

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 15-0081.01 Nicole Myers x4326

SENATE BILL 15-029

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HOUSE SPONSORSHIP

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Senate Committees

Finance
Appropriations

House Committees

Business Affairs and Labor
Appropriations

A BILL FOR AN ACT

101 **CONCERNING A STUDY OF VOLUNTEER FIREFIGHTER PENSION PLANS IN**
102 **THE STATE, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **APPROPRIATION.**

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>.)

Police Officers' and Firefighters' Pension Reform Commission.

The state auditor, in cooperation with the fire and police pension association (FPPA) and the department of local affairs (DOLA), is required to contract with a nationally recognized law firm with experience in federal tax law as it relates to public sector pension plans to study

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.*

HOUSE
3rd Reading Unamended
May 5, 2015

HOUSE
Amended 2nd Reading
May 4, 2015

SENATE
3rd Reading Unamended
April 15, 2015

SENATE
Amended 2nd Reading
April 14, 2015

specified issues regarding the legal status of the volunteer firefighter pension plans in the state. The law firm is required to deliver a report detailing the findings of the study to the state auditor, FPPA, DOLA, and the members of the police officers' and firefighters' pension reform commission of the state legislature (commission).

The bill requires the state auditor, FPPA, and DOLA, upon receipt of the report, to work collectively to develop recommendations for the legislature regarding changes to the system of volunteer firefighter pension plans based on the information contained in the report. In furtherance of developing the recommendations, the 3 entities are required to take into consideration several specified issues regarding volunteer firefighter pension plans in the state.

The bill requires the commission to meet as soon as practicable after receiving the report, but not less than 45 days after receiving the report, to hear a presentation of the report from a representative of the law firm and to hear a presentation from the state auditor's office, FPPA, and DOLA regarding recommendations for the volunteer firefighter pension plans in the state. The commission is required to discuss the presentations and determine whether to propose legislation relating to the funding and structure of the volunteer firefighter pension plans. The commission is required to ensure that relevant stakeholders and members of the public have an opportunity to provide input and comments on the findings of the report, the recommendations from the state auditor's office, FPPA, and DOLA, and on any legislation proposed by the commission.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 31-31-1002 as
3 follows:

4 **31-31-1002. Volunteer firefighter pension plans study.** (1) THE
5 STATE AUDITOR, WITH THE CONCURRENCE OF THE FIRE AND POLICE
6 PENSION ASSOCIATION AND THE DEPARTMENT OF LOCAL AFFAIRS, SHALL
7 RETAIN A NATIONALLY RECOGNIZED LAW FIRM WITH EXPERIENCE IN
8 FEDERAL TAX LAW AS IT RELATES TO PUBLIC SECTOR PENSION PLANS, AND
9 AN ACTUARY IF NECESSARY, TO CONDUCT A STUDY OF THE ISSUES
10 SPECIFIED IN SUBSECTION (2) OF THIS SECTION. THE STATE AUDITOR SHALL
11 ADMINISTER A REQUEST FOR PROPOSALS PROCESS AND SOLICIT

1 INDEPENDENT THIRD-PARTY FIRMS WITH THE NECESSARY CREDENTIALS TO
2 BID FOR PERFORMANCE OF THE STUDY. IF, FOLLOWING GOOD FAITH
3 EFFORTS, THE STATE AUDITOR, THE FIRE AND POLICE PENSION
4 ASSOCIATION, AND THE DEPARTMENT OF LOCAL AFFAIRS DO NOT CONCUR
5 REGARDING THE SELECTION OF THE FIRM, THE STATE AUDITOR SHALL
6 RETAIN AND ENTER INTO A CONTRACT WITH THE FIRM PREFERRED BY THE
7 STATE AUDITOR.

