

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 14-0143.01 Nicole Myers x4326

SENATE BILL 14-031

SENATE SPONSORSHIP

Tochtrop,

HOUSE SPONSORSHIP

Rosenthal, Court, Schafer

Senate Committees
Business, Labor, & Technology

House Committees
Finance

A BILL FOR AN ACT

101 CONCERNING MODIFICATIONS TO THE ADMINISTRATION OF OLD HIRE
102 POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS.

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 makes the following modifications to the administration of an employer's old hire police officers' and firefighters' pension plans (old hire plans):

! Clarifies the acceptable use of plan moneys when none of

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.

HOUSE
2nd Reading Unamended
March 7, 2014

SENATE
3rd Reading Unamended
February 10, 2014

SENATE
Amended 2nd Reading
February 7, 2014

the members in an old hire plan are active participants in the plan, but the plan is still obligated to pay the benefit liabilities of members who still receive benefits from the plan fund;

- ! Specifies that annual contributions to state-assisted old hire plans are required to be made in at least the amount required to amortize the unfunded liability of the plan over 20 years or the number of years equal to the average remaining life expectancy of the plan's members plus the service cost attributable to active members, whichever is less;
- ! Repeals provisions related to the transfer of moneys to the fire and police pension association (association) from the state general fund and from the employer associated with a state-assisted old hire plan to fund the unfunded liability in each plan;
- ! Modifies the requirements concerning the actuarial study of each old hire plan by requiring that such a study be conducted for each plan by July 1, 2014, and every 2 years thereafter;
- ! Repeals provisions related to the annual distribution of state moneys to assist old hire plans in amortizing their unfunded liability due to the state's final assistance payment to the association on May 31, 2013;
- ! Clarifies that an employer's resolution to affiliate with the association in connection with an old hire plan must be in a form approved by the association board of directors and that the effective date of such resolution is mutually agreed upon by the employer and the association;
- ! Specifies the association's responsibilities in connection with old hire plans that are affiliated with the association, including investing the assets of the plan, collecting and accounting for contributions to the plan, conducting required actuarial valuations and audits of the plan, maintaining records of the plan, and authorizing the payment of expenses of the plan from the assets of the plan; and
- ! Specifies an old hire plan board's responsibilities when the plan is affiliated with the association, including establishing eligibility for and the amount of benefits to be received by members and beneficiaries of the plan, maintaining records of the terms and provisions of the plan, making determinations regarding benefit or cost-of-living adjustments and rank escalation, certification of information that the association needs to administer the

plan, and electing options for the allocation of assets, if such options are provided by the association.

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

2 **SECTION 1.** In Colorado Revised Statutes, 31-30.5-209, **amend**
3 (4) as follows:

4 **31-30.5-209. Idle funds.** (4) (a) (I) Notwithstanding the
5 provisions of subsections (1) and (2) of this section and subject to the
6 provisions of paragraph (c) of this subsection (4), if no members are
7 ~~participating~~ ACTIVE PARTICIPANTS in an employer's old hire pension plan
8 established under this article, the governing body of the employer, by
9 resolution, may authorize the use of the excess balance in the plan fund
10 for the purposes permitted in subsections (1) and (2) of this section. If a
11 governing body authorizes the use of the excess balance under this
12 subsection (4), the employer shall maintain the plan fund at a level equal
13 to at least two times the amount necessary to fund the benefit liabilities
14 of any persons continuing to receive benefits from the plan fund.

15 (II) For purposes of this paragraph (a), "excess balance" means the
16 amount in an old hire plan fund in excess of two times the amount
17 necessary to fund the benefit liabilities of persons continuing to receive
18 benefits from the plan fund, as determined by the plan's actuary. In
19 determining the excess balance in an old hire plan fund, the actuary shall
20 utilize the assumptions approved by the board of directors of the fire and
21 police pension association pursuant to section 31-30.5-306 (2) (b).

22 (b) Notwithstanding the provisions of subsections (1) and (2) of
23 this section and paragraph (a) of this subsection (4) and subject to the
24 provisions of paragraph (c) of this subsection (4), if no members are
25 ~~participating~~ ACTIVE PARTICIPANTS in an employer's old hire pension plan

1 established under this article and the plan provides no rank escalation
2 benefit or other type of cost-of-living benefit to persons receiving benefits
3 from the plan fund, ~~other than cost-of-living benefits provided through~~
4 ~~the annual adjustment required pursuant to paragraph (c) of this~~
5 ~~subsection (4)~~, the board, after disclosure to the affected retirees, is
6 authorized to use the assets in the plan fund for the purpose of purchasing
7 annuities in amounts sufficient to pay any required benefits, INCLUDING
8 NONDISCRETIONARY COST-OF-LIVING ADJUSTMENTS REQUIRED UNDER THE
9 PLAN, to those persons who continue to receive benefits from the plan
10 fund. If the board purchases annuities for such persons, the governing
11 body of the employer, by resolution, may authorize the use of any
12 additional funds that remain in the plan fund after purchasing such
13 annuities for the purposes permitted in subsections (1) and (2) of this
14 section. Annuities may be purchased pursuant to this paragraph (b) only
15 from insurance companies rated at least A+ by the A.M. Best company or
16 rated at least AA by Standard & Poors Corporation. If there is a default
17 on the payment of benefits resulting from an annuity purchased under this
18 paragraph (b), the employer ~~shall remain~~ REMAINS liable to make any
19 required benefit payments to persons for whom the annuities were
20 purchased.

