First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

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LLS NO. 25-0930.02 Pierce Lively x2059 **COMMITTEE BILL**

Joint Budget Committee

BILL TOPIC: Proposition 130 Implementation

A BILL FOR AN ACT

101 **CONCERNING THE IMPLEMENTATION OF PROPOSITION 130.**

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/.)

Joint Budget Committee. At the November 2024 statewide election, voters approved proposition 130, which requires the state to provide $350 million in additional funding to local law enforcement agencies to improve recruitment, training, and retention of local law enforcement officers and to provide a $1 million death benefit to the family of a first responder who is killed in the line of duty. The bill modifies and implements proposition 130.

The bill creates the peace officer training and support fund (fund).

Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.

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The bill establishes a formula by which the department of public safety (department) disburses $35 million per year for 10 years in additional funding to local law enforcement agencies from the fund to improve recruitment, training, and retention of local law enforcement officers.

The formula requires the department to disburse an amount to each law enforcement agency equal to the total of $15,000 and an amount multiplied by the number of P.O.S.T-certified officers, noncertified deputy sheriffs, and detention officers budgeted by a local government for the law enforcement agency, so that the department distributes $35 million annually to law enforcement agencies. Law enforcement agencies and local governments are limited to expending funds received according to this formula for the initial and continuing education and training for peace officers and the compensation of peace officers. Further, law enforcement agencies and local governments may not use these funds to supplant or supplement other spending.

The bill also establishes funding for the fund. First, the bill requires the state treasurer to transfer $35 million from the general fund to the fund on July 1, 2025, and correspondingly reduces the general fund reserve for state fiscal year 2025-26 by $35 million. Second, the bill directs the state treasurer to issue a warrant from the general fund of $500 million to the public employees' retirement association (PERA) on July 1, 2026. For 9 years beginning in 2026, both:

- The amount of direct distributions made by the state to PERA are reduced by $35 million; and
- The state treasurer transfers $35 million from the general fund to the fund.

After these 9 years:

- The amount of direct distributions made by the state to PERA are no longer reduced; and
- The state treasurer stops transferring $35 million from the general fund to the fund.

The bill clarifies that the $500 million in the warrant that the state treasurer transfers to PERA is included in the general fund reserve. Accordingly, the bill prohibits a future general assembly from lowering the general fund reserve to an amount less than $1 billion. If the general assembly does so reduce the reserve, the general assembly shall also make corresponding reductions to the direct distributions made by the state to PERA. The bill also requires the governor to adjust general fund expenditures so that they do not result in the general fund reserve being reduced to an amount less than $1 billion.

The bill also establishes a process by which the department distributes a $1 million death benefit to the family of a first responder who dies on or after November 5, 2024:

- While serving as a first responder, as either the direct and proximate result of a personal injury sustained while performing official duties as a first responder or because of an occupational disease arising out of and in the course of the individual's employment as a first responder; or

! After separation from service as a first responder, either while on an authorized leave of absence, or while performing qualified military service, if the individual dies as the direct and proximate result of a personal injury sustained while performing their official duties as part of performing qualified military service or because of an occupational disease arising out of and in the course of the first responder's employment or service as a first responder.

These payments are paid out of the general fund. The bill also requires a survivor of an eligible first responder to deduct an amount equal to these payments from their federal taxable income for the purpose of determining their state income tax liability. <{***This tax deduction will likely be updated, so that these payments can be deducted upstream of state taxes at the federal level. Doing so will require comments from FPPA.***}>

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

SECTION 1. In Colorado Revised Statutes, **repeal** 24-33.5-503 (1)(gg).

SECTION 2. In Colorado Revised Statutes, **repeal** 24-33.5-535.

SECTION 3. In Colorado Revised Statutes, **repeal** 24-33.5-538.

SECTION 4. In Colorado Revised Statutes, **add** 24-33.5-121 as follows: <{***This section 1) establishes the peace officer training and support fund, 2) describes the distribution of revenue from the fund and 3) establishes the death benefit program.***}>

24-33.5-121. Peace officer training and support fund - peace officer training and support distribution - first responder death benefit administration - rules - definitions - repeal. (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "FUND" MEANS THE PEACE OFFICER TRAINING AND SUPPORT FUND ESTABLISHED IN SUBSECTION (2) OF THIS SECTION.

(b) "LAW ENFORCEMENT AGENCY" MEANS A COUNTY SHERIFF'S OFFICE, A MUNICIPAL POLICE DEPARTMENT, A TOWN MARSHAL'S OFFICE, OR A MUNICIPAL COURT.