8 (2) (a) THE FIRM SELECTED PURSUANT TO SUBSECTION (1) OF THIS
9 SECTION SHALL STUDY THE FOLLOWING ISSUES:

10 (I) WHETHER THE FEDERAL INTERNAL REVENUE SERVICE
11 RECOGNIZES VOLUNTEER FIREFIGHTER PLANS CREATED PURSUANT TO
12 PARTS 11 AND 12 OF ARTICLE 30 OF THIS TITLE;

13 (II) IF THE VOLUNTEER FIREFIGHTER PLANS CREATED PURSUANT TO
14 PARTS 11 AND 12 OF ARTICLE 30 OF THIS TITLE ARE NOT RECOGNIZED BY
15 THE FEDERAL INTERNAL REVENUE SERVICE, HOW SUCH PLANS CAN BE
16 BROUGHT INTO COMPLIANCE WITH FEDERAL LAW;

17 (III) WHETHER VOLUNTEER FIREFIGHTER PLANS HAVE PROVIDED
18 BENEFITS TO VOLUNTEERS IN EXCESS OF WHAT IS ALLOWED TO BE PAID TO
19 VOLUNTEERS PURSUANT TO THE FEDERAL INTERNAL REVENUE CODE, THE
20 BUREAU OF LABOR STANDARDS, AND ANY OTHER APPLICABLE FEDERAL
21 LAW;

22 (IV) ALTERNATIVES TO MAINTAINING SEPARATE LOCAL
23 VOLUNTEER FIREFIGHTER PLANS AS THEY ARE CURRENTLY STRUCTURED
24 IN THE STATE, INCLUDING BENEFITS AND DRAWBACKS OF SUCH
25 ALTERNATIVES; AND

26 (V) ANY OTHER ISSUES OR QUESTIONS DEEMED NECESSARY BY THE
27 STATE AUDITOR, THE FIRE AND POLICE PENSION ASSOCIATION, OR THE

1 DEPARTMENT OF LOCAL AFFAIRS.

2 (b) THE LAW FIRM SELECTED PURSUANT TO SUBSECTION (1) OF
3 THIS SECTION SHALL DELIVER A REPORT DETAILING THE FINDINGS OF THE
4 STUDY TO THE STATE AUDITOR, THE LEGISLATIVE AUDIT COMMITTEE, THE
5 FIRE AND POLICE PENSION ASSOCIATION, THE DEPARTMENT OF LOCAL
6 AFFAIRS, AND THE MEMBERS OF THE POLICE OFFICERS' AND FIREFIGHTERS'
7 PENSION REFORM COMMISSION.

8 (3) UPON RECEIPT OF THE REPORT REQUIRED IN SUBSECTION (2) OF
9 THIS SECTION, THE STATE AUDITOR'S OFFICE, THE FIRE AND POLICE
10 PENSION ASSOCIATION, AND THE DEPARTMENT OF LOCAL AFFAIRS SHALL
11 WORK COLLECTIVELY TO DEVELOP RECOMMENDATIONS FOR THE
12 LEGISLATURE REGARDING CHANGES TO THE SYSTEM OF VOLUNTEER
13 FIREFIGHTER PENSION PLANS BASED ON THE INFORMATION CONTAINED IN
14 THE REPORT. IN FURTHERANCE OF DEVELOPING THE RECOMMENDATIONS,
15 THE STATE AUDITOR'S OFFICE, THE FIRE AND POLICE PENSION ASSOCIATION,
16 AND THE DEPARTMENT OF LOCAL AFFAIRS SHALL CONSIDER THE
17 FOLLOWING:

18 (a) WHETHER THE STATE ASSISTANCE PROGRAM FOR VOLUNTEER
19 FIREFIGHTER PLANS SHOULD BE BASED ON A PLAN'S NEED FOR ADDITIONAL
20 FUNDING OR WHETHER FULLY FUNDED PLANS SHOULD CONTINUE TO BE
21 ELIGIBLE FOR STATE ASSISTANCE;

