

By Senator Ring

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1 A bill to be entitled
2 An act relating to firefighter and police officer
3 pension plans; amending s. 175.032, F.S.; revising
4 definitions to conform to changes made by the act;
5 amending s. 175.091, F.S.; providing for an additional
6 mandatory payment by the municipality or special fire
7 control district to the firefighters' pension trust
8 fund; amending s. 175.351, F.S., relating to
9 municipalities and special fire control districts that
10 have their own pension plans and want to participate
11 in the distribution of a tax fund; revising
12 definitions; specifying a payment that must be made by
13 the municipality or district to the defined benefit
14 plan; revising how income from the premium tax and
15 other revenues must be used; amending s. 185.02, F.S.;
16 revising definitions to conform to changes made by the
17 act; deleting a provision allowing a local law plan to
18 limit the amount of overtime payments which can be
19 used for retirement benefit calculations; amending s.
20 185.07, F.S.; providing for an additional mandatory
21 payment by the municipality to the municipal police
22 officers' retirement trust fund; amending s. 185.35,
23 F.S., relating to municipalities that have their own
24 pension plans for police officers and want to
25 participate in the distribution of a tax fund;
26 revising definitions; specifying a payment that must
27 be made by the municipality into the defined benefit
28 plan; revising how income from the premium tax and
29 other revenues must be used; providing a declaration

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30 of important state interest; providing an effective
31 date.

32
33 Be It Enacted by the Legislature of the State of Florida:

34
35 Section 1. Subsections (11) and (17) of section 175.032,
36 Florida Statutes, are amended to read:

37 175.032 Definitions.—For any municipality, special fire
38 control district, chapter plan, local law municipality, local
39 law special fire control district, or local law plan under this
40 chapter, the following words and phrases have the following
41 meanings:

42 (11) "Local law plan" means a defined benefit pension plan
43 for firefighters, or for firefighters or police officers if both
44 are ~~where~~ included, as described in s. 175.351, established by
45 municipal ordinance, special district resolution, or special act
46 of the Legislature, which ~~enactment~~ sets forth all plan
47 provisions. Local law plan provisions may vary from the
48 provisions of this chapter if the, ~~provided that required~~
49 minimum benefits as defined in s. 175.351(1) and minimum
50 standards of this chapter are met. However, any such variance
51 must ~~shall~~ provide a greater benefit for firefighters. Actuarial
52 valuations of local law plans shall be conducted by an enrolled
53 actuary as provided in s. 175.261(2).

54 (17) "Supplemental plan" means a plan to which deposits are
55 made to provide extra benefits for firefighters, or for
56 firefighters and police officers if both are ~~where~~ included,
57 under this chapter. Such a plan is an element of a local law
58 plan and exists in conjunction with a defined benefit plan that

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59 meets the minimum benefits as defined in s. 175.351(1) and
60 minimum standards of this chapter.

61 Section 2. Paragraphs (e), (f), and (g) of subsection (1)
62 of section 175.091, Florida Statutes, are redesignated as
63 paragraphs (f), (g), and (h), respectively, and a new paragraph
64 (e) is added to that subsection, to read:

65 175.091 Creation and maintenance of fund.—For any
66 municipality, special fire control district, chapter plan, local
67 law municipality, local law special fire control district, or
68 local law plan under this chapter:

69 (1) The firefighters' pension trust fund in each
70 municipality and in each special fire control district shall be
71 created and maintained in the following manner:

72 (e) By mandatory payment by the municipality or special
73 fire control district of the difference between the mandatory
74 payment required under paragraph (d) for the most recent plan
75 year ending before March 1, 2013, and the current plan year.
76 This paragraph may not be construed to reduce the aggregate
77 mandatory payment below the sum required under paragraph (d).

78
79 Nothing in this section shall be construed to require adjustment
80 of member contribution rates in effect on the date this act
81 becomes a law, including rates that exceed 5 percent of salary,
82 provided that such rates are at least one-half of 1 percent of
83 salary.

