First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

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LLS NO. 25-0930.05 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).

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The bill establishes a formula by which the department of public safety (department) disburses $350 million in additional funding to local law enforcement agencies from the fund for permissible purposes. Permissible purposes include the recruitment of peace officers, the hiring of additional peace officers to address specific geographic areas or specific types of criminal activity, the initial and continuing education and training for peace officers, and the compensation of peace officers.

Beginning July 1, 2026, 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. Law enforcement agencies and local governments may not use these funds to supplant or supplement other spending. Local governments must include evidence of complying with the supplanting and supplementing requirement in their annual audit and provide a copy of this audit to the department. The department must review an audit provided by a local government for compliance with the requirements of this bill.

The bill also establishes funding for the fund. First, the bill directs the state treasurer to transfer $15 million from the general fund to the fund on July 1, 2026. 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, 2025. Beginning July 1, 2027, until the state treasurer has transferred a total of $350 million from the general fund to the fund:

- The amount of each annual direct distribution made by the state to PERA is reduced by the amount of PERA's earnings from the $500 million, up to a maximum of $35 million; and
- The state treasurer annually transfers an amount equal to the amount of PERA's earnings from the $500 million, up to a maximum of $35 million, from the general fund to the fund.

However, beginning July 1, 2027, and each July 1 thereafter until the state treasurer has transferred a total of $350 million from the general fund to the fund, the state treasurer is required to transfer at least $15 million from the general fund to the fund regardless of PERA's earnings from the $500 million.

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 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, 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 first responder's employment or service as a first responder. These payments are paid out of the death benefit fund, which is created in the bill. The bill requires the state treasurer to transfer $5 million from the general fund to the death benefit fund on both July 1, 2026, and July 1, 2027, and to make annual transfers from the general fund thereafter as necessary to ensure that the fund maintains a balance of $10 million. 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, unless the survivor qualifies for a corresponding federal taxable income deduction for purposes of determining federal income tax liability.

The bill also requires the department to provide technical assistance to law enforcement agencies and local governments in complying with the requirements of this bill and allows the executive director of the department to adopt rules as necessary to implement this bill.

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:

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

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

(b) "FIREFIGHTER" HAS THE SAME MEANING AS SET FORTH IN SECTION 29-5-501 (2).

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

(d) "FULFILLMENT YEAR" MEANS THE STATE FISCAL YEAR DURING WHICH THE STATE TREASURER HAS TRANSFERRED A TOTAL OF THREE HUNDRED FIFTY MILLION DOLLARS TO THE FUND PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION, AS DETERMINED AND REPORTED BY THE OFFICE OF STATE PLANNING AND BUDGETING PURSUANT TO SECTION 24-51-414 (8.5)(b)(II)(B). <{***In accordance with my discussion of the fulfillment year in section 24-51-414 (8.5), I think the highlighted language can be struck.***}>

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

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

(g) "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.

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

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(i) "PEACE OFFICER" MEANS A CERTIFIED PEACE OFFICER DESCRIBED IN SECTION 16-2.5-102 AND A NONCERTIFIED DEPUTY SHERIFF OR DETENTION OFFICER AS DESCRIBED IN SECTION 16-2.5-103 (2).

(j) (I) "PERMISSIBLE PURPOSE" MEANS THE RECRUITMENT OF PEACE OFFICERS, THE HIRING OF ADDITIONAL PEACE OFFICERS TO ADDRESS SPECIFIC GEOGRAPHIC AREAS OR SPECIFIC TYPES OF CRIMINAL ACTIVITY, THE INITIAL AND CONTINUING EDUCATION AND TRAINING FOR PEACE OFFICERS, AND THE COMPENSATION OF PEACE OFFICERS.

