

STORAGE NAME: h1551a.ca
DATE: April 21, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS - LOCAL LEGISLATION**

BILL #: HB 1551
RELATING TO: City of Pensacola
SPONSOR(S): Representative Maygarden and others
COMPANION BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY AFFAIRS YEAS 7 NAYS 0
 - (2) FINANCE & TAXATION
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

The bill repeals all special acts relating to the City of Pensacola firefighters', police officers', and general employees' investment policy for pension funds.

The bill has no fiscal impact.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Constitutional Provisions: Protection of Public Retirement and Pensions

Article X, Section 14, of the Florida Constitution provides that, after January 1, 1977, any governmental unit responsible for a retirement or pension system supported wholly or partially by public funds may not increase pension benefits for members or beneficiaries of that system unless the unit of government has previously funded or concurrently funds the benefit increase on a sound actuarial basis. Part VII of chapter 112, Florida Statutes, as described below, implements these provisions.

Chapter 112, Florida Statutes

Chapter 112, F.S., contains general provisions of law affecting state and local public officers and employees. Various parts of the chapter govern conditions of employment, retirement, death benefits, etc. Part VII, the "Florida Protection of Public Employee Retirement Benefits Act," establishes requirements for public pension plans to ensure that all state and local government retirement plans are:

... managed, administered, operated, and funded in such a manner as to maximize the protection of public employee retirement benefits. [s. 112.61, F.S.]

Section 112.665(1)(c), F.S., provides that the Division of Retirement shall:

Cooperate with local retirement systems or plans on matters of mutual concern and provide technical assistance to units of local government in the assessment and revision of retirement systems or plans;

Section 112.67, F.S., prohibits special acts which conflict with the provisions of part VII of chapter 112, F.S.:

112.67 Special acts prohibited.--Pursuant to s. 11(a)(21), Art. III of the State Constitution, the Legislature hereby prohibits special laws or general laws of local application in conflict with the requirements of this part.

Chapters 175 and 185, Florida Statutes

Local police and firefighter pension and retirement plans are reviewed by the Retirement Administrator of Municipal Police Officers' & Firefighters' Retirement Funds of the Bureau of Local Retirement Systems, State Division of Retirement. The statutory authority for this program is in chapters 175 and 185, Florida Statutes. The program was established to provide a uniform retirement system for the benefit of firefighters and police officers. The retirement systems or plans are to be managed, administered, operated and funded in such a manner as to maximize the protection of the Municipal Police Officers' Retirement Trust Fund and the Firefighters' Pension Trust Funds.

Chapter 69-1469, Laws of Florida

Chapter 69-1469, laws of Florida, as amended, describes the pension fund investment policies of the three pension boards in the City of Pensacola. These three pension boards include the trustees of the Firemen's Relief and Pension Fund, the trustees of the Municipal Police Officers' Retirement Trust Fund, and the trustees of the General Pension and Retirement Fund. The investment provisions of each of the 3 plans have been restated in recent years as follows:

- Firemen's Relief and Pension Fund: Section 7 of chapter 87-527, provides that the provisions in chapter 175, Florida Statutes, supersede all provisions in chapter 41-21483, Laws of Florida, as amended, where inconsistent.

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- Police Officers' Retirement Fund: This plan became a local law ordinance plan several years ago. Ordinance 15-97, as amended, by ordinance 1-99, adopts the provisions in chapter 185, Florida Statutes.
- General Pension and Retirement Fund: Section 5 of chapter 97-368, Laws of Florida restated the investment provisions. Moreover, the City of Pensacola General Pension and Retirement Fund plan rewrite (HB 1589 by Representative Maygarden, 1999 legislature) includes a specific section on plan investments. Therefore, the passage of HB 1589, makes chapter 69-1469, Laws of Florida, as amended, obsolete.

B. EFFECT OF PROPOSED CHANGES:

The bill repeals all special acts relating to chapter 69-1469, Laws of Florida.

C. LAWS OF FLORIDA/FLORIDA STATUTES AFFECTED:

Chapter 69-1469, Laws of Florida, chapter 70-886, Laws of Florida, chapter 83-499, Laws of Florida, chapter 90-471, Laws of Florida, chapter 91-367, Laws of Florida.

D. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

An agency or program is not eliminated or reduced.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

Not applicable.

(2) what is the cost of such responsibility at the new level/agency?

Not applicable.

(3) how is the new agency accountable to the people governed?

Not applicable.

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

The bill does not purport to provide services to families or children.

- (1) Who evaluates the family's needs?

Not applicable.

- (2) Who makes the decisions?

Not applicable.

(3) Are private alternatives permitted?

Not applicable.

(4) Are families required to participate in a program?

Not applicable.

(5) Are families penalized for not participating in a program?

Not applicable.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

The bill does not create or change a program providing services to families or children.

(1) parents and guardians?

Not applicable.

(2) service providers?

Not applicable.

(3) government employees/agencies?

Not applicable.

E. SECTION-BY-SECTION ANALYSIS:

Section 1 -- Repeals chapter 69-1469, Laws of Florida; chapter 70-886, Laws of Florida; chapter 83-499, Laws of Florida; chapter 90-471, Laws of Florida; and chapter 91-367, Laws of Florida.

Section 2 -- Provides that all laws or parts of laws in conflict with this act are repealed.

Section 3 -- Provides for act's effective date upon becoming law.

III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

A. NOTICE PUBLISHED? Yes [x] No []

IF YES, WHEN? January 31, 1999

WHERE? Pensacola News and Journal

B. REFERENDUM(S) REQUIRED? Yes [] No [x]

IF YES, WHEN?

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- C. LOCAL BILL CERTIFICATION FILED? Yes, attached [x] No []
- D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached [x] No []

IV. COMMENTS:

Charles Slavin, Enrolled Actuary for the State of Florida Division of Retirement, Department of Management Services, provided the following comments:

Actuarial Statement of Fiscal Soundness:

- 1. This bill affects neither the Florida Retirement System (FRS) nor the FRS Trust Fund.
- 2. This bill complies with the requirements of Article X, Section 14 of the Constitution.
- 3. This bill complies with the requirements of Chapter 112, Part VII, Florida Statutes.
- 4. Explanation: This bill repeals investment provisions which have been superseded by more recently enacted amendments and/or restatements applicable to the City of Pensacola's 3 pension Funds. The old chapters to be repealed are either redundant, or are no longer applicable or are a source of possible conflict. No cost effect.

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VI. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

Aimee Diaz

Joan Highsmith-Smith