



**Colorado  
Legislative  
Council  
Staff**

**Bill 2**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0330  
**Prime Sponsor(s):**

**Date:** October 16, 2015  
**Bill Status:** Police Officers' and Firefighters'  
Pension Reform Commission Bill  
Request

**Fiscal Analyst:** Greg Sobetski (303-866-4105)

**BILL TOPIC:** MODIFICATIONS TO STATEWIDE DEATH AND DISABILITY PLAN

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures		
TABOR Impact		
FTE Position Change		
Appropriation Required: None.		
Future Year Impacts: None.		

**Summary of Legislation**

This bill, ***requested by the Police Officers' and Firefighters' Pension Reform Commission***, changes the calculation of a transfer from the statewide death and disability plan of the Fire and Police Pension Association (FPPA) to the normal retirement plan of an FPPA member who has incurred a temporary disability. When a temporarily disabled FPPA member is restored to active service or satisfies the age and service requirements for a normal retirement, a transfer is made from the statewide death and disability plan to the member's normal retirement plan. Under current law, the amount of the transfer is equal to 16 percent of the member's monthly salary, multiplied by the number of months for which the member received temporary occupational disability benefits. Under Bill 2, in cases where the member and employer were contributing less than 16 percent of the member's salary to the member's retirement plan at the time of disability, the amount of the transfer will be reduced to reflect the actual percentage contribution at that time.

The bill also changes the deadline for completion of a newly hired member's statewide standard health history form. Under current law, the form must be completed prior to the member's employment. Bill 2 allows the form to be completed within 30 days of the member's first date of employment.

## **Background**

The state made a \$39 million one-time contribution to the statewide death and disability plan in 1997, and has not paid into the plan since. Under current law, the plan is funded by contributions from FPPA members at rates determined by the FPPA board of directors. Since January 1, 2007, contributions have equaled 2.6 percent of member base salary. The contribution may be paid entirely by the employer or member, or may be split between them.

## **Local Government Impact**

The bill has no direct impact on local governments. Some municipal fire and police departments pay contributions to the statewide death and disability plan under current law. The bill is expected to reduce expenditures from the statewide death and disability plan. To the extent that the FPPA board reduces contribution rates to the plan, municipal expenditures for plan contributions will decrease.

## **Statutory Public Entity Impact**

Expenditures from the FPPA statewide death and disability plan to FPPA members' retirement plans will decrease. The amount of the decrease will depend on the rate at which FPPA members incur temporary disabilities and the retirement contributions being made by disabled members at the time they are disabled. As expenditures from the statewide death and disability plan decrease, the FPPA board may choose to make a corresponding reduction in contribution rates. To the extent that contribution rates are reduced, statewide death and disability plan revenue will decrease.

Costs associated with adjusting the statewide death and disability transfer percentage to match individual members' retirement contributions are expected to be minimal and absorbable within the FPPA's existing resources.

## **Effective Date**

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed. The provisions of the bill apply to members who are receiving temporary occupational disability benefits and return to service or retire on or after the bill's effective date.

## **State and Local Government Contacts**

Fire and Police Pension Association  
Local Affairs  
Police Chiefs

Fire Chiefs  
Municipalities