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## **0529 Police Officers' and Firefighters' Pension Reform Commission**

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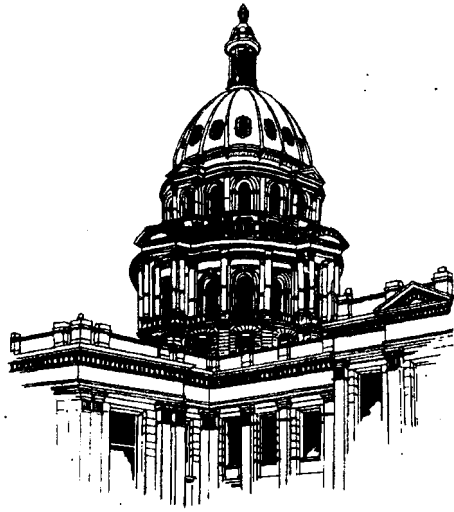
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**Police Officers'  
and Firefighters'  
Pension Reform Commission**

**Report to the  
COLORADO  
GENERAL ASSEMBLY**

**Colorado Legislative Council  
Research Publication No. 529  
November 2004**

**RECOMMENDATIONS FOR 2005**

**POLICE OFFICERS' AND FIREFIGHTERS'  
PENSION REFORM COMMISSION**

**Report to the  
Colorado General Assembly**

**Research Publication No. 529  
November 2004**

# COLORADO GENERAL ASSEMBLY

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## LEGISLATIVE COUNCIL

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303-866-3521      FAX: 303-866-3855      TDD: 303-866-3472

November 2004

To Members of the Sixty-fifth General Assembly:

Submitted herewith is the final report of the Police Officers' and Firefighters' Pension Reform Commission. This commission was created pursuant to Section 31-31-1001, C.R.S. The purpose of the commission is to oversee legislation relating to the funding of police and fire pensions and the benefit designs of such plans.

At its meeting on October 15, the Legislative Council reviewed the report of this commission. A motion to forward this report and the bills herein for consideration in the 2005 session was approved.

Respectfully submitted,

/s/ Representative Lola Spradley  
Chairman

CJ/JC/jh

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*[www.state.co.us/gov\\_dir/leg\\_dir/lcsstaff/2004/04interim.htm](http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2004/04interim.htm)*

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# **POLICE OFFICERS' AND FIREFIGHTERS' PENSION REFORM COMMISSION**

## **Members of the Commission**

**Senator John Evans**  
**Chairman**

**Senator Ken Arnold**  
**Senator Alice Nichol**  
**Senator Abel Tapia**  
**Senator Jack Taylor**

**Representative Bill Cadman**  
**Representative Rob Fairbank**  
**Representative Bob McClusky**  
**Representative Angie Paccione**  
**Representative Tom Plant**  
**Representative Ann Ragsdale**  
**Representative Pam Rhodes**  
**Representative Ray Rose**  
**Representative Joe Stengel**

## **Legislative Council Staff**

**Jeanette Chapman**  
**Research Associate**

**Steven Tammeus**  
**Senior Fiscal Analyst**

## **Office of Legislative Legal Services**

**Nicole Hoffman**  
**Staff Attorney**

# STATUTORY AUTHORITY AND RESPONSIBILITIES

The Fire and Police Pension Association (FPPA) was established in 1980 and administers a statewide multiple employer public employee retirement system providing defined benefit plan coverage as well as death and disability coverage for police officers and firefighters throughout the state of Colorado. Pursuant to Section 31-31-1001, C.R.S., the Police Officers' and Firefighters' Pension Reform Commission has the responsibility to study and develop proposed legislation relating to funding police officers' and firefighters' pensions in this state and the benefit designs of such pension plans. The statute directs the commission to study, review, and propose legislation regarding the following, among other subjects:

- normal retirement age and compulsory retirement;
- payment of benefits prior to normal retirement age;
- service requirements for eligibility;
- rate of accrual of benefits;
- disability benefits;
- survivors' benefits;
- vesting of benefits;
- employee contributions;
- post-retirement increases;
- creation of an administrative board;
- creation of a consolidated statewide system;
- distribution of state funds;
- coordination of benefits with other programs; or
- the volunteer firefighter pension system.



