



## Fiscal Note

### Legislative Council Staff

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## HB 26-1400: ADJUST PERA'S ALLOCATIONS TO TRUST FUNDS

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**Prime Sponsors:**

Rep. Sirota; Taggart  
Sen. Bridges; Kirkmeyer

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**Fiscal note status:** The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2026-27 budget package.

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### Summary Information

**Overview.** The bill modifies the way the state's annual direct distribution and Health Care Trust Fund contributions are credited to the divisional trusts in the Public Employees' Retirement Association.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Statutory Public Entity

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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### Direct Distribution

Each year, the state makes a direct distribution to the Public Employees' Retirement Association (PERA). Beginning in July 1, 2026, the bill gives PERA the authority to allocate the direct distribution among the State, School, and Judicial Division trusts in a way that maximizes the blended total contribution rate in order to avoid triggering the Automatic Adjustment Provision (AAP), to the extent possible.

### Health Care Trust Fund

Additionally, the bill changes the amount of PERA employer contributions that are allocated to the Health Care Trust Fund from 1.02 percent of member salaries to 0.52 percent of member salaries, and reallocates the remaining 0.50 percent to the State, School, Local Government, and Judicial Division trusts.

## Background

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The state is required to annually distribute a specific amount to PERA on July 1 of each year and must continue to do so until the unfunded liabilities of the State, Judicial, School, and Denver Public Schools (DPS) divisional trusts are paid. The Local Government division and, temporarily, the DPS division do not currently receive a share of the direct distribution. PERA currently credits these funds proportionally to the relevant divisional trusts based on the reported payroll for each participating division for the prior plan year ending December 31, except that PERA can actuarially allocate the direct distribution if it allows for the Automatic Adjustment Provision (AAP) trigger to be avoided in the near-term.

The Health Care Trust Fund covers all but the DPS Division. The fund provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans. The HCTF is 62.6 percent funded as of December 31, 2024, according to PERA's Annual Certified Financial Report.

## State Expenditures

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The bill may reduce future state expenditure obligations by avoiding the triggering of the AAP, which would increase employer contributions. Employer contributions mirror personal services funding sources by department and are paid from a mix of General Fund, cash funds, reappropriated funds, and federal funds. The total amount of the annual direct distribution is not changed under the bill.

## Statutory Public Entity

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The bill is anticipated to reduce PERA’s unfunded liability in two ways, as outlined below. Based on an assessment conducted by PERA’s actuary, the bill will modify the projected time periods for full funding as shown in Table 2.

**Table 2**  
**Projected Year for Full Funding Under HB 26-1400**

<b>Division Trust Fund</b>	<b>Current Law</b>	<b>Under HB 26-1400</b>	<b>Change</b>
State	2043	2046	+3 years
Denver Public Schools	2035	2036	+1 year
Judicial	2030	2030	No change
School	2050	2049	-1 year
Local Government	2035	2034	-1 year

Source: Public Employees’ Retirement Association.

## Actuarial Allocation of Direct Distribution

With flexibility to actuarially allocate the direct distribution to divisional trusts to avoid an AAP trigger at any time, the PERA board will likely avoid the AAP trigger by distributing the entire annual direct distribution to the School Division for the foreseeable future.

## Health Care Trust Fund

The change in the Health Care Trust Fund allocation will increase funding in the State, School, Local Government, and Judicial Divisions’ trusts.

## Effective Date

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The bill takes effect July 1, 2026.

## State and Local Government Contacts

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Joint Budget Committee Staff

Public Employees’ Retirement Association

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).