

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 09-0099

**Date:** June 15, 2009

**Prime Sponsor(s):** Rep. Labuda  
Sen. Tochtrop

**Bill Status:** Signed into Law

**Fiscal Analyst:** Chris Ward (303-866-5834)

**TITLE:** CONCERNING FIREFIGHTER AND POLICE OFFICER PENSION PLAN COMPLIANCE WITH REQUIREMENTS SET FORTH IN THE INTERNAL REVENUE CODE.

**Summary of Legislation**

Recommended by the Police Officers' and Firefighters' Pension Reform Commission, this bill clarifies that old hire pension plans in Colorado must comply with the federal Internal Revenue Code. It eliminates specific statutory provisions intended to make the plans qualify under the code and grants the governing board of each affected entity the power to adopt any revisions necessary to comply.

The board of directors of the Fire and Police Pension Association (FPPA) of Colorado may create a model plan and submit it to the Internal Revenue Service (IRS) seeking a determination as to whether the model plan complies with the code. Each affected entity could then choose to adopt the model plan or seek IRS approval for its own old hire pension plan.

The Governor signed the bill into law on March 18, 2009, and unless a referendum petition is filed, the bill will take effect August 5, 2009.

**Background.** Old hire pension plans provide retirement benefits to police officers and firefighters hired prior to April 8, 1978. They are governed by state law, and may receive state assistance, but the bulk of their funding comes from contributions by employees and local government employers. Some old hire pension plans are affiliated with and administered by FPPA, a statewide entity; others are administered locally.

**Assessment**

Because the bill essentially just clarifies current law, it is assessed as having no fiscal impact. It should be noted, however, that certain old hire plans in Colorado may need to adopt modifications to ensure that they comply with ongoing changes at the federal level. Costs for these modifications will be borne by each affected entity, but may be reduced if a model plan is developed through FPPA.

**Departments Contacted**

Local Affairs