

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Community Affairs Committee

BILL: SB 1380

INTRODUCER: Senator Baker

SUBJECT: Firefighter Pensions

DATE: March 7, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Vickers	Yeatman	CA	Favorable
2.	_____	_____	GO	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill expands the definition of “special fire control district” for purposes of the firefighter pension program established in ch. 175, F.S., to include Community Development Districts performing fire suppression and related services. This designation will enable qualifying Community Development Districts to establish pension plans for their firefighters and become eligible for state premium taxes to assist in funding such pension programs.

This bill substantially amends section 175.032 of the Florida Statutes.

II. Present Situation:

Firefighter Pension Plans - Chapter 175, F.S., provides funding for municipal and special district firefighters’ pension plans. This chapter was originally enacted in 1939 to provide a financial incentive in the form of access to premium tax revenues to Florida cities to encourage them to establish retirement plans for firefighters. Special fire control districts became eligible to participate in the program in 1993. This chapter sets up a “uniform retirement system” providing defined benefit retirement plans for firefighters and setting standards for the operation and funding of these pension systems.

Pension plan funding comes from four sources: (1) net proceeds from an excise tax levied by the city upon property and casualty insurance companies (known as the “premium tax”); (2) employee contributions; (3) other revenue sources; and (4) mandatory payments by the city of any extra amount needed to keep the plan solvent.¹ To qualify for premium tax dollars, plans

¹ Section 175.101, F.S., authorizes each municipality or special fire control district with a Firefighters’ Pension Trust Fund to assess an excise tax of 1.85 percent of the gross amount of receipts of premiums from policyholders on all premiums

must meet certain requirements found in ch. 175, F.S. Responsibility for overseeing and monitoring these plans is assigned to the Division of Retirement of the Department of Management Services, but day-to-day operational control rests with local boards of trustees. Most Florida firefighters participate in these plans. Statewide, approximately 160 cities have pension plans for firefighters subject to ch. 175, F.S. Approximately 20 special fire control districts participate under ch. 175, F.S.² Total revenues generated under this program for calendar year 2004 were \$66,319,992. Of this total, \$5,096,380 represents revenues generated by the special districts.³

Community Development Districts - Community development districts (CDDs) are authorized under ch. 190, F.S. Pursuant to this chapter, CDDs are authorized to finance and manage a variety of community development services. Section 190.03, F.S., defines a CDD as:

... a local unit of special-purpose government which is created pursuant to this act and limited to the performance of those specialized functions authorized by this act; the boundaries of which are contained wholly within a single county; the governing head of which is a body created, organized, and constituted and authorized to function specifically as prescribed in this act for the delivery of urban community development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure, and termination of which are as required by general law.

Pursuant to s. 190.011, F.S., CDDs are authorized to exercise a wide range of powers, including:

- To sue and be sued in the name of the district; to acquire, by purchase, gift, devise, or otherwise, and to dispose of, real and personal property, or any estate therein; and to make and execute contracts and other instruments necessary or convenient to the exercise of its powers.
- To apply for coverage of its employees under the state retirement system in the same manner as if such employees were state employees, subject to necessary action by the district to pay employer contributions into the state retirement fund.

collected on property insurance policies covering property within its corporate limits. The insurance agent is required to identify the fire service provider on the property owner's application for insurance. The insurance company is required to compile the information received from the insurance agent, report the premiums, and pay the excise tax on its annual insurance premium tax return. The Department of Revenue processes each insurer's insurance premium tax return and, based solely on the information in the insurance premium tax return, distributes the dollars collected to the Firefighters' Pension Trust Fund.

² Section 175.032, F.S., currently defines "special fire control district" as a special district, as defined in s. 189.403(1), F.S., established for the purposes of extinguishing fires, protecting life, and protecting property within the incorporated or unincorporated portions of any county or combination of counties, or within any combination of incorporated and unincorporated portions of any county or combination of counties. The term does not include any dependent or independent special district, as defined in s. 189.403(2) and (3), F.S., respectively, the employees of which are members of the Florida Retirement System pursuant to s. 121.051(1) or (2), F.S.

³ Department of Management Services, *Substantive Bill Analysis for SB 1380*, January 19, 2006

- To borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness; to levy such tax and special assessments as may be authorized; and to charge, collect, and enforce fees and other user charges.
- To raise, by user charges or fees authorized by resolution of the board, amounts of money which are necessary for the conduct of the district activities and services and to enforce their receipt and collection in the manner prescribed by resolution not inconsistent with law.
- To assess and impose upon lands in the district ad valorem taxes.
- To determine, order, levy, impose, collect, and enforce special assessments pursuant to chapters 190 and 170, F.S.

Section 190.012, F.S., establishes certain special powers that CDDs may exercise subject to the regulatory jurisdiction and permitting authority of applicable governmental entities. This section provides that after the governing board of a CDD has obtained the consent of the local general-purpose government, a CDD may operate and maintain systems and facilities for fire prevention and control, including fire stations, water mains and plugs, fire trucks, and other vehicles and equipment.

According to the Department of Community Affairs' Special District Information Program, there are approximately 356 CDDs. The number of CDDs that currently provide fire suppression and related activities is unknown.

III. Effect of Proposed Changes:

Section 1 amends s. 175.032, F.S., to revise the definition of "special fire control district" for purposes of the firefighter pension program to include certain CDDs. Eligibility for participation in the firefighter pension program would be limited to those CDDs that have their own fire departments and equipment, and employ their own firefighters.

The number of CDDs who would be eligible to participate in the pension program by virtue of this provision is unknown. Because CDDs are prohibited from providing fire suppression services except where authorized by the local general-purpose government within the jurisdiction, it does not appear that the bill will create conflict between the CDDs and municipal or special fire districts over the premium taxes.

Section 2 provides an effective date of July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Indeterminate.

VI. Technical Deficiencies:

None.

VII. Related Issues:

In its analysis of this bill, the Department of Management Services noted that ch. 190, F.S., may need to be amended to allow the CDDs to levy the premium taxes against insurers as provided in s. 175.101, F.S., as this is the mechanism that allows the state to determine the amount of premium taxes to be allocated to a participating plan.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