84 Section 3. Section 175.351, Florida Statutes, is amended to
85 read:

86 175.351 Municipalities and special fire control districts
87 that have ~~having~~ their own pension plans for firefighters. ~~For~~

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88 ~~any municipality, special fire control district, local law~~
89 ~~municipality, local law special fire control district, or local~~
90 ~~law plan under this chapter,~~ In order for a municipality or
91 ~~municipalities and special fire control~~ district that has its
92 ~~districts with their own pension plan plans~~ for firefighters, or
93 for firefighters and police officers if both are included, to
94 participate in the distribution of the tax fund established
95 under pursuant to s. 175.101, the municipality or special fire
96 control district local law plans must meet the minimum benefits
97 as defined in subsection (1) and the minimum standards set forth
98 in this chapter, and comply with subsections (2), (3), and (4).

99 (1) As used in this section, the term:

100 (a) "Additional pension benefits" means those benefits
101 offered by the plan as of March 1, 2013, which exceed minimum
102 benefits, but excluding benefits offered in a supplemental plan.

103 (b) "Annual costs" means the total of the normal costs of
104 the plan and the costs associated with amortizing any unfunded
105 actuarial liability of the plan.

106 (c) "Minimum benefits" means the lesser of the benefits
107 provided in the defined benefit plan as of March 1, 2013, or the
108 benefits described in s. 175.162 as of March 1, 2013.

109 (d) "Supplemental benefits" means those benefits provided
110 in a defined contribution plan.

111 ~~(1) If a municipality has a pension plan for firefighters,~~
112 ~~or a pension plan for firefighters and police officers if~~
113 ~~included, which in the opinion of the division meets the minimum~~
114 ~~benefits and minimum standards set forth in this chapter, the~~
115 ~~board of trustees of the pension plan, as approved by a majority~~
116 ~~of firefighters of the municipality, may:~~

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117 ~~(a) Place the income from the premium tax in s. 175.101 in~~
118 ~~such pension plan for the sole and exclusive use of its~~
119 ~~firefighters, or for firefighters and police officers if~~
120 ~~included, where it shall become an integral part of that pension~~
121 ~~plan and shall be used to pay extra benefits to the firefighters~~
122 ~~included in that pension plan; or~~

123 ~~(b) Place the income from the premium tax in s. 175.101 in~~
124 ~~a separate supplemental plan to pay extra benefits to~~
125 ~~firefighters, or to firefighters and police officers if~~
126 ~~included, participating in such separate supplemental plan.~~

127 (2) The municipality or special fire control district
128 shall, at a minimum, contribute into the defined benefit plan
129 the mandatory payment required under s. 175.091(1)(d) which the
130 municipality or special fire control district contributed for
131 the most recent plan year ending before March 1, 2013. The
132 amount of the mandatory payment may be reduced to the sum
133 required under s. 175.091(1)(d) if the plan has no actuarial
134 deficiency as shown in the latest actuarial valuation of the
135 plan.

136 (3)-(2) The premium tax provided by this chapter shall ~~in~~
137 ~~all cases~~ be used in its entirety to provide retirement ~~extra~~
138 benefits to firefighters, or to firefighters and police officers
139 if both are included, after using all other revenues, including
140 mandatory payments by the municipality or special fire control
141 district, employee contributions, and investment earnings
142 received by the plan, in the following order:

143 (a) The annual insurance premium revenues shall be used
144 first to meet the annual costs associated with providing the
145 minimum benefits set forth in this section.

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146 (b) The annual insurance premium revenues shall be used
147 next to meet the annual costs associated with any additional
148 pension benefits.

149 (c) If the plan has an actuarial deficiency as shown in the
150 latest actuarial valuation of the plan, 50 percent of the annual
151 insurance premium revenues remaining after the uses specified in
152 paragraphs (a) and (b) shall be allocated as additional
153 contributions to fund such deficiency.