(II) AS USED IN THIS SUBSECTION (1)(j):

(A) "COMPENSATION" INCLUDES PEACE OFFICER PAY, REIMBURSEMENT TO A PEACE OFFICER FOR TUITION PAID TO ATTEND A TRAINING ACADEMY, AND BONUSES FOR PEACE OFFICER HIRING, REHIRING, MERIT, OR RETENTION; AND

(B) "RECRUITMENT" INCLUDES THE DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE PROCESS OF SEEKING OUT AND ATTRACTING PEACE OFFICERS.

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

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

(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) (I) (A) ON JULY 1, 2026, THE STATE TREASURER SHALL TRANSFER FIFTEEN MILLION DOLLARS FROM THE GENERAL FUND TO THE FUND.

(B) IN STATE FISCAL YEAR 2026-27, THE GENERAL ASSEMBLY MAY APPROPRIATE TWENTY MILLION DOLLARS FROM THE GENERAL FUND TO THE FUND.

(II) ON JULY 1, 2027, AND EACH JULY 1 THEREAFTER THROUGH JULY 1 OF THE FULFILLMENT YEAR, THE STATE TREASURER SHALL TRANSFER AN AMOUNT EQUAL TO THE GREATER OF FIFTEEN MILLION DOLLARS OR THE ADJUSTED INVESTMENT AMOUNT FROM THE GENERAL FUND TO THE FUND.

(III) AS USED IN THIS SUBSECTION (2)(b), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(A) "ADJUSTED INVESTMENT AMOUNT" MEANS, FOR ANY YEAR, THE REPORTED REDUCTION IN THAT YEAR MINUS THE BACKFILL AMOUNT AND PLUS THE PAYBACK AMOUNT.

(B) "BACKFILL AMOUNT" MEANS THE CUMULATIVE DIFFERENCE BETWEEN THE REPORTED REDUCTION AND FIFTEEN MILLION DOLLARS IN EVERY PREVIOUS YEAR IN WHICH THE REPORTED REDUCTION WAS LESS THAN FIFTEEN MILLION DOLLARS.

(C) "REPORTED REDUCTION" MEANS, FOR ANY YEAR, THE AMOUNT OF THE REDUCTION IN THE WARRANT ISSUED PURSUANT TO SECTION 24-51-414 (1) REPORTED TO THE STATE TREASURER BY THE OFFICE OF STATE PLANNING AND BUDGETING PURSUANT TO SECTION 24-51-414 (8.5)(a)(II).

(D) "PAYBACK AMOUNT" MEANS THE CUMULATIVE DIFFERENCE

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BETWEEN THE REPORTED REDUCTION AND THE AMOUNT THAT THE STATE TREASURER TRANSFERRED FROM THE GENERAL FUND TO THE FUND IN EVERY PREVIOUS YEAR IN WHICH THE REPORTED REDUCTION WAS GREATER THAN FIFTEEN MILLION DOLLARS.

(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.

(d) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE DEPARTMENT FOR THE DEPARTMENT TO DISTRIBUTE IN ACCORDANCE WITH SUBSECTION (3)(b) OF THIS SECTION.

(3) **Peace officer training and support distribution.** (a) **Law enforcement agency certification.** ON OR BEFORE DECEMBER 15, 2026, AND EACH DECEMBER 15 THEREAFTER THROUGH THE FULFILLMENT YEAR, 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 PEACE 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;

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

(IV) IF THE LAW ENFORCEMENT AGENCY IS A SHERIFF'S OFFICE, A

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CERTIFICATION BY THE LAW ENFORCEMENT AGENCY THAT IT WILL ONLY 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, 2026, AND EACH DECEMBER 31 THEREAFTER THROUGH THE FULFILLMENT YEAR, 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 PEACE OFFICERS THAT THE LAW ENFORCEMENT AGENCY IDENTIFIED FOR THAT YEAR PURSUANT TO SUBSECTION (3)(a)(I) OF THIS SECTION MULTIPLIED BY THE PEACE 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.

