

**HANDED OUT AT BOARD OF TRUSTEE
WORKSHOP MEETING**

January 15, 2016

by: Mayor's Office

HB 1297

2016

A bill to be entitled

An act relating to discretionary sales surtaxes; amending s. 112.64, F.S.; authorizing a county to apply proceeds of a pension liability surtax toward reducing the unfunded liability of a defined benefit retirement plan or system; specifying the method of determining the amortization schedule if a surtax is approved; amending s. 212.055, F.S.; authorizing a county to levy a pension liability surtax by ordinance if certain conditions are met; prescribing the form of the ballot statement if the ordinance is conditioned on a referendum; requiring the Department of Revenue and participating local governments to distribute the surtax proceeds, less administrative fees; requiring the ordinance to specify the method and frequency of distributing proceeds; prohibiting a defined benefit retirement plan or system from receiving surtax proceeds after a certain level of actuarial funding is reached; requiring that surtax proceeds be used to reduce or amortize the unfunded liability of the system or plan; specifying conditions under which the surtax terminates; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (6) of section 112.64, Florida

HB 1297

2016

27 Statutes, is renumbered as subsection (7), and a new subsection
28 (6) is added to that section, to read:

29 112.64 Administration of funds; amortization of unfunded
30 liability.-

31 (6) (a) Notwithstanding any other provision of this part,
32 the proceeds of a pension liability surtax imposed by a county
33 pursuant to s. 212.055, which is levied for the purpose of
34 funding or amortizing the unfunded liability of a defined
35 benefit retirement plan or system, excluding the Florida
36 Retirement System, shall be actuarially recognized, and the
37 county shall apply the present value of the total projected
38 proceeds of the surtax to reduce the unfunded liability or to
39 amortize it as part of the county's annual required
40 contribution, beginning with the fiscal year immediately
41 following approval of the pension liability surtax. The unfunded
42 liability amortization schedule must be adjusted beginning with
43 the fiscal year immediately following approval of the pension
44 liability surtax and amortized over a period of 30 years.

45 (b) The payroll of all employees in classifications
46 covered by a closed retirement plan or system that receives
47 funds from the pension liability surtax must be included in
48 determining the unfunded liability amortization schedule for the
49 closed plan, regardless of the plan in which the employees
50 currently participate, and the payroll growth assumption must be
51 adjusted to reflect the payroll of those employees when
52 calculating the amortization of the unfunded liability.

53 Section 2. Subsection (9) is added to section 212.055,
54 Florida Statutes, to read:

55 212.055 Discretionary sales surtaxes; legislative intent;
56 authorization and use of proceeds.—It is the legislative intent
57 that any authorization for imposition of a discretionary sales
58 surtax shall be published in the Florida Statutes as a
59 subsection of this section, irrespective of the duration of the
60 levy. Each enactment shall specify the types of counties
61 authorized to levy; the rate or rates which may be imposed; the
62 maximum length of time the surtax may be imposed, if any; the
63 procedure which must be followed to secure voter approval, if
64 required; the purpose for which the proceeds may be expended;
65 and such other requirements as the Legislature may provide.
66 Taxable transactions and administrative procedures shall be as
67 provided in s. 212.054.

68 (9) PENSION LIABILITY SURTAX.—

69 (a) The governing body of a county may levy a pension
70 liability surtax to fund underfunded defined benefit retirement
71 plans or systems, pursuant to an ordinance conditioned to take
72 effect upon approval by a majority vote of the electors of the
73 county voting in a referendum, at a rate that may not exceed 0.5
74 percent. The county may not impose a pension liability surtax
75 unless the underfunded defined benefit retirement plan or system
76 is below 80 percent of actuarial funding at the time the
77 ordinance or referendum is passed. The most recent actuarial
78 report submitted to the Department of Management Services

79 pursuant to s. 112.63 must be used to establish the level of
80 actuarial funding for purposes of determining eligibility to
81 impose the surtax. The governing body of a county may only
82 impose the surtax if:

83 1. The employees, including police officers and
84 firefighters, who enter employment on or after the date that the
85 local government meets the requirements for enacting the pension
86 liability surtax, may not enroll in a defined benefit retirement
87 plan or system that will receive the surtax proceeds.

88 2. The county currently levies a local government
89 infrastructure surtax pursuant to subsection (2) which is
90 scheduled to terminate and is not subject to renewal.

91 3. The pension liability surtax does not take effect until
92 the local government infrastructure surtax described in
93 subparagraph 2. is terminated.

94 (b) A referendum to adopt a pension liability surtax must
95 meet the requirements of s. 101.161 and must include a brief and
96 general description of the purposes for which the surtax
97 proceeds will be used.

98 (c) Pursuant to s. 212.054(4), the proceeds of the surtax
99 collected under this subsection, less an administrative fee that
100 may be retained by the department, shall be distributed by the
101 department to the local government. The local government shall
102 distribute the proceeds it receives from the department, less an
103 administrative fee not to exceed 2 percent of the surtax
104 collected, to an eligible defined benefit retirement plan or

105 system, except the Florida Retirement System. The ordinance
106 providing for the imposition of the pension liability surtax
107 must specify the method of determining the percentage of the
108 proceeds, and the frequency of such payments, distributed to
109 each eligible defined benefit retirement plan or system. The
110 pension liability surtax proceeds may be used only to reduce or
111 amortize the unfunded actuarial liability of the defined benefit
112 retirement plan or system. A defined benefit retirement plan or
113 system may no longer receive the surtax proceeds once the plan
114 or system reaches or exceeds 100 percent of actuarial funding.
115 If the local government makes advanced payments toward the
116 unfunded liability of an underfunded defined benefit retirement
117 plan or system which are secured by future revenues associated
118 with the surtax, the local government may fully reimburse itself
119 from the surtax proceeds for such payments.

120 (d) Notwithstanding s. 212.054(5), a pension liability
121 surtax imposed pursuant to this subsection shall terminate for
122 any defined benefit retirement plan or system when the actuarial
123 funding level of that plan or system reaches or exceeds 100
124 percent.

125 Section 3. This act shall take effect July 1, 2016.