institutions of Higher Education

If institutions of higher education receive revenue from the Skilled Workers and Trades Fund, workload will increase to account for reimbursements received for scholarships.

## Statutory Public Entity

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### 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 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.

## TABOR Refunds

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The measure is expected to increase the amount of state revenue required to be refunded to taxpayers by \$250,000 in FY 2026-27, and by \$5.1 million in FY 2027-28 from premium tax revenue payments made to the Division of Insurance in DORA. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

## Effective Date

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If approved by voters at the 2026 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

## State and Local Government Contacts

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Governor	Public Employees' Retirement Association
Higher Education	Regulatory Agencies
Labor	State Auditor
Law	Treasury
Pinnacol Assurance	

## Revisions from Fiscal Summary

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The fiscal impact statement makes updates to the estimated premium tax amounts paid by Pinnacol to reflect additional information and analysis.