(C) "PEACE 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 AMOUNT APPROPRIATED BY THE GENERAL ASSEMBLY PURSUANT TO SUBSECTION (2)(d) OF THIS SECTION FOR THE FISCAL YEAR THAT COMMENCES IN THAT YEAR, MINUS THE BASE AMOUNT MULTIPLIED BY THE NUMBER OF ELIGIBLE LAW ENFORCEMENT AGENCIES THAT YEAR, DIVIDED BY THE TOTAL NUMBER OF PEACE OFFICERS

THAT ELIGIBLE LAW ENFORCEMENT AGENCIES IDENTIFIED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION THAT YEAR.

(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) 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.

(II) A LAW ENFORCEMENT AGENCY OR A LOCAL GOVERNMENT IS PRESUMED TO HAVE VIOLATED SUBSECTION (3)(c)(I)(B) OF THIS SECTION IF THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT REDUCES OR REPLACES THE BUDGETING WITH OR EXPENDITURE OF______, LOCAL, OR STATE MONEY IN THE IMMEDIATELY PRECEDING 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 EXPECTED OR

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RECEIVED MONEY PURSUANT TO THIS SUBSECTION (3); AND

(III) A LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT REBUTS A PRESUMPTION ESTABLISHED PURSUANT TO SUBSECTION (3)(c)(II) 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 OTHER THAN FOR A PERMISSIBLE PURPOSE;

(B) THERE WAS A REDUCTION IN, LOCAL, OR STATE MONEY PAID TO THE LAW ENFORCEMENT AGENCY OR LOCAL GOVERNMENT FOR A PERMISSIBLE PURPOSE; AND

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

(IV) NO STATE AGENCY HAS A DUTY TO ENFORCE THE REQUIREMENTS OF THIS SUBSECTION (3)(c) AND NO STATE AGENCY IS LIABLE FOR A VIOLATION OF THE REQUIREMENTS OF THIS SUBSECTION (3)(c).

(V) NO LATER THAN JANUARY 15, 2026, THE DEPARTMENT SHALL ADOPT POLICIES AND PROCEDURES TO ASSIST IN THE DETERMINATION OF WHETHER THE EXPENDITURE OF MONEY RECEIVED PURSUANT TO THIS SUBSECTION (3) IS A PERMISSIBLE PURPOSE.

(4) **First responder death benefit administration.** (a) (I) IF THE EXECUTIVE DIRECTOR DETERMINES THAT A FIRST RESPONDER HAS DIED ON OR AFTER NOVEMBER 5, 2024, AS THE DIRECT AND PROXIMATE RESULT OF

A PERSONAL INJURY SUSTAINED WHILE PERFORMING THEIR OFFICIAL DUTIES OR BECAUSE OF AN OCCUPATIONAL DISEASE ARISING OUT OF AND IN THE COURSE OF THEIR EMPLOYMENT OR SERVICE AS A FIRST RESPONDER, THE DEPARTMENT SHALL PAY A BENEFIT OF ONE MILLION DOLLARS FROM THE DEATH BENEFIT FUND CREATED IN SUBSECTION (4)(e)(I) OF THIS SECTION AS FOLLOWS, IF THE INDICATED PAYEE IS LIVING ON THE DATE ON WHICH THE EXECUTIVE DIRECTOR MAKES THE DETERMINATION DESCRIBED IN THIS SUBSECTION (4)(a)(I):

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

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

(D) IF THERE IS NO SURVIVING SPOUSE OF THE FIRST RESPONDER AND NO SURVIVING CHILD, TO THE SURVIVING INDIVIDUAL OR INDIVIDUALS DESIGNATED BY THE 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 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

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EXECUTED LIFE INSURANCE POLICY OF THE 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 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 A FIRST RESPONDER, THEN NO PAYMENT IS MADE PURSUANT TO THIS SECTION FOR THAT FIRST RESPONDER.