154 (d) Any annual insurance premium revenues remaining after
155 the uses specified in paragraphs (a), (b), and (c) shall be used
156 to provide supplemental benefits. However, local law plans in
157 effect on October 1, 1998, must comply with the minimum benefit
158 provisions of this chapter only to the extent that additional
159 premium tax revenues become available to incrementally fund the
160 cost of such compliance as provided in s. 175.162(2) (a). If a
161 plan is in compliance with such minimum benefit provisions, as
162 subsequent additional premium tax revenues become available,
163 they must be used to provide extra benefits. Local law plans
164 created by special act before May 27, 1939, are deemed to comply
165 with this chapter. For the purpose of this chapter, the term:

166 ~~(a) "Additional premium tax revenues" means revenues~~
167 ~~received by a municipality or special fire control district~~
168 ~~pursuant to s. 175.121 which exceed that amount received for~~
169 ~~calendar year 1997.~~

170 ~~(b) "Extra benefits" means benefits in addition to or~~
171 ~~greater than those provided to general employees of the~~
172 ~~municipality and in addition to those in existence for~~
173 ~~firefighters on March 12, 1999.~~

174 (4) Insurance premium tax revenues may not be used to fund

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175 benefits provided in a defined benefit plan which were not
176 provided by the plan as of March 1, 2013.

177 (5)~~(3)~~ A retirement plan or amendment to a retirement plan
178 may not be proposed for adoption unless the proposed plan or
179 amendment contains an actuarial estimate of the costs involved.
180 Such proposed plan or proposed plan change may not be adopted
181 without the approval of the municipality, special fire control
182 district, or, where permitted, the Legislature. Copies of the
183 proposed plan or proposed plan change and the actuarial impact
184 statement of the proposed plan or proposed plan change shall be
185 furnished to the division before the last public hearing
186 thereon. Such statement must also indicate whether the proposed
187 plan or proposed plan change is in compliance with s. 14, Art. X
188 of the State Constitution and those provisions of part VII of
189 chapter 112 which are not expressly provided in this chapter.
190 Notwithstanding any other provision, only those local law plans
191 created by special act of legislation before May 27, 1939, are
192 deemed to meet the minimum benefits and minimum standards only
193 in this chapter.

194 (6)~~(4)~~ Notwithstanding any other provision, with respect to
195 any supplemental plan municipality:

196 (a) A local law plan and a supplemental plan may continue
197 to use their definition of compensation or salary in existence
198 on March 12, 1999.

199 (b) Section 175.061(1)(b) does not apply, and a local law
200 plan and a supplemental plan shall continue to be administered
201 by a board or boards of trustees numbered, constituted, and
202 selected as the board or boards were numbered, constituted, and
203 selected on December 1, 2000.

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204 ~~(c) The election set forth in paragraph (1)(b) is deemed to~~
205 ~~have been made.~~

206 (7)~~(5)~~ The retirement plan setting forth the benefits and
207 the trust agreement, if any, covering the duties and
208 responsibilities of the trustees and the rules governing
209 ~~regulations of~~ the investment of funds must be in writing, and
210 copies made available to the participants and to the general
211 public.

212 Section 4. Subsections (4), (10), and (15) of section
213 185.02, Florida Statutes, are amended to read:

214 185.02 Definitions.—For any municipality, chapter plan,
215 local law municipality, or local law plan under this chapter,
216 the following words and phrases as used in this chapter shall
217 have the following meanings, unless a different meaning is
218 plainly required by the context:

219 (4) "Compensation" or "salary" means, for noncollectively
220 bargained service earned before July 1, 2011, or for service
221 earned under collective bargaining agreements in place before
222 July 1, 2011, the total cash remuneration including "overtime"
223 paid by the primary employer to a police officer for services
224 rendered, but not including any payments for extra duty or
225 special detail work performed on behalf of a second party
226 employer. ~~A local law plan may limit the amount of overtime~~
227 ~~payments which can be used for retirement benefit calculation~~
228 ~~purposes; however, such overtime limit may not be less than 300~~
229 ~~hours per officer per calendar year.~~ For noncollectively
230 bargained service earned on or after July 1, 2011, or for
231 service earned under collective bargaining agreements entered
232 into on or after July 1, 2011, the term has the same meaning

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233 except that when calculating retirement benefits, up to 300
234 hours per year in overtime compensation may be included as
235 specified in the plan or collective bargaining agreement, but
236 payments for accrued unused sick or annual leave may not be
237 included.

