

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1369 w/CS West Palm Beach Police Pension Fund
SPONSOR(S): Domino
TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Affairs (Sub)</u>	<u>8 Y, 0 N</u>	<u>Nelson</u>	<u>Cutchins</u>
2) <u>Local Government & Veterans' Affairs</u>	<u>20 Y, 0 N w/CS</u>	<u>Nelson</u>	<u>Cutchins</u>
3) <u>State Administration</u>	<u></u>	<u>Williamson</u>	<u>Everhart</u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

This bill revises the definition of "salary," and increases death benefits paid from the West Palm Beach Police Officers' Pension Plan to the surviving spouses of police officers killed in the line of duty.

According to the Economic Impact Statement, the estimated cost for implementation of this bill is \$26,836 for FY 04-05 and for FY 05-06. The Division of Retirement, however, has estimated that the fiscal impact of this bill is \$30,000 for FY 04-05, \$31,000 for FY 05-06, and \$33,000 for FY 06-07.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1369c.sa.doc
DATE: April 8, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

Not applicable.

B. EFFECT OF PROPOSED CHANGES:

This bill amends the West Palm Beach Police Pension Fund plan to improve the definition of "salary" to meet the minimum requirements of ch. 99-1, L.O.F. It provides enhanced benefits for the surviving spouse of a police officer killed in the line of duty to two-thirds of the member's highest 12 consecutive months or the current top step police officer pay, whichever is greater.

Currently, the salary definition includes regular hours worked, overtime payments for services performed for the city, hazardous duty pay, holiday pay, educational supplements, longevity pay, specialized assignment pay, and any payments for approved leave. Current line of duty death benefits for the surviving spouse are equal to four-ninths of the member's final average salary.

C. SECTION DIRECTORY:

Section 1: Amends ch. 24981 (1947), L.O.F., relating to the West Palm Beach Police Pension Fund.

Section 2: Provides an effective date of upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? December 15, 2003

WHERE? *The Palm Beach Post*, a daily newspaper published in Palm Beach County, Florida

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN? Not applicable.

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

According to the Economic Impact Statement, the estimated cost for implementation of this bill is \$26,836 for FY 04-05 and for FY 05-06.

III. COMMENTS

A. CONSTITUTIONAL ISSUES: None.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Division of Retirement's Actuarial Statement of Fiscal Soundness provides the following:

- This bill affects neither the Florida Retirement System nor the System's Trust Fund.
- The requirements of Art. X, s.14 of the State Constitution and the provisions of ch. 112, part VII, F.S., have been satisfied.
- The actuarial cost impact statement dated March 18, 2004, determines an annual ongoing 0.16 percent increase in the cost rate payable by the city. On the basis of an annual five percent growth in payroll, the additional cost is expected to be approximately \$30,000 for the FY 04/05, based on the actuarial valuation prepared as of September 30, 2002, but with a changed in-line-of-duty death assumption.

On the basis of the assumed five percent annual increase in payroll, the projected costs are:

	<u>FY 04/05</u>	<u>FY 05/06</u>	<u>FY06/07</u>
Cost Increase: %	0.16	0.16	0.16
\$	30,000	31,000	33,000

IV. AMENDMENT/COMMITTEE SUBSTITUTE CHANGES

The Committee on Local Government & Veterans' Affairs adopted an amendment at its meeting on March 31, 2004, which eliminated language in the bill that repealed all conflicting or inconsistent special laws and parts of special laws.