(b) IF THE EXECUTIVE DIRECTOR DETERMINES THAT A FIRST RESPONDER HAS DIED ON OR AFTER NOVEMBER 5, 2024, AS THE DIRECT AND PROXIMATE RESULT OF A PERSONAL INJURY SUSTAINED WHILE PERFORMING THEIR OFFICIAL DUTIES OR BECAUSE OF AN OCCUPATIONAL DISEASE ARISING OUT OF AND IN THE COURSE OF THEIR EMPLOYMENT OR SERVICE AS A FIRST RESPONDER, IF THAT FIRST RESPONDER HAS DIED AFTER SEPARATION FROM SERVICE AS A FIRST RESPONDER, WHILE ON AN AUTHORIZED LEAVE OF ABSENCE AS A FIRST RESPONDER, OR WHILE PERFORMING QUALIFIED MILITARY SERVICE, AS DEFINED IN 26 U.S.C. SEC. 414 (u)(5), THE DEPARTMENT SHALL PAY A BENEFIT TO A PAYEE IN CONNECTION WITH THAT FIRST RESPONDER IN ACCORDANCE WITH SUBSECTION (4)(a) OF THIS SECTION.

(c) 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.

(d) (I) THE EXECUTIVE DIRECTOR SHALL DETERMINE WHETHER A FIRST RESPONDER WHOSE DEATH RESULTS IN A PAYMENT PURSUANT TO THIS SUBSECTION (4) QUALIFIES FOR LINE-OF-DUTY STATUS UNDER SECTION 101 (h) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986" AND WHETHER ANY OF THE EXCEPTIONS SPECIFIED IN SECTION 101 (h)(2) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986" ARE APPLICABLE AND SHALL INFORM THE TAXPAYER WHO RECEIVES THE PAYMENT AND THE DEPARTMENT OF REVENUE OF THE EXECUTIVE DIRECTOR'S DECISION.

(II) A TAXPAYER WHO RECEIVES A PAYMENT PURSUANT TO THIS SUBSECTION (4), AND DOES NOT QUALIFY FOR LINE-OF-DUTY STATUS UNDER SECTION 101 (h) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 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 TAXPAYER AND THE DEPARTMENT OF REVENUE ANY INFORMATION DEEMED NECESSARY BY THE DEPARTMENT OF REVENUE FOR THIS TAX SUBTRACTION.

(e) (I) THE DEATH BENEFIT FUND IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF GIFTS, GRANTS, AND DONATIONS CREDITED TO THE FUND AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER TO THE FUND.

(II) IN ACCORDANCE WITH SECTION 24-36-114 (1), THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE DEATH BENEFIT FUND TO THE GENERAL FUND.

(III) (A) MONEY IN THE FUND IS ANNUALLY APPROPRIATED TO THE

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DEPARTMENT FOR PAYING BENEFITS PURSUANT TO THIS SUBSECTION (4) AND FOR THE DIRECT AND INDIRECT COSTS OF ADMINISTERING THIS SUBSECTION (4).

(B) THE DEPARTMENT MAY EXPEND NO MORE THAN TWO PERCENT OF THE MONEY THAT THE GENERAL ASSEMBLY ANNUALLY APPROPRIATES TO THE DEATH BENEFIT FUND FOR THE DIRECT AND INDIRECT COSTS OF ADMINISTERING THIS SUBSECTION (4).

(IV) (A) ON JULY 1, 2025, AND JULY 1, 2026, THE STATE TREASURER SHALL TRANSFER FIVE MILLION DOLLARS FROM THE GENERAL FUND TO THE DEATH BENEFIT FUND.

(B) ON JULY 1, 2027, AND EACH JULY 1 THEREAFTER, IF THE BALANCE OF THE DEATH BENEFIT FUND IS LESS THAN TEN MILLION DOLLARS, ON JULY 2 OF THAT YEAR, THE STATE TREASURER SHALL TRANSFER AN AMOUNT FROM THE GENERAL FUND TO THE DEATH BENEFIT FUND EQUAL TO THE DIFFERENCE BETWEEN TEN MILLION DOLLARS AND THE BALANCE OF THE DEATH BENEFIT FUND.