21 (c) ~~If a plan fund does not provide any type of cost-of-living~~
22 ~~benefit to persons receiving benefits from the plan fund, the assets in the~~
23 ~~plan fund shall be used to provide an annual adjustment to the pension~~
24 ~~benefits for such persons prior to using the excess balance in the plan~~
25 ~~fund as provided in paragraph (a) of this subsection (4) and prior to~~
26 ~~purchasing annuities as provided in paragraph (b) of this subsection (4).~~
27 The minimum annual adjustment shall be calculated in the same manner

1 as the annual adjustment to total disability benefits provided for members
2 of the statewide death and disability plan pursuant to section 31-31-803
3 (6)(b)(II); except that the effective date of the benefit for purposes of the
4 amount set forth in said section shall be the date on which the board
5 provides the annual adjustment required under this paragraph (c) MONEYS
6 IN THE PLAN FUND IN EXCESS OF THE AMOUNT REQUIRED TO PURCHASE
7 ANNUITIES AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (4), IF
8 ANY, MAY BE USED TO PURCHASE ADDITIONAL BENEFITS OR MAY BE
9 TREATED AS AN EXCESS BALANCE AS PROVIDED IN PARAGRAPH (a) OF THIS
10 SUBSECTION (4).

11 **SECTION 2.** In Colorado Revised Statutes, 31-30.5-302, **amend**
12 (5) as follows:

13 **31-30.5-302. Definitions.** As used in this part 3, unless the
14 context otherwise requires:

15 (5) "State-assisted" means ~~receiving~~ HAVING RECEIVED state
16 moneys relating to accrued unfunded liability. ~~pursuant to section~~
17 ~~31-30.5-307.~~

18 **SECTION 3.** In Colorado Revised Statutes, **repeal** 31-30.5-303
19 as follows:

20 **31-30.5-303. State assistance - limitation.** ~~(1) On and after July~~
21 ~~1, 1981, state assistance relating to accrued unfunded liabilities to each~~
22 ~~police officers' and firefighters' pension plan in this state shall be~~
23 ~~expressly contingent upon the maintenance by the governing body~~
24 ~~providing such plan of the level of annual contributions required pursuant~~
25 ~~to this part 3.~~

26 ~~(2) If the board of directors of the fire and police pension~~
27 ~~association determines that a governing body is failing to maintain the~~

1 level of contributions to a pension plan required pursuant to this part 3,
2 the board shall suspend the distribution of state moneys to such pension
3 plan.

4 **SECTION 4.** In Colorado Revised Statutes, **amend** 31-30.5-304
5 as follows:

6 **31-30.5-304. Limitation on existing funds - procedures.** (1) On
7 and after January 1, 1982, every state-assisted old hire police officers' or
8 firefighters' pension plan created pursuant to this article shall be financed
9 in accordance with minimum funding standards prescribed in this part 3.
10 Contributions made pursuant to this section shall include municipal,
11 special district, and county improvement district contributions, the
12 established employee contribution, and any state contribution.

13 (2) (a) ~~Except as provided in subsections (4) and (5) of this~~
14 ~~section,~~ Annual contributions to state-assisted old hire police officers' and
15 firefighters' pension funds shall be made ~~beginning January 1, 1982, at an~~
16 ~~annual rate~~ IN AN AMOUNT that is equal to or greater than the sum of the
17 actuarially determined amount required to amortize ~~over a period of not~~
18 ~~more than thirty-seven years from January 1, 1982,~~ the unfunded accrued
19 liabilities of such plan ~~and~~ OVER A PERIOD NOT TO EXCEED THE LESSER OF
20 TWENTY YEARS OR THE NUMBER OF YEARS EQUAL TO THE AVERAGE
21 REMAINING LIFE EXPECTANCY OF THE PENSION FUND'S MEMBERS PLUS the
22 current service cost attributable to active members.

23 (b) ~~In each year until any state-assisted pension plan created~~
24 ~~pursuant to this article is funded on an actuarial reserve basis as required~~
25 ~~by this part 3 and has no accrued unfunded liability attributable to active~~
26 ~~or retired members, the total of such annual contributions shall not be less~~
27 ~~than the rate of contribution as a percentage of payroll made in the year~~

1 ~~1977~~ IN ADDITION TO THE CONTRIBUTIONS REQUIRED BY PARAGRAPH (a)
2 OF THIS SUBSECTION (2), THE EMPLOYER SHALL ANNUALLY PAY ANY
3 REQUIRED DOLLAR AMOUNT OF CONTRIBUTIONS NECESSARY TO FUND
4 ADDITIONAL PLAN BENEFITS ADOPTED UNDER SECTION 31-30.5-210(2), AS
5 ESTABLISHED BY SUPPLEMENTAL ACTUARIAL STUDIES ON SUCH FUNDS.