# COMMISSION ACTIVITIES

The commission met once during the 2004 interim and heard testimony from staff and representatives of the Fire and Police Pension Association. The commission received a historical overview of the Association including summaries of each type of plan available to membership and an explanation of the funding methods relating to the plans. The staff provided updated information regarding the investment programs of the Association and explained the asset allocation and fund performance. The fund currently controls in excess of \$2.5 billion in assets. The commission also heard a progress report on the implementation of various investment program recommendations from the 2003 performance audit. The commission considered legislation requested by the Board of Directors of the FPPA and others.

## **Protection of Confidential Investment Information**

Increasingly, private investors and investment advisors have used governmental open record laws to obtain investment information from public pension funds, including FPPA, that is confidential and is otherwise not publicly available. This investment strategy information can be used to invest against FPPA funds. Because of concern over liability for the release and use of this information, some investment managers have responded to this trend by limiting investment information provided to public pension funds or by refusing to accept investments from public pension funds.

Bill A addresses investment information and equity fund placement strategies that have not been publicly disseminated or that are unavailable from other sources, the release of which might cause an investment group significant competitive harm. The bill exempts certain investment information from disclosure under the Open Records Act. The bill does not alter the availability of the types of information that FPPA has historically provided periodically to any interested party. Further, the bill requires FPPA to annually publish a report of its investments that includes the name of each portfolio company in which the Association invested, the aggregate amount of money invested by the Association in portfolio companies in the reporting period, and the rate of return realized during the reporting period. The bill will not affect revenue or expenditures of state or local governments or the Fire and Police Pension Association.

## **Social Security Eligibility**

Current law indicates that police and fire departments may not be required to provide pension benefits under the statewide defined benefit plan if they provide coverage under social security. According to the FPPA, the intent of current law is to require new fire and police departments to offer an FPPA plan. However, there is still confusion over whether

volunteer and newly created fire and police departments can offer social security instead of an FPPA plan.

Bill B clarifies existing language that fire and police departments must provide pension benefits under the statewide defined benefit plan and that newly formed fire and police departments cannot be covered under social security. Under the bill, only police and fire departments established prior to December, 1978, that covered employees under social security can continue to offer social security coverage. The bill may increase retirement benefit costs for some local governments that provide police or fire protection services. The bill will not affect state government revenues or expenditures.

### **Property Tax Exemption**

FPPA has historically been treated as exempt from property taxation. However, a recent Colorado Supreme Court decision found there is no statutory provision exempting the FPPA from property taxation. Consequently, FPPA has had to pay taxes not only on investment properties, but on property the Association occupies for the administration of its duties as well.

Bill C clarifies that, as a political subdivision of the state of Colorado, FPPA is not subject to property tax for its properties used for the administration of FPPA programs and services. Under the bill, properties held for investment purposes or that are leased out to other businesses would still be subject to taxation. The bill will reduce the FPPA annual real property tax liability to local governments in Arapahoe County. The increase in state aid to offset the reduction in school district property taxes under the school finance act is estimated to be \$12,700.

### **Old Hire Pension Board Requirements**

Old hire pension plans are locally administered pension plans that serve police officers and firefighters who were hired prior to April 8, 1978. Current law requires that old hire pension boards in fire protection districts and county improvements districts have three active old hire firefighters as members. However, as these old hires retire, these districts do not have enough active old hire members to fulfill this requirement. Allowing retired old hires to serve on these boards ensures there are enough members to serve.

Bill D, recommended by the State Fire Chiefs' Association, allows retired old hire members in certain fire protection districts and all county improvements districts to serve on the board. The bill also allows retired members as well as active members of the old hire pension plans to elect members to the old hire pension boards. The bill may increase fire protection district administrative and election costs by increasing the number of qualified voters.

# RESOURCE MATERIALS

The resource materials listed below were provided to the commission or developed by Legislative Council Staff during the course of the meetings. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver, (303- 866-2055). For a limited time, the meeting summaries and materials developed by Legislative Council Staff are available on our web site at:

[www.state.co.us/gov\\_dir/leg\\_dir/lcsstaff/2004/04interim.htm](http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2004/04interim.htm)

## Meeting Summaries

## Topics Discussed

September 28, 2004

Historical overview, membership information,  
investment performance

## Memoranda and Reports

*Annual Update to the State of Colorado Pension Reform Commission, Fire and Police Pension Association of Colorado, September 28, 2004.*

**Bill A**

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**HOUSE SPONSORSHIP**

Stengel and Ragsdale

**SENATE SPONSORSHIP**

Evans

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**A BILL FOR AN ACT**

CONCERNING THE CONFIDENTIALITY OF INFORMATION REGARDING INVESTMENTS MADE BY THE FIRE AND POLICE PENSION ASSOCIATION FOR PURPOSES OF PROTECTING THE FIDUCIARY RESPONSIBILITIES OF THE ASSOCIATION, AND, IN CONNECTION THEREWITH, REQUIRING THE BOARD OF THE ASSOCIATION TO PUBLISH A REPORT OF THE ASSOCIATION'S INVESTMENTS ON AN ANNUAL BASIS.

