

**First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 11-0955.01 Ed DeCecco

SENATE BILL 11-221

SENATE SPONSORSHIP

Hodge, Steadman, Lambert

HOUSE SPONSORSHIP

Becker, Gerou, Ferrandino

Senate Committees
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING CONTRIBUTIONS TO PAY THE UNFUNDED ACCRUED**
102 **LIABILITY OF OLD HIRE PENSION PLANS THAT ARE AFFILIATED**
103 **WITH THE FIRE AND POLICE PENSION ASSOCIATION, AND MAKING**
104 **AN APPROPRIATION THEREFOR.**

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://www.leg.state.co.us/billsummaries>.)

The bill makes the following changes related to the state's annual contribution to assist in amortizing the unfunded accrued liability of old

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
2nd Reading Unamended
April 08, 2011

hire pension plans affiliated with the fire and police pension association (FPPA):

- ! The state contribution for the 2011-12 fiscal year is reduced by \$20,000,000;
- ! The state contribution for the 2012-13 fiscal year is reduced by \$15,321,079;
- ! The state's final contribution is delayed by 4 fiscal years; and
- ! The payment required during the 2018-19 fiscal year is adjusted to include any additional amounts that are caused by the reductions in the 2011-12 and 2012-13 fiscal years.

In addition, the calculation for determining a local government's contribution is adjusted to be based on eliminating unfunded liabilities no later than June 30, 2019.

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

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

4 **31-30.5-304. Limitation on existing funds - procedures.**

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

9 (II) The amount that is certified by the actuary who is designated
10 by the fire and police pension association under section 31-30.5-306 to be
11 necessary as of July 1, 1995, to pay current service costs and eliminate all
12 unfunded liabilities in any such fund no later than ~~June 30, 2015~~ JUNE 30,
13 2019, if annual member contributions are made as required by subsection
14 (7) of this section and if annual state contributions equal to the amount
15 received in calendar year 1994 are made.

16 (b) Annual employer contributions to state-assisted police officers'
17 and firefighters' pension funds shall continue at the rate established by

1 this subsection (5) after the ~~2014-15 state fiscal year~~ 2018-19 STATE
2 FISCAL YEAR, if necessary, until all unfunded accrued liability in the
3 employers' state-assisted old hire police officers' and firefighters' pension
4 plans is eliminated and if annual state contributions are made through
5 ~~April 30, 2015~~ APRIL 30, 2019, pursuant to section 31-30.5-307 (2).

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

8 **31-30.5-306. Actuarial studies.** (1) (b) (II) By September 30,
9 2001, and by September 30 of each year thereafter, until September 30,
10 2002, and by April 30, 2006, and by April 30 of each year thereafter, until
11 ~~April 30, 2015~~ APRIL 30, 2019, or until all state-assisted old hire pension
12 plans are fully funded, whichever comes first, an updated actuarial study
13 shall be filed with the fire and police pension association. For the
14 2003-04 fiscal year and each fiscal year thereafter for which an actuarial
15 study is filed, the actuarial study shall include a determination of the
16 amount of the unfunded liability that may accrue as a result of the
17 suspension of the state contribution of the old hire plan members' benefit
18 trust fund pursuant to section 31-30.5-307 (5) (a) OR THE REDUCTION OF
19 THE STATE CONTRIBUTION IN 2012 AND 2013 PURSUANT TO SECTION
20 31-30.5-307 (2).

21 **SECTION 3.** 31-30.5-307 (1) (a), (1) (c), (2), (4), (5) (a) (II), and
22 (5) (b), Colorado Revised Statutes, are amended to read:

23 **31-30.5-307. State contribution.** (1) (a) Any moneys allocated
24 for distribution pursuant to subsection (2) of this section shall be
25 distributed by the fire and police pension association board of directors
26 annually to any fund of an old hire pension plan established pursuant to
27 this article having an unfunded accrued liability to assist in amortizing

1 such unfunded accrued liability as determined in the January 1, 1994,
2 actuarial studies performed under section 31-30.5-306. Beginning in
3 1995 and in each state fiscal year through the ~~2014-15 state fiscal year~~
4 2018-19 STATE FISCAL YEAR, with the exception of the 2003-04 and
5 2004-05 state fiscal years pursuant to paragraph (a) of subsection (5) of
6 this section and the 2008-09, 2009-10, and 2010-11 state fiscal years
7 pursuant to subparagraph (II) of paragraph (a) of subsection (5) of this
8 section, each such fund having an unfunded accrued liability shall be
9 credited with that amount of state contributions that it received in 1994
10 to assist in retiring its unfunded liability. In addition, if the annual
11 employer contribution amount established by section 31-30.5-304 (5) will
12 result in total employer contributions to any such fund that, on a present
13 value basis as determined by the association, are more than five percent
14 higher than what the estimated total employer contributions to such fund
15 would have been but for section 31-30.5-304 (5), then each such fund
16 shall receive that amount of supplemental state contributions sufficient to
17 eliminate, on a present value basis, the estimated aggregate increase in
18 employer contributions attributable to the enactment of section
19 31-30.5-304 (5). Any remaining state contributions shall be distributed
20 to each such fund based upon the amount, as determined by an
21 independent actuarial review and certified by the board to the joint budget
22 committee each December 1, that is consistent with the general
23 assembly's intent that the unfunded liabilities in all such funds will be
24 eliminated no later than ~~June 30, 2015~~ JUNE 30, 2019. If in any year the
25 annual state contribution for unfunded liabilities is less than the amount
26 contributed under subsection (2) of this section on September 30, 1995,
27 each such fund having an unfunded accrued liability shall be credited