6 (3) ~~The general assembly finds and determines that it has~~
7 ~~contributed substantial sums to the program established by this part 3 and~~
8 ~~that the state has a responsibility to evaluate the advisability of its~~
9 ~~contribution in light of its own fiscal situation.~~

10 (3.5) ~~No later than September 1, 1995, the board of directors of~~
11 ~~the fire and police pension association shall certify to the state auditor, the~~
12 ~~legislative audit committee and the joint budget committee of the general~~
13 ~~assembly, and the state treasurer the amount of state contribution~~
14 ~~necessary to fund the supplemental unfunded liability in each~~
15 ~~state-assisted policemen's or firefighters' pension plan attributable to the~~
16 ~~reduction of the state's contribution for the year 1987. On September 30,~~
17 ~~1995, the state treasurer shall transfer the amount certified from the~~
18 ~~general fund to the old hire plan members' benefit trust fund created by~~
19 ~~section 31-31-701(6), and from such amount the board shall distribute to~~
20 ~~each state-assisted policemen's or firefighters' pension plan the amount~~
21 ~~necessary to eliminate the supplemental unfunded liability in each plan;~~
22 ~~except that the amount transferred by the state treasurer pursuant to this~~
23 ~~subsection (3.5) shall not exceed twenty-five million five hundred~~
24 ~~thousand dollars.~~

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26 (4) A governing body providing a state-assisted old hire pension
27 plan THAT IS REQUIRED TO CONTRIBUTE AN AMOUNT IN 2014 THAT IS LESS

1 THAN THE CONTRIBUTION REQUIRED BY SUBSECTION (2) OF THIS SECTION
2 BEGINNING IN 2015 AND that determines that the minimum annual rate of
3 municipal, fire protection district, or county improvement district
4 contributions provided in subsection (2) of this section would place an
5 undue initial hardship on the taxpayers of such municipality, fire
6 protection district, or county improvement district may adopt a resolution
7 to that effect. Any municipality, fire protection district, or county
8 improvement district that has adopted such resolution may make AN
9 annual contributions in accordance with the following schedules:
10 CONTRIBUTION IN THE YEAR 2015, IN AN AMOUNT THAT IS NOT LESS THAN
11 THE AMOUNT THAT THE MUNICIPALITY, FIRE PROTECTION DISTRICT, OR
12 COUNTY IMPROVEMENT DISTRICT IS REQUIRED TO CONTRIBUTE IN 2014.
13 BEGINNING IN 2016, SUCH MUNICIPALITY, FIRE PROTECTION DISTRICT, OR
14 COUNTY IMPROVEMENT DISTRICT SHALL MAKE THE FULL AMOUNT OF THE
15 ANNUAL CONTRIBUTION REQUIRED BY SUBSECTION (2) OF THIS SECTION.

16 (a) ~~For municipalities, fire protection districts, and county~~
17 ~~improvement districts having a population of less than five hundred~~
18 ~~thousand, as determined by the 1970 federal census, contributions for~~
19 ~~each calendar year, commencing in 1982, shall be at a rate equal to or~~
20 ~~greater than the percentage of the sum of the current service cost~~
21 ~~attributable to active members plus the actuarially determined amount~~
22 ~~required to amortize the unfunded accrued liabilities of such state-assisted~~
23 ~~fund over a period of not more than thirty-seven years, established as~~
24 ~~follows:~~

25 **Thirty-seven-year**
26 **amortization**
27 **Calendar period beginning**

	year	Percentage	January 1
1			
2	1982	65	1982
3	1983	70	1983
4	1984	75	1984
5	1985	80	1985
6	1986	85	1986
7	1987	90	1987
8	1988	95	1988
9	1989		
10	and thereafter	100	1989

11 ~~(b) For municipalities, fire protection districts, and county~~
12 ~~improvement districts having a population of five hundred thousand or~~
13 ~~more, as determined by the 1970 federal census, contributions for each~~
14 ~~calendar year beginning 1982 shall be at a rate equal to or greater than the~~
15 ~~percentage of the sum of the current service cost attributable to active~~
16 ~~members and the actuarially determined amount required to amortize the~~
17 ~~unfunded accrued liabilities of such state-assisted fund over a period of~~
18 ~~not more than thirty-seven years, established as follows:~~

	Calendar		Thirty-seven-year
	year	Percentage	amortization
			period beginning
	year	Percentage	January 1
19			
20			
21			
22	1982	50	1982
23	1983	60	1983
24	1984	70	1984
25	1985	80	1985
26	1986	90	1986
27			

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and thereafter 100 1987

~~(c) Any provision of this subsection (4) to the contrary notwithstanding, in each year until any state-assisted old hire pension plan established pursuant to this article is funded on an actuarial reserve basis as required by this part 3 and has no accrued unfunded liability attributable to active or retired members, the total of such annual contributions shall be not less than the greater of the pension benefits paid in such year or the rate of contribution as a percentage of payroll made in the year 1977.~~

(5) (a) Except as provided in paragraph (c) of this subsection (5); beginning July 1, 1995, annual employer contributions to state-assisted old hire police officers' and firefighters' pension funds shall be made at least at an annual rate that is the lesser of the following:

(I) ~~The 1993 minimum annual required total dollar amount of contributions established by the January 1, 1992, actuarial studies performed on such funds under section 31-30.5-306, less the dollar amount of member contributions paid in calendar year 1993 and less the dollar amount of state contributions received in calendar year 1994; or~~

(H) ~~The amount that is certified by the actuary who is designated by the fire and police pension association under section 31-30.5-306 to be necessary as of July 1, 1995, to pay current service costs and eliminate all unfunded liabilities in any such fund no later than June 30, 2019, if annual member contributions are made as required by subsection (7) of this section and if annual state contributions equal to the amount received in calendar year 1994 are made.~~

(b) Annual employer contributions to state-assisted police officers'

1 and firefighters' pension funds shall continue at the rate established by
2 this subsection (5) after the 2018-19 state fiscal year, if necessary, until
3 all unfunded accrued liability in the employers' state-assisted old hire
4 police officers' and firefighters' pension plans is eliminated and if annual
5 state contributions are made through April 30, 2019, pursuant to section
6 31-30.5-307 (2).