22 (b) WHETHER THE STATE SHOULD AMEND CURRENT LAW TO
23 ALLOW THE AWARD OF MATCHING GRANTS TO LENGTH OF SERVICE PLANS;

24 (c) WHETHER THE STATE SHOULD REQUIRE BY LAW THAT
25 VOLUNTEER FIREFIGHTER PLANS UNDERGO PERIODIC ACTUARIAL
26 VALUATIONS;

27 (d) WHETHER THE STATE SHOULD REQUIRE BY LAW THAT

1 VOLUNTEER FIRE DEPARTMENTS MAKE CONTRIBUTIONS TO VOLUNTEER
2 FIREFIGHTER PLANS;

3 (e) WHETHER THE STATE SHOULD DEVELOP A PROCESS TO CLOSE
4 VOLUNTEER FIREFIGHTER PLANS OR TO CONVERT PLANS INTO AN
5 ALTERNATE BENEFIT, INCLUDING THE POSSIBILITY FOR ANNUITIES, LUMP
6 SUM PAYMENTS, OR A DEFINED CONTRIBUTION STYLE PLAN;

7 (f) THE CURRENT DIFFICULTIES ASSOCIATED WITH SEPARATE
8 LOCAL VOLUNTEER FIREFIGHTER PLANS, INCLUDING:

9 (I) THE COSTS INCURRED IN ADMINISTERING SEPARATE LOCAL
10 PLANS WITH THE INCREASED REPORTING REQUIREMENTS UNDER THE
11 GOVERNMENTAL ACCOUNTING STANDARDS BOARD;

12 (II) THE DIFFICULTIES OF COORDINATING BENEFITS BETWEEN
13 VOLUNTEER FIRE DEPARTMENTS WHEN A VOLUNTEER FIREFIGHTER HAS
14 WORKED AT MULTIPLE DEPARTMENTS; AND

15 (III) THE BURDENS OF TRACKING BENEFICIARIES OF LOCAL
16 VOLUNTEER FIREFIGHTER PENSION PLANS, COMPLYING WITH REGULATORY
17 REQUIREMENTS, MAINTAINING A LOCAL PENSION BOARD, AND
18 MAINTAINING RECORDS REGARDING SERVICE ELIGIBILITY;

19 (g) WHETHER VOLUNTEER FIREFIGHTERS AND VOLUNTEER FIRE
20 DEPARTMENTS ARE BEST SERVED BY A PENSION SYSTEM THAT REQUIRES
21 VOLUNTEERS TO PARTICIPATE FOR TEN TO TWENTY YEARS TO RECEIVE A
22 BENEFIT AT AGE FIFTY;

23 (h) IF A COST-SHARING MULTI-EMPLOYER PLAN, WHETHER DEFINED
24 CONTRIBUTION OR DEFINED BENEFIT, WOULD FUNCTION MORE EFFICIENTLY
25 THAN INDIVIDUAL LOCAL PLANS;

26 (i) WHETHER THE FIRE AND POLICE PENSION ASSOCIATION SHOULD
27 BE AUTHORIZED OR DIRECTED TO ADMINISTER A PLAN OTHER THAN THE

1 CURRENT LOCAL DEFINED BENEFIT PLAN FOR VOLUNTEER FIREFIGHTERS;
2 AND

3 (j) ANY OTHER ISSUES DEEMED RELEVANT BY THE STATE
4 AUDITOR'S OFFICE, THE FIRE AND POLICE PENSION ASSOCIATION, AND THE
5 DEPARTMENT OF LOCAL AFFAIRS.

6 (4) THE STATE AUDITOR MAY REQUEST INFORMATION AS
7 NECESSARY FROM VOLUNTEER FIRE DEPARTMENTS AND FROM THE FIRE
8 AND POLICE PENSION ASSOCIATION REGARDING THE MEMBERSHIP,
9 BENEFITS, AND STRUCTURE OF THE VOLUNTEER FIREFIGHTER PENSION
10 PLANS. VOLUNTEER FIRE DEPARTMENTS AND THE FIRE AND POLICE
11 PENSION ASSOCIATION SHALL PROVIDE THE REQUESTED INFORMATION.

