SB14-024

Colorado Legislative Council Staff Fiscal Note

STATE, LOCAL and STATUTORY PUBLIC ENTITY FISCAL IMPACT

Drafting Number:	LLS 14-0142	**Date:**	January 17, 2014
Prime Sponsor(s):	Sen. Tochtrop Rep. Scott	**Bill Status:**	Senate Business, Labor, & Technology
		Fiscal Analyst:	Alex Schatz (303-866-4375)

SHORT TITLE: FPPA VOLUNTEER FIREFIGHTER PLANS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Minimal workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None		

** This summary shows changes from current law under the bill for each fiscal year.*

Summary of Legislation

This bill, recommended by the ***Police Officers' and Firefighters' Pension Reform Commission,*** makes changes in the procedures and allocation of responsibilities related to volunteer firefighter pension plans (VFPs) affiliated with the Fire and Police Pension Association (FPPA). The bill:

- requires the Department of Local Affairs (DOLA) to distribute directly to the FPPA all state contributions to affiliated VFPs;
- allows the FPPA to require periodic renewal of VFP affiliation agreements;
- allows local governments or the FPPA to terminate an affiliation agreement under certain circumstances; and
- regarding FPPA-affiliated VFPs, delineates FPPA authority to make investments, collect state and local contributions, make benefit payments, and perform other duties; and local government authority to set eligibility and benefit criteria, keep records, and take other actions related to VFPs.

Background

Under current law, DOLA receives an annual distribution of proceeds from insurance premium taxes, dedicated to funding state contributions to VFPs. These state contributions are disbursed directly to the municipalities and special districts with eligible VFPs. In 2012, DOLA's distribution of state contributions totaled $4,175,447 across 224 eligible VFPs.

State Expenditures

The bill results in minimal changes to the workload of DOLA. Implementation of the bill in FY 2014-15 requires one-time changes to the distribution process for state VFP contributions in the Division of Local Government at DOLA. The bill also requires a minimal increase in ongoing DOLA workload to coordinate the proper distribution of state contributions with both the FPPA and local governments with affiliated VFPs. These changes are expected to coincide with other related administrative changes, particularly the transition to new accounting software, and will not require new appropriations.

Statutory Public Entity Impact

The workload of FPPA staff to administer affiliated VFPs will be reduced by a minimal amount under the bill. The bill eliminates FPPA workload associated with coordinating the redistribution of state contributions by local governments with affiliated plans.

Local Government Impact

Local governments with affiliated VFPs may experience minimal, offsetting workload impacts under the bill. Workload associated with taking temporary custody of state contributions will be eliminated for affected municipalities and special districts. These municipalities and special districts must coordinate with DOLA to ensure contributions are properly distributed to the FPPA.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Local Affairs	Fire and Police Pension Association	Municipalities