

*Colorado Legislative Council Staff Fiscal Note*  
**STATUTORY PUBLIC ENTITY and  
 LOCAL FISCAL IMPACT**

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<b>Drafting Number:</b> LLS 15-0069	<b>Date:</b> January 20, 2015
<b>Prime Sponsor(s):</b> Sen. Ulibarri Rep. Court	<b>Bill Status:</b> Senate Finance
	<b>Fiscal Analyst:</b> Alex Schatz (303-866-4375)

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**BILL TOPIC:** FPPA BD ASSESS ADMIN CHARGES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
FTE Position Change		
<b>Appropriation Required:</b> 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***, authorizes the Fire and Police Pension Association (FPPA) to assess members for:

- monthly interest of one-half percent on unpaid contributions to FPPA plans; and
- the costs of regulatory compliance and accounting attributable to their employer's participation in FPPA plans.

The FPPA board must promulgate rules, to potentially include waiver for good cause, prior to the assessment of interest. Costs for regulatory compliance and accounting may be assessed to member accounts, or the FPPA board may pay for small costs directly from plan assets.

**Background**

Recent changes in financial standards and regulations, including the recommendations of the Governmental Accounting Standards Board (GASB), have increased the efforts required by FPPA and local governments with other pension plans to comply with applicable requirements.

In current practice, the FPPA absorbs the cost of compliance for FPPA plans. Audit costs are currently about \$100 for each typical employer affiliated with the FPPA.

**Statutory Public Entity Impact**

The bill increases FPPA revenue to the extent that the FPPA board exercises its authority to assess interest and costs under the bill. Based on the current costs of audits, and over 200 affected plans with participating local governments, the bill increases FPPA revenue by at least \$20,000 per year.

**Local Government Impact**

The bill has no effect on local government revenue or expenditures for municipalities and special districts with a VFPP. Costs of compliance attributable to employer participation in FPPA are passed through to members. The fiscal note assumes that local government expenditures on pension costs are unaffected by the bill, with a net increase in funds transferred to the FPPA offset by a minimal reduction in contributions to individual member accounts.

**Effective Date**

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Fire and Police Pension Association  
Special Districts

Local Affairs  
Municipalities

Fire Chiefs  
PERA