(c) "PEACE OFFICER" MEANS A CHIEF OF POLICE, A POLICE OFFICER, A SHERIFF, AN UNDERSHERIFF, A DEPUTY SHERIFF, A TOWN MARSHAL, A DEPUTY TOWN MARSHAL, A RESERVE POLICE OFFICER, A RESERVE DEPUTY SHERIFF, A RESERVE DEPUTY TOWN MARSHAL, AND A MUNICIPAL COURT MARSHAL, WHOSE AUTHORITY INCLUDES THE ENFORCEMENT OF ALL LAWS OF THE STATE AND WHO IS CERTIFIED BY THE P.O.S.T. BOARD.

(2) **Peace officer training and support fund.** (a) THE PEACE OFFICER TRAINING AND SUPPORT FUND IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF GIFTS, GRANTS, DONATIONS, MONEY CREDITED TO THE FUND PURSUANT TO THIS SECTION, AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER TO THE FUND.

(b) ON JULY 1, 2025, AND EACH JULY 1 THEREAFTER PRIOR TO JULY 1, 2035, THE STATE TREASURER SHALL TRANSFER THIRTY-FIVE MILLION DOLLARS FROM THE GENERAL FUND TO THE FUND;

(c) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE GENERAL FUND; AND

(d) SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY, THE DEPARTMENT MAY EXPEND MONEY FROM THE FUND FOR THE PURPOSE OF IMPLEMENTING SUBSECTION (3) OF THIS SECTION AND DISBURSING FUNDING AS REQUIRED BY SUBSECTION (3) OF THIS SECTION.

(3) **Peace officer training and support distribution.** (a) **Law enforcement agency certification.** ON OR BEFORE DECEMBER 15, 2025,

AND EACH DECEMBER 15 THEREAFTER BEFORE DECEMBER 15, 2035, A LAW ENFORCEMENT AGENCY MAY SUBMIT A CERTIFICATION TO THE DEPARTMENT IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT. THE CERTIFICATION SHALL INCLUDE:

(I) THE NUMBER OF ELIGIBLE OFFICERS THAT THE RELEVANT LOCAL GOVERNMENT HAS BUDGETED FOR THE LAW ENFORCEMENT AGENCY IN THE UPCOMING YEAR;

(II) THE TOTAL DOLLAR AMOUNT THAT THE RELEVANT LOCAL GOVERNMENT BUDGETED FOR THE LAW ENFORCEMENT AGENCY TO EXPEND FOR A PERMISSIBLE PURPOSE; AND

(III) A RESOLUTION OR ORDINANCE ADOPTED BY THE RELEVANT LOCAL GOVERNMENT THAT THE LOCAL GOVERNMENT WILL EXPEND MONEY AWARDED BY THE DEPARTMENT FROM THE FUND IN ACCORDANCE WITH THE REQUIREMENTS OF SUBSECTION (3)(c) OF THIS SECTION.

(b) **Distribution formula.** (I) NO LATER THAN DECEMBER 31, 2025, AND EACH DECEMBER 31 THEREAFTER BEFORE DECEMBER 31, 2035, THE DEPARTMENT SHALL ANNUALLY DISBURSE FROM THE FUND TO EACH ELIGIBLE LAW ENFORCEMENT AGENCY AN AMOUNT EQUAL TO THE BASE AMOUNT PLUS THE TOTAL OF THE NUMBER OF ELIGIBLE OFFICERS MULTIPLIED BY THE ELIGIBLE OFFICER ADJUSTMENT.

(II) AS USED IN THIS SUBSECTION (3)(b), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(A) "BASE AMOUNT" MEANS FIFTEEN THOUSAND DOLLARS.

(B) "ELIGIBLE LAW ENFORCEMENT AGENCY" MEANS, FOR ANY YEAR, A LAW ENFORCEMENT AGENCY THAT SUBMITS A CERTIFICATION TO THE DEPARTMENT IN THAT YEAR PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION.

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(C) "ELIGIBLE OFFICERS" MEANS THE TOTAL NUMBER OF PEACE OFFICERS AND NONCERTIFIED DETENTION OFFICERS THAT A LAW ENFORCEMENT AGENCY CERTIFIES TO THE DEPARTMENT PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION.

(D) "ELIGIBLE OFFICER ADJUSTMENT" MEANS, FOR ANY YEAR, AN AMOUNT EQUAL TO THE AMOUNT THAT THE STATE TREASURER TRANSFERRED TO THE FUND IN THAT YEAR PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION, MINUS THE BASE AMOUNT MULTIPLIED BY THE NUMBER OF ELIGIBLE LAW ENFORCEMENT AGENCIES THAT YEAR, DIVIDED BY THE TOTAL NUMBER OF ELIGIBLE OFFICERS ACROSS EVERY ELIGIBLE LAW ENFORCEMENT AGENCY THAT YEAR.

