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HOUSE BILL 26-1400

BY REPRESENTATIVE(S) Sirota and Taggart, Brown;
also SENATOR(S) Bridges and Kirkmeyer, Amabile, Hinrichsen, Kolker.

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

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

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

24-51-208. Allocation of money.

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

(f) The health care trust fund, created pursuant to the provisions of section 24-51-1201 (1), which consists of a portion of the employer contributions equal to ~~one and two~~ FIFTY-TWO one-hundredths OF ONE percent of member salaries; a portion of the amount paid by members to purchase service credit relating to noncovered employment as determined pursuant to section 24-51-505 (7); thirty percent of the amount of any

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

reduction in the employer contribution rates as determined in section 24-51-408.5 (5) to amortize any overfunding in each division's trust fund; deductions of premium amounts from monthly benefits of participating benefit recipients; premiums paid directly to the trust fund by participating benefit recipients, members, and dependents; monthly payments made by employers on behalf of participating benefit recipients, members, and dependents; and interest; in addition to a proportional share of investment income earned thereon;

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

24-51-414. Direct distribution - definitions.

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

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

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

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

~~(B) "Blended total required contribution" has the same meaning as~~

~~in section 24-51-413 (1)(b).~~

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

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

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

SECTION 4. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for

the support and maintenance of the departments of the state and state institutions.

Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

James Rashad Coleman, Sr.
PRESIDENT OF
THE SENATE

Vanessa Reilly
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Esther van Mourik
SECRETARY OF
THE SENATE

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO