

STATE OF COLORADO

Colorado General Assembly

Natalie Castle, Director
Legislative Council Staff

Colorado Legislative Council
200 E. Colfax Ave., Room 011
Denver, Colorado 80203-1716
303-866-3521
lcs.ga@coleg.gov



Ed DeCecco, Director
Office of Legislative Legal Services

Office of Legislative Legal Services
1375 Sherman St., Suite 300
Denver, Colorado 80261
303-866-2045
olls.ga@coleg.gov

MEMORANDUM

To: John Mathews and Larry James Blackshear

From: Legislative Council Staff and Office of Legislative Legal Services

Date: March 27, 2026

Subject: Proposed Initiative Measures 2025-2026 #315, 2025-2026 #316, and 2025-2026 #317, Concerning Separation of Pinnacle 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.

Proposed initiatives 2025-2026 #315 through #317 were submitted by the same designated representatives as a series of proposed initiatives. The comments and questions raised in this memorandum address proposed initiatives 2025-2026 #315 through #317.

Earlier versions of these proposed initiatives, proposed initiatives **2025-2026 #218** and proposed initiatives **2025-2026 #248** and **#249**, submitted by the same designated representatives, were the subject of memoranda dated January 23, 2026, and March 3, 2026, and were discussed at public meetings on January 26, 2026, and March 5, 2026.

The comments and questions raised in this memorandum do not include comments and questions that were addressed in the earlier memoranda or at the earlier meetings, except as necessary to fully understand the issues raised by the revised proposed initiatives. Prior comments and questions that are not restated in this memorandum continue to be relevant and are considered part of this memorandum.

Purposes

Purposes for Proposed Initiative 2025-2026 #315

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 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
8. 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.

Purposes for Proposed Initiative 2025-2026 #316

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, from the date of the conversion through January 1, 2029, to provide workers' compensation insurance coverage to employers who are unable to procure coverage in the voluntary market pursuant to the standards and obligations for issuing such coverage that applied to Pinnacol Assurance as of December 31, 2026;
3. To require Pinnacol Assurance to pay the state a one-time \$150 million payment as part of the conversion;
4. To require Pinnacol Assurance to pay premium taxes as an independent mutual insurance company;
5. To require the commissioner of insurance to facilitate and support Pinnacol Assurance's conversion into an independent mutual insurance company;
6. 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;
7. 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;

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.

Purposes for Proposed Initiative 2025-2026 #317

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, from the date of the conversion through January 1, 2029, to provide workers' compensation insurance coverage to employers who are unable to procure coverage in the voluntary market pursuant to the standards and obligations for issuing such coverage that applied to Pinnacol Assurance as of December 31, 2026;
3. To require Pinnacol Assurance to pay the state a one-time \$150 million payment as part of the conversion;
4. To require Pinnacol Assurance to pay premium taxes as an independent mutual insurance company;
5. To require the commissioner of insurance to facilitate and support Pinnacol Assurance's conversion into an independent mutual insurance company;
6. 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;
7. 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;

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:
 - a. Proposed initiatives #315?
 - b. Proposed initiative #316?
 - c. Proposed initiative #317?
2. Proposed ballot initiatives 2025-2026 #315 and 2025-2026 #316 differ from proposed ballot initiative 2025-2026 #249 by removing provisions in section 8-45-202 (13)(b), C.R.S., that specify modifications to the procedures for terminating the affiliation between Pinnacol Assurance and the public employees' retirement association. However, initiatives 2025-2026 #315 and 316 retain the provision in initiative 2025-2026 #249 that "neither the state of Colorado nor the board of the public employees' retirement association has the authority to disapprove or deny Pinnacol Assurance's termination of its affiliation with the public employees' retirement association."
 - a. What is the purpose of removing these provisions specifying modifications to the affiliation termination process from the proposed ballot initiatives 2025-2026 #315 and 316? What is the intended effect of removing these provisions?
 - b. What is the purpose of retaining the provision that "neither the state of Colorado nor the board of the public employees' retirement association has

the authority to disapprove or deny Pinnacol Assurance's termination of its affiliation with the public employees' retirement association"?

3. Proposed ballot initiatives 2025-2026 #316 and 2025-2026 #317 differ from proposed ballot initiative 2025-2026 #249 by adding section 8-45-202 (1)(b), C.R.S., which states "From July 1, 2027, until January 1, 2029, Pinnacol Assurance shall provide workers' compensation insurance coverage to employers who are unable to procure coverage in the voluntary market pursuant to the standards and obligations for the issuance or denial of contracts for workers' compensation insurance that applied to Pinnacol Assurance under article 45 of title 8 as of December 31, 2026."
 - a. What is the rationale for the specified time period for Pinnacol Assurance to provide workers' compensation insurance coverage to employers who are unable to procure coverage in the voluntary market?
 - b. Pinnacol Assurance will be required to provide coverage pursuant to the standards and obligations under article 45 of title 8 as of December 31, 2026. However, section 2 of the proposed ballot initiatives repeals part 1 of article 45 of title 8 on July 1, 2027, and the required coverage continues until January 1, 2028.
 - i. Is the intent that the standards and obligations in article 45 of title 8, C.R.S., **as they existed on December 31, 2026**, would still apply to Pinnacol Assurance for purposes of providing the required coverage?
 - ii. How do you anticipate these standards and obligations will be enforced once part 1 is repealed? Would the Division of Workers' compensation be able to enforce those requirements against Pinnacol Assurance after part 1 is repealed? Should the language in the measure clarify whether the division would retain any enforcement authority?
 - c. Proposed ballot initiative 2025-2026 #248 would have required the commissioner of insurance to develop a risk plan to provide coverage to employers who are unable to procure coverage in the voluntary market and required Pinnacol Assurance to provide this coverage through June 1, 2028. Proposed ballot initiatives 2025-2026 #316 and #317 require Pinnacol

Assurance to provide this coverage under the existing requirements in article 45 of title 8, C.R.S. instead of through a risk plan developed by the insurance commissioner? What is the rationale for this approach?

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 end headnotes with a period. Consider adding a period to the end of the headnote for proposed section 8-83-1107 in all three initiatives.
2. The following is the standard drafting language used for creating a definitions section:

As used in this [title/article/part/section/subsection], unless the context otherwise requires:

Consider switching “requires otherwise” to “otherwise requires” in proposed section 8-83-1102 in all three initiatives.

3. Section 2 of the measure proposes to add a new section 8-45-126 that creates a provision to repeal part 1 of article 45 of title 8 on a date in the future.
 - a. Since article 45 of title 8 only consists of a single part, the standard drafting practice is to repeal the article. Consider modifying proposed section 8-45-126 (1) to follow this standard drafting practice as follows:

8-45-126. Repeal of article. (1) This article 45 is repealed, effective July 1, 2027.
 - b. The reference to “part 1 of article 45 of title 8” in proposed section 8-45-126 (2) should also be changed to read “this article 45.”
 - c. The section number in the statutory provision should match the section number in the amending clause, e.g. “8-45-126” instead of “8-45-146.”