(E) "NONCERTIFIED DETENTION OFFICER" MEANS A NONCERTIFIED DEPUTY SHERIFF OR DETENTION OFFICER WHO IS A PEACE OFFICER EMPLOYED BY A COUNTY OR CITY AND COUNTY WHOSE AUTHORITY IS LIMITED TO THE DUTIES ASSIGNED BY AND WHILE WORKING UNDER THE DIRECTION OF THE CHIEF OF POLICE, SHERIFF, AN OFFICIAL WHO HAS THE DUTIES OF A SHERIFF IN A CITY AND COUNTY, OR THE CHIEF EXECUTIVE OF THE EMPLOYING LAW ENFORCEMENT AGENCY.

(c) **Supplanting and supplementing.** (I) (A) A LAW ENFORCEMENT AGENCY SHALL ONLY SPEND, AND A LOCAL GOVERNMENT SHALL ONLY BUDGET FOR A LAW ENFORCEMENT AGENCY TO SPEND, ANY MONEY RECEIVED PURSUANT TO THIS SUBSECTION (3) FOR A PERMISSIBLE PURPOSE; AND

(B) NOTWITHSTANDING SUBSECTION (3)(c)(I)(A) OF THIS SECTION, A LOCAL GOVERNMENT MAY USE MONEY FROM THE FUND TO SUPPORT EMPLOYEE POSITIONS, <{***What does it mean "to support employee positions"?***}> EVEN IF ALL OTHER POSITIONS WITHIN A LAW

ENFORCEMENT AGENCY ARE NOT CURRENTLY FILLED, IF THE FUNDING ALLOWS THE LAW ENFORCEMENT AGENCY TO EITHER HIRE OR MOVE A QUALIFIED INDIVIDUAL FOR A POSITION THAT ACCOMPLISHES THE OBJECTIVES OF THE FUND;

(II) A LAW ENFORCEMENT AGENCY SHALL SPEND, AND A LOCAL GOVERNMENT SHALL BUDGET FOR A LAW ENFORCEMENT AGENCY TO SPEND, THE MONEY THAT THE LAW ENFORCEMENT AGENCY RECEIVES PURSUANT TO THIS SUBSECTION (3) TO INCREASE FUNDING THAT WOULD, IN THE ABSENCE OF MONEY FROM THE FUND, BE MADE AVAILABLE FROM OTHER STATE OR LOCAL SOURCES. A LAW ENFORCEMENT AGENCY SHALL NOT SPEND, AND A LOCAL GOVERNMENT SHALL NOT BUDGET FOR A LAW ENFORCEMENT AGENCY TO SPEND, MONEY THAT THE LAW ENFORCEMENT AGENCY RECEIVES PURSUANT TO THIS SUBSECTION (3) TO SUPPLANT OTHER MONEY THAT WOULD, IN THE ABSENCE OF THE MONEY RECEIVED PURSUANT TO THIS SUBSECTION (3), BE MADE AVAILABLE FROM OTHER STATE AND LOCAL SOURCES FOR A PERMISSIBLE PURPOSE.

(III) A LAW ENFORCEMENT AGENCY OR A LOCAL GOVERNMENT IS PRESUMED TO HAVE VIOLATED SUBSECTION (3)(c)(II) OF THIS SECTION IF THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT: <{***Is this subsection (3)(c)(III) necessary? Could subsection (3)(c)(II) not just say not to do these things?***}>

(A) BUDGETS FOR OR EXPENDS MONEY RECEIVED FROM THE FUND TO PAY FOR A PERMISSIBLE PURPOSE THAT WAS ALREADY BUDGETED OR PREVIOUSLY PAID FOR; OR <{***This also seems overly restrictive. I think this could be problematic in area like compensation where some compensation is already paid for/budgeted.***}>

(B) REDUCES OR REPLACES THE BUDGETING WITH OR

EXPENDITURE OF FEDERAL, LOCAL, OR STATE MONEY IN THE PRIOR YEAR USED FOR A PERMISSIBLE PURPOSE WITH MONEY RECEIVED PURSUANT TO THIS SUBSECTION (3) BECAUSE THE LOCAL GOVERNMENT ALREADY BUDGETED FOR OR THE LAW ENFORCEMENT AGENCY ALREADY EXPENDED OR RECEIVED MONEY FROM THE FUND; AND <{***Is the "because" portion of this statement necessary?***}>

(IV) A LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT REBUTS A PRESUMPTION ESTABLISHED PURSUANT TO SUBSECTION (3)(c)(III) OF THIS SECTION IF THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT ESTABLISHES BY CONTEMPORANEOUS RECORDS THAT:

(A) THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT REDUCED OR ELIMINATED EXPENDITURES FOR MULTIPLE PURPOSES RATHER THAN FOR A PRIMARY PURPOSE; <{***Is this meant to include a situation where there are across the board reductions? If so, I think the "other than" language here makes it unclear whether this section achieves that intent. Perhaps, it would be better to say for "multiple purposes INCLUDING a primary purpose"?***}>

(B) THERE WAS A REDUCTION IN FEDERAL, LOCAL, OR STATE MONEY PAID TO THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT FOR A PRIMARY PURPOSE; <{***Is this meant to allow for supplanting, if there is an overall reduction in funds received from federal, local, or state government?***}> AND <{***Is this meant to be an "and" not an "or"?***}>

(C) THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT REDUCED OR ELIMINATED PRIMARY PURPOSE EXPENDITURES WITHOUT TAKING INTO CONSIDERATION THE RECEIPT OR EXPECTED RECEIPT OF MONEY PURSUANT TO THIS SUBSECTION (3).