7 (c) If in any year the annual state contribution to state-assisted old
8 hire police officers' and firefighters' pension funds is less than the amount
9 contributed under section 31-30.5-307 (2) on September 30, 1995,
10 employer contributions to such funds shall be determined under paragraph
11 (a) of subsection (2) of this section.

12 (d) In addition to the contributions required by paragraph (a) of
13 this subsection (5), the employer must annually pay any required dollar
14 amount of contributions necessary to fund additional plan benefits
15 adopted under section 31-30.5-210 (2), as established by supplemental
16 actuarial studies on such funds.

17 (6) All municipalities, fire protection districts, and county
18 improvement districts, including both paid firefighters and volunteer
19 firefighters in their pension plans, shall segregate the pension funds for
20 paid firefighters and volunteer firefighters on an equitable basis for
21 accounting and actuarial purposes, and said segregation shall be
22 considered in all actuarial reports applicable to such funds. In computing
23 the portion of the fund attributable to volunteer firefighters, the benefits
24 of such volunteer firefighters shall not be reduced or otherwise changed.

25 (7) (a) (I) (A) Notwithstanding any other provision of this article,
26 no modification of any provision of an old hire pension benefit plan of a
27 fund established pursuant to this article may be made after December 1,

1 1978, except as may be authorized pursuant to section 31-30.5-210 (2);
2 but the contribution rate of the members of any state-assisted old hire
3 pension plan may be increased to a maximum of ten percent of salary and
4 shall be increased to the following minimums, with the rate of
5 contribution of the employer at least equal to the employee rate:

6	Calendar year	Percentage
7	1982	6.5
8	1983	7.0
9	1984	7.5
10	1985	
11	and thereafter	8.0

12 (B) The provisions of this subparagraph (I) shall not apply to an
13 exempt plan described in part 8 of this article.

14 (H) A rate of contribution lower than the minimums set forth in
15 subparagraph (I) of this paragraph (a) may be established by the
16 governing body if, excluding any state contribution, the lower rate would
17 meet the minimum funding provisions of subsections (2) and (5) of this
18 section and if the rate of contribution of the employer at least equals the
19 employee rate.

20 (HH) The restriction provided in subparagraph (I) of this paragraph
21 (a) on modification of any provision of a pension benefit plan established
22 pursuant to this article shall apply to any modification which otherwise
23 would be permitted by a change in population.

24 (b) Except as provided in paragraph (a) of this subsection (7), in
25 no event shall employee contributions to a state-assisted fund be reduced
26 if greater than the rate established by said paragraph (a).

27 (c) Nothing in this subsection (7) shall prevent the implementation

1 of article 31 of this title with regard to employees hired after April 7,
2 1978, and those employees hired on or prior to said date who are to be
3 covered under the provisions of said article 31 in accordance with said
4 article 31.

5 (8) Every employee employed as a firefighter or police officer for
6 the first time after April 7, 1978, ~~shall be~~ IS covered by the benefit
7 provisions set forth in or authorized by article 31 of this title.

8 (9) Volunteer firefighters and volunteer firefighter pension funds
9 ~~shall be~~ ARE exempt from all provisions of this section except subsection
10 (6) of this section.

11 (10) ~~Notwithstanding any other provision of this section except~~
12 ~~subsection (5) of this section, the maximum annual increase in~~
13 ~~contributions to a state-assisted old hire police officers' or firefighters'~~
14 ~~pension fund required of any employer by this section shall not exceed~~
15 ~~one-half of the employer's contribution rate as a percentage of salary to~~
16 ~~the fund during the immediately preceding year; but this maximum~~
17 ~~limitation shall not apply where its application would result in an annual~~
18 ~~employer contribution of less than five percent of salary.~~

19 (11) Notwithstanding any other provision of law to the contrary,
20 an assessment against any employee of any fire or police department to
21 which this article applies may be in an amount not to exceed ten percent
22 of the employee's monthly salary. Said amount shall be deducted and
23 withheld from the monthly pay of each such employee so assessed and
24 placed to the credit of said employee's pension fund in the same manner
25 as provided by this article; except that in no case shall employer
26 contributions be less than employee contributions.

27 (12) ~~Every employer providing a state-assisted old hire pension~~

1 plan shall contribute in 1982 at least at the same rate of contribution as
2 the percentage of salary that was contributed in 1981. In no event shall
3 any employee contribution decrease below the employee's rate of
4 contribution for the calendar year 1981.

5 (13) The board of any state-assisted old hire pension plan may
6 take, by gift, grant, devise or bequest, any money, personal property, or
7 real estate, or interest therein, as trustees for the uses and purposes for
8 which the fund is created.

