



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-310: PROPOSITION 130 IMPLEMENTATION

Prime Sponsors:

Sen. Kirkmeyer; Bridges
Rep. Bird; Taggart

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

Summary Information

Overview. The bill establishes the Peace Officer Training and Support Fund and the Death Benefit Fund approved by voters in Proposition 130. The bill also provides funding mechanisms to support these efforts and modifies the General Fund reserve requirement.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds
- Local Government
- Statutory Public Entity

Appropriations. For FY 2025-26, the bill requires a General Fund warrant of \$500 million to the Public Employees’ Retirement Association and a \$5 million appropriation to the Department of Public Safety. No appropriation is required from the Peace Officer Training and Support Fund, which is continuously appropriated to the Department of Public Safety.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	-\$5.0 to -\$25.0 million	-\$5.1 to -\$26.3 million	-\$5.1 to -\$27.6 million
State Expenditures	\$504.1 million	\$19.2 million	-\$15.9 million
Transferred Funds	\$5.0 million	\$20.0 million	\$23.0 million
TABOR Refunds	-\$5.0 to -\$25.0 million	-\$5.1 to -\$26.3 million	not estimated
Change in State FTE	0.5 FTE	2.5 FTE	2.5 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	-\$5.0 to -\$25.0 million	-\$5.1 to -\$26.3 million	-\$5.1 to -\$27.6 million
Cash Funds	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$500,000,000	\$75,857	up to -\$35,000,000 ¹
Cash Funds	\$4,046,967	\$19,040,297	\$19,040,297
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$9,899	\$48,811	\$48,811
Total Expenditures	\$504,056,866	\$19,164,965	-\$15,910,892
Total FTE	0.5 FTE	2.5 FTE	2.5 FTE

¹ Actual reductions in the direct distribution may be lower than \$35 million depending on market performance of the \$500 million invested in PERA in FY 2025-26.

**Table 1C
State Transfers**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	-\$5,000,000	-\$20,000,000	up to -\$43,000,000
Death Benefit Fund	\$5,000,000	\$5,000,000	\$8,000,000 ²
P.O. Training and Support Fund	\$0	\$15,000,000	up to \$35,000,000
Net Transfer	\$0	\$0	\$0

² This reflects estimated appropriations required to bring the balance of the Death Benefit Fund to \$10 million in FY 2027-28. Actual amounts will depend on the number of eligible beneficiaries.

Summary of Legislation

Direct Distributions to PERA

Current law requires the annual issuance of \$225 million to the Public Employees' Retirement Association (PERA) from state funds, called the "direct distribution." On July 1, 2025, the bill requires an additional one-time issuance of \$500 million from the General Fund. While this amount remains in PERA, it is accounted as a portion of the General Fund reserve. Beginning in FY 2027-28, the annual direct distribution to PERA is reduced by \$35 million—to \$190 million per year—until the state has transferred a total of \$350 million from the General Fund to the Peace Officer Training and Support Fund. The Governor's Office of State Planning and Budgeting (OSPB) will determine when the \$350 million requirement has been met. The reduction in direct distributions to PERA may be adjusted based on investment returns in a manner specified by the bill, but cannot fall below \$15 million.

General Fund Reserve

The bill requires the General Assembly to have a reserve of at least \$1 billion, which includes the \$500 million issued to PERA. If a future General Assembly reduces the reserve below \$1 billion, that General Assembly must reduce the direct distribution to PERA by the difference between the reserve and \$1 billion. The Governor must prepare a plan to reduce General Fund appropriations to other government liabilities in the event that the reserve falls below \$1 billion and work to implement the plan by the close of the current fiscal year.