(V) THE EXPENDITURE OF MONEY FROM THE FUND TO FUND AN EXISTING CURRENT PRACTICE THAT WAS IMPLEMENTED TO OVERCOME RECRUITING AND RETENTION DIFFICULTIES THAT HAVE EXISTED SINCE AT LEAST 2020 IS NOT CONSIDERED A VIOLATION OF SUBSECTION (3)(c)(II) OF THIS SECTION.

(d) **Reporting.** (I) ON OR BEFORE DECEMBER 31, 2026, AND ON OR BEFORE EACH DECEMBER 31 THEREAFTER BEFORE DECEMBER 31, 2035, A LAW ENFORCEMENT AGENCY THAT RECEIVED A DISBURSEMENT PURSUANT TO THIS SUBSECTION (3) IN THE PREVIOUS CALENDAR YEAR SHALL, IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT, PROVIDE A REPORT TO THE DEPARTMENT THAT INCLUDES, AT A MINIMUM, FOR THE PREVIOUS CALENDAR YEAR:

(A) THE AMOUNT DISBURSED BY THE DEPARTMENT TO THE LAW ENFORCEMENT AGENCY PURSUANT TO THIS SUBSECTION (3) AND HOW MUCH OF THAT AMOUNT THE LAW ENFORCEMENT AGENCY EXPENDED;

(B) THE PURPOSES FOR WHICH THE LAW ENFORCEMENT AGENCY EXPENDED THE AMOUNT DISBURSED BY THE DEPARTMENT TO THE LAW ENFORCEMENT AGENCY PURSUANT TO THIS SUBSECTION (3); AND

(C) A STATEMENT OF THE EFFECTIVENESS OF THE MONEY DISBURSED PURSUANT TO THIS SUBSECTION (3) TO THE LAW ENFORCEMENT AGENCY; AND <{***Should "effectiveness" maybe be tied to implementing the purposes referenced in (B)***}>

(II) NO INFORMATION PROVIDED PURSUANT TO THIS SUBSECTION (3)(d) SHALL DISCLOSE PERSONAL IDENTIFYING INFORMATION, AS DEFINED IN SECTION 24-74-102 (1).

(e) **Definitions.** AS USED IN THIS SUBSECTION (3), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(I) "PERMISSIBLE PURPOSE" MEANS THE INITIAL AND CONTINUING EDUCATION AND TRAINING FOR PEACE OFFICERS AND THE COMPENSATION OF PEACE OFFICERS. AS USED IN THIS SUBSECTION (3)(e)(I), "COMPENSATION" MAY INCLUDE PAY, REIMBURSEMENT TO A PEACE OFFICER FOR TUITION PAID TO ATTEND A TRAINING ACADEMY, AND BONUSES FOR PEACE OFFICER HIRING, REHIRING, MERIT, OR RETENTION. <{***Is this suitably broad to capture permissible "recruitment" expenditures?***}>

(II) "TRAINING ACADEMY" HAS THE SAME MEANING AS SET FORTH IN SECTION 24-31-304 (1).

(4) **First responder death benefit administration.** (a) (I) IF THE EXECUTIVE DIRECTOR DETERMINES THAT AN ELIGIBLE FIRST RESPONDER HAS DIED ON OR AFTER NOVEMBER 5, 2024, THE DEPARTMENT SHALL PAY A BENEFIT OF ONE MILLION DOLLARS FROM THE GENERAL FUND TO THE FOLLOWING PAYEE:

(A) IF THERE IS NO CHILD WHO SURVIVED THE ELIGIBLE FIRST RESPONDER, TO THE SURVIVING SPOUSE OF THE FIRST RESPONDER;

(B) IF THERE IS AT LEAST ONE CHILD WHO SURVIVED THE ELIGIBLE FIRST RESPONDER AND A SURVIVING SPOUSE OF THE ELIGIBLE FIRST RESPONDER, FIFTY PERCENT TO THE SURVIVING CHILD OR CHILDREN, IN EQUAL SHARES, AND FIFTY PERCENT TO THE SURVIVING SPOUSE;

(C) IF THERE IS NO SURVIVING SPOUSE OF THE ELIGIBLE FIRST RESPONDER, TO THE SURVIVING CHILD OR CHILDREN, IN EQUAL SHARES;

