

STORAGE NAME: h1855.ca

DATE: April 16, 2000

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS - LOCAL LEGISLATION**

BILL #: HB 1855

RELATING TO: Tampa/Hillsborough County

SPONSOR(S): Representative Murman and others

TIED BILL(S):

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

- (1) GOVERNMENTAL OPERATIONS (PRC) YEAS 5 NAYS 0
 - (2) COMMUNITY AFFAIRS (PRC)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This local bill conforms the City of Tampa General Employees Pension Plan to Internal Revenue Code requirements needed to continue the tax-qualified status of the General Employees' pension fund. It revises definitions of "salaries and wages" and "military service time"; add definitions of "actuarial equivalent," "plan year," and "legal heirs"; provides for 8-year vesting and eligibility in the Deferred Retirement Option Program (DROP) for elective officers; provides for sole purpose of General Employees' Retirement Plan; provides limitations on amounts of benefits; required distributions; and direct rollovers.

This bill provides an effective date of upon becoming a law, except that sections 1 and 3 shall operate retroactively to January 1, 1997.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The City of Tampa General Employees' Pension Plan does not contain certain specific provisions necessary to satisfy Internal Revenue Code requirements to continue its tax-qualified status. Ten years of service is required by the plan to vest for a retirement benefit. Elected officials are limited to eight years in office unless elected to a different position. The plan requires that one must vest in order to enter the Deferred Retirement Option Program (DROP).

C. EFFECT OF PROPOSED CHANGES:

This bill includes those provisions necessary to satisfy Internal Revenue Code (IRC) requirements to continue tax-qualified status; provides that elected officials vest after 8 years of elected service; and provides that they are then eligible for the DROP.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 4 of ch. 23559, L.O.F., 1945, as amended, providing a change in the definition of salaries or wages; adding the limitation requirements of the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) regarding compensation limits; adding the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) regarding military service time; and providing definitions for "Actuarial Equivalent," "Plan Year," and "Legal Heirs", respectively.

Section 2. Amends s. 17 of ch. 23559, L.O.F., 1945, as amended, providing 8-year vesting for elective officers to have a vested pension under the plan and be eligible for DROP.

Section 3. Adds ss. 23, 24, 25, and 26 to ch. 23559, L.O.F., 1945, as amended; section 23 satisfies the requirement of IRC s. 401(a)(2), the "exclusive benefit" rule; section 24 satisfies the requirements regarding benefit limits of IRC ss. 415(b), (c), and (e); section 25 satisfies the requirements regarding the date by which benefit payments must commence, and certain other payment requirements of IRC s. 401(a)(9); and section 26 provides for the "direct rollover" requirements of IRC s. 401(a)(31), with the applicable definitions.

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Section 4. Provides for the repeal of all laws or parts thereof to the extent of any conflict with the foregoing.

Section 5. Provides an effective date of upon becoming a law, and provides that sections 1 and 3 shall operate retroactively to January 1, 1997.

III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

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

IF YES, WHEN? February 5, 2000

WHERE? St. Petersburg Times, Tampa, Hillsborough, Florida

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

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached [x] No []

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached [x] No []

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

According to the Economic Impact Statement, there is a fiscal impact. As yet it is indeterminate until an Actuarial Impact Statement is furnished and advertising costs are determined.

This bill ensures the tax qualified status of the pension plan and provides elected officials with the same pension benefits as general employees.

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None

VI. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Jimmy O. Helms

Russell J. Cyphers, Jr.

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AS REVISED BY THE COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

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