



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

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# Final Fiscal Note

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**Drafting Number:** LLS 22-0172 **Date:** July 11, 2022  
**Prime Sponsors:** Sen. Hansen; Hisey **Bill Status:** Signed into Law  
Rep. Bird; Van Winkle **Fiscal Analyst:** Erin Reynolds | 303-866-4146  
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**Bill Topic:** **STATE PAYMENT OLD HIRE DEATH & DISABILITY BENEFITS**

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**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

The bill provides funding for a state obligation to the Fire and Police Pension Association's Statewide Death and Disability Trust Fund based on an updated actuarial analysis. It increases state expenditures through FY 2023-24.

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**Appropriation Summary:** For FY 2022-23, the bill includes an appropriation of \$6.65 million to the Office of the State Treasurer.

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**Fiscal Note Status:** The final fiscal note reflects the enacted bill, which was recommended by the Pension Review Commission.

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**Table 1**  
**State Fiscal Impacts Under SB 22-036**

		<b>Budget Year FY 2022-23</b>	<b>Out Year FY 2023-24</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$6,650,000	-
	Cash Funds	-	\$6,650,000
	<b>Total Expenditures</b>	<b>\$6,650,000</b>	<b>\$6,650,000</b>
<b>Transfers</b>	General Fund	(\$6,650,000)	-
	Cash Funds	\$6,650,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$997,500	-

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## **Summary of Legislation**

On July 1, 2022, and July 1, 2023, the bill requires the state treasurer to issue warrants of \$6.65 million to the Fire and Police Pension Association (FPPA) for deposit into the FPPA's Statewide Death and Disability Trust Fund. The first warrant is to be paid from the General Fund. The second warrant is to be paid from the newly created Death and Disability Payment Cash Fund. The bill transfers \$6.65 million to the cash fund from the General Fund in FY 2022-23.

## **Background**

Death and disability benefits for FPPA members hired before January 1, 1997 ("old hires") were paid with state funding to the Statewide Death and Disability Trust Fund. State funding for this benefit discontinued in 1997 based on an actuarial assumption that the last payment of \$39.0 million had fully funded the plan. A current actuarial analysis performed by Gabriel, Roeder, Smith & Company (GRS), the FPPA's actuarial firm, indicates a shortfall of \$33.191 million in the trust fund. This amount is projected to grow each year by an estimated 7 percent, or roughly \$2 million per year. For further information, see GRS's memo regarding State Funding of the Statewide Death and Disability Plan for Pre-1997 Hires: <https://forwardwithfppa.org/documents/GRS-estimate-state-liability-2021-05-21.pdf>.

## **State Transfer**

The bill creates a one-time state transfer from the General Fund to the Death and Disability Payment Cash Fund in FY 2022-23 of \$6.65 million.

## **State Expenditures**

In FY 2022-23 and FY 2023-24, the bill increases state expenditures by \$6.65 million each year. FY 2022-23 expenditures are paid from the General Fund, while FY 2023-24 expenditures are paid from the new cash fund.

## **Other Budget Impacts**

**General Fund reserve.** Under current law, an amount equal to 15.0 percent beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amount shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **Statutory Public Entity**

The FPPA will receive \$13.3 million toward its \$33.2 million shortfall in the Statewide Death and Disability Trust Fund.

## **Effective Date**

The bill was signed into law by the Governor and took effect on May 27, 2022.

## **State Appropriations**

For FY 2022-23, the bill includes an appropriation of \$6,650,000 General Fund to the Office of the State Treasurer for distribution to the Fire and Police Pension Association.

## **State and Local Government Contacts**

Fire and Police Pension Association

Joint Budget Committee Staff

Treasury