

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 26-0845.01 Caroline Martin x5902

HOUSE BILL 26-1400

HOUSE SPONSORSHIP

Sirota and Taggart, Brown,

SENATE SPONSORSHIP

Bridges and Kirkmeyer, Amabile

House Committees
Appropriations

Senate Committees
Appropriations

A BILL FOR AN ACT

101 **CONCERNING ADJUSTMENTS TO THE PUBLIC EMPLOYEES' RETIREMENT**
102 **ASSOCIATION'S ALLOCATION OF MONEY TO TRUST FUNDS.**

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://leg.colorado.gov/>.)

Joint Budget Committee. Current law requires the state treasurer to issue a warrant in the amount of \$225 million to the public employees' retirement association (PERA) on July 1 of each year as a direct distribution (direct distribution) and requires PERA to allocate the direct distribution to the trust funds of each division of PERA as it would an employer contribution, in a manner that is proportionate to the annual

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.*

SENATE
2nd Reading Unamended
April 15, 2026

HOUSE
3rd Reading Unamended
April 11, 2026

HOUSE
2nd Reading Unamended
April 9, 2026

payroll of each division, except in certain circumstances. The bill changes the allocation of the direct distribution by specifying that, beginning with the direct distribution occurring on July 1, 2026, and on July 1 of each year thereafter, PERA is required to allocate the direct distribution to the trust funds of each division of PERA on an actuarial basis to maximize PERA's blended total contribution amount in a manner that limits, to the extent possible, the triggering of automatic adjustment provisions, which are triggered when PERA's divisions fall below a targeted level of funding.

The bill also changes the amount of PERA employer contributions that are allocated to the health care trust fund from 1.02% of member salaries to 0.52% of member salaries.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-51-208, **amend**
3 (1)(f) as follows:

4 **24-51-208. Allocation of money.**

5 (1) The money of the association shall be divided into several trust
6 funds, including, but not limited to:

7 (f) The health care trust fund, created pursuant to the provisions
8 of section 24-51-1201 (1), which consists of a portion of the employer
9 contributions equal to ~~one and two~~ FIFTY-TWO one-hundredths OF ONE
10 percent of member salaries; a portion of the amount paid by members to
11 purchase service credit relating to noncovered employment as determined
12 pursuant to section 24-51-505 (7); thirty percent of the amount of any
13 reduction in the employer contribution rates as determined in section
14 24-51-408.5 (5) to amortize any overfunding in each division's trust fund;
15 deductions of premium amounts from monthly benefits of participating
16 benefit recipients; premiums paid directly to the trust fund by
17 participating benefit recipients, members, and dependents; monthly
18 payments made by employers on behalf of participating benefit recipients,
19 members, and dependents; and interest; in addition to a proportional share

1 of investment income earned thereon;

2 **SECTION 2.** In Colorado Revised Statutes, 24-51-414, **amend**
3 (4) as follows:

4 **24-51-414. Direct distribution - definitions.**

5 (4) (a) Prior to ~~July 1, 2030~~ JULY 1, 2026, the association shall
6 allocate the direct distribution to the trust funds of each division of the
7 association as it would an employer contribution, in a manner that is
8 proportionate to the annual payroll of each division as reported to the
9 association; except that the association shall not allocate any portion of
10 the direct distribution amount to the local government division or the
11 Denver public schools division of the association.

12 (b) (I) ~~Notwithstanding any provision of this subsection (4) to the~~
13 ~~contrary, on or after July 1, 2025, if the allocation methodology described~~
14 ~~in this subsection (4) would result in the blended total contribution~~
15 ~~amount equaling less than ninety-eight percent of the blended total~~
16 ~~required contribution the association may instead allocate the direct~~
17 ~~distribution to the trust funds of each division of the association in an~~
18 ~~actuarial manner as necessary to achieve at least ninety-eight percent of~~
19 ~~the blended total required contribution; except that the association shall~~
20 ~~not allocate any portion of the direct distribution amount to the local~~
21 ~~government division of the association.~~

22 (II) As used in this ~~subsection (4)(b)~~ SUBSECTION (4), unless the
23 context otherwise requires:

24 (A) "Blended total contribution amount" has the same meaning as
25 in section 24-51-413 (1)(a).

26 (B) ~~"Blended total required contribution" has the same meaning~~
27 ~~as in section 24-51-413 (1)(b).~~

1 (C) ~~"Fulfillment year" has the same meaning as set forth in~~
2 ~~subsection (8.5)(d)(III) of this section.~~

3 (c) ~~Beginning July 1, 2030~~ WITH THE DIRECT DISTRIBUTION
4 OCCURRING ON JULY 1, 2026, AND ON JULY 1 OF EACH YEAR THEREAFTER,
5 the association shall allocate the direct distribution to the trust funds of
6 each division of the association ~~as it would an employer contribution, in~~
7 ~~a manner that is proportionate to the annual payroll of each division as~~
8 ~~reported to the association; except that~~ ON AN ACTUARIAL BASIS TO
9 MAXIMIZE THE BLENDED TOTAL CONTRIBUTION AMOUNT IN A MANNER
10 THAT LIMITS, TO THE EXTENT POSSIBLE, ADJUSTMENTS REQUIRED BY
11 SECTION 24-51-413 (3). BEGINNING JULY 1, 2026, AND ON JULY 1 OF EACH
12 YEAR PRECEDING 2030, the association shall not allocate any portion of
13 the direct distribution amount to the local government division OR THE
14 DENVER PUBLIC SCHOOLS DIVISION OF THE ASSOCIATION. BEGINNING JULY
15 1, 2030, AND ON JULY 1 OF EACH YEAR THEREAFTER, THE ASSOCIATION
16 SHALL NOT ALLOCATE ANY PORTION OF THE DIRECT DISTRIBUTION
17 AMOUNT TO THE LOCAL GOVERNMENT DIVISION OF THE ASSOCIATION.

18 **SECTION 3. Effective date.** This act takes effect July 1, 2026.

19 **SECTION 4. Safety clause.** The general assembly finds,
20 determines, and declares that this act is necessary for the immediate
21 preservation of the public peace, health, or safety or for appropriations for
22 the support and maintenance of the departments of the state and state
23 institutions.