9 **SECTION 5.** In Colorado Revised Statutes, **amend** 31-30.5-306
10 as follows:

11 **31-30.5-306. Actuarial studies.** (1) ~~(a) Any employer desiring~~
12 ~~to receive state assistance contributions, pursuant to section 31-30.5-307~~
13 ~~(1) shall file~~ An actuarial study of its EACH old hire police officers' and
14 firefighters' pension funds with FUND ADMINISTERED BY the association
15 ~~not later than July 1, 1982~~ SHALL BE CONDUCTED NOT LATER THAN JULY
16 1, 2014, AND AN UPDATED ACTUARIAL STUDY SHALL BE CONDUCTED BY
17 THE ASSOCIATION EVERY TWO YEARS THEREAFTER UNTIL THE PLAN IS
18 TERMINATED.

19 ~~(b) (I) An updated actuarial study shall be filed with the~~
20 ~~association not later than July 1, 1984, and every two years thereafter,~~
21 ~~until July 1, 2000.~~

22 ~~(II) By September 30, 2001, and by September 30 of each year~~
23 ~~thereafter, until September 30, 2002, and by April 30, 2006, and by April~~
24 ~~30 of each year thereafter, until April 30, 2019, or until all state-assisted~~
25 ~~old hire pension plans are fully funded, whichever comes first, an updated~~
26 ~~actuarial study shall be filed with the fire and police pension association.~~
27 ~~For the 2003-04 fiscal year and each fiscal year thereafter for which an~~

1 actuarial study is filed, ~~the actuarial study shall include a determination~~
2 ~~of the amount of the unfunded liability that may accrue as a result of the~~
3 ~~suspension of the state contribution of the old hire plan members' benefit~~
4 ~~trust fund pursuant to section 31-30.5-307 (5) (a) or the reduction of the~~
5 ~~state contribution in 2012 and 2013 pursuant to section 31-30.5-307 (2).~~

6 (2) (a) The association shall designate actuaries or firms of
7 actuaries to supervise, conduct, or review actuarial studies required by
8 this section.

9 (b) The fire and police pension association's board of directors
10 shall specify the actuarial assumptions to be used in each such actuarial
11 study.

12 (3) Costs of all such actuarial studies ~~shall be~~ ARE an expense of
13 the ~~association~~ OLD HIRE PLAN and ~~paid for~~ THE FIRE AND POLICE PENSION
14 ASSOCIATION IS AUTHORIZED TO PAY FOR SUCH COSTS as provided in
15 section 31-31-302 (3).

16 (4) ~~In the event any such actuarial study is not timely filed with~~
17 ~~the association, the board may extend the filing deadline and make the~~
18 ~~appropriate distribution to the defaulting employer, pursuant to section~~
19 ~~31-30.5-307(1), upon compliance with the requirements of subsection (1)~~
20 ~~of this section, or the board may retain the moneys for the purposes~~
21 ~~specified in section 31-31-302 (3).~~

22 **SECTION 6.** In Colorado Revised Statutes, **amend** 31-30.5-307
23 as follows:

24 **31-30.5-307. State contribution.** (1) (a) ~~Any moneys allocated~~
25 ~~for distribution pursuant to subsection (2) of this section shall be~~
26 ~~distributed by the fire and police pension association board of directors~~
27 ~~annually to any fund of an old hire pension plan established pursuant to~~

1 ~~this article having an unfunded accrued liability to assist in amortizing~~
2 ~~such unfunded accrued liability as determined in the January 1, 1994,~~
3 ~~actuarial studies performed under section 31-30.5-306. Beginning in 1995~~
4 ~~and in each state fiscal year through the 2018-19 state fiscal year, with the~~
5 ~~exception of the 2003-04 and 2004-05 state fiscal years pursuant to~~
6 ~~paragraph (a) of subsection (5) of this section and the 2008-09, 2009-10,~~
7 ~~and 2010-11 state fiscal years pursuant to subparagraph (H) of paragraph~~
8 ~~(a) of subsection (5) of this section, each such fund having an unfunded~~
9 ~~accrued liability shall be credited with that amount of state contributions~~
10 ~~that it received in 1994 to assist in retiring its unfunded liability. In~~
11 ~~addition, if the annual employer contribution amount established by~~
12 ~~section 31-30.5-304 (5) will result in total employer contributions to any~~
13 ~~such fund that, on a present value basis as determined by the association,~~
14 ~~are more than five percent higher than what the estimated total employer~~
15 ~~contributions to such fund would have been but for section 31-30.5-304~~
16 ~~(5), then each such fund shall receive that amount of supplemental state~~
17 ~~contributions sufficient to eliminate, on a present value basis, the~~
18 ~~estimated aggregate increase in employer contributions attributable to the~~
19 ~~enactment of section 31-30.5-304 (5). Any remaining state contributions~~
20 ~~shall be distributed to each such fund based upon the amount, as~~
21 ~~determined by an independent actuarial review and certified by the board~~
22 ~~to the joint budget committee each December 1, that is consistent with the~~
23 ~~general assembly's intent that the unfunded liabilities in all such funds~~
24 ~~will be eliminated no later than June 30, 2019. If in any year the annual~~
25 ~~state contribution for unfunded liabilities is less than the amount~~
26 ~~contributed under subsection (2) of this section on September 30, 1995,~~
27 ~~each such fund having an unfunded accrued liability shall be credited~~