Peace Officer Training and Support Fund

The bill creates the Peace Officer Training and Support Fund. The fund may receive gifts, grants, and donations, as well as direct appropriations. On July 1, 2026, the bill requires the State Treasurer to transfer \$15 million from the General Fund to this newly created fund; the General Assembly may appropriate an additional \$20 million in FY 2026-27 to the fund. Beginning on July 1, 2027, the bill requires the State Treasurer to transfer either \$15 million from the General Fund to the fund, or an adjusted invested amount as specified by the bill, whichever is greater. Money in the fund is continuously appropriated to the Department of Public Safety (CDPS).

Distribution of Funds to Local Law Enforcement and Audits

Beginning on December 15, 2026, and annually thereafter, the bill requires the CDPS to distribute at least \$15,000 from the fund to local law enforcement agencies, plus an amount subject to available appropriations and according to a formula calculated by the bill that identifies the total number of eligible peace officers who may receive additional funding. This additional funding cannot replace other funding that the law enforcement agency receives for another purpose. This additional funding may be used to recruit new peace officers, hire additional peace officers, provide continuing education and training for peace officers, and provide additional compensation to peace officers.

CDPS must create rules and procedures to determine if the funding received by local law enforcement agencies was properly used. Local law enforcement agencies must include in their annual audit documentation of funds received and evidence that the funds were used for purposes allowed by the bill. CDPS may determine the form and method that these agencies submit this audit information.

Death Benefits

The bill establishes a death benefit of \$1 million to the surviving spouse, family member, or designee any first responder that died as a result of injuries or an occupational disease sustained while performing their job, and creates the Death Benefit Fund. This death benefit must not reduce other payments available from another source. Under most circumstances, death benefits similar to one created by the bill are exempted from being declared as federal taxable income. In the event that the death benefit is declared as federal taxable income, the bill allows the beneficiary to subtract the amount of the death benefit from their federal income when they file Colorado income tax. CDPS must notify the Department of Revenue if a beneficiary of a fallen first responder must declare their death benefit as taxable income and must adopt rules to assist in making these determinations.

CDPS receives an annual appropriation for direct and indirect costs of administering the death benefit. CDPS may not spend more than 2 percent of the appropriation on administration. The bill transfers \$5 million on July 1, 2025, and July 1, 2026, to the Death Benefit Fund. Beginning in 2027, the bill requires an annual transfer from the General Fund to the Death Benefit Fund that restores the fund balance to \$10 million.

Repeals

The bill repeals the sections of statute approved by voters through Proposition 130, as well as the Alternative Metrics to Measure Criminal Justice System Performance Working Group in CDPS.

Background

Proposition 130, which was approved by voters in the 2024 General Election, directed the General Assembly to provide \$350 million in funding to law enforcement agencies to increase pay, provide training, and establish a death benefit for police officers.

Assumptions

The fiscal note assumes that the General Assembly will transfer only \$15 million from the General Fund to the Peace Officer Training and Support Fund in FY 2026-27.

State Revenue

The bill reduces state revenue from investment earnings, and may increase state revenue from gifts, grants, and donations.

Investment Earnings

The bill decreases state revenue by between \$5.0 million and \$25.0 million in FY 2025-26, between \$5.1 million and \$26.3 million in FY 2026-27, and between \$5.1 million and \$27.6 million in FY 2027-28. Revenue will decrease by similar amounts in future years while a portion of the General Fund reserve is invested through PERA rather than in the State Treasury. The bill reduces General Fund investment income, which is subject to TABOR.

The broad range of potential impacts represents a spread of treasury pool investment earnings. The low end of the range represents 1 percent compound interest income, while the high end of the range represents 5 percent compound interest income. Treasury pool earnings averaged between 1.0 percent and 2.0 percent annually between 2016 and 2022, then grew to between 2.5 percent and 4.0 percent annually in 2023 and 2024.

Gifts, Grants, and Donations

The bill may increase state revenue from gifts, grants, and donations. As of writing, no source of gifts, grants, or donations has been identified. This revenue is not subject to TABOR.

State Transfers

On July 1, 2025, the bill requires a transfer of \$5 million dollars from the General Fund to the Death Benefit Fund.