(5) **Technical assistance.** THE DEPARTMENT SHALL, SUBJECT TO AVAILABLE APPROPRIATIONS, PROVIDE TECHNICAL ASSISTANCE TO LAW ENFORCEMENT AGENCIES AND LOCAL GOVERNMENTS IN COMPLYING WITH THE REQUIREMENTS OF THIS SECTION AND SECTION 29-1-603.

(6) **Rules.** THE EXECUTIVE DIRECTOR SHALL ADOPT RULES THAT SPECIFY STANDARDS AND ESTABLISH PROCEDURES AS NECESSARY TO DETERMINE WHETHER SECTION 101 (h) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, APPLIES TO A PAYMENT AWARDED PURSUANT TO SUBSECTION (4) OF THIS SECTION AND MAY ADOPT ADDITIONAL RULES AS NECESSARY TO IMPLEMENT THIS SECTION.

SECTION 5. In Colorado Revised Statutes, 24-51-414, **amend**

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(1)(a) and (4); and **add** (8.5) as follows:

24-51-414. Direct distribution - definitions. (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.

(4) (a) 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 of the association.

(b) (I) NOTWITHSTANDING SUBSECTION (4)(a) OF THIS SECTION, ON OR AFTER JULY 1, 2025, IF THE ALLOCATION METHODOLOGY DESCRIBED IN SUBSECTION (4)(a) OF THIS SECTION 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), 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.

(8.5) (a) (I) THE AMOUNT OF A WARRANT TO BE ISSUED ON JULY 1, 2027, AND EACH JULY 1 THEREAFTER THROUGH THE FULFILLMENT YEAR, TO THE ASSOCIATION PURSUANT TO SUBSECTION (1) OF THIS SECTION IS REDUCED BY THE LESSER OF THIRTY-FIVE MILLION DOLLARS OR THE DEFERRED INFLOW OF RESOURCES AMOUNT MULTIPLIED BY THE ANNUAL RATE OF RETURN ON INVESTMENTS FOR THE ASSOCIATION IN THE IMMEDIATELY PRECEDING ASSOCIATION FISCAL YEAR AS PUBLISHED IN THE RELEVANT ANNUAL ACTUARIAL VALUATION REPORT PURSUANT TO SECTION 25-41-204 (7); EXCEPT THAT:

(A) DURING THE FULFILLMENT YEAR, THE AMOUNT OF THE WARRANT IS REDUCED BY AN AMOUNT EQUAL TO THE ADJUSTED WARRANT REDUCTION AMOUNT; AND <{***To address a situation where OSPB is wrong in their (8.5)(b)(I)(A) projection, I think it makes sense to strike this subsection (8.5)(a)(I)(A) and add to subsection (8.5)(a)(I) as shown with the highlighted language below: "The amount of a warrant to be issued on July 1, 2027, and each July 1 thereafter through the fulfillment year, to the association pursuant to subsection (1) of this section is reduced by the least of thirty-five million dollars, the deferred***

inflow of resources amount multiplied by the annual rate of return on investments for the association in the immediately preceding association fiscal year as published in the relevant annual actuarial valuation report pursuant to section 25-41-204 (7), or the amount necessary for the total amount transferred by the state treasurer to the peace officer training and support fund pursuant to section 24-33.5-121 (2)(b) to equal three hundred fifty million dollars; except that:" }>

(B) IF THE AMOUNT OF THE WARRANT IS REDUCED PURSUANT TO SECTION 24-75-201.1 (5)(b)(II), THE AMOUNT OF THE WARRANT IS NOT ALSO REDUCED PURSUANT TO THIS SUBSECTION (8.5)(a)(I).

