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Final Fiscal Note

Drafting Number: LLS 24-0398 **Date:** August 8, 2024
Prime Sponsors: Rep. Taggart; Hamrick **Bill Status:** Signed into Law
 Sen. Hansen; Van Winkle **Fiscal Analyst:** John Armstrong | 303-866-6289
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Bill Topic: STATE CONTRIBUTION TO FPPA DEATH & DISABILITY FUND

Summary of Fiscal Impact:

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

The bill directs the State Treasurer to transfer \$2.05 million per year from FY 2024-25 to FY 2059-60 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 beginning in FY 2025-26.

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

Table 1
State Fiscal Impacts Under HB 24-1043

		Budget Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Revenue		-	-	-
Expenditures	Cash Funds	-	\$2,050,000	\$2,050,000
	Total Expenditures	-	\$2,050,000	\$2,050,000
Transfers	General Fund	-	(\$2,050,000)	(\$2,050,000)
	Cash Funds	-	\$2,050,000	\$2,050,000
	Net Transfer	-	\$0	\$0
Other Budget Impacts		-	-	-

Summary of Legislation

Each July 1 from 2025 to 2059, the bill requires the State Treasurer to transfer \$2.05 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 annual transfers between FY 2025-26 and FY 2059-60 from the General Fund to the Death and Disability Payment Cash Fund of \$2.05 million. All transfers are to occur on July 1.

State Expenditures

From FY 2025-26 through FY 2059-60, the bill increases state expenditures from the Death and Disability Payment Cash Fund by \$2.05 million each year. These expenditures reflect warrants issued by the State Treasurer to the Statewide Death and Disability Trust Fund managed by the FPPA.

Statutory Public Entity

The FPPA will receive \$2.05 million annually between 2024 and 2059, which is projected to fully fund the Statewide Death and Disability Trust Fund.

Effective Date

The bill was signed by the Governor and took effect on May 28, 2024.

State and Local Government Contacts

Fire and Police Pension Association

Joint Budget Committee Staff

Treasury

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.