On July 1, 2026, the bill requires a transfer of \$5 million from the General Fund to the Death Benefit Fund, and a transfer of \$15 million from the General Fund to the Peace Officer Training and Support Fund.

On July 1, 2027, and annually thereafter, the bill requires an annual transfer of the greater of \$15 million, or the "adjusted investment amount" up to \$35 million, to the Peace Officer Training and Support Fund, with this amount offset by reductions in direct distribution warrants to PERA. The bill also requires a transfer in an amount required to bring the Death Benefit Fund balance to \$10 million. The fiscal note assumes that in FY 2027-28, this amount is \$8 million. Actual amounts required will vary based on the number of eligible beneficiaries.

State Expenditures

The bill increases state expenditures by \$504.1 million in FY 2025-26 and \$19.2 million in FY 2026-27, then decreases state expenditures by \$15.9 million in FY 2027-28 and ongoing. Costs include the one-time General Fund distribution to PERA of \$500 million, and the

reductions to the direct distribution of \$35.0 million per year beginning in FY 2027-28 that come from General Fund, cash funds, reappropriated funds, and federal funds. Costs will also be incurred in the Department of Public Safety (CDPS) related to the death benefit, from the Death Benefit Fund, and local law enforcement distributions, from the Peace Officer Training and Support Fund beginning in FY 2025-26. Finally, the Department of Revenue (DOR) will have one-time programming costs in FY 2026-27, paid from the General Fund. The bill also minimally increases workload for the Office of the Governor.

Table 2
State Expenditures

Department	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Funding to PERA	\$500,000,000	\$0	-\$35,000,000
Department of Public Safety	\$4,056,866	\$19,089,108	\$19,089,108
Department of Revenue	\$0	\$75,857	\$0
Total Costs	\$504,056,866	\$19,164,965	-\$15,910,892

State Funding to PERA

The bill will increase state General Fund expenditures by \$500 million in FY 2025-26 for the one-time distribution to PERA. The bill then reduces state General Fund expenditures by between \$15 million and \$35 million per year beginning in FY 2027-28. Actual direct distribution reductions will depend on the investment performance of the \$500 million invested in PERA in FY 2025-26.

Department of Public Safety

Once fully implemented, CDPS requires 2.5 FTE to administer the death benefit, estimated at \$4 million per year, and distributions to local law enforcement agencies, estimated at \$15 million per year. Standard capital outlay and operating costs are included.

Death Benefit

Beginning in FY 2025-26, the CDPS requires 0.5 FTE Compliance Specialist to administer the death benefit. Death benefits to beneficiaries assume 4 payments per year at \$1 million per payment; however, actual costs will depend on the number of fallen officers in a year. Costs will be paid from the Death Benefit Fund.

Local Law Enforcement Distributions

Beginning in FY 2026-27, the CDPS requires 2.0 FTE Accountant and Analyst to administer the distributions to local law enforcement agencies. Beginning in FY 2026-27, DPS will distribute about \$14.8 million to an estimated 1,000 local law enforcement agencies. This reflects \$15 million minus staffing expenses; see Technical Note.

Table 2A
State Expenditures
Department of Public Safety

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$39,657	\$190,917	\$190,917
Operating Expenses	\$640	\$3,200	\$3,200
Capital Outlay Costs	\$6,670	\$13,340	\$0
Death Benefits	\$4,000,000	\$4,000,000	\$4,000,000
Local Law Enforcement Funding	\$0	\$14,832,840	\$14,846,180
Centrally Appropriated Costs	\$9,899	\$48,811	\$48,811
Total Costs	\$4,056,866	\$19,089,108	\$19,089,108
Total FTE	0.5 FTE	2.5 FTE	2.5 FTE

Department of Revenue

In FY 2026-27, the bill requires expenditures of \$75,857 to program, test, and update database fields in the Department of Revenue's GenTax software system for the state income tax deduction for death benefit payments. Programming costs are estimated at \$55,620, representing 240 hours of contract programming at a rate of \$231.75 per hour. Costs for testing at the department include \$7,875 for 225 hours of innovation, strategy, and delivery programming support at a rate of \$35 per hour, and \$3,584 for 112 hours of user acceptance testing at a rate of \$32 per hour. Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$8,778, representing 231 hours for data management and reporting at \$38 per hour.

