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FISCAL NOTE

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|-------------------------|---|------------------------|---|
| Drafting Number: | LLS 20-1280 | Date: | May 26, 2020 |
| Prime Sponsors: | Rep. McCluskie; Ransom Sen. Moreno; Rankin | Bill Status: | House Appropriations |
| | | Fiscal Analyst: | Erin Reynolds 303-866-4146 Erin.Reynolds@state.co.us |

Bill Topic: PERA JUDICIAL DIVISION CONTRIBUTION RATE MODIFICATION

Summary of Fiscal Impact:

| | |
|---|---|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input checked="" type="checkbox"/> Statutory Public Entity |

Budget package bill. This bill modifies employer and employee contribution rates in the Judicial Division of the Public Employee's Retirement Association (PERA) for FY 2020-21 and FY 2021-22, with an exception for judges employed by the Denver County Court. It will reduce state expenditures in those fiscal years.

Appropriation Summary: The bill includes a reduction in appropriations of \$530,060 to the Judicial Department in FY 2020-21; however, it requires a reduction in appropriations of \$2.7 million to the Judicial Department. See State Appropriations section.

Fiscal Note Status: This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2020-21 budget balancing package.

Table 1
State Fiscal Impacts Under HB 20-1394

| | | FY 2020-21 | FY 2021-22 |
|---------------------|--------------|---------------|---------------|
| Revenue | | - | - |
| Expenditures | General Fund | (\$2,696,865) | (\$2,696,865) |
| Transfers | | - | - |
| TABOR Refund | | - | - |

Summary of Legislation

This bill modifies employer and employee contribution rates in the Judicial Division of the Public Employee's Retirement Association (PERA) for FY 2020-21 and FY 2021-22 only, with an exception for judges employed by the Denver County Court.

Specifically, the bill:

- decreases the employer contribution rate by 5 percent; and
- increases the employee (or member) contribution rate by 5 percent.

These percentages, compared to current law, are shown in Table 2.

Table 2
Employer and Employee Contribution Rates Under Current Law and HB20-1394

| FY 2020-21 | Current Law | Bill |
|-------------------|--------------------|-------------|
| Employer | 13.91% | 8.91% |
| Employee | 9.50% | 14.50% |

| FY 2021-22 | Current Law | Bill |
|-------------------|--------------------|-------------|
| Employer | 13.91% | 8.91% |
| Employee | 10.00% | 15.00% |

State Expenditures

The bill will decrease state General Fund expenditures by \$2,696,865 in FY 2020-21 and FY 2021-22 only.

Statutory Public Entity

The bill will result in a slight negative actuarial impact to the Judicial Division of PERA, as employee contributions are credited to employee accounts, while employer contributions are credited to the division's trust.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

The bill includes a reduction in General Fund appropriations to the Judicial Department of \$530,060 for FY 2020-21; however, the bill requires a reduction in General Fund appropriations to the Judicial Department of \$2,696,865.

State and Local Government Contacts

Joint Budget Committee

Judicial