(II) ON OR BEFORE JUNE 30, 2027, AND EACH JUNE 30 THEREAFTER THROUGH THE FULFILLMENT YEAR, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL REPORT TO THE STATE TREASURER THE AMOUNT BY WHICH THE WARRANT ISSUED TO THE ASSOCIATION PURSUANT TO SUBSECTION (1) OF THIS SECTION IS REDUCED PURSUANT TO SUBSECTION (8.5)(a)(I) OF THIS SECTION.

(b) (I) ON OR BEFORE JUNE 30, 2034, AND EACH JUNE 30 THEREAFTER THROUGH THE FULFILLMENT YEAR, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL CALCULATE, FOR THE PURPOSES OF DETERMINING THE ADJUSTED WARRANT REDUCTION AMOUNT AND THE FULFILLMENT YEAR:

(A) THE TOTAL OF THE AMOUNT THAT THE STATE TREASURER HAS PREVIOUSLY TRANSFERRED TO THE PEACE OFFICER TRAINING AND SUPPORT FUND PURSUANT TO SECTION 24-33.5-121 (2)(b) AND THE AMOUNT THAT THE STATE TREASURER IS PROJECTED TO TRANSFER TO THE PEACE OFFICER TRAINING AND SUPPORT FUND PURSUANT TO SECTION 24-33.5-121 (2)(b) ON JULY 1 OF THE NEXT STATE FISCAL YEAR; AND

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(B) THE TOTAL OF THE AMOUNT DESCRIBED IN SUBSECTION (8.5)(b)(I)(A) OF THIS SECTION AND THE AMOUNT THAT THE STATE TREASURER IS PROJECTED TO TRANSFER TO THE PEACE OFFICER TRAINING AND SUPPORT FUND PURSUANT TO SECTION 24-33.5-121 (2)(b) ON JULY 1 OF THE NEXT STATE FISCAL YEAR IMMEDIATELY SUCCEEDING THE NEXT STATE FISCAL YEAR.

(II) (A) IF THE TOTAL AMOUNT CALCULATED BY THE OFFICE OF STATE PLANNING AND BUDGETING PURSUANT TO SUBSECTION (8.5)(b)(I)(A) OF THIS SECTION EXCEEDS THREE HUNDRED FIFTY MILLION DOLLARS, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL DETERMINE THE REDUCED AMOUNT THAT THE STATE TREASURER COULD TRANSFER TO THE PEACE OFFICER TRAINING AND SUPPORT FUND IN THE IMMEDIATELY SUCCEEDING STATE FISCAL YEAR SUCH THAT THE TOTAL AMOUNT TRANSFERRED BY THE STATE TREASURER TO THE PEACE OFFICER TRAINING AND SUPPORT FUND PURSUANT TO SECTION 24-33.5-121 (2)(b) EQUALS THREE HUNDRED FIFTY MILLION DOLLARS.

(B) UPON DETERMINING AN ADJUSTED WARRANT REDUCTION AMOUNT PURSUANT TO SUBSECTION (8.5)(b)(II)(A) OF THIS SECTION, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL REPORT THAT AMOUNT TO THE STATE TREASURER AND SHALL REPORT TO THE STATE TREASURER, THE ASSOCIATION, THE DEPARTMENT OF PUBLIC SAFETY, AND THE JOINT BUDGET COMMITTEE THAT THE NEXT STATE FISCAL YEAR IS THE FULFILLMENT YEAR. <{***Based upon my suggested change in (8.5)(a)(I)(A), I think that (8.5)(a)(II)(A) and (B) can be combined as follows: "If the total amount calculated by the office of state planning and budgeting pursuant to subsection (8.5)(b)(I)(A) of this section exceeds three hundred fifty million dollars, the office of state panning***

and budgeting shall report to the state treasurer, the association, the department of public safety, and the joint budget committee that the next state fiscal year is projected to be the fulfillment year."}>

