

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 17-1042.01 Nicole Myers x4326

HOUSE BILL 17-1265

HOUSE SPONSORSHIP

Becker K.,

SENATE SPONSORSHIP

Priola and Kerr, Court, Gardner

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING AN INCREASE IN THE TOTAL EMPLOYER CONTRIBUTION
102 FOR EMPLOYERS IN THE JUDICIAL DIVISION OF THE PUBLIC
103 EMPLOYEES' RETIREMENT ASSOCIATION.

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>.)

In 2004 and 2006, the general assembly enacted legislation that required each employer in the public employees' retirement association (PERA) to make additional contributions to PERA. The additional employer contributions are the amortization equalization disbursement (AED) and a supplemental amortization equalization disbursement

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.

(SAED). Although the SAED is an employer contribution, it is funded by money that would otherwise be available for employee salary increases. The AED and the SAED are to reduce PERA's unfunded liability and amortization period.

Both the AED and the SAED increase gradually over time for all PERA divisions. In 2010, the general assembly capped the AED and the SAED for the judicial division and the local government division at the 2010 levels, which for the AED is 2.20% of the employer's total payroll and for the SAED is 1.50% of the employer's total payroll.

For the calendar year beginning in 2019, for the judicial division only, the bill increases the AED to 3.40% of total payroll and requires the AED payment to increase by 0.4% of total payroll at the start of each of the following 4 calendar years through 2023. In addition, for the calendar year beginning in 2019, for the judicial division only, the bill increases the SAED to 3.40% of total payroll and requires the SAED payment to increase by 0.4% of total payroll at the start of each of the following 4 calendar years through 2023.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-51-411, **amend**
3 (4), (7), and (9); and **add** (4.5) and (7.5) as follows:

4 **24-51-411. Amortization equalization disbursement.** (4) For
5 employers in the local government division and the judicial division, the
6 amortization equalization disbursement shall not exceed the 2010
7 calendar year rates unless the rates are required to increase in accordance
8 with ~~subsection (9)~~ SUBSECTION (4.5) OR (9) of this section.

9 (4.5) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2019, FOR
10 THE EMPLOYERS IN THE JUDICIAL DIVISION, THE AMORTIZATION
11 EQUALIZATION DISBURSEMENT PAYMENT SHALL BE THREE AND
12 FOUR-TENTHS PERCENT OF THE EMPLOYER'S TOTAL PAYROLL. THE
13 AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT FOR EMPLOYERS
14 IN THE JUDICIAL DIVISION SHALL INCREASE BY FOUR-TENTHS OF ONE
15 PERCENT OF TOTAL PAYROLL ON JANUARY 1, 2020, AND SHALL INCREASE
16 BY FOUR-TENTHS OF ONE PERCENT OF TOTAL PAYROLL AT THE START OF

1 EACH OF THE CALENDAR YEARS FOLLOWING 2020 THROUGH 2023. FOR
2 PURPOSES OF THIS SECTION, THE EMPLOYER'S TOTAL PAYROLL SHALL BE
3 CALCULATED BY APPLYING THE DEFINITION OF SALARY, AS DEFINED IN
4 SECTION 24-51-101 (42), TO THE PAYROLL FOR ALL EMPLOYEES WORKING
5 FOR THE EMPLOYER WHO ARE MEMBERS OF THE ASSOCIATION, INCLUDING
6 ANY AMOUNTS PAID IN CONNECTION WITH THE EMPLOYMENT OF A RETIREE
7 BY AN EMPLOYER PURSUANT TO SECTION 24-51-1101 (2).

8 (7) For employers in the local government division and the
9 judicial division, the supplemental amortization equalization
10 disbursement shall not exceed the 2010 calendar year rates unless the
11 rates are required to increase in accordance with ~~subsection (9)~~
12 SUBSECTION (7.5) OR (9) of this section.

13 (7.5) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2019, FOR
14 THE EMPLOYERS IN THE JUDICIAL DIVISION, THE SUPPLEMENTAL
15 AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT SHALL BE THREE
16 AND FOUR-TENTHS PERCENT OF THE EMPLOYER'S TOTAL PAYROLL. THE
17 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT
18 FOR EMPLOYERS IN THE JUDICIAL DIVISION SHALL INCREASE BY
19 FOUR-TENTHS OF ONE PERCENT OF TOTAL PAYROLL ON JANUARY 1, 2020,
20 AND SHALL INCREASE BY FOUR-TENTHS OF ONE PERCENT OF TOTAL
21 PAYROLL AT THE START OF EACH OF THE CALENDAR YEARS FOLLOWING
22 2020 THROUGH 2023. FOR PURPOSES OF THIS SECTION, THE EMPLOYER'S
23 TOTAL PAYROLL SHALL BE CALCULATED BY APPLYING THE DEFINITION OF
24 SALARY, AS DEFINED IN SECTION 24-51-101 (42), TO THE PAYROLL FOR ALL
25 EMPLOYEES WORKING FOR THE EMPLOYER WHO ARE MEMBERS OF THE
26 ASSOCIATION, INCLUDING ANY AMOUNTS PAID IN CONNECTION WITH THE
27 EMPLOYMENT OF A RETIREE BY AN EMPLOYER PURSUANT TO SECTION

1 24-51-1101 (2).

2 (9) The amortization equalization disbursement and the
3 supplemental amortization equalization disbursement payments by
4 employers in the local government division ~~and judicial division~~ shall
5 continue at the rate specified in subsections (4) and (7) of this section
6 until adjusted pursuant to this subsection (9). THE AMORTIZATION
7 EQUALIZATION DISBURSEMENT AND THE SUPPLEMENTAL AMORTIZATION
8 EQUALIZATION DISBURSEMENT PAYMENTS BY EMPLOYERS IN THE JUDICIAL
9 DIVISION SHALL CONTINUE AT THE RATES SPECIFIED IN SUBSECTIONS (4),
10 (4.5), (7), AND (7.5) OF THIS SECTION UNTIL ADJUSTED PURSUANT TO THIS
11 SUBSECTION (9). When the actuarial funded ratio of the local government
12 division or judicial division of the association, based on the actuarial
13 value of the assets, is at or above one hundred three percent as determined
14 in the annual actuarial study of the association, the amount of the
15 amortization equalization disbursement and supplemental amortization
16 equalization disbursement shall be reduced for employers in that
17 particular division by one-half of one percent each. If the actuarial funded
18 ratio of the division based on the actuarial value of the assets reaches
19 ninety percent and subsequently the actuarial funded ratio of the division
20 is below ninety percent, the amortization equalization disbursement and
21 supplemental amortization equalization disbursement shall be increased
22 by one-half of one percent each; except that, at no time shall the
23 amortization equalization disbursement or the supplemental amortization
24 equalization disbursement exceed five percent each.

25 **SECTION 2. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly (August

1 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2018 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.