

STATE OF COLORADO

Colorado General Assembly

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MEMORANDUM

To: John Mathews and Larry James Blackshear

From: Legislative Council Staff and Office of Legislative Legal Services

Date: March 3, 2026

Subject: Proposed Initiative Measure 2025-2026 #249, Concerning Separation of Pinnacol Assurance from the State to Fund Workforce Development

Section 1-40-105 (1), Colorado Revised Statutes, requires the directors of the Legislative Council Staff and the Office of Legislative Legal Services to "review and comment" on initiative petitions for proposed laws and amendments to the Colorado Constitution. We hereby submit our comments and questions to you regarding the appended proposed initiative.

The purpose of this statutory requirement of the directors of Legislative Council Staff and the Office of Legislative Legal Services is to provide comments and questions intended to aid designated representatives, and the proponents they represent, in determining the language of their proposal and to avail the public of the contents of the proposal. Our first objective is to be sure we understand your intended purposes of the proposal. We hope that the comments and questions in this memorandum provide a basis for discussion and understanding of the proposal. Discussion between designated representatives or their legal representatives and employees of the Legislative Council Staff and the Office of Legislative Legal Services is encouraged during review and comment meetings, but comments or discussion from anyone else is not permitted.

This proposed initiative 2025-2026 #249 was submitted by the same designated representatives as a part of a pair of related proposed initiatives, including proposed initiative 2025-2026 #248. The comments and questions raised in this memorandum address proposed initiative 2025-2026 #249 and incorporate the comments and questions raised in the memorandum for proposed initiative 2025-2026 #248.

An earlier version of these proposed initiatives, proposed initiative 2025-2026 #218, was submitted by the same designated representatives, was the subject of a memorandum dated January 23, 2026, and was discussed at a public meeting on January 26, 2026. The comments and questions raised in this memorandum do not include comments and questions that were addressed in the earlier memorandum or at the earlier meeting, except as necessary to fully understand the issues raised by the revised proposed initiative. Prior comments and questions that are not restated in this memorandum continue to be relevant and are considered part of this memorandum.

Purposes

The major purposes of the proposed amendments to the Colorado Revised Statutes appear to be:

1. To convert Pinnacol Assurance from a political subdivision of the state to an independent mutual insurance company;
2. To require Pinnacol Assurance to pay the state a one-time \$150 million payment as part of the conversion;
3. To require Pinnacol Assurance to pay premium taxes as an independent mutual insurance company;
4. To require the commissioner of insurance to facilitate and support Pinnacol Assurance's conversion into an independent mutual insurance company;
5. To require Pinnacol Assurance to reimburse the commissioner of insurance for the direct costs incurred in processing Pinnacol Assurance's conversion from a political subdivision of the state to an independent mutual insurance company;
6. To require Pinnacol Assurance to terminate its affiliation with the public employees' retirement association and to make a payment to the association in connection with its termination of affiliation;
7. To require Pinnacol Assurance to provide such workers' compensation insurance coverage until June 1, 2028;

8. To create a skilled workers and trades fund into which the one-time \$150 million payment from Pinnacol Assurance and the annual premium taxes paid by Pinnacol Assurance are credited; and
9. To create a board to administer the skilled workers and trades fund for the purpose of reimbursing certain education providers for scholarships awarded to Colorado residents seeking job training in an essential job category through a qualifying program.

Substantive Comments and Questions

The substance of the proposed initiative raises the following comments and questions:

1. Article V, section 1 (5.5) of the Colorado Constitution requires all proposed initiatives to have a single subject. What is the single subject of the proposed initiative?
2. The proposed ballot initiative differs from proposed ballot initiative 2025-2026 #248 by removing the requirement that the commissioner of insurance adopt a risk plan and by adding the following to the legislative declaration in section 8-45-201 (1): “The General Assembly, in consultation with the commissioner of insurance, Pinnacol Assurance, and other workers’ compensation carriers, will develop legislation to create a carrier of last resort program.”
 - a. Is the intent of this provision to mandate that the general assembly develop legislation to create a carrier of last resort program?
 - b. Requiring a future general assembly to develop legislation conflicts with section 2-4-215, C.R.S., which states that:

[E]ach general assembly is a separate entity, and the acts of one general assembly are not binding on future general assemblies. Accordingly, no legislation passed by one general assembly requiring an appropriation shall bind future general assemblies.
 - c. Section 8-45-202 (1) of the proposed ballot initiative states that “Pinnacol Assurance shall fully separate from the state of Colorado as of July 1, 2027.” Based on that language, Pinnacol Assurance would cease serving as the carrier of last resort on July 1, 2027. The general assembly is not scheduled to convene until six months later in January of the following year. What do

you intend to happen in that time frame for employers that are unable to procure coverage in the voluntary market and to any pending workers' compensation claims for their employees?

Technical Comments

The technical comments provided in the review and comment memorandum for proposed initiative 2025-2026 #248 continue to be relevant and are considered part of this memorandum.

1. It is standard drafting practice to not capitalize "general assembly" in statute. Please consider changing "THE GENERAL ASSEMBLY" to "THE GENERAL ASSEMBLY" in section 8-45-201 (1)(k) of the proposed ballot initiative.