(D) IF THERE IS NO SURVIVING SPOUSE OF THE ELIGIBLE FIRST RESPONDER AND NO SURVIVING CHILD, TO THE SURVIVING INDIVIDUAL OR INDIVIDUALS DESIGNATED BY THE ELIGIBLE FIRST RESPONDER IN THE MOST RECENTLY EXECUTED DESIGNATION OF BENEFICIARY ON FILE AT THE TIME

OF DEATH WITH THE GOVERNING BODY OR STATE AGENCY, APPORTIONED IN ACCORDANCE WITH THE DESIGNATION OF BENEFICIARY OR, IF APPORTIONMENT IS NOT INDICATED, IN EQUAL SHARES;

(E) IF THERE IS NO SURVIVING SPOUSE OF THE ELIGIBLE FIRST RESPONDER, NO SURVIVING CHILD OF THE ELIGIBLE FIRST RESPONDER, AND NO INDIVIDUAL QUALIFYING UNDER SUBSECTION (4)(a)(I)(D) OF THIS SECTION, TO THE SURVIVING BENEFICIARIES UNDER THE MOST RECENTLY EXECUTED LIFE INSURANCE POLICY OF THE ELIGIBLE FIRST RESPONDER ON FILE AT THE TIME OF DEATH WITH THE GOVERNING BODY OR STATE AGENCY, APPORTIONED IN ACCORDANCE WITH THE INSURANCE POLICY OR, IF APPORTIONMENT IS NOT INDICATED, IN EQUAL SHARES; OR

(F) IF THERE IS NO INDIVIDUAL QUALIFYING UNDER SUBSECTIONS (4)(a)(I)(A) TO (4)(a)(I)(E) OF THIS SECTION, TO THE SURVIVING PARENT OR PARENTS, IN EQUAL SHARES, OF THE ELIGIBLE FIRST RESPONDER; AND

(II) IF THE EXECUTIVE DIRECTOR IS UNABLE TO IDENTIFY AN INDIVIDUAL DESCRIBED BY SUBSECTIONS (4)(a)(I)(A) TO (4)(a)(I)(F) OF THIS SECTION FOR AN ELIGIBLE FIRST RESPONDER, THEN NO PAYMENT IS MADE PURSUANT TO THIS SECTION FOR THAT ELIGIBLE FIRST RESPONDER.

(b) A PAYMENT UNDER THIS SECTION SHALL NOT BE USED TO OFFSET OR REDUCE PAYMENTS AVAILABLE FROM ANY OTHER SOURCE, INCLUDING A PUBLIC DISABILITY PLAN OR INSURANCE PLAN, PRIVATE DISABILITY PLAN OR INSURANCE PLAN, OR BENEFITS PROVIDED UNDER COLORADO'S WORKERS' COMPENSATION LAW.

(c) A TAXPAYER WHO RECEIVES A PAYMENT PURSUANT TO THIS SUBSECTION (4) SHALL, PURSUANT TO SECTION 39-22-104 (4)(dd), SUBTRACT THE AMOUNT OF THE PAYMENT FROM THE TAXPAYER'S FEDERAL TAXABLE INCOME, AND THE EXECUTIVE DIRECTOR SHALL PROVIDE THE

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TAXPAYER AND THE DEPARTMENT OF REVENUE ANY INFORMATION DEEMED NECESSARY BY THE DEPARTMENT OF REVENUE FOR THIS TAX SUBTRACTION. <{***This can be removed if the tax deduction approach changes.***}>

(d) AS USED IN THIS SUBSECTION (4), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(I) "CHILD" MEANS AN ELIGIBLE FIRST RESPONDER'S ADOPTED CHILD, STEPCHILD, OR BIOLOGICAL CHILD AND INCLUDES A BIOLOGICAL CHILD BORN AFTER THE ELIGIBLE FIRST RESPONDER'S DEATH.

(II) "ELIGIBLE FIRST RESPONDER" MEANS AN INDIVIDUAL WHO DIES:

(A) WHILE SERVING AS A FIRST RESPONDER AS EITHER THE DIRECT AND PROXIMATE RESULT OF A PERSONAL INJURY SUSTAINED WHILE PERFORMING OFFICIAL DUTIES AS A FIRST RESPONDER OR BECAUSE OF AN OCCUPATIONAL DISEASE ARISING OUT OF AND IN THE COURSE OF THE INDIVIDUAL'S EMPLOYMENT AS A FIRST RESPONDER; OR

(B) AFTER SEPARATION FROM SERVICE AS A FIRST RESPONDER, EITHER WHILE ON AN AUTHORIZED LEAVE OF ABSENCE, OR WHILE PERFORMING QUALIFIED MILITARY SERVICE, AS DEFINED IN 26 U.S.C. SEC. 414 (u)(5), IF THE INDIVIDUAL DIES AS THE DIRECT AND PROXIMATE RESULT OF A PERSONAL INJURY SUSTAINED WHILE PERFORMING THEIR OFFICIAL DUTIES AS PART OF PERFORMING QUALIFIED MILITARY SERVICE OR BECAUSE OF AN OCCUPATIONAL DISEASE ARISING OUT OF AND IN THE COURSE OF THE FIRST RESPONDER'S EMPLOYMENT OR SERVICE AS A FIRST RESPONDER. <{***Do you want to expand this by removing the "authorized leave of absence" and "qualified military services" limitations?***}>

(III) "FIREFIGHTER" HAS THE SAME MEANING AS SET FORTH IN

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SECTION 29-5-501 (2).

