

HANDED OUT AT BOARD OF TRUSTEE  
WORKSHOP MEETING

Florida Senate - 2016

January 15, 2016

by: Mayor's Office

SB 1652

By Senators Bradley and Bean

7-01569E-16

20161652

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

112.64 Administration of funds; amortization of unfunded liability.-

(6) (a) Notwithstanding any other provision of this part, the proceeds of a pension liability surtax imposed by a county

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

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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.

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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.

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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.