1 ~~with state contributions in proportion to the percentage of aggregate~~
2 ~~unfunded accrued liabilities each such fund represents, excluding any~~
3 ~~unfunded liabilities attributable to additional plan benefits adopted under~~
4 ~~section 31-30.5-210 (2). No money shall be distributed pursuant to this~~
5 ~~subsection (1) to an employer having rank escalation for old hire~~
6 ~~members, which is not in the association. For the purposes of this~~
7 ~~subsection (1), "rank escalation" means the addition to the amount of the~~
8 ~~retirement pension or disability benefit being received of a fixed~~
9 ~~percentage of any increase in salary, as well as longevity or additional pay~~
10 ~~based on length of service, granted the rank a member occupied before~~
11 ~~retiring or being disabled.~~

12 (b) (I) Each employer having rank escalation and having old hire
13 members ~~who have made the irrevocable election to remain covered~~
14 ~~under the local plan, as provided in section 31-31-701 (2), shall determine~~
15 ~~for each such employee the percentage that such employee's years served~~
16 ~~as of January 1, 1980, bear to the total number of years required for~~
17 ~~retirement. At retirement, the retirement pension shall be divided into that~~
18 ~~percentage and the remainder. The portion of the retirement pension equal~~
19 ~~to that percentage earned as of January 1, 1980, shall be subject to rank~~
20 ~~escalation as provided under the old hire pension plan, and the remainder~~
21 ~~of the retirement pension shall be subject to the same adjustment as that~~
22 ~~determined by the fire and police pension association board of directors~~
23 ~~pursuant to section 31-31-407.~~

24 (II) An employer may elect to continue full rank escalation
25 benefits for that portion of the retirement pension subject to the
26 adjustment as provided in subparagraph (I) of this paragraph (b), but no
27 state contribution shall be used to fund such continuation of rank

1 escalation or any unfunded liabilities incurred as a result of such
2 continuation of rank escalation.

3 (c) ~~State contributions pursuant to this subsection (1) shall cease~~
4 ~~when the unfunded liabilities in all funds receiving such contributions are~~
5 ~~eliminated, but no later than June 30, 2019.~~

6 (d) Repealed.

7 (2) (a) ~~On September 30, 1995, and on September 30 of each year~~
8 ~~thereafter through 2002 and on April 30, 2006, and on April 30 of each~~
9 ~~year thereafter through 2013, the state treasurer shall transfer from the~~
10 ~~proceeds of the tax imposed by section 10-3-209, C.R.S., to the old hire~~
11 ~~plan members' benefit trust fund created by section 31-31-701 (6), an~~
12 ~~amount equal to twenty-six million six hundred thousand dollars minus~~
13 ~~the amount transferred under section 31-30-1112 (2) (g) (I); except that,~~
14 ~~on April 30, 2012, the total amount transferred pursuant to this subsection~~
15 ~~(2) shall be five million three hundred twenty-one thousand seventy-nine~~
16 ~~dollars, and on April 30, 2013, the total amount of such transfer shall be~~
17 ~~ten million dollars. Such annual transfer to the fund under this subsection~~
18 ~~(2) shall cease when the requirements of paragraph (c) of subsection (1)~~
19 ~~of this section have been met, and the final annual transfer may be in an~~
20 ~~amount less than the amount prescribed by this subsection (2) as~~
21 ~~determined from the total amount of unfunded accrued liability of~~
22 ~~employers. Moneys in said fund shall TRANSFERRED FROM THE STATE~~
23 ~~TREASURER AS STATE ASSISTANCE TO THE OLD HIRE PLAN MEMBERS'~~
24 ~~BENEFIT TRUST FUND SHALL not revert to the general fund but shall be ARE~~
25 ~~continuously available for the purposes provided in this part 3 and part 11~~
26 ~~of article 30 of this title.~~

27 (b) ~~On May 31, 2013, the state treasurer shall transfer one hundred~~

1 ~~thirty-two million four hundred nine thousand three hundred thirty-nine~~
2 ~~dollars from the general fund to the old hire plan members' benefit trust~~
3 ~~fund created in section 31-31-701 (6).~~ No other transfers FOR STATE
4 ASSISTANCE TO THE OLD HIRE PLANS shall be made to the old hire plan
5 members' benefit trust fund pursuant to this section.

6 (2.5) Repealed.

7 (3) ~~Except for moneys that are transferred pursuant to paragraph~~
8 ~~(b) of subsection (2) of this section, moneys transferred pursuant to this~~
9 ~~section shall be included for informational purposes in the annual general~~
10 ~~appropriation bill or in supplemental appropriation bills for the purpose~~
11 ~~of complying with the limitation on state fiscal year spending imposed by~~
12 ~~section 20 of article X of the state constitution and section 24-77-103,~~
13 ~~C.R.S.~~

14 (4) ~~By October 1, 2001, and by October 1 of each year thereafter,~~
15 ~~until October 1, 2002, and by March 1, 2006, and by March 1 of each~~
16 ~~year thereafter, until March 1, 2019, or until all state-assisted old hire~~
17 ~~pension plans are fully funded, whichever comes first, the board shall~~
18 ~~determine for every state-assisted old hire pension plan whether the sum~~
19 ~~of the required state and employer contributions for the current year is~~
20 ~~greater than the amount necessary to eliminate the remaining unfunded~~
21 ~~liability of the plan. The board's determination shall be based on the~~
22 ~~previous year's actuarial studies performed pursuant to section~~
23 ~~31-30.5-306 and the sum of the previous year's state and employer~~
24 ~~contributions. If the board determines that the sum of the required~~
25 ~~contributions for the current year is greater than the amount of remaining~~
26 ~~unfunded liability of the plan, then both the required state and employer~~
27 ~~contributions to that plan shall be in an amount proportionate to the~~

1 amount respectively contributed in the previous year so that the sum of
2 the two contributions is equal to an amount that eliminates any remaining
3 unfunded liability.