(IV) "FIRST RESPONDER" MEANS A PEACE OFFICER, FIREFIGHTER, OR EMERGENCY MEDICAL SERVICE PROVIDER.

(V) "OCCUPATIONAL DISEASE" MEANS, BUT IS NOT LIMITED TO, CANCERS, RESPIRATORY ILLNESSES, CARDIOVASCULAR CONDITIONS, AND OTHER DISEASES OR CONDITIONS THAT ARE REASONABLY DETERMINED TO HAVE ARISEN FROM EXPOSURE TO HAZARDOUS SUBSTANCES, EXTREME PHYSICAL EXERTION, OR TRAUMATIC EVENTS WHILE SERVING AS A FIRST RESPONDER.

(VI) "PARENT" MEANS A FIRST RESPONDER'S BIOLOGICAL PARENT.

(VII) "SPOUSE" MEANS AN INDIVIDUAL TO WHOM AN ELIGIBLE FIRST RESPONDER IS MARRIED OR HAS ESTABLISHED A CIVIL UNION.

(5) **Rules.** THE EXECUTIVE DIRECTOR MAY ADOPT RULES AS NECESSARY TO IMPLEMENT THIS SECTION.

<{***The following section describes the reduction in the direct distribution to PERA.***}>

SECTION 5. In Colorado Revised Statutes, 24-51-414, **amend** (1)(a); and **add** (8.5) as follows:

24-51-414. Direct distribution. (1) (a) Except as otherwise provided in ~~subsections (6), (7), and (8)~~ SUBSECTIONS (6), (7), (8), AND (8.5) of this section, on July 1, 2018, on July 1, 2019, on July 1, 2021, and on July 1 each year thereafter until there are no unfunded actuarial accrued liabilities of any division of the association that receives the distribution pursuant to this section, the state treasurer shall issue a warrant to the association in an amount equal to two hundred twenty-five million dollars. Such amount shall be paid to the association from the general fund, or any other fund, subject to section 24-51-413.

(8.5) THE AMOUNT OF THE WARRANT TO BE ISSUED ON JULY 1, 2026, AND EACH JULY 1 THEREAFTER PRIOR TO JULY 1, 2035, TO THE ASSOCIATION PURSUANT TO SUBSECTION (1) OF THIS SECTION IS REDUCED BY A THIRTY-FIVE-MILLION-DOLLAR REDUCTION IN THE AMOUNT OF THE WARRANT PAID FROM THE GENERAL FUND.

<{***The approach taken in (8.5) has the $225 million payments revert after 9 years and so allows PERA to keep the interest and investment income after those 9 years.***}>

<{***The following section tiers the reserve, establishes a trigger for reducing the PERA direct distribution, sends $35 million out of the FY 25-26 reserve to the peace officer training and support fund, and transfers $500 million to PERA.***}>

SECTION 6. In Colorado Revised Statutes, 24-75-201.1, **amend** (1)(d)(XXII); **repeal** (1)(d)(XXIII); and **add** (1)(d)(XXIV), (1)(d)(XXV), (1)(d)(XXVI), (1)(d)(XXVII), (1)(d)(XXVIII), and (5) as follows:

24-75-201.1. Restriction on state appropriations - legislative declaration - definitions - repeal. (1) (d) For each fiscal year, unrestricted general fund year-end balances must be retained as a reserve in the following amounts:

(XXII) For the fiscal year 2021-22, thirteen and four-tenths percent of the amount appropriated for expenditure from the general fund for that fiscal year; ~~and~~

(XXIII) ~~(A) Except as otherwise provided in subsection (1)(d)(XXIII)(B) of this section, for the fiscal year 2022-23 and each fiscal year thereafter, fifteen percent of the amount appropriated for expenditure from the general fund for that fiscal year; except that, for the 2023-24 state fiscal year, the amount retained as a reserve must be fifteen~~

~~percent of the amount appropriated for expenditure from the general fund for that fiscal year plus fifteen percent of the amount of the general fund appropriations reduced pursuant to section 24-75-226 (4)(a)(I); and for the 2024-25 state fiscal year, the amount retained as a reserve must be fifteen percent of the amount appropriated for expenditure from the general fund plus fifty-six million four hundred ninety-three thousand five hundred forty-three dollars.~~