Table 2B
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
GenTax Programming	\$0	\$55,620	\$0
Systems Support Office	\$0	\$7,875	\$0
Office of Research and Analysis	\$0	\$8,778	\$0
User Acceptance Testing	\$0	\$3,584	\$0
Total Costs	\$0	\$75,857	\$0
Total FTE	0.0 FTE	0.0 FTE	0.0 FTE

Other Agency Impacts

Office of the Governor

The Office of State Planning and Budgeting will monitor and calculate the amount of the reduction in warrants to PERA until a total of \$350 million has been transferred to the Peace Officer Training and Support Fund. These additional calculations will be a minimal workload increase and no change in appropriations to the Governor's Office is required.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables above.

Statutory Public Entity

The bill increases PERA revenue from a one-time state warrant of \$500 million in FY 2025-26, and decreases revenue from the direct distribution by \$35 million annually beginning in FY 2027-28 and ongoing for at least 10 years, as shown in Table 3 and discussed below.

Table 3
Statutory Public Entity Expenditures

Department	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Public Employees Retirement Association	\$500,000,000	\$0	-\$35,000,000
Total Costs	\$500,000,000	\$0	-\$35,000,000

The bill increases investment earnings in PERA, as PERA will invest the \$500 million warrant similarly to the rest of its investment portfolio. This initial investment is estimated to be sufficient such that future reductions to warrants to PERA do not trigger the Automatic Adjustment Provision (AAP), which would result in potential increases to employer and employee contribution rates to retirement plans. In the event that the General Assembly is required to access these funds as part of the General Fund Reserve, this may trigger the AAP.

PERA will separately track, report and determine future reductions as required by the bill. Current staff at PERA will be able to accomplish these additional reporting requirements.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased General Fund investment income will lower the TABOR refund obligation but result in no net change in the amount of General Fund revenue available to spend or save.

Local Government

Local law enforcement agencies will receive at least \$15,000 annually, per agency, beginning in FY 2026-27. These agencies will use these funds to provide compensation to current peace officers, recruit new officers, and provide training and professional development opportunities. Workload will increase for local law enforcement agencies to provide required data to CDPS for calculation of the distribution formula. Additionally, these local law enforcement agencies will document the use of these funds in their annual audits.

Technical Note

The fiscal note assumes CDPS' costs to administer the distributions to local law enforcement agencies will be paid from the Peace Officer Training and Support Fund, which is continuously appropriated to the department.

Effective Date

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

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$5,046,967 from the Death Benefit Fund to the Department of Public Safety, and 0.5 FTE.

No appropriation is required for the State Treasurer to issue a warrant for \$500 million from the General Fund to the Public Employees' Retirement Association as this authority exists in law.

No appropriation is required from the Peace Officer Training and Support Fund, which is continuously appropriated to the Department of Public Safety.

Departmental Difference

The Department of Public Safety estimates costs of \$429,000 and 5.5 FTE in FY 2026-27 and ongoing. This assumes that the distribution to law enforcement agencies will require 5.0 FTE, including one accountant and four analysts to process disbursement agreements, ensure financial compliance, coordinate with training specialists, and provide oversight to local law enforcement agencies who administer these funds, plus 0.5 FTE to administer the death benefit. The fiscal note assumes that the formula specified by the bill is prescriptive enough that distributing funds to law enforcement agencies can be accomplished with 2.0 FTE.

State and Local Government Contacts

Governor	Revenue
Public Safety	Treasury
Public Employees' Retirement Association	