


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 12-0066
Prime Sponsor(s): Rep. Labuda
 Sen. Tochtrop

Date: July 23, 2012
Bill Status: Signed into Law
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING MODIFICATIONS TO AVAILABLE AFFILIATION BY SOCIAL SECURITY EMPLOYERS WITH THE FIRE AND POLICE PENSION ASSOCIATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: The bill was signed into law by the Governor on March 19, 2012, and takes effect August 8, 2012, assuming no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill was recommended by the *Police Officers' and Firefighters' Pension Reform Commission*, a legislative committee, during the 2011 interim.

Under current law, a public employer eligible to participate in the Fire and Police Pension Association (FPPA) may elect to only participate in the statewide death and disability plan, without also being required to participate in a pension plan. The bill requires employers electing to join the statewide death and disability plan to also participate in the FPPA social security supplemental plan. The bill also eliminates obsolete provisions concerning social security employers affiliating with FPPA prior to 2007.

Statutory Public Entity Impact

The bill addresses an actuarial concern that exists under current law. To the extent that benefits paid by the statewide death and disability plan are not accompanied by an offsetting pension benefit, the liabilities of the plan may exceed an actuarially appropriate level. The bill prevents this circumstance by requiring participation in the social security supplemental plan as a prerequisite for employers seeking to join the statewide death and disability plan.

Local Government Impact

For most local government employers participating in the statewide death and disability plan, the bill does not affect costs or contribution levels. However, depending on their current social security status, participation in the statewide death and disability plan may affect pension contribution levels and administrative costs for a small number of local government employers. The bill may also result in one-time costs (e.g., a local vote to change pension plans) for local governments to voluntarily join the statewide death and disability plan. The fiscal note assumes that the bill will have a minimal effect on local government costs.

Departments Contacted

Local Affairs

Fire and Police Pension Association

Labor and Employment