

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

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8.15.14

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Bill 2

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LLS NO. 15-0069.01 Nicole Myers x4326

INTERIM COMMITTEE BILL

Police Officers' and Firefighters' Pension Reform Commission

A BILL FOR AN ACT

101 **CONCERNING ADDITIONAL AUTHORITY OF THE BOARD OF DIRECTORS**
102 **OF THE FIRE AND POLICE PENSION ASSOCIATION TO ASSESS**
103 **ADMINISTRATIVE CHARGES.**

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 bill authorizes the fire and police pension association (FPPA) board of directors (board) to promulgate rules for the assessment of interest on unpaid contributions to statewide plans. The board is authorized to

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.

include rules regarding the waiver of interest due for good cause. The bill specifies that the interest rate will be one-half of one percent per month.

The bill also authorizes the board to assess the individual plans administered by the FPPA with the reasonable actuarial, audit, and operational costs that are incurred by the FPPA in complying with regulatory requirements and that are attributable to each plan.

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

2 **SECTION 1.** In Colorado Revised Statutes, 31-31-202, **add** (7)
3 and (8) as follows:

4 **31-31-202. Powers and duties of the board.** (7) THE BOARD
5 MAY PROMULGATE RULES FOR THE ASSESSMENT OF INTEREST, INCLUDING
6 THE WAIVER OF INTEREST FOR GOOD CAUSE, ON UNPAID CONTRIBUTIONS
7 TO STATEWIDE PLANS. INTEREST SHALL ACCRUE AT THE RATE OF
8 ONE-HALF OF ONE PERCENT PER MONTH.

9 (8) THE BOARD MAY ASSESS THE REASONABLE ACTUARIAL, AUDIT,
10 AND OPERATIONAL COSTS INCURRED BY THE ASSOCIATION RELATED TO
11 COMPLIANCE WITH REGULATORY REQUIREMENTS WHICH ARE
12 ATTRIBUTABLE TO EMPLOYERS WITH MEMBERS PARTICIPATING IN PLANS
13 ADMINISTERED BY THE ASSOCIATION. ALTERNATIVELY, THE BOARD MAY
14 FIND SUCH COSTS TO BE DE MINIMIS AND PAY THE COSTS FROM THE PLAN
15 ASSETS.

16 **SECTION 2.** In Colorado Revised Statutes, 31-31-402, **amend**
17 (4) as follows:

18 **31-31-402. Employer and member contributions.** (4) The
19 payments required by this section are subject to ~~penalties~~ INTEREST if not
20 submitted when due. Payments are due no later than ten days following
21 the date of payment of salary to the member. ~~An interest charge of~~
22 ~~one-half of one percent per month shall be levied against any unpaid~~

1 ~~amount and added to the employer payments required pursuant to this~~
2 ~~section; except that the board may waive the interest charge for new~~
3 ~~accounts in hardship cases, subject to rules promulgated by the board.~~

4 **SECTION 3.** In Colorado Revised Statutes, 31-31-704.6, **amend**
5 (3) as follows:

6 **31-31-704.6. Social security supplemental plan - creation -**
7 **management.** (3) Upon the effective date of coverage under the social
8 security supplemental plan, each member covered by the plan shall pay
9 ~~four percent of his or her salary paid~~ ONE-HALF OF THE MEMBER
10 CONTRIBUTION RATE ESTABLISHED IN PART 4 OF THIS ARTICLE into the
11 DEFINED BENEFIT PLAN TRUST fund. The payment shall be made by the
12 employer by deduction from the salary paid to the member. For each
13 member, the employer shall pay ~~four percent of the salary paid to the~~
14 ~~member~~ ONE-HALF OF THE EMPLOYER CONTRIBUTION RATE ESTABLISHED
15 IN PART 4 OF THIS ARTICLE into the defined benefit plan trust fund.
16 Payments are due no later than ten days following the date of payment of
17 salary to the member, unless the salary is paid more than once monthly,
18 in which event the payments are due no later than the tenth day of the
19 month following the month the salary is paid to the member. ~~An interest~~
20 ~~charge of one-half of one percent per month shall be levied against any~~
21 ~~unpaid amount and added to the employer payments required pursuant to~~
22 ~~this section~~ THE PAYMENTS REQUIRED BY THIS SECTION ARE SUBJECT TO
23 INTEREST IF NOT SUBMITTED WHEN DUE.

