FISCAL NOTE D

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***C**olorado **L**egislative **C**ouncil **S**taff*

NO FISCAL IMPACT

Drafting Number:	LLS 00-0169	**Date:**	October 26, 1999
Prime Sponsor(s):	Rep. Plant	**Bill Status:**	POFPRC
	Sen. Reeves	**Fiscal Analyst:**	Steve Tammeus (866-2756)

TITLE: CONCERNING INTEREST CHARGES FOR DELINQUENT CONTRIBUTIONS TO THE FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN

Summary of Assessment

This bill permits the board of directors of the Fire and Police Pension Association (FPPA) to promulgate rules to waive the interest charge against any delinquent payments owed to the Benefit Fund by new accounts in hardship cases. The bill will become effective 90 days after adjournment unless a referendum petition is filed.

The provisions of this bill allow the FPPA board discretion to consider hardships that arise when an employer, typically a small volunteer department starting to pay a small number of employees for the first time, mistakenly pays into the federal Social Security System rather than the FPPA. The department's budget may be so limited the department may be forced to recover the payment from Social Security in order to pay the FPPA. In those instances under current law, the interest is mandatory, accrues during the recovery period, and creates a hardship for the department.

The FPPA indicates this situation arises approximately once per year. This bill will not affect employer contributions to the plan and will not affect the actuarial soundness of the plan. The bill will not affect state or local government revenue or expenditures. Therefore, the bill is assessed as having no fiscal impact.

Departments Contacted

Fire and Police Pension Association