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

**Police Officers' and Firefighters' Pension Reform Commission.** States that a public record received, prepared, used, or retained by an investment fiduciary in connection with an investment or potential investment of the fire and police pension association that relates to investment information pertaining to a portfolio company in which the investment fiduciary has invested or has considered an investment or that relates to investment information whether prepared by or for the investment fiduciary regarding loans and assets directly owned by the investment fiduciary is exempt from the disclosure requirements of the public records law. Specifies that if a public

record is an agreement or instrument to which an investment fiduciary is a party, only the parts of the public record that contain investment information are exempt from disclosure.

Requires the board of directors of the fire and police pension association to publish and make available to the public a report of its investments on an annual basis. Specifies the information that the board shall include in the report.

Defines terms.

---

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

**SECTION 1.** 31-31-302, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**31-31-302. Fund - management - investment - definitions.**

(8) (a) AS USED IN THIS SUBSECTION (8):

(I) "ASSOCIATION" MEANS THE FIRE AND POLICE PENSION ASSOCIATION.

(II) "INVESTMENT" MEANS THE UTILIZATION OF MONEY OR OTHER ASSETS IN THE EXPECTATION OF FUTURE RETURNS IN THE FORM OF INCOME OR CAPITAL GAIN.

(III) "INVESTMENT FIDUCIARY" MEANS A PERSON WHO OR ENTITY THAT EXERCISES ANY DISCRETIONARY AUTHORITY OR CONTROL OVER AN INVESTMENT OF THE ASSOCIATION OR RENDERS INVESTMENT ADVICE FOR THE ASSOCIATION FOR A FEE OR OTHER DIRECT OR INDIRECT COMPENSATION.

(IV) "INVESTMENT INFORMATION" MEANS INFORMATION THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE A PORTFOLIO COMPANY OR AN

INVESTMENT FIDUCIARY SIGNIFICANT COMPETITIVE HARM. INVESTMENT INFORMATION INCLUDES, BUT IS NOT LIMITED TO, FINANCIAL PERFORMANCE DATA AND PROJECTIONS, FINANCIAL STATEMENTS, LISTS OF CO-INVESTORS AND THEIR LEVEL OF INVESTMENT, PRODUCT AND MARKET DATA, RENT ROLLS, AND LEASES.

(V) "PORTFOLIO COMPANY" MEANS AN ENTITY IN WHICH AN INVESTMENT FIDUCIARY HAS MADE OR CONSIDERED AN INVESTMENT ON BEHALF OF THE ASSOCIATION.

(VI) "PUBLIC RECORD" MEANS ALL OR PART OF A WRITING, AS DEFINED IN SECTION 24-72-202 (6), C.R.S.

(b) SUBJECT TO PARAGRAPH (c) OF THIS SUBSECTION (8), A PUBLIC RECORD RECEIVED, PREPARED, USED, OR RETAINED BY AN INVESTMENT FIDUCIARY IN CONNECTION WITH AN INVESTMENT OR POTENTIAL INVESTMENT OF THE ASSOCIATION THAT RELATES TO INVESTMENT INFORMATION PERTAINING TO A PORTFOLIO COMPANY IN WHICH THE INVESTMENT FIDUCIARY HAS INVESTED OR HAS CONSIDERED AN INVESTMENT OR THAT RELATES TO INVESTMENT INFORMATION WHETHER PREPARED BY OR FOR THE INVESTMENT FIDUCIARY REGARDING LOANS AND ASSETS DIRECTLY OWNED BY THE INVESTMENT FIDUCIARY IS EXEMPT FROM THE DISCLOSURE REQUIREMENTS OF PART 2 OF ARTICLE 72 OF TITLE 24, C.R.S.