238 (a) Any retirement trust fund or plan that meets the
239 requirements of this chapter does not, solely by virtue of this
240 subsection, reduce or diminish the monthly retirement income
241 otherwise payable to each police officer covered by the
242 retirement trust fund or plan.

243 (b) The member's compensation or salary contributed as
244 employee-elective salary reductions or deferrals to any salary
245 reduction, deferred compensation, or tax-sheltered annuity
246 program authorized under the Internal Revenue Code shall be
247 deemed to be the compensation or salary the member would receive
248 if he or she were not participating in such program and ~~shall be~~
249 treated as compensation for retirement purposes under this
250 chapter.

251 (c) For any person who first becomes a member in any plan
252 year beginning on or after January 1, 1996, compensation for
253 that plan year may not include any amounts in excess of the
254 Internal Revenue Code s. 401(a)(17) limitation, as amended by
255 the Omnibus Budget Reconciliation Act of 1993, which limitation
256 of \$150,000 shall be adjusted as required by federal law for
257 qualified government plans and ~~shall be~~ further adjusted for
258 changes in the cost of living in the manner provided by Internal
259 Revenue Code s. 401(a)(17)(B). For any person who first became a
260 member before the first plan year beginning on or after January
261 1, 1996, the limitation on compensation may not be less than the

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262 maximum compensation amount that was allowed to be taken into
263 account under the plan ~~as~~ in effect on July 1, 1993, which
264 limitation shall be adjusted for changes in the cost of living
265 since 1989 in the manner provided by Internal Revenue Code s.
266 401(a)(17)(1991).

267 (10) "Local law plan" means a defined benefit pension plan
268 for police officers, or for police officers and firefighters if
269 both are, where included, as described in s. 185.35, established
270 by municipal ordinance or special act of the Legislature, which
271 ~~enactment~~ sets forth all plan provisions. Local law plan
272 provisions may vary from the provisions of this chapter if the,
273 ~~provided that required~~ minimum benefits as defined in s.
274 185.35(1) and minimum standards of this chapter are met.
275 However, any such variance must ~~shall~~ provide a greater benefit
276 for police officers. Actuarial valuations of local law plans
277 shall be conducted by an enrolled actuary as provided in s.
278 185.221(2)(b).

279 (15) "Supplemental plan" means a plan to which deposits of
280 the premium tax moneys as provided in s. 185.08 are made to
281 provide extra benefits to police officers, or police officers
282 and firefighters if both are ~~where~~ included, under this chapter.
283 Such ~~a~~ plan is an element of a local law plan and exists in
284 conjunction with a defined benefit plan that meets the minimum
285 benefits as defined in s. 185.35(1) and minimum standards of
286 this chapter.

287 Section 5. Paragraphs (e), (f), and (g) of subsection (1)
288 of section 185.07, Florida Statutes, are redesignated as
289 paragraphs (f), (g), and (h), respectively, and a new paragraph
290 (e) is added to that subsection, to read:

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291 185.07 Creation and maintenance of fund.—For any
292 municipality, chapter plan, local law municipality, or local law
293 plan under this chapter:

294 (1) The municipal police officers' retirement trust fund in
295 each municipality described in s. 185.03 shall be created and
296 maintained in the following manner:

297 (e) By mandatory payment by the municipality of the
298 difference between the mandatory payment required by paragraph
299 (d) for the most recent plan year ending before March 1, 2013,
300 and the current plan year. This paragraph may not be construed
301 to reduce the aggregate mandatory payment by the municipality
302 below the sum required by paragraph (d).