12 (5) (a) AS SOON AS PRACTICABLE AFTER THE RECEIPT OF THE
13 REPORT REQUIRED IN SUBSECTION (2) OF THIS SECTION, BUT NOT LESS
14 THAN FORTY-FIVE DAYS AFTER RECEIPT OF THE REPORT, THE POLICE
15 OFFICERS' AND FIREFIGHTERS' PENSION REFORM COMMISSION SHALL MEET
16 TO HEAR A PRESENTATION OF THE REPORT FROM A REPRESENTATIVE OF
17 THE LAW FIRM SELECTED PURSUANT TO SUBSECTION (1) OF THIS SECTION.
18 DURING THE SAME MEETING, THE STATE AUDITOR'S OFFICE, THE FIRE AND
19 POLICE PENSION ASSOCIATION, AND THE DEPARTMENT OF LOCAL AFFAIRS
20 SHALL MAKE A PRESENTATION TO THE COMMISSION WITH ITS
21 RECOMMENDATIONS TO ADDRESS THE ISSUES RAISED IN THE REPORT AND
22 THE ISSUES SPECIFIED IN SUBSECTION (3) OF THIS SECTION.

23 (b) THE POLICE OFFICERS' AND FIREFIGHTERS' PENSION REFORM
24 COMMISSION SHALL, EITHER AT THE MEETING SPECIFIED IN PARAGRAPH (a)
25 OF THIS SUBSECTION (5) OR AT AN ADDITIONAL MEETING AS DEEMED
26 NECESSARY BY THE MEMBERS OF THE COMMISSION, DISCUSS THE
27 PRESENTATIONS TO THE COMMISSION AND DETERMINE WHETHER TO

1 PROPOSE LEGISLATION RELATING TO THE FUNDING AND STRUCTURE OF
2 VOLUNTEER FIREFIGHTER PENSION PLANS IN THE STATE. THE COMMISSION
3 SHALL ENSURE THAT RELEVANT STAKEHOLDERS AND MEMBERS OF THE
4 PUBLIC HAVE AN OPPORTUNITY TO PROVIDE INPUT ON THE FINDINGS OF
5 THE REPORT REQUIRED BY SUBSECTION (2) OF THIS SECTION, THE
6 RECOMMENDATIONS FROM THE STATE AUDITOR'S OFFICE, THE FIRE AND
7 POLICE PENSION ASSOCIATION, AND THE DEPARTMENT OF LOCAL AFFAIRS
8 REQUIRED BY SUBSECTION (3) OF THIS SECTION, AND ON ANY LEGISLATION
9 PROPOSED BY THE COMMISSION.

10 **SECTION 2. Appropriation.** (1) For the 2015-16 state fiscal
11 year, \$100,000 is appropriated to the legislative department for use by the
12 office of the state auditor. This appropriation is from the general fund. To
13 implement this act, the office of the state auditor may use this
14 appropriation for contractual services to study volunteer firefighter
15 pension plans.

16 (2) For the 2015-16 state fiscal year, \$4,271 is appropriated to the
17 department of local affairs. This appropriation is from the general fund.
18 To implement this act, the department may use this appropriation as
19 follows:

20 (a) \$848 for use by the executive director's office for the purchase
21 of information technology services; and

22 (b) \$3,423 for use by the division of local government for
23 personal services.

24 (3) For the 2015-16 state fiscal year, \$848 is appropriated to the
25 office of the governor for use by the office of information technology.
26 This appropriation is from reappropriated funds received from the
27 department of local affairs under paragraph (a) of subsection (2) of this

1 section.

2 **SECTION 3. Safety clause.** The general assembly hereby finds,
3 determines, and declares that this act is necessary for the immediate
4 preservation of the public peace, health, and safety.