(c) IF A PUBLIC RECORD DESCRIBED IN PARAGRAPH (b) OF THIS SUBSECTION (8) IS AN AGREEMENT OR INSTRUMENT TO WHICH AN INVESTMENT FIDUCIARY IS A PARTY, ONLY THOSE PARTS OF THE PUBLIC RECORD THAT

CONTAIN INVESTMENT INFORMATION ARE EXEMPT FROM THE DISCLOSURE REQUIREMENTS OF PART 2 OF ARTICLE 72 OF TITLE 24, C.R.S.

(d) AT LEAST ANNUALLY THE BOARD SHALL PUBLISH AND MAKE AVAILABLE TO THE PUBLIC A REPORT OF ITS INVESTMENTS THAT INCLUDES THE FOLLOWING:

(I) THE NAME OF EACH PORTFOLIO COMPANY IN WHICH THE ASSOCIATION INVESTED DURING THE REPORTING PERIOD;

(II) THE AGGREGATE AMOUNT OF MONEY INVESTED BY THE ASSOCIATION IN PORTFOLIO COMPANIES DURING THE REPORTING PERIOD; AND

(III) THE RATE OF RETURN REALIZED DURING THE REPORTING PERIOD ON THE INVESTMENTS OF THE ASSOCIATION IN PORTFOLIO COMPANIES.

**SECTION 2. Effective date.** This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 10, 2005, if adjournment sine die is on May 11, 2005); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

DRAFT

Bill A

Colorado Legislative Council Staff  
**NO FISCAL IMPACT**

**Drafting Number:** LLS 05-0114  
**Prime Sponsor(s):** Rep. Stengel  
Sen. Evans

**Date:** October 7, 2004  
**Bill Status:** Police Officers' and Firefighters'  
Pension Reform Commission  
**Fiscal Analyst:** Steve Tammeus (303-866-2756)

**TITLE:** CONCERNING THE CONFIDENTIALITY OF INFORMATION REGARDING INVESTMENTS MADE BY THE FIRE AND POLICE PENSION ASSOCIATION FOR PURPOSES OF PROTECTING THE FIDUCIARY RESPONSIBILITIES OF THE ASSOCIATION, AND, IN CONNECTION THEREWITH, REQUIRING THE BOARD OF THE ASSOCIATION TO PUBLISH A REPORT OF THE ASSOCIATION'S INVESTMENT ON AN ANNUAL BASIS.

**Summary of Assessment**

This bill revises statutes governing the Fire and Police Members Benefit Fund by providing definitions of certain investment terms and exempting public records retained by an investment fiduciary for an investment of the Fire and Police Pension Association that relates to investment information pertaining to a portfolio company in which the fiduciary has or may invest from the disclosure requirements of the state's Public Records Act. The bill also requires the Association's board of directors to annually publish a public report of its investments and stipulates the content of the report. The bill will become effective August 10, 2005, unless a referendum petition is filed.

This bill will not affect revenue or expenditures of the state, local governments, or the Fire and Police Pension Association. The bill is assessed as having no fiscal impact.

**Departments Contacted**

Fire and Police Pension Association

Bill B

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HOUSE SPONSORSHIP

Stengel

SENATE SPONSORSHIP

Evans

---

A BILL FOR AN ACT

CONCERNING CLARIFICATION OF EMPLOYERS' EXEMPTION FROM PROVIDING PENSION BENEFITS TO EMPLOYEES UNDER THE STATEWIDE DEFINED BENEFIT PLAN ESTABLISHED FOR POLICE OFFICERS AND FIREFIGHTERS FOR EMPLOYERS THAT COVER EMPLOYEES UNDER SOCIAL SECURITY.

---

Bill Summary

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

**Police Officers' and Firefighters' Pension Reform Commission.** Specifies that any employer in the state that provides police or fire protection services and that employs police officers or firefighters shall provide the pension benefits of the statewide defined benefit plan established for police officers and firefighters unless the employer covers its employees under the federal "Social Security Act" and began such coverage under the "Social Security Act" as of December 1, 1978.