(III) IF THE TOTAL AMOUNT CALCULATED BY THE OFFICE OF STATE PLANNING AND BUDGETING PURSUANT TO SUBSECTION (8.5)(b)(I)(B) OF THIS SECTION EXCEEDS THREE HUNDRED FIFTY MILLION DOLLARS, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL REPORT TO THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY THAT THE OFFICE OF STATE PLANNING AND BUDGETING PROJECTS THAT THE STATE FISCAL YEAR IMMEDIATELY SUCCEEDING THE NEXT STATE FISCAL YEAR IS PROJECTED TO BE THE FULFILLMENT YEAR.

(c) (I) THE ASSOCIATION SHALL DEEM THE AMOUNT OF THE WARRANT ISSUED BY THE STATE TREASURER PURSUANT TO SECTION 24-75-201.1 (5)(a)(I) AND ANY EARNINGS ON THAT AMOUNT AS A DEFERRED INFLOW OF RESOURCES.

(II) FOR 2026, AND EACH YEAR THEREAFTER THROUGH THE FULFILLMENT YEAR, IF, PURSUANT TO SUBSECTION (8.5)(a)(I) OF THIS SECTION OR SECTION 24-75-201.1 (5)(b)(II), THERE IS A REDUCTION IN THE AMOUNT OF THE WARRANT TO BE ISSUED TO THE ASSOCIATION PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE ASSOCIATION SHALL RECOGNIZE A PORTION OF THE DEFERRED INFLOW OF RESOURCES AMOUNT EQUAL TO THE AMOUNT OF THAT REDUCTION AS A DIRECT DISTRIBUTION SUBJECT TO ALLOCATION PURSUANT TO SUBSECTION (4) OF THIS SECTION.

(III) AFTER THE FULFILLMENT YEAR, THE ASSOCIATION MAY RECOGNIZE ANY AMOUNT OF DEFERRED INFLOW OF RESOURCES AS A DIRECT DISTRIBUTION FOR PURPOSES OF SECTION 24-51-413 (1), AS NECESSARY PURSUANT TO SUBSECTION (4)(b) OF THIS SECTION.

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(d) THE AMOUNT OF A WARRANT TO BE ISSUED ON JULY 1, 2027, AND EACH JULY 1 THEREAFTER THROUGH THE FULFILLMENT YEAR, TO THE ASSOCIATION PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL NOT BE REDUCED BY MORE THAN THREE HUNDRED AND FIFTY MILLION DOLLARS AS A RESULT OF THIS SUBSECTION (8.5).

(e) AS USED IN THIS SUBSECTION (8.5), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(I) "ADJUSTED WARRANT REDUCTION AMOUNT" MEANS THE AMOUNT DETERMINED BY THE OFFICE OF STATE PLANNING AND BUDGETING PURSUANT TO SUBSECTION (8.5)(b)(II)(A) OF THIS SECTION AS NECESSARY TO ENSURE THAT THE STATE TREASURER TRANSFERS A TOTAL AMOUNT EQUAL TO THREE HUNDRED FIFTY MILLION DOLLARS TO THE PEACE OFFICER TRAINING AND SUPPORT FUND PURSUANT TO SECTION 24-33.5-121 (2)(b). <{***Based on my comments above, I think that the highlighted language can be struck.***}>

(II) "DEFERRED INFLOW OF RESOURCES AMOUNT" MEANS THE AMOUNT DESIGNATED AS A DEFERRED INFLOW OF RESOURCES BY THE ASSOCIATION PURSUANT TO SUBSECTION (8.5)(c)(I) OF THIS SECTION.

(III) "FULFILLMENT YEAR" MEANS THE FIRST STATE FISCAL YEAR DURING WHICH THE TOTAL AMOUNT TRANSFERRED BY THE STATE TREASURER TO THE PEACE OFFICER TRAINING AND SUPPORT FUND PURSUANT TO SECTION 24-33.5-121 (2)(b) EQUALS OR EXCEEDS THREE HUNDRED FIFTY MILLION DOLLARS.

