



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

# Fiscal Note

**Drafting Number:** LLS 24-0398  
**Prime Sponsors:**

**Date:** October 25, 2023  
**Bill Status:** Bill Request  
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**Bill Topic:** **STATE CONTRIBUTION TO FPPA DEATH & DISABILITY FUND**

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

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 bill draft requested by the Pension Review Commission.

**Table 1**  
**State Fiscal Impacts Under Bill 4**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
<b>Revenue</b>		-	-	
<b>Expenditures</b>	Cash Funds	\$9,130,000	\$9,130,000	\$9,130,000
	<b>Total Expenditures</b>	<b>\$9,130,000</b>	<b>\$9,130,000</b>	<b>\$9,130,000</b>
<b>Transfers</b>	General Fund	(\$9,130,000)	(\$9,130,000)	(\$9,130,000)
	Cash Funds	\$9,130,000	\$9,130,000	\$9,130,000
	<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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 the plan was 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, after accounting for interest and market gains and losses experienced in 2022, the projected shortfall 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 by \$9.13 million each year. All expenditures are paid from the Death and Disability Payment Cash Fund.

## **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.

## **Technical Note**

There is a discrepancy between the projected shortfall of the fund and the current payment amount in the bill. Three equal payments of \$9.13 million annually between 2024 and 2026 will exceed the projected shortfall as of January 1, 2024, which may account for future interest and/or market gains and losses. Assuming the January 1, 2024, projection amount, as discussed in the Background section, the bill would require three equal payments of \$8.54 million annually between 2024 and 2026.

## **State and Local Government Contacts**

Fire and Police Pension Association

Joint Budget Committee Staff

Treasury