---

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

SECTION 1. 31-31-401 (1) (a), Colorado Revised Statutes, is amended to read:

**31-31-401. Applicability of plan.** (1) Every employer in this state shall provide the pension benefits of the statewide defined benefit plan established by this part 4 for members hired on or after April 8, 1978, except for the following:

(a) Any employer that covers members under the federal "Social Security Act" AS OF DECEMBER 1, 1978;

**SECTION 2. Effective date.** This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 10, 2005, if adjournment sine die is on May 11, 2005); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

DRAFT

Bill B

Colorado Legislative Council Staff

LOCAL  
FISCAL IMPACT

Drafting Number: LLS 05-0113  
Prime Sponsor(s): Sen. Evans  
Rep. Stengel

Date: October 7, 2004  
Bill Status: Police Officers' and Firefighters'  
Pension Reform Commission  
Fiscal Analyst: Steve Tammeus (303-866-2756)

**TITLE:** CONCERNING CLARIFICATION OF EMPLOYERS' EXEMPTION FROM PROVIDING PENSION BENEFITS TO EMPLOYEES UNDER THE STATEWIDE DEFINED BENEFIT PLAN ESTABLISHED FOR POLICE OFFICERS AND FIREFIGHTERS FOR EMPLOYERS THAT COVER EMPLOYEES UNDER SOCIAL SECURITY.

Fiscal Impact Summary	FY 2005/06	FY 2006/07
State Revenues General Fund		
State Expenditures General Fund		
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: August 10, 2005, unless a referendum petition is filed.		
Appropriations Required: None		
Local Government Impact: May increase retirement benefit costs for some local governments that provide police or fire protection services.		

**Summary of Legislation**

Current law requires every local government employer in the state that provides police or fire protection services to provide the pension benefits of the Statewide Defined Benefit Plan administered by the Fire and Police Pension Association (FPPA) for members hired on or after April 8, 1978, unless the employer covers its employees under the federal Social Security Act. This bill requires the coverage under the federal act to be as of December 1, 1978.



## Local Government Impact

The bill clarifies that all local government police and fire protection employees must be covered under the FPPA's Statewide Benefit Plan unless those employees were covered by federal Social Security as of December 1, 1978. As a result, the bill will require any local government that has covered its police and fire protection employees under the federal Social Security Act since December 1, 1978, to become a member of the Statewide Defined Benefit Plan.

*NOTE: Federal Social Security regulations allow an employer who has become or becomes affiliated with Social Security during or after 1991 to opt out of Social Security at a later date if the employer provides a qualified benefit plan, absent a Section 218 agreement. Employers who became affiliated with Social Security after 1983 and prior to 1991 who had entered into a Section 218 agreement are not allowed to opt out of Social Security at a later date.*

A local government that affiliated with Social Security during or after 1991 may request a refund of all employee and employer contributions to Social Security in order to make employee and employer equalization payments to FPPA for past Social Security coverage. Employee and employer contributions to Social Security are based upon a rate of 6.5% of employee salary; employee and employer contributions to FPPA are based upon a rate of 8.0% of employee salary. Therefore, the employer and employee will each incur additional costs to make equalization payments to FPPA and to make future contributions. To date, this bill is anticipated to affect one fire protection district with one employee member. The total amount of the employee and employer additional costs for equalization payments for past benefit coverage is estimated to be less than \$2,000.

Additionally, this bill may require a local government that affiliated with Social Security after December 1, 1978 and prior to 1991 to make employee and employer contributions to FPPA for past and future benefit coverage, as well as continue to make employee and employer contributions to Social Security. The number of employers that may be affected by this requirement is not known, but is anticipated to be minimal to none.

## State Appropriations

No new state appropriations will be required for FY 2005-06.

## Departments Contacted

Local Affairs

Fire and Police Pension Association

Labor and Employment

Bill C

---

HOUSE SPONSORSHIP

McCluskey

SENATE SPONSORSHIP

Tapia and Evans

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A BILL FOR AN ACT

CONCERNING THE EXEMPTION OF REAL AND PERSONAL PROPERTY USED FOR THE ADMINISTRATION OF THE FIRE AND POLICE PENSION ASSOCIATION FROM TAXATION.

---

Bill Summary

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

**Police Officers' and Firefighters' Pension Reform Commission.**

Clarifies that the fire and police pension association is not required to pay general ad valorem taxes on real or personal property in which it holds an ownership interest and that is used for the administration of the association.

