

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

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Bill 5

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LLS NO. 15-0081.01 Nicole Myers x4326

INTERIM COMMITTEE BILL

Police Officers' and Firefighters' Pension Reform Commission

A BILL FOR AN ACT

101 **CONCERNING A STUDY OF VOLUNTEER FIREFIGHTER PENSION PLANS IN**
102 **THE STATE.**

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.

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 after the first regular session of the 70th general assembly, but not less than 45 days after receipt of 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 TO
9 CONDUCT A STUDY OF THE ISSUES SPECIFIED IN SUBSECTION (2) OF THIS
10 SECTION. THE STATE AUDITOR SHALL ADMINISTER A REQUEST FOR
11 PROPOSALS PROCESS AND SOLICIT INDEPENDENT THIRD-PARTY FIRMS WITH

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

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

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

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

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

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

25 (V) ANY OTHER ISSUES OR QUESTIONS DEEMED NECESSARY BY THE
26 STATE AUDITOR, THE FIRE AND POLICE PENSION ASSOCIATION, OR THE
27 DEPARTMENT OF LOCAL AFFAIRS.

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

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

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

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

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

25 (d) WHETHER THE STATE SHOULD REQUIRE BY LAW THAT
26 VOLUNTEER FIRE DEPARTMENTS MAKE CONTRIBUTIONS TO VOLUNTEER
27 FIREFIGHTER PLANS;

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

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

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

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

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

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

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

24 (i) WHETHER THE FIRE AND POLICE PENSION ASSOCIATION SHOULD
25 BE AUTHORIZED OR DIRECTED TO ADMINISTER A PLAN OTHER THAN THE
26 CURRENT LOCAL DEFINED BENEFIT PLAN FOR VOLUNTEER FIREFIGHTERS;
27 AND

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

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

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

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

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

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