303
304 Nothing in this section shall be construed to require adjustment
305 of member contribution rates in effect on the date this act
306 becomes a law, including rates that exceed 5 percent of salary,
307 provided that such rates are at least one-half of 1 percent of
308 salary.

309 Section 6. Section 185.35, Florida Statutes, is amended to
310 read:

311 185.35 Municipalities that have ~~having~~ their own pension
312 plans for police officers. ~~For any municipality, chapter plan,~~
313 ~~local law municipality, or local law plan under this chapter,~~ In
314 order for a municipality that has its municipalities with their
315 own pension plan ~~plans~~ for police officers, or for police
316 officers and firefighters if both are included, to participate
317 in the distribution of the tax fund established pursuant to s.
318 185.08, the municipality ~~local law plans~~ must meet the minimum
319 benefits as defined in subsection (1) and the minimum standards

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320 set forth in this chapter, and comply with subsections (2), (3),
321 and (4).÷

322 (1) As used in this subsection, the term:

323 (a) "Additional pension benefits" means those benefits
324 offered by the plan as of March 1, 2013, which exceed minimum
325 benefits, but excluding benefits offered in a supplemental plan.

326 (b) "Annual costs" means the total of the normal costs of
327 the plan and the costs associated with amortizing any unfunded
328 actuarial liability of the plan.

329 (c) "Minimum benefits" means the lesser of the benefits
330 provided in the defined benefit plan as of March 1, 2013, or the
331 benefits described in s. 185.16 as of March 1, 2013.

332 (d) "Supplemental benefits" means those benefits provided
333 in a defined contribution plan.

334 ~~(1) If a municipality has a pension plan for police~~
335 ~~officers, or for police officers and firefighters if included,~~
336 ~~which, in the opinion of the division, meets the minimum~~
337 ~~benefits and minimum standards set forth in this chapter, the~~
338 ~~board of trustees of the pension plan, as approved by a majority~~
339 ~~of police officers of the municipality, may:~~

340 ~~(a) Place the income from the premium tax in s. 185.08 in~~
341 ~~such pension plan for the sole and exclusive use of its police~~
342 ~~officers, or its police officers and firefighters if included,~~
343 ~~where it shall become an integral part of that pension plan and~~
344 ~~shall be used to pay extra benefits to the police officers~~
345 ~~included in that pension plan; or~~

346 ~~(b) May place the income from the premium tax in s. 185.08~~
347 ~~in a separate supplemental plan to pay extra benefits to the~~
348 ~~police officers, or police officers and firefighters if~~

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349 ~~included, participating in such separate supplemental plan.~~

350 (2) The municipality shall, at a minimum, contribute to the
351 defined benefit plan the mandatory payment required under s.
352 185.07(1)(d) which the municipality contributed for the most
353 recent plan year ending before March 1, 2013. The amount of the
354 mandatory payment may be reduced to the sum required under s.
355 185.07(1)(d) if the plan has no actuarial deficiency as shown in
356 the latest actuarial valuation of the plan.

357 (3)~~(2)~~ The premium tax provided by this chapter shall ~~in~~
358 all cases be used in its entirety to provide retirement ~~extra~~
359 benefits to police officers, or to police officers and
360 firefighters if both are included, after using all other
361 revenues, including mandatory payments by the municipality,
362 employee contributions, and investment earnings received by the
363 plan, in the following order:

364 (a) The annual insurance premium revenues shall be used
365 first to meet the annual costs associated with providing the
366 minimum benefits set forth in this section.

367 (b) The annual insurance premium revenues shall be used
368 next to meet the annual costs associated with any additional
369 pension benefits.

370 (c) If the plan has an actuarial deficiency as shown in the
371 latest actuarial valuation of the plan, 50 percent of the annual
372 insurance premium revenues remaining after the uses specified in
373 paragraphs (a) and (b) shall be allocated as additional
374 contributions to fund such deficiency.