---

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

**SECTION 1.** 31-31-201 (1), Colorado Revised Statutes, is

amended to read:

**31-31-201. Association - creation - board - organization.**

(1) There is hereby created an independent public body corporate and politic to be known as the fire and police pension association. The association is

constituted as a public instrumentality, and its exercise of the powers conferred by this article and article 30.5 of this title shall be deemed to be the performance of an essential public function. The association shall be a body corporate and a political subdivision of the state and shall not be an agency of state government and shall not be subject to administrative direction by any department, commission, board, or agency of the state. THE ASSOCIATION SHALL NOT BE REQUIRED TO PAY ANY GENERAL AD VALOREM TAXES ON REAL OR PERSONAL PROPERTY IN WHICH IT HOLDS AN OWNERSHIP INTEREST AND THAT IS USED FOR THE ADMINISTRATION OF THE ASSOCIATION.

**SECTION 2. Effective date.** This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 10, 2005, if adjournment sine die is on May 11, 2005); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

DRAFT

Colorado Legislative Council Staff  
**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 05-0112  
**Prime Sponsor(s):** Rep. McCluskey  
Sen. Tapia

**Date:** October 7, 2004  
**Bill Status:** Police Officers' and Firefighters'  
Pension Reform Commission  
**Fiscal Analyst:** Steve Tammeus (303-866-2756)

**TITLE:** CONCERNING THE EXEMPTION OF REAL AND PERSONAL PROPERTY USED FOR THE ADMINISTRATION OF THE FIRE AND POLICE PENSION ASSOCIATION FROM TAXATION.

Fiscal Impact Summary	FY 2005/06	FY 2006/07
State Revenues General Fund		
State Expenditures General Fund	\$12,719	\$12,719
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: August 10, 2005, unless a referendum petition is filed.		
Appropriations Required: Department of Education-Total Program - \$12,719 - General Fund		
Local Government Impact: Reduces property tax revenue for Arapahoe County.		

**Summary of Legislation**

This bill exempts the Fire and Police Pension Association from general ad valorem taxes on real or personal property in which it holds an ownership interest and is used for the administration of the Association.

**State Expenditures**

Property taxes provide a source of local funding for public schools. Under the state's School Finance Act, any reduction in this funding source would require a corresponding increase in state aid. Approximately 33 percent of all such taxes collected statewide are attributable to school finance. Thus, an increase in state funding will be required to backfill approximately 33 percent of the

estimated reduction in tax collections authorized by this bill. The annual increase in state aid for FY 2005-06 is estimated to be approximately \$12,719 ( $\$38,543 \times 0.33$ ) General Fund.

**Local Government Impact**

The amount of the 2004 tax liability on real property owned by the Fire and Police Pension Association in Arapahoe County was \$70,078. The Association occupies approximately 55 percent of the property. This bill will exempt that portion of the property from taxation for an annual local government revenue reduction of approximately \$38,543.

**Fire and Police Pension Association Impact**

This bill will reduce the Associations' annual real property tax liability by approximately \$38,543.

**State Appropriations**

The Department of Education will require a Public School Finance-Total Program appropriation increase of \$12,719 for FY 2005-06. The actual amount will be determined following the county certification of mill levies in December 2005.

**Departments Contacted**

Local Affairs

Fire and Police Pension Association

Legislative Council Staff

Bill D

---

HOUSE SPONSORSHIP

Plant

SENATE SPONSORSHIP

Evans

---

A BILL FOR AN ACT

CONCERNING THE EXPANSION OF AUTHORITY FOR RETIRED OLD HIRE MEMBERS OF FIREFIGHTERS' AND POLICE OFFICERS' OLD HIRE PENSION PLANS TO BE INVOLVED IN THE ADMINISTRATION OF SUCH PLANS.

---

Bill Summary

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

**Police Officers' and Firefighters' Pension Reform Commission.** In any municipality having a population of less than 100,000, allows retired old hire members, in addition to active old hire members, of a fire department to elect the active or retired old hire members of the board of trustees of the firefighters' old hire pension fund.

In fire protection districts and county improvement districts, states that retired old hire members of a fire department may serve on the board of directors of the firefighters' old hire pension fund.