4 (5) (a) (I) ~~Notwithstanding any other provision of law, the state~~
5 ~~treasurer shall not transfer moneys to the old hire plan members' benefit~~
6 ~~trust fund pursuant to subsection (2) of this section on September 30,~~
7 ~~2003, September 30, 2004, or September 30, 2005. The state treasurer~~
8 ~~shall resume such transfers beginning on April 30, 2006, and shall make~~
9 ~~a transfer every April 30 thereafter until 2008 pursuant to subsection (2)~~
10 ~~of this section. The transfers shall resume on April 30, 2012, pursuant to~~
11 ~~subparagraph (H) of this paragraph (a).~~

12 (H) ~~Notwithstanding any other provision of law, the state treasurer~~
13 ~~shall not transfer moneys to the old hire plan members' benefit trust fund~~
14 ~~pursuant to subsection (2) of this section on April 30, 2009, April 30,~~
15 ~~2010, or April 30, 2011. The state treasurer shall resume such transfers~~
16 ~~beginning on April 30, 2012, and shall make a transfer every April 30~~
17 ~~thereafter until 2019 pursuant to subsection (2) of this section or until all~~
18 ~~state-assisted old hire pension plans are fully funded, whichever comes~~
19 ~~first.~~

20 (b) ~~Notwithstanding any other provision of law, the state shall~~
21 ~~transfer to the old hire plan members' benefit trust fund any amount of~~
22 ~~unfunded liability accrued as a result of the suspension of the state~~
23 ~~contribution to the fund pursuant to paragraph (a) of this subsection (5)~~
24 ~~or the reduction of the state contribution made in 2012 and 2013 pursuant~~
25 ~~to subsection (2) of this section as determined in the actuarial study filed~~
26 ~~with the fire and police pension association pursuant to section~~
27 ~~31-30.5-306 (1) (b) (H). Such transfers may occur at any time until April~~

1 ~~30, 2019.~~

2 ~~(c) Nothing in this subsection (5) shall be construed to limit the~~
3 ~~authority of the general assembly to evaluate the advisability of the~~
4 ~~statutory contribution to the old hire pension plans in light of its own~~
5 ~~fiscal situation.~~

6 ~~(6) If voters statewide approve a ballot issue submitted by a joint~~
7 ~~resolution of the general assembly as specified in section 24-115-110 (1)~~
8 ~~(a), C.R.S., that authorizes the state to issue notes, as defined in section~~
9 ~~24-115-103 (8), C.R.S., and to credit note proceeds to the fire and police~~
10 ~~members' benefit investment fund created by section 31-31-301, the state~~
11 ~~obligation specified by this section shall be satisfied to the extent of the~~
12 ~~actuarial equivalency of the proceeds from the notes.~~

13 **SECTION 7.** In Colorado Revised Statutes, **amend** 31-31-701 as
14 follows:

15 **31-31-701. Affiliation by old hire pension plans.** (1) Any
16 employer may elect affiliation with the association relating to an old hire
17 fire or police pension plan that it has established pursuant to article 30.5
18 of this title by filing with the board a resolution APPROVED AS TO FORM BY
19 THE FIRE AND POLICE PENSION ASSOCIATION AND adopted ~~no less than nine~~
20 ~~months prior to the effective date of affiliation, unless a shorter waiting~~
21 ~~period is approved by the board~~ BY THE EMPLOYER. The effective date of
22 affiliation shall ~~MUST be January 1 of the year following the waiting~~
23 ~~period~~ MUTUALLY AGREED UPON BY THE EMPLOYER AND THE
24 ASSOCIATION.

25 ~~(2) Each old hire member hired by an affiliating employer shall~~
26 ~~irrevocably elect, not later than sixty days after affiliation, either to~~
27 ~~remain covered under the provisions of the old hire plan in effect on~~

1 ~~January 1, 1979, or to become covered under the provisions of the~~
2 ~~statewide defined benefit plan established by part 4 of this article. In the~~
3 ~~event an old hire member hired by an affiliating employer fails to make~~
4 ~~such an election for any reason, the old hire member shall be deemed to~~
5 ~~have elected to remain covered under the provisions of the old hire plan~~
6 ~~in effect on January 1, 1979. An old hire member who elects to become~~
7 ~~covered under the statewide defined benefit plan established by part 4 of~~
8 ~~this article shall be deemed to have waived all rights to benefits under the~~
9 ~~old hire plan but shall receive full credit for all service credited under the~~
10 ~~old hire plan, and an old hire member electing to remain covered under~~
11 ~~the old hire plan shall not be governed by the provisions of part 4 of this~~
12 ~~article relating to defined retirement benefits.~~

13 (3) On the effective date of affiliation pursuant to this section, the
14 assets of the old hire pension plan shall be transferred to the trust fund
15 created by subsection (6) of this section. ~~Such~~ THE AMOUNT OF THE
16 transfer ~~shall be at~~ MUST EQUAL the market value of such assets at the
17 close of business on date of affiliation. Upon affiliation and the transfer
18 of assets to the fund, benefits due pursuant to the old hire plan shall be
19 paid by the association FROM THE ASSETS OF THE PLAN.