375 (d) Any annual insurance premium revenues remaining after
376 the uses specified in paragraphs (a), (b), and (c) shall be used
377 to provide supplemental benefits. However, local law plans in

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378 ~~effect on October 1, 1998, must comply with the minimum benefit~~
379 ~~provisions of this chapter only to the extent that additional~~
380 ~~premium tax revenues become available to incrementally fund the~~
381 ~~cost of such compliance as provided in s. 185.16(2). If a plan~~
382 ~~is in compliance with such minimum benefit provisions, as~~
383 ~~subsequent additional tax revenues become available, they shall~~
384 ~~be used to provide extra benefits. Local law plans created by~~
385 ~~special act before May 27, 1939, shall be deemed to comply with~~
386 ~~this chapter. For the purpose of this chapter, the term:~~

387 ~~(a) "Additional premium tax revenues" means revenues~~
388 ~~received by a municipality pursuant to s. 185.10 which exceed~~
389 ~~the amount received for calendar year 1997.~~

390 ~~(b) "Extra benefits" means benefits in addition to or~~
391 ~~greater than those provided to general employees of the~~
392 ~~municipality and in addition to those in existence for police~~
393 ~~officers on March 12, 1999.~~

394 (4) Insurance premium tax revenues may not be used to fund
395 benefits provided in a defined benefit plan which were not
396 provided by the plan as of March 1, 2013.

397 (5)~~(3)~~ A retirement plan or amendment to a retirement plan
398 may not be proposed for adoption unless the proposed plan or
399 amendment contains an actuarial estimate of the costs involved.
400 Such proposed plan or proposed plan change may not be adopted
401 without the approval of the municipality or, where permitted,
402 the Legislature. Copies of the proposed plan or proposed plan
403 change and the actuarial impact statement of the proposed plan
404 or proposed plan change shall be furnished to the division
405 before the last public hearing thereon. Such statement must also
406 indicate whether the proposed plan or proposed plan change is in

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407 compliance with s. 14, Art. X of the State Constitution and
408 those provisions of part VII of chapter 112 which are not
409 expressly provided in this chapter. Notwithstanding any other
410 provision, only those local law plans created by special act of
411 legislation before May 27, 1939, are deemed to meet the minimum
412 benefits and minimum standards only in this chapter.

413 (6)~~(4)~~ Notwithstanding any other provision, with respect to
414 any supplemental plan municipality:

415 (a) Section 185.02(4)(a) does not apply, and a local law
416 plan and a supplemental plan may continue to use their
417 definition of compensation or salary in existence on March 12,
418 1999.

419 (b) A local law plan and a supplemental plan must continue
420 to be administered by a board or boards of trustees numbered,
421 constituted, and selected as the board or boards were numbered,
422 constituted, and selected on December 1, 2000.

423 ~~(c) The election set forth in paragraph (1)(b) is deemed to~~
424 ~~have been made.~~

425 (7)~~(5)~~ The retirement plan setting forth the benefits and
426 the trust agreement, if any, covering the duties and
427 responsibilities of the trustees and the rules governing
428 ~~regulations~~ of the investment of funds must be in writing and
429 copies made available to the participants and to the general
430 public.

431 Section 7. The Legislature finds that a proper and
432 legitimate state purpose is served when employees and retirees
433 of the state and its political subdivisions, and the dependents,
434 survivors, and beneficiaries of such employees and retirees, are
435 extended the basic protections afforded by governmental

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436 retirement systems that provide fair and adequate benefits and
437 that are managed, administered, and funded in an actuarially
438 sound manner as required by s. 14, Article X of the State
439 Constitution and part VII of chapter 112, Florida Statutes.
440 Therefore, the Legislature determines and declares that this act
441 fulfills an important state interest.

442 Section 8. This act shall take effect July 1, 2013.