

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0359	Date: February 2, 2015
Prime Sponsor(s): Sen. Aguilar	Bill Status: Senate Finance
Rep. Landgraf	Fiscal Analyst: Lauren Schreier (303-866-3523)

BILL TOPIC: SUPPLEMENTAL NEEDS TRUST FOR CERTAIN PERA BENEFITS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	Potential decrease. See State Revenue section.	
State Expenditures	\$2,000	
General Fund	2,000	
TABOR Set Aside	Potential decrease. See TABOR Impact section.	
FTE Position Change		
Appropriation Required: None.		

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

Summary of Legislation

Current law requires that an assigned cobeneficiary of a Public Employees' Retirement System (PERA) member must be a person. The bill removes this requirement by allowing a PERA member to designate a supplemental needs trust (trust) as a cobeneficiary that is eligible to receive a benefit. The bill defines a trust as a special needs trust established under current federal or state law by a member or retiree for the sole benefit of the member's or retiree's spouse, child, or dependent parent who meets the definition of an individual with a disability under the federal Social Security Act. The trust does not prevent an individual with a disability to qualify for public benefits and is contingent with the life of the cobeneficiary. The bill also addresses various situations concerning benefit options, cobeneficiary designation changes, survivor benefits, health care eligibility, and annuitization.

State Revenue

The bill may reduce state revenues. If a cobeneficiary meets the definition of an individual with a disability under the federal Social Security Act and is able to open a supplemental needs trust, the income will no longer be considered taxable by the Internal Revenue Service. Since the number of individuals who may meet the criteria of the bill is unknown, the potential revenue impact cannot be determined.

TABOR Impact

Beginning in FY 2015-16, the bill may decrease state revenue from tax revenue collection, which will decrease the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund in the year following excess collections.

State Expenditures

The bill will increase expenditures in the Department of Human Services (DHS) by \$2,000. The bill requires the DHS to update their eligibility forms in the Colorado Benefits Management System (CBMS) to account for changes under the bill.

The bill will increase workload in the Department of Health Care Policy and Financing by a minimal amount. The bill will require some additional training at eligibility sites and administrative rule changes. This work can be accomplished within existing appropriations. In the event that the bill impacts caseload rates, the department can address these changes through the annual budget process. However, given the relatively small population that fits the requirements of the bill, any fiscal impact is anticipated to be minimal.

Local Government Impact

The bill may increase workload for local governments by impacting caseload rates as individuals who previously were not eligible for public assistance programs may now be. Any caseload impact as a result of the bill is anticipated to be minimal.

Effective Date

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

State and Local Government Contacts

PERA
Human Services

Personnel
Health Care Policy and Financing