20 (4) An eligible employer may request of the board, prior to filing
21 a resolution of affiliation, an estimate of the employer's contribution rate
22 necessary to comply with the contribution requirements established by
23 subsection (5) of this section.

24 (5) An employer that affiliates pursuant to this section shall
25 annually contribute an amount approved by the board, upon advice of its
26 actuary, to pay the normal cost plus amortize the unfunded past service
27 liability attributed to old hire members hired prior to April 8, 1978, over

1 a period of ~~forty years from January 1, 1982~~ NOT TO EXCEED THE LESSER
2 OF TWENTY YEARS OR THE NUMBER OF YEARS EQUAL TO THE AVERAGE
3 REMAINING LIFE EXPECTANCY OF THE PENSION FUND'S MEMBERS.

4 (6) There is hereby created the old hire plan members' benefit trust
5 fund that ~~shall consist~~ CONSISTS of the assets of old hire plans
6 administered and managed by the board pursuant to this section. The
7 board shall keep an accurate account of each such individual old hire
8 plan.

9 (7) (a) THE FIRE AND POLICE PENSION ASSOCIATION HAS THE
10 FOLLOWING RESPONSIBILITIES FOR AFFILIATED PLANS:

11 (I) INVESTING THE ASSETS OF THE PLAN, INCLUDING DETERMINING
12 THE ALLOCATION OF ASSETS;

13 (II) COLLECTING AND ACCOUNTING FOR CONTRIBUTIONS TO THE
14 PLAN;

15 (III) DISTRIBUTING BENEFITS PROVIDED UNDER THE PLAN AS
16 DIRECTED BY THE EMPLOYER OR ITS AGENT AND ISSUING TAX FORMS AND
17 FILING TAX REPORTS REGARDING DISTRIBUTIONS;

18 (IV) CONDUCTING ACTUARIAL VALUATIONS AND AUDITS OF THE
19 PLAN AS ARE REQUIRED BY STATUTE OR BY REGULATORY BODIES;

20 (V) MAINTAINING RECORDS AND REPORTING THE INVESTMENTS,
21 ASSETS, AND BENEFITS OF THE PLAN AS REQUIRED BY STATUTE OR BY
22 REGULATORY BODIES;

23 (VI) AUTHORIZING THE PAYMENT OF EXPENSES OF THE PLAN FROM
24 THE ASSETS OF THE PLAN. ANY EXPENSES THAT ARE INCURRED BY THE
25 ASSOCIATION WHICH ARE DIRECTLY RELATED TO THE ASSOCIATION'S
26 ADMINISTRATION OF THE PLAN SHALL BE PAID FROM THAT PLAN'S ASSETS.
27 ANY EXPENSES THAT ARE INCURRED BY THE ASSOCIATION WHICH ARE

1 ATTRIBUTABLE TO MORE THAN ONE PLAN ADMINISTERED BY THE
2 ASSOCIATION SHALL BE ALLOCATED TO EACH PLAN ON AN EQUITABLE
3 BASIS AS DETERMINED BY THE ASSOCIATION. THE ALLOCATED EXPENSE
4 SHALL BE PAID FROM THE ASSETS OF EACH PLAN.

5 (VII) TAKING SUCH OTHER ACTIONS AS MAY BE ALLOWED OR
6 REQUIRED BY STATUTE.

7 (b) THE LOCAL OLD HIRE PENSION BOARD HAS THE FOLLOWING
8 RESPONSIBILITIES FOR AN AFFILIATED PLAN:

9 (I) ESTABLISHING ELIGIBILITY FOR AND THE AMOUNT OF BENEFITS
10 TO BE RECEIVED BY MEMBERS AND BENEFICIARIES OF THE PLAN,
11 INCLUDING BUT NOT LIMITED TO DETERMINATION OF BASE SALARIES,
12 YEARS OF SERVICE UNDER THE PLAN, MARITAL STATUS, AND CONTINUING
13 ELIGIBILITY OF MEMBERS AND SURVIVORS;

14 (II) MAINTAINING RECORDS OF THE TERMS AND PROVISIONS OF THE
15 PLAN, AS THEY MAY BE ADOPTED AND AMENDED;

16 (III) MAKING DETERMINATIONS REGARDING BENEFIT OR
17 COST-OF-LIVING ADJUSTMENTS AND RANK ESCALATION, IF ANY;

18 (IV) PERIODICALLY CERTIFYING INFORMATION REQUIRED BY THE
19 ASSOCIATION TO ADMINISTER THE PLAN BENEFITS; AND

20 (V) ELECTING OPTIONS FOR THE ALLOCATION OF ASSETS, IF SUCH
21 OPTIONS ARE PROVIDED BY THE ASSOCIATION.

22 **SECTION 8.** In Colorado Revised Statutes, 31-30.5-103, **amend**
23 (2) (b) as follows:

24 **31-30.5-103. Applicability.** (2) The following members,
25 otherwise eligible to participate in an old hire pension plan pursuant to
26 subsection (1) of this section shall be exempt from participation:

27 (b) Members who, pursuant to the affiliation of their old hire

1 pension plan with the fire and police pension association as provided by
2 ~~section 31-31-701(2)~~ SECTION 31-31-701, elect to become covered under
3 the provisions of the statewide defined benefit plan, established by article
4 31 of this title; and

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