

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
9/28/23

Bill 4

LLS NO. 24-0398.01 Jessica Herrera x4218

INTERIM COMMITTEE BILL

Pension Review Commission

BILL TOPIC: State Contribution To FPPA Death & Disability Fund

A BILL FOR AN ACT

101 **CONCERNING PAYMENTS TO THE STATEWIDE DEATH AND DISABILITY**
102 **TRUST FUND TO PAY BENEFITS FOR FIRE AND POLICE PENSION**
103 **ASSOCIATION MEMBERS HIRED BEFORE JANUARY 1, 1997.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Pension Review Commission. For members of the fire and police pension association hired before January 1, 1997, death and disability benefits are paid from state money in the statewide death and disability trust fund (trust fund). State funding for this benefit discontinued in 1997 based on an assumption that the last payment had fully funded all the

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

benefits to be paid. An actuarial analysis from 2021 determined that the payment in 1997 was not sufficient to cover the benefit obligations associated with members hired prior to January 1, 1997. The 2021 actuarial analysis indicated a shortfall of \$33.191 million. The state made 2 payments of \$6.65 million on July 1, 2022, and July 1, 2023, to cover a portion of this shortfall. Based on the 2023 actuarial calculation, the remaining shortfall is now \$27.39 million.

The bill requires the state treasurer to pay a total of \$27.39 million, in 3 equal payments of \$9.13 million, to be made on July 1, 2024, July 1, 2025, and July 1, 2026, to the fire and police pension association for it to deposit into the trust fund so that there will be sufficient money to pay future death and disability benefits to these members.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 31-31-811, **amend**
3 (3.5)(a) and (3.5)(b)(I); and **add** (3.5)(b)(III) as follows:

4 **31-31-811. Funding of death and disability benefits.**

5 (3.5) (a) To ensure that there is sufficient money to pay death and
6 disability benefits for members hired before January 1, 1997, the state
7 treasurer shall issue warrants to the fire and police pension association on
8 July 1, 2022, and July 1, 2023, in an amount equal to six million six
9 hundred fifty thousand dollars for each warrant AND ON JULY 1, 2024,
10 JULY 1, 2025, AND JULY 1, 2026, IN AN AMOUNT EQUAL TO NINE MILLION
11 ONE HUNDRED THIRTY THOUSAND DOLLARS FOR EACH WARRANT. The
12 warrant issued on July 1, 2022, is to be paid from the general fund, and
13 the ~~warrant issued on July 1, 2023, is~~ REMAINING WARRANTS ARE to be
14 paid from the death and disability payment cash fund created in
15 subsection (3.5)(b) of this section. The board shall deposit this money in
16 the statewide death and disability trust fund created in section 31-31-813.

17 (b) (I) The death and disability payment cash fund is hereby
18 created in the state treasury. The fund consists of money transferred to the
19 fund in accordance with ~~subsection (3.5)(b)(H)~~ SUBSECTIONS (3.5)(b)(II)

1 AND (3.5)(b)(III) of this section. In accordance with section 24-36-114
2 (1), the state treasurer shall credit all interest and income derived from the
3 deposit and investment of money in the fund to the general fund. The
4 state treasurer shall use the money in the fund for the ~~warrant~~ WARRANTS
5 issued on July 1, 2023, JULY 1, 2024, JULY 1, 2025, AND JULY 1, 2026, in
6 accordance with subsection (3.5)(a) of this section.

7 (III) ON JULY 1, 2024, JULY 1, 2025, AND JULY 1, 2026, THE STATE
8 TREASURER SHALL TRANSFER NINE MILLION ONE HUNDRED THIRTY
9 THOUSAND DOLLARS FROM THE GENERAL FUND TO THE DEATH AND
10 DISABILITY PAYMENT CASH FUND CREATED IN SECTION (3.5)(b)(I) OF THIS
11 SECTION.

12 **SECTION 2. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, or safety.