SECTION 6. In Colorado Revised Statutes, 24-75-201.1, **amend** _____(5) as follows:

24-75-201.1. Restriction on state appropriations - legislative declaration - definitions - repeal. ____(5) (a) (I) ON JULY 1, 2025, THE

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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.

(b) (I) UNTIL THE STATE FISCAL YEAR AFTER THE FULFILLMENT YEAR, 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;

(II) IF, DURING A STATE FISCAL YEAR BEFORE THE YEAR AFTER THE FULFILLMENT YEAR, 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, NOTWITHSTANDING ANY LAW TO THE CONTRARY, 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; AND

(III) AS USED IN SUBSECTION (1)(d) OF THIS SECTION AND IN THIS SUBSECTION (5)(b), UNLESS THE CONTEXT OTHERWISE REQUIRES,

"FULFILLMENT YEAR" MEANS THE FIRST STATE FISCAL YEAR DURING WHICH THE STATE TREASURER HAS TRANSFERRED A TOTAL OF THREE HUNDRED FIFTY MILLION DOLLARS TO THE FUND, AS DETERMINED AND REPORTED BY THE OFFICE OF STATE PLANNING AND BUDGETING PURSUANT TO SUBSECTION 24-51-414 (8.5)(b)(II)(B) OF THIS SECTION. <{***Based on my prior comments, I think the highlighted language can be struck.***}>

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.

SECTION 8. In Colorado Revised Statutes, 29-1-603, **add** (6) as follows:

29-1-603. Audits required. (6) (a) FOR THE AUDIT OF A LOCAL GOVERNMENT FOR ANY BUDGET YEAR IN WHICH A LAW ENFORCEMENT AGENCY THAT THE LOCAL GOVERNMENT ESTABLISHES A BUDGET FOR

RECEIVES FUNDS FROM THE PEACE OFFICER TRAINING AND SUPPORT FUND ESTABLISHED IN SECTION 24-33.5-121 (2), THE AUDIT REPORT FOR THAT LOCAL GOVERNMENT SHALL INCLUDE EVIDENCE THAT THE LOCAL GOVERNMENT COMPLIED WITH THE REQUIREMENTS OF SECTION 24-33.5-121 (3). THE EVIDENCE IN THE AUDIT REPORT SHALL INCLUDE THE AMOUNT DISTRIBUTED BY THE DEPARTMENT OF PUBLIC SAFETY TO THE LAW ENFORCEMENT AGENCY PURSUANT TO SECTION 24-33.5-121 (4), HOW MUCH OF THAT AMOUNT THE LAW ENFORCEMENT AGENCY EXPENDED, AND THE PURPOSES FOR WHICH THE LAW ENFORCEMENT AGENCY EXPENDED THAT AMOUNT.

(b) A LOCAL GOVERNMENT SUBJECT TO AN AUDIT DESCRIBED IN SUBSECTION (6)(a) OF THIS SECTION SHALL PROVIDE A COPY OF THAT AUDIT TO THE DEPARTMENT OF PUBLIC SAFETY IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT OF PUBLIC SAFETY. THE DEPARTMENT OF PUBLIC SAFETY SHALL REVIEW AN AUDIT RECEIVED PURSUANT TO THIS SUBSECTION (6)(b) FOR COMPLIANCE WITH THE REQUIREMENTS OF SECTION 24-33.5-121 (3).

SECTION 9. 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, FOR A TAXPAYER WHO RECEIVES A PAYMENT PURSUANT TO SECTION 24-33.5-121 (4) AS A RESULT OF THE DEATH OF A PEACE OFFICER THAT DOES NOT QUALIFY FOR LINE-OF-DUTY STATUS UNDER

SECTION 101 (h) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 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

(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 10. 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.