

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 1151

Municipal Police Pension Plans

**SPONSOR(S):** Kiar

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 2106

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1)	Government Operations Appropriations Committee	8 Y, 0 N	Delaney	Topp
2)	Military & Local Affairs Policy Committee			
3)	Economic Development & Community Affairs Policy Council			
4)				
5)				

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**SUMMARY ANALYSIS**

The bill amends Chapter 185, Florida Statutes, pertaining to Municipal Police Officers' Retirement Plans, to allow closed plans with fewer than five members to use state premium tax dollars to repay any advance payments made by the municipality to purchase annuities for the remaining employees.

The bill provides that these plans would not be deemed "fully funded" until the full cost of the advanced payment has been repaid to the municipality so as to not preclude the continued receipt of premium tax for the purpose of providing additional benefits.

The bill is effective July 1, 2010.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### *Present Situation:*

Chapters 175 and 185 declare that a legitimate state purpose is to provide a uniform retirement system for the benefit of firefighters and municipal police officers. Pursuant to s. 185.01(1), F.S., all municipal police officers retirement trust fund systems or plans must be managed, administered, operated, and funded to maximize the protection of police officers' pension trust funds. The Division of Retirement in the Department of Management Services is responsible for daily oversight and monitoring the plans for actuarial soundness. The Division, in coordination with the Department of Revenue, is also responsible for collecting and distributing associated funds. The Division can withhold funds if a plan is deemed in noncompliance with provisions of chapter 185, until such plan comes back into compliance, or demonstrates a plan for doing so.

The Police Officers Retirement Trust fund is funded through an excise tax of up to .85 percent of the gross receipts on premiums for casualty insurance policies issued within participating municipalities' boundaries. The excise tax must be assessed by ordinance. The tax is payable to the Department of Revenue where the net proceeds are transferred to the Division of Retirement for distribution. Insurers are provided a premium tax credit equivalent to the amount of the excise tax levied by the municipalities.

Chapter 185 establishes certain minimum plan benefits.

#### *Effects of Bill*

The bill allows insurance premium tax revenues to be used to repay an advance payment from a municipality, which used the funds to purchase an annuity for remaining members of the plan, in certain very limited circumstances. Specifically, this provision would only apply to closed plans that have fewer than 5 active members and where police services have been transferred or merged with another governmental agency. The bill also deems the plans fully funded until the advance payment has been repaid to the municipality. The bill allows municipalities with closed, very small plans, to purchase annuities for the remaining participants and close down the plan.

B. SECTION DIRECTORY:

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS: While the bill expands the way the excise taxes imposed under Chapter 185 may be used, the bill would apply in a very limited number of circumstances.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**