

CHAPTER 209

GOVERNMENT - MUNICIPAL

SENATE BILL 03-263

BY SENATOR(S) Owen, Reeves, and Teck;
also REPRESENTATIVE(S) Witwer, Plant, Young, and Frangas.

AN ACT

CONCERNING WHEN THE ANNUAL STATE CONTRIBUTION TO THE FIRE AND POLICE PENSION ASSOCIATION TO ASSIST IN AMORTIZING THE UNFUNDED ACCRUED LIABILITY OF OLD HIRE PENSION PLANS SHALL BE TRANSFERRED, AND, IN CONNECTION THEREWITH, ELIMINATING THE STATE CONTRIBUTION TO THE OLD HIRE PENSION PLANS FOR THE 2003-04 AND 2004-05 STATE FISCAL YEARS, EXTENDING THE STATE CONTRIBUTION THROUGH THE 2011-12 STATE FISCAL YEAR, AND CHANGING THE DATE ON WHICH THE STATE MAKES THE ANNUAL CONTRIBUTION TO APRIL 30, AND MAKING AN APPROPRIATION.

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

SECTION 1. 31-30.5-304 (5) (a) (II) and (5) (b), Colorado Revised Statutes, are amended to read:

31-30.5-304. Limitation on existing funds - procedures. (5) (a) Except as provided in paragraph (c) of this subsection (5), beginning July 1, 1995, annual employer contributions to state-assisted old hire police officers' and firefighters' pension funds shall be made at least at an annual rate that is the lesser of the following:

(II) The amount that is certified by the actuary who is designated by the fire and police pension association under section 31-30.5-306 to be necessary as of July 1, 1995, to pay current service costs and eliminate all unfunded liabilities in any such fund no later than ~~December 31, 2009~~ JUNE 30, 2012, if annual member contributions are made as required by subsection (7) of this section and if annual state contributions equal to the amount received in calendar year 1994 are made.

(b) Annual employer contributions to state-assisted police officers' and firefighters' pension funds shall continue at the rate established by this subsection (5) after the ~~year 2009~~ 2011-12 STATE FISCAL YEAR, if necessary, until all unfunded accrued

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

liability in the employers' state-assisted old hire police officers' and firefighters' pension plans is eliminated and if annual state contributions are made through ~~September 30, 2009~~, in the amount established under APRIL 30, 2012, PURSUANT TO section 31-30.5-307 (2).

SECTION 2. 31-30.5-306 (1) (b) (II), Colorado Revised Statutes, is amended to read:

31-30.5-306. Actuarial studies. (1) (b) (II) By September 30, 2001, and by September 30 of each year thereafter, until ~~September 30, 2009~~ SEPTEMBER 30, 2002, AND BY APRIL 30, 2006, AND BY APRIL 30 OF EACH YEAR THEREAFTER, UNTIL APRIL 30, 2012, or until all state-assisted old hire pension plans are fully funded, whichever comes first, an updated actuarial study shall be filed with the FIRE AND POLICE PENSION association. FOR THE 2003-04 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER FOR WHICH AN ACTUARIAL STUDY IS FILED, THE ACTUARIAL STUDY SHALL INCLUDE A DETERMINATION OF THE AMOUNT OF THE UNFUNDED LIABILITY THAT MAY ACCRUE AS A RESULT OF THE SUSPENSION OF THE STATE CONTRIBUTION OF THE FIRE AND POLICE MEMBERS' BENEFIT FUND PURSUANT TO SECTION 31-30.5-307 (5) (a).

SECTION 3. 31-30.5-307 (1) (a), (1) (c), (2), and (4), Colorado Revised Statutes, are amended, and the said 31-30.5-307 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

31-30.5-307. State contribution. (1) (a) Any moneys allocated for distribution pursuant to subsection (2) of this section shall be distributed by the fire and police pension association board of directors annually to any fund of an old hire pension plan established pursuant to this article having an unfunded accrued liability to assist in amortizing such unfunded accrued liability as determined in the January 1, 1994, actuarial studies performed under section 31-30.5-306. Beginning in 1995 and in each STATE FISCAL year through ~~2009~~ THE 2011-12 STATE FISCAL YEAR, WITH THE EXCEPTION OF THE 2003-04 AND 2004-05 STATE FISCAL YEARS PURSUANT TO SUBSECTION (5) OF THIS SECTION, each such fund having an unfunded accrued liability shall be credited with that amount of state contributions that it received in 1994 to assist in retiring its unfunded liability. In addition, if the annual employer contribution amount established by section 31-30.5-304 (5) will result in total employer contributions to any such fund that, on a present value basis as determined by the association, are more than five percent higher than what the estimated total employer contributions to such fund would have been but for section 31-30.5-304 (5), then each such fund shall receive that amount of supplemental state contributions sufficient to eliminate, on a present value basis, the estimated aggregate increase in employer contributions attributable to the enactment of section 31-30.5-304 (5). Any remaining state contributions shall be distributed to each such fund based upon the amount, as determined by an independent actuarial review and certified by the board to the joint budget committee each December 1, that is consistent with the general assembly's intent that the unfunded liabilities in all such funds will be eliminated no later than ~~December 31, 2009~~ JUNE 30, 2012. If in any year the annual state contribution for unfunded liabilities is less than the amount contributed under subsection (2) of this section on September 30, 1995, each such fund having an unfunded accrued liability shall be credited with state contributions in proportion to the percentage of aggregate unfunded accrued liabilities each such fund represents,

