



**Colorado
Legislative
Council
Staff**

HB16-1028

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0330

Date: May 17, 2016

Prime Sponsor(s): Rep. Van Winkle
Sen. Cooke

Bill Status: Signed into Law

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BILL TOPIC: FPPA STATEWIDE DEATH & DISAB PLAN MODIFICATIONS

Summary of Legislation

This bill changes the computation of a transfer of funds from the statewide death and disability plan of the Fire and Police Pension Association (FPPA) to the normal retirement plan of an FPPA member who has incurred a temporary disability. When a temporarily disabled FPPA member is restored to active service or satisfies the age and service requirements for a normal retirement, a transfer is made from the statewide death and disability plan to the member's normal retirement plan. Under current law, the amount of the transfer is equal to 16 percent of the member's monthly salary, multiplied by the number of months for which the member received temporary occupational disability benefits. Under HB16-1028, in cases where the member and employer were contributing less than 16 percent of the member's salary to the member's retirement plan at the time of disability, the amount of the transfer will be reduced to reflect the actual percentage contribution at that time.

The bill also changes the deadline for completion of a newly hired member's statewide standard health history form. Under current law, the form must be completed prior to the member's employment. The bill allows the form to be completed within 30 days of the member's first date of employment.

Background

The state made a \$39 million one-time contribution to the statewide death and disability plan in 1997, and has not paid into the plan since. Under current law, the plan is funded by contributions from FPPA members at rates determined by the FPPA board of directors. Since January 1, 2007, contributions have equaled 2.6 percent of member base salary. The contribution may be paid entirely by the employer or member, or may be split between them.

Local Government Impact

The bill has no direct impact on local governments. Some municipal fire and police departments pay contributions to the statewide death and disability plan under current law. The bill is expected to reduce expenditures from the statewide death and disability plan, but at a level insufficient to cause a reduction in contribution rates. To the extent that the FPPA board reduces contribution rates to the plan, municipal expenditures for plan contributions will decrease.

Statutory Public Entity Impact

Expenditures from the FPPA statewide death and disability plan to FPPA members' retirement plans will decrease. The amount of the decrease will depend on the rate at which FPPA members incur temporary disabilities and the retirement contributions being made by disabled members at the time they are disabled. As expenditures from the statewide death and disability plan decrease, the FPPA board may choose to make a corresponding reduction in contribution rates. To the extent that contribution rates are reduced, statewide death and disability plan revenue will decrease.

Costs associated with adjusting the statewide death and disability transfer percentage to match individual members' retirement contributions are expected to be minimal and absorbable within the FPPA's existing resources.

Effective Date

The bill was signed into law by the Governor on March 18, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed. The provisions of the bill apply to members who are receiving temporary occupational disability benefits and return to service or retire on or after the bill's effective date.

State and Local Government Contacts

Fire and Police Pension Association

Local Affairs

Municipalities

Research Note Available

An LCS Research Note for HB16-1028 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.