~~(B) For the fiscal year 2023-24 and each fiscal year thereafter until the escrow money is released as set forth in section 23-40-107, the amount of the reserve described in subsection (1)(d)(XXIII)(A) of this section for that fiscal year reduced by forty-one million two hundred fifty thousand dollars. As used in this subsection (1)(d)(XXIII)(B), "escrow money" has the same meaning as set forth in section 23-40-107 (1)(c).~~ <{***It was cleaner to repeal this subsection (1)(d)(XXIII) than to try to continue to expand upon the exemptions in certain FYs under this subsection.***}>

(XXIV) FOR THE FISCAL YEAR 2022-23, FIFTEEN PERCENT OF THE AMOUNT APPROPRIATED FOR EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR;

(XXV) FOR THE FISCAL YEAR 2023-24, FIFTEEN PERCENT OF THE AMOUNT APPROPRIATED FOR EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR:

(A) PLUS FIFTEEN PERCENT OF THE AMOUNT OF THE GENERAL FUND APPROPRIATIONS REDUCED PURSUANT TO SECTION 24-75-226 (4)(a)(I); AND

(B) SO LONG AS THE ESCROW MONEY IS NOT RELEASED AS SET FORTH IN SECTION 23-40-107, MINUS FORTY-ONE MILLION TWO HUNDRED

FIFTY THOUSAND DOLLARS. AS USED IN THIS SUBSECTION (1)(d)(XXV)(B), "ESCROW MONEY" HAS THE SAME MEANING AS SET FORTH IN SECTION 23-40-107 (2)(c).

(XXVI) FOR THE FISCAL YEAR 2024-25, FIFTEEN PERCENT OF THE AMOUNT APPROPRIATED FOR EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR MINUS:

(A) FIFTY-SIX MILLION FOUR HUNDRED NINETY-THREE THOUSAND FIVE HUNDRED FORTY-THREE DOLLARS; AND

(B) SO LONG AS THE ESCROW MONEY IS NOT RELEASED AS SET FORTH IN SECTION 23-40-107, FORTY-ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS. AS USED IN THIS SUBSECTION (1)(d)(XXVI)(B), "ESCROW MONEY" HAS THE SAME MEANING AS SET FORTH IN SECTION 23-40-107 (2)(c).

(XXVII) FOR THE FISCAL YEAR 2025-26, FIFTEEN PERCENT OF THE AMOUNT APPROPRIATED FOR EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR MINUS:

(A) THIRTY-FIVE MILLION DOLLARS; AND

(B) SO LONG AS THE ESCROW MONEY IS NOT RELEASED AS SET FORTH IN SECTION 23-40-107, FORTY-ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS. AS USED IN THIS SUBSECTION (1)(d)(XXVII)(B), "ESCROW MONEY" HAS THE SAME MEANING AS SET FORTH IN SECTION 23-40-107 (2)(c).

(XXVIII) FOR THE FISCAL YEAR 2026-27 AND EACH FISCAL YEAR THEREAFTER, FIFTEEN PERCENT OF THE AMOUNT APPROPRIATED FOR EXPENDITURE FROM THE GENERAL FUND FOR THAT FISCAL YEAR, SO LONG AS THE ESCROW MONEY IS NOT RELEASED AS SET FORTH IN SECTION 23-40-107, MINUS FORTY-ONE MILLION TWO HUNDRED FIFTY THOUSAND

DOLLARS. AS USED IN THIS SUBSECTION (1)(d)(XXVIII), "ESCROW MONEY" HAS THE SAME MEANING AS SET FORTH IN SECTION 23-40-107 (2)(c).

(5) (a) (I) ON JULY 1, 2025, THE STATE TREASURER SHALL ISSUE A WARRANT TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION IN THE AMOUNT OF FIVE HUNDRED MILLION DOLLARS FROM THE GENERAL FUND; AND

(II) FOR THE PURPOSE OF DETERMINING THE UNRESTRICTED GENERAL FUND YEAR-END BALANCES PURSUANT TO THIS SECTION, THE FIVE HUNDRED MILLION DOLLARS IN THE WARRANT ISSUED BY THE STATE TREASURER PURSUANT TO SUBSECTION (5)(a)(I) OF THIS SECTION IS INCLUDED IN THOSE BALANCES; AND

(b) (I) THE GENERAL ASSEMBLY SHALL NOT REDUCE THE FISCAL YEAR UNRESTRICTED GENERAL FUND YEAR-END BALANCES THAT MUST BE RETAINED AS A RESERVE TO AN AMOUNT LESS THAN ONE BILLION DOLLARS WITHOUT ALSO REDUCING THE AMOUNT OF THE WARRANT DESCRIBED IN SECTION 24-51-414; AND

(II) IF THE GENERAL ASSEMBLY REDUCES THE FISCAL YEAR UNRESTRICTED GENERAL FUND YEAR-END BALANCES THAT MUST BE RETAINED AS A RESERVE TO AN AMOUNT LESS THAN ONE BILLION DOLLARS, THE GENERAL ASSEMBLY SHALL REDUCE THE TOTAL AMOUNT OF THE WARRANT DESCRIBED IN SECTION 24-51-414 FOR ONE OR MORE FISCAL YEARS BY A TOTAL AMOUNT EQUAL TO THE DIFFERENCE, NOT TO EXCEED FIVE HUNDRED MILLION DOLLARS, BETWEEN THE ________ FISCAL YEAR UNRESTRICTED GENERAL FUND YEAR-END BALANCES THAT MUST BE RETAINED AS A RESERVE AND ONE BILLION DOLLARS.