excluding any unfunded liabilities attributable to additional plan benefits adopted under section 31-30.5-210 (2). No money shall be distributed pursuant to this subsection (1) to an employer having rank escalation for old hire members, which is not in the association. For the purposes of this subsection (1), "rank escalation" means the addition to the amount of the retirement pension or disability benefit being received of a fixed percentage of any increase in salary, as well as longevity or additional pay based on length of service, granted the rank a member occupied before retiring or being disabled.

(c) State contributions pursuant to this subsection (1) shall cease when the unfunded liabilities in all funds receiving such contributions are eliminated, but no later than ~~December 31, 2009~~ JUNE 30, 2012.

(2) On September 30, 1995, and on September 30 of each year thereafter through ~~2009~~ 2002 AND ON APRIL 30, 2006, AND ON APRIL 30 OF EACH YEAR THEREAFTER THROUGH 2012, the state treasurer shall transfer from the proceeds of the tax imposed by section 10-3-209, C.R.S., to the fund created by section 31-31-301, an amount equal to twenty-six million six hundred thousand dollars minus the amount transferred under section 31-30-1112 (2) (g) (I). Such annual transfer to the fund under this subsection (2) shall cease when the requirements of paragraph (c) of subsection (1) of this section have been met, and the final annual transfer may be in an amount less than the amount prescribed by this subsection (2) as determined from the total amount of unfunded accrued liability of employers described in the biennial report prepared pursuant to paragraph (d) of subsection (1) of this section. Moneys in said fund shall not revert to the general fund but shall be continuously available for the purposes provided in this part 3 and part 11 of article 30 of this title.

(4) By October 1, 2001, and by October 1 of each year thereafter, until ~~October 1, 2009~~ OCTOBER 1, 2002, AND BY MARCH 1, 2006, AND BY MARCH 1 OF EACH YEAR THEREAFTER, UNTIL MARCH 1, 2012, or until all state-assisted old hire pension plans are fully funded, whichever comes first, the board shall determine for every state-assisted old hire pension plan whether the sum of the required state and employer contributions for the current year is greater than the amount necessary to eliminate the remaining unfunded liability of the plan. The board's determination shall be based on the previous year's actuarial studies performed pursuant to section 31-30.5-306 and the sum of the previous year's state and employer contributions. If the board determines that the sum of the required contributions for the current year is greater than the amount of remaining unfunded liability of the plan, then both the required state and employer contributions to that plan shall be in an amount proportionate to the amount respectively contributed in the previous year so that the sum of the two contributions is equal to an amount that eliminates any remaining unfunded liability.

(5) (a) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE STATE TREASURER SHALL NOT TRANSFER MONEYS TO THE FIRE AND POLICE MEMBERS' BENEFIT FUND PURSUANT TO SUBSECTION (2) OF THIS SECTION ON SEPTEMBER 30, 2003, SEPTEMBER 30, 2004, OR SEPTEMBER 30, 2005. THE STATE TREASURER SHALL RESUME SUCH TRANSFERS BEGINNING ON APRIL 30, 2006, AND SHALL MAKE A TRANSFER EVERY APRIL 30 THEREAFTER UNTIL 2012 PURSUANT TO SUBSECTION (2) OF THIS SECTION OR UNTIL ALL STATE-ASSISTED OLD HIRE PENSION PLANS ARE FULLY FUNDED, WHICHEVER COMES FIRST.

(b) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE STATE SHALL TRANSFER TO THE FIRE AND POLICE MEMBERS' BENEFIT FUND ANY AMOUNT OF UNFUNDED LIABILITY ACCRUED AS A RESULT OF THE SUSPENSION OF THE STATE CONTRIBUTION TO THE FUND PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (5) AS DETERMINED IN THE ACTUARIAL STUDY FILED WITH THE FIRE AND POLICE PENSION ASSOCIATION PURSUANT TO SECTION 31-30.5-306(1)(b)(II). SUCH TRANSFERS MAY OCCUR AT ANY TIME UNTIL APRIL 30, 2012.

(c) NOTHING IN THIS SUBSECTION (5) SHALL BE CONSTRUED TO LIMIT THE AUTHORITY OF THE GENERAL ASSEMBLY TO EVALUATE THE ADVISABILITY OF THE STATUTORY CONTRIBUTION TO THE OLD HIRE PENSION PLANS IN LIGHT OF ITS OWN FISCAL SITUATION.

SECTION 4. Appropriation - adjustment to the 2003 long bill. For the implementation of this act, appropriations made in the annual general appropriation act to the department of treasury, for the fiscal year beginning July 1, 2003, shall be adjusted as follows: The general fund appropriation for fire and police pension association, unfunded liability - old hire plans is decreased by twenty-five million three hundred twelve thousand seventy-nine dollars (\$25,312,079).

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 1, 2003