24 **SECTION 4.** In Colorado Revised Statutes, 31-31-501, **amend**
25 (5) (c) as follows:

26 **31-31-501. Withdrawal into statewide money purchase plan.**
27 (5) (c) ~~If any payment required pursuant to the provisions of paragraph~~

1 ~~(a) or (b) of this subsection (5) is not made, interest shall be assessed on~~
2 ~~the amount due at the rate specified for employers in section 31-31-402~~
3 ~~(4) until such amount is paid in full~~ THE PAYMENTS REQUIRED BY THIS
4 SECTION ARE SUBJECT TO INTEREST IF NOT SUBMITTED WHEN DUE.

5 **SECTION 5.** In Colorado Revised Statutes, 31-31-811, **amend**
6 (4) as follows:

7 **31-31-811. State funding of death and disability benefits.**

8 (4) For each member hired on or after January 1, 1997, who is eligible
9 for the death and disability coverage provided by this part 8, a
10 contribution shall be made to the death and disability account in the fund
11 for the years 1997 and 1998 in an amount not greater than two and four
12 tenths percent of the member's salary. Thereafter, the board, based on an
13 annual actuarial valuation, may adjust the contribution rate every two
14 years, but in no event may the adjustment for any two-year period exceed
15 one-tenth of one percent of the member's salary. Any employer and any
16 local pension board or authority shall provide such information as may be
17 required by the board in order to complete the annual actuarial valuations.
18 The actuary appointed by the board may utilize either the entry
19 age-normal cost method or the aggregate cost method for purposes of the
20 study required by this subsection (4). Any unfunded accrued liability shall
21 be funded over a period not to exceed thirty years. The actuarial study
22 shall not include any consideration of a cost of living adjustment to
23 benefits awarded to members who are occupationally disabled. Payments
24 shall be made by the employer and are due no later than ten days
25 following the date of payment of salary to the member. ~~An interest charge~~
26 ~~of one-half of one percent per month shall be levied against any unpaid~~
27 ~~amount and shall be the responsibility of the employer~~ THE PAYMENTS

1 REQUIRED BY THIS SECTION ARE SUBJECT TO INTEREST IF NOT SUBMITTED
2 WHEN DUE. Any decision regarding whether the contribution required by
3 this subsection (4) shall be assessed against the employer or the member,
4 or shall in some manner be assessed jointly against the employer and the
5 member, will be made at the local level utilizing the usual process for
6 determining employee benefits. If it is not already part of the usual
7 process for determining employee benefits, the employer shall confer with
8 the employees or their representative prior to making a determination on
9 how the contribution will be assessed.

10 **SECTION 6.** In Colorado Revised Statutes, 31-31-1102, **amend**
11 (4) (a) as follows:

12 **31-31-1102. Statewide hybrid plan - creation - management.**

13 (4) (a) Except as provided in paragraph (b) of this subsection (4), upon
14 the effective date of coverage under the statewide hybrid plan, each
15 member covered by the plan shall pay into the defined benefit system
16 trust fund eight percent of salary paid. The payment shall be made by the
17 employer by deduction from the salary paid to such member. Except as
18 provided in paragraph (b) of this subsection (4), for each such member,
19 the employer shall pay into the defined benefit system trust fund eight
20 percent of the salary paid to such member. Payments are due no later than
21 ten days following the date of payment of salary to the member. ~~An~~
22 ~~interest charge of one-half of one percent per month shall be levied~~
23 ~~against any unpaid amount and added to the employer payments required~~
24 ~~pursuant to this section~~ THE PAYMENTS REQUIRED BY THIS SECTION ARE
25 SUBJECT TO INTEREST IF NOT SUBMITTED WHEN DUE.

26 **SECTION 7. Act subject to petition - effective date.** This act
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly (August
2 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
3 referendum petition is filed pursuant to section 1 (3) of article V of the
4 state constitution against this act or an item, section, or part of this act
5 within such period, then the act, item, section, or part will not take effect
6 unless approved by the people at the general election to be held in
7 November 2016 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.