<{***The following section establishes a separate trigger for when the***

reserve would drop below $1 billion.}>

SECTION 7. In Colorado Revised Statutes, 24-75-201.5, **add** (1)(h) as follows:

24-75-201.5. Revenue shortfalls - required actions by the governor with respect to the reserve. (1) (h) WHENEVER THE REVENUE ESTIMATE FOR THE CURRENT FISCAL YEAR, PREPARED IN ACCORDANCE WITH SECTION 24-75-201.3 (2), INDICATES THAT GENERAL FUND EXPENDITURES FOR THAT FISCAL YEAR BASED ON APPROPRIATIONS THEN IN EFFECT WILL RESULT IN THE USE OF AN AMOUNT OF THE RESERVE REQUIRED BY SECTION 24-75-201.1 (1)(d) THAT WOULD RESULT IN THAT RESERVE EQUALING LESS THAN ONE BILLION DOLLARS, THE GOVERNOR SHALL FORMULATE A PLAN FOR REDUCING SUCH GENERAL FUND EXPENDITURES SO THAT SAID RESERVE, AS OF THE CLOSE OF THE FISCAL YEAR, WILL BE AT LEAST ONE BILLION DOLLARS. THE GOVERNOR SHALL PROMPTLY NOTIFY THE GENERAL ASSEMBLY OF THE PLAN AND PROMPTLY IMPLEMENT THE PLAN IN ACCORDANCE WITH SECTION 24-2-102 (4) OR 24-50-109.5 OR ANY OTHER LAWFUL MEANS.

<{***The following subsection deducts the death benefit from the payees income taxes.***}> <{***As noted above, the following section may be unnecessary based on potential changes to make the death benefit qualify as a federal tax deduction.***}>

SECTION 8. In Colorado Revised Statutes, 39-22-104, **add** (4)(dd) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - tax preference performance statement - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(dd) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026, AN AMOUNT EQUAL TO THE AMOUNT RECEIVED PURSUANT TO SECTION 24-33.5-121 (4); AND

(II) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(A) THE PURPOSE OF THE INCOME TAX SUBTRACTION CREATED IN THIS SUBSECTION (4)(dd) IS TO PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS, SPECIFICALLY TAXPAYERS WHO HAVE RECEIVED A PAYMENT IN CONNECTION WITH THE DEATH OF A FIRST RESPONDER PURSUANT TO SECTION 24-33.5-121 (4); AND

(B) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS OF THE SUBTRACTION IN ACHIEVING THE PURPOSE SPECIFIED IN SUBSECTION (4)(dd)(II)(A) OF THIS SECTION BASED ON THE NUMBER AND AGGREGATE AMOUNT OF SUBTRACTIONS CLAIMED;

(III) THE DEPARTMENT OF REVENUE SHALL MAINTAIN INFORMATION ABOUT THE NUMBER OF TAXPAYERS WHO CLAIM THE SUBTRACTION IN A TAX YEAR AND THE AGGREGATE AMOUNT OF SUBTRACTIONS CLAIMED IN A TAX YEAR, IN ADDITION TO ANY OTHER INFORMATION DETERMINED NECESSARY BY THE DEPARTMENT OF REVENUE, TO EVALUATE THE EFFECTIVENESS OF THE TAX SUBTRACTION ALLOWED IN THIS SUBSECTION (4)(dd) IN ACHIEVING THE PURPOSE SPECIFIED IN SUBSECTION (4)(dd)(II)(A) OF THIS SECTION, AND SHALL PROVIDE THIS INFORMATION UPON REQUEST OF THE GENERAL ASSEMBLY OR THE STATE AUDITOR; AND

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Double underlining denotes changes from prior draft

(IV) NOTWITHSTANDING SECTION 39-21-304 (4), THE TAX SUBTRACTION ALLOWED IN THIS SUBSECTION (4)(dd) EXTENDS INDEFINITELY UNTIL NO LESS THAN FIVE YEARS AFTER THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY DISBURSES THE LAST PAYMENT IN CONNECTION WITH THE DEATH OF A FIRST RESPONDER PURSUANT TO SECTION 24-33.5-121 (4).

SECTION 9. 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. <{***I assume that you will want a safety clause, in order for the initial transfer from the general fund to be made.***}>