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

12 (c) State contributions pursuant to this subsection (1) shall cease
13 when the unfunded liabilities in all funds receiving such contributions are
14 eliminated, but no later than ~~June 30, 2015~~ JUNE 30, 2019.

15 (2) On September 30, 1995, and on September 30 of each year
16 thereafter through 2002 and on April 30, 2006, and on April 30 of each
17 year thereafter ~~through 2015~~ THROUGH 2019, the state treasurer shall
18 transfer from the proceeds of the tax imposed by section 10-3-209,
19 C.R.S., to the old hire plan members' benefit trust fund created by section
20 31-31-701 (6), an amount equal to twenty-six million six hundred
21 thousand dollars minus the amount transferred under section 31-30-1112
22 (2) (g) (I); EXCEPT THAT, ON APRIL 30, 2012, THE TOTAL AMOUNT
23 TRANSFERRED PURSUANT TO THIS SUBSECTION (2) SHALL BE FIVE MILLION
24 THREE HUNDRED TWENTY-ONE THOUSAND SEVENTY-NINE DOLLARS AND
25 ON APRIL 30, 2013, THE TOTAL AMOUNT OF SUCH TRANSFER SHALL BE TEN
26 MILLION DOLLARS. Such annual transfer to the fund under this subsection
27 (2) shall cease when the requirements of paragraph (c) of subsection (1)

1 of this section have been met, and the final annual transfer may be in an
2 amount less than the amount prescribed by this subsection (2) as
3 determined from the total amount of unfunded accrued liability of
4 employers. Moneys in said fund shall not revert to the general fund but
5 shall be continuously available for the purposes provided in this part 3
6 and part 11 of article 30 of this title.

7 (4) By October 1, 2001, and by October 1 of each year thereafter,
8 until October 1, 2002, and by March 1, 2006, and by March 1 of each
9 year thereafter, until ~~March 1, 2015~~ MARCH 1, 2019, or until all
10 state-assisted old hire pension plans are fully funded, whichever comes
11 first, the board shall determine for every state-assisted old hire pension
12 plan whether the sum of the required state and employer contributions for
13 the current year is greater than the amount necessary to eliminate the
14 remaining unfunded liability of the plan. The board's determination shall
15 be based on the previous year's actuarial studies performed pursuant to
16 section 31-30.5-306 and the sum of the previous year's state and employer
17 contributions. If the board determines that the sum of the required
18 contributions for the current year is greater than the amount of remaining
19 unfunded liability of the plan, then both the required state and employer
20 contributions to that plan shall be in an amount proportionate to the
21 amount respectively contributed in the previous year so that the sum of
22 the two contributions is equal to an amount that eliminates any remaining
23 unfunded liability.

24 (5) (a) (II) Notwithstanding any other provision of law, the state
25 treasurer shall not transfer moneys to the old hire plan members' benefit
26 trust fund pursuant to subsection (2) of this section on April 30, 2009,
27 April 30, 2010, or April 30, 2011. The state treasurer shall resume such

1 transfers beginning on April 30, 2012, and shall make a transfer every
2 April 30 thereafter ~~until 2015~~ UNTIL 2019 pursuant to subsection (2) of
3 this section or until all state-assisted old hire pension plans are fully
4 funded, whichever comes first.

5 (b) Notwithstanding any other provision of law, the state shall
6 transfer to the old hire plan members' benefit trust fund any amount of
7 unfunded liability accrued as a result of the suspension of the state
8 contribution to the fund pursuant to paragraph (a) of this subsection (5)
9 OR THE REDUCTION OF THE STATE CONTRIBUTION MADE IN 2012 AND 2013
10 PURSUANT TO SUBSECTION (2) OF THIS SECTION as determined in the
11 actuarial study filed with the fire and police pension association pursuant
12 to section 31-30.5-306 (1) (b) (II). Such transfers may occur at any time
13 until ~~April 30, 2015~~ APRIL 30, 2019.

14 **SECTION 4. Appropriation - adjustments in 2011 long bill.**

15 For the implementation of this act, the general fund exempt appropriation
16 made in the annual general appropriation act for the fiscal year beginning
17 July 1, 2011, to the department of the treasury, special purpose division,
18 for the fire and police pension association - old hire plans, is decreased
19 by twenty million dollars (\$20,000,000).

20 **SECTION 5. Safety clause.** The general assembly hereby finds,

21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, and safety.