

Analysis of HF 2774, Trust and Agency Levy

Under current law, a city may collect a property tax levy for "trust and agency" funds to pay for pension and related employee benefits. Because the levy is only authorized for employee expenses, a city is currently restricted from using the levy to pay for contracted personnel such as law enforcement via the county sheriff.

Recently, the City of Corning considered eliminating their police force and instead contracting for the service through Adams County. Because they would not be able to use the Trust and Agency levy for this service, and Corning did not have funds available in their General Fund to pay for such service, this legal restriction became a barrier to service sharing. This bill removes the barrier by allowing a city to contribute to pension and related employee benefits for personnel of another city or governmental entity pursuant to a contract in which the city receives public safety services, including but not limited to police protection, fire protection, ambulance, or hazardous materials response from the other governmental entity. The city may make such contributions in an annual amount not to exceed the amount of contributions for pension and related employee benefits that would otherwise be paid by the other city or governmental entity for such personnel.

This provision is similar to current law that authorizes cities to make contributions to alternate retirement systems for city managers or administrators and for city police or fire chiefs, not to exceed the amount the city would have otherwise contributed on behalf of such personnel.