---

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

SECTION 1. 31-30.5-202 (2), (3) (b), (4), and (5), Colorado Revised Statutes, are amended to read:

**31-30.5-202. Board of trustees - firefighters' old hire pension fund.** (2) In any municipality having a population of less than one hundred thousand, the board shall consist, except as provided in subsection (6) of this section, of the mayor, the municipal treasurer or finance officer, one other person appointed by the governing body of such municipality, and three active or retired old hire members of the fire department serving the municipality who shall be elected by the active AND RETIRED old hire members of such THE fire department. The terms of office on the board shall be: The mayor of the municipality, during tenure in office; the treasurer or finance officer, during tenure in office; the appointed citizen, to be designated by the governing body of the municipality at time of appointment; the three ACTIVE OR RETIRED old hire members of the fire department, to be elected for terms of three years, but at the initial election to be conducted to elect old hire members of the fire department, one old hire member shall be elected for a three-year term, one old hire member for a two-year term, and one old hire member for a one-year term. Thereafter, such old hire members shall be elected for three-year terms. Said board shall elect from its number a president and secretary. The municipal treasurer or finance officer shall be ex officio treasurer of the board.

(3) (b) During the month of July in each year, the chief officer of the fire department shall conduct an election by secret ballot, at which election all active AND RETIRED old hire members of the fire department shall be eligible

to vote, for the purpose of determining membership on the board. In the first election so held, two old hire members shall be elected, the member receiving the highest number of votes being elected for a term of two years and the member receiving the next highest number of votes being elected for a term of one year. Upon election, such members shall be certified as members of the board and shall take office on the August 1 following their election. In subsequent elections, only one old hire member shall be elected for a term of two years, and the member receiving the highest number of votes in each subsequent election shall be certified as a member of the board and shall take office on the August 1 following the member's election. In case any old hire member so elected to the board becomes unable or ineligible to serve on the board by reason of death, disability, or retirement or for any other cause, a special board election shall be held to fill the vacancy so created for the remainder of the unexpired term.

(4) In fire protection districts, except as provided in subsection (6) of this section, the board shall consist of the board of directors of the fire protection district, the treasurer of the board of the fire protection district to be treasurer of the fund, and two active OR RETIRED old hire members of the fire department. The trustees shall serve terms of office on the board as follows: The president for the term of office, the treasurer for tenure in office, and two active OR RETIRED old hire members for two-year terms of office. Initial election of the old hire members of the fire department shall be conducted to elect one old hire member for two years and one old hire member for one year.

(5) In county improvement districts, the board shall consist of one member of the governing board of the county in which the district is located, the county treasurer or finance officer, three residents of the county obligated to pay real or personal property taxes, and two active OR RETIRED old hire members of the fire department. The trustees shall serve terms of office on the board as follows: Members of the governing board, during their tenure in office; the county treasurer, during the treasurer's tenure in office; and the two ACTIVE OR RETIRED old hire members of the fire department for two-year terms of office.

**SECTION 2. Effective date.** This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 10, 2005, if adjournment sine die is on May 11, 2005); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

DRAFT

Bill D

Colorado Legislative Council Staff  
**LOCAL FISCAL IMPACT**

Drafting Number: LLS 05-0111  
Prime Sponsor(s): Sen. Evans  
Rep. Plant

Date: October 27, 2004  
Bill Status: Police Officers' and Firefighters'  
Pension Reform Commission  
Fiscal Analyst: Steve Tammeus (303-866-2756)

**TITLE:** CONCERNING THE EXPANSION OF AUTHORITY FOR RETIRED OLD HIRE MEMBERS OF FIREFIGHTERS' AND POLICE OFFICERS' OLD HIRE PENSION PLANS TO BE INVOLVED IN THE ADMINISTRATION OF SUCH PLANS.

Fiscal Impact Summary	FY 2005/06	FY 2006/07
State Revenues General Fund		
State Expenditures General Fund		
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: August 10, 2005, unless a referendum petition is filed.		
Appropriation Required: None		
Local Government Impact: May increase fire protection district election costs.		

**Summary of Legislation**

This bill, for any municipality having a population of less than 100,000, allows retired old hire members, in addition to active members, of a fire department to elect the members of the board of trustees of the Firefighters' Old Hire Pension Fund.

The bill also, for certain fire protection districts and all county improvement districts, allows retired old hire members of a fire department to serve on the board of directors of the Firefighters' Old Hire Pension Fund.

**Local Government Impact**

This bill, by increasing the number of qualified voters, may increase fire protection district administrative and election costs. The amount of any increase is anticipated to not be significant.

**Fire and Police Pension Association Impact**

This bill will not affect the Association's revenue or expenditures.

**State Appropriations**

No state appropriations will be required for FY 2005-06.

**Departments Contacted**

Local Affairs

Fire and Police Pension Association