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Fiscal Note

Drafting Number: LLS 24-0398 Date: January 10, 2024
Prime Sponsors: Rep. Taggart; Hamrick Bill Status: House Finance
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Bill Topic: STATE CONTRIBUTION TO FPPA DEATH & DISABILITY FUND

Summary of Fiscal Impact:
State Revenue [] TABOR Refund []
State Expenditure [x] Local Government []
State Transfer [x] Statutory Public Entity [x]

The bill directs the State Treasurer to transfer \$9.13 million per year from FY 2024-25 to FY 2026-27 to the Death and Disability Payment Cash Fund, increasing state expenditures and statutory public entity revenue in those years.

Appropriation Summary: No appropriation is required. The bill provides the State Treasurer with the authority to pay the warrant.

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

Table 1
State Fiscal Impacts Under HB 24-1043

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (Cash Funds, Total Expenditures), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts.

Summary of Legislation

Each July 1 from 2024 to 2026, the bill requires the State Treasurer to transfer \$9.13 million from the General Fund to the Death and Disability Payment Cash Fund, and issue warrants in the same amount to the Fire and Police Pension Association (FPPA) for deposit into the FPPA's Statewide Death and Disability Trust Fund.

Background

Death and disability benefits for FPPA members hired before January 1, 1997, 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 benefits for members hired prior to 1997 were fully funded. As of January 1, 2022, an actuarial assessment determined the fund to have a shortfall of \$32.9 million. In response, [Senate Bill 22-036](#) made two payments of \$6.65 million—\$13.3 million total—to the fund, one in 2022 and one in 2023. According to the FPPA's actuary, the projected shortfall as of January 1, 2024, for the fund is \$25.625 million.

State Transfers

The bill creates three transfers between 2024 and 2026 from the General Fund to the Death and Disability Payment Cash Fund of \$9.13 million. All three transfers take place annually on July 1.

State Expenditures

In FY 2024-25, FY 2025-26, and FY 2026-27, the bill increases state expenditures from the Death and Disability Payment Cash Fund by \$9.13 million each year. These expenditures reflect warrants issued by the State Treasurer to the Statewide Death and Disability Trust Fund managed by the FPPA.

Note: The three equal payments of \$9.13 million, totaling \$27.4 million, is expected to exceed current unfunded liability (\$25.625 million) by about \$1.76 million. This extra amount accounts for the actuarially assumed growth in the unfunded liability over the next three years while it is being paid down.

Statutory Public Entity

The FPPA will receive \$9.13 million annually between 2024 and 2026, which is projected to fully fund the Statewide Death and Disability Trust Fund.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Fire and Police Pension Association
Treasury

Joint Budget Committee Staff