

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 797 Firefighters
SPONSOR(S): Government Efficiency & Accountability Council, Brandenburg and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 2338

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Urban & Local Affairs</u>	<u>6 Y, 0 N</u>	<u>Kruse</u>	<u>Kruse</u>
2) <u>Government Efficiency & Accountability Council</u>	<u>13 Y, 0 N, As CS</u>	<u>Kruse</u>	<u>Cooper</u>
3) <u>Policy & Budget Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

This bill adds a master’s degree to the college degrees that if earned by a firefighter or firesafety inspector and relates to their duties as a firefighter or firesafety inspector will increase their monthly compensation. The bill also increases the compensation received for earning such degrees. Additionally, the bill clarifies that an associate’s degree must be earned from an accredited college or university.

The bill does not have a fiscal impact on state government; however, it is anticipated that the excess compensation funds transferred to cities and fire control districts will be reduced.

The bill has an effective date of July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Section 633.382, F.S., defines a firefighter as “any person who meets the definition of the term “firefighter” in s. 633.30(1) who is certified in compliance with s. 633.35 and who is employed solely within the fire department of the employing agency or is employed by the division. Under this section, firefighters who meet certain educational achievement criteria are eligible to receive supplemental compensation from his or her employer in addition to their normal compensation. A firefighter must meet one of the following criteria:

1. If a firefighter receives an associate degree from a college, which degree is applicable to fire department duties, the firefighter shall receive additional compensation.
2. If a firefighter, regardless of whether or not she or he earned an associate degree earlier, who receives from an accredited college or university a bachelor's degree, which bachelor's degree is applicable to fire department duties, the firefighter shall receive additional compensation.

The supplemental compensation a firefighter may receive is as follows:

- (a) Fifty dollars a month to a firefighter who earns an associate degree from a college and meets the qualifications regarding the applicability of that degree to their duties as a firefighter.
- (b) One hundred and ten dollars a month to a firefighter who earns a bachelor's degree and meets the qualifications regarding the applicability of that degree to their duties as a firefighter.

Effect of Proposed Changes

The bill adds a firesafety inspector to the definition of “firefighter.” The addition of firesafety inspector will allow a firesafety inspector to qualify for the supplemental compensation provided for in this bill. The bill adds a master's degree to the college degrees earned that may qualify a firefighter or firesafety inspector to receive supplemental compensation. The master's degree must be applicable to fire department duties. The bill provides supplemental compensation of three hundred dollars a month for earning a qualifying master's degree.

The bill also raises the supplemental compensation received for earning an associate degree from fifty dollars a month to one hundred twenty-five dollars a month. Additionally, the bill raises the compensation for earning a bachelor's degree from one hundred ten dollars a month to two hundred dollars a month.

Additionally the bill clarifies that an associate's degree must be earned at an accredited college or university to mirror existing provisions that require a bachelor's degree to be earned at an accredited college or university.

The bill has an effective date of July 1, 2007.

C. SECTION DIRECTORY:

Section 1: Amends subsections (1), (2) and (3) of section 633.382, F.S., relating to firefighters supplemental compensation and how that compensation may be earned for receiving certain levels of college degrees.

Section 2: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Recurring:	<u>FY 2007-08</u>	<u>FY 2008-09</u>
------------	-------------------	-------------------

Department of Revenue

Firefighters' Supplemental Compensation Trust Fund

Non-Operating Disbursements:

Compensations to Firefighters	\$2.1 million	\$5.3 million
Excess Funds Distributed to Cities & Districts	<u>(\$2.1 million)</u>	<u>(\$5.3 million)</u>

Total Change to Trust Fund Expenditures	- 0 -	- 0 -
---	-------	-------

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Anticipated to reduce excess compensation funds transferred to cities and districts. See Fiscal Comments.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Will increase compensation to qualifying firefighters.

D. FISCAL COMMENTS:

The state excise tax on property insurance premiums is collected under s. 175.101, F. S., to help fund the approved pension plans for municipalities and special fire control districts operating under the provisions of Chapter 175, F.S. The excise tax is to be levied on all premiums collected on property insurance policies covering property located within the corporate limits of the municipality or within the legally defined boundaries of special fire control districts.¹ The Department of Revenue must keep a separate account of all moneys collected for each municipality and each special fire control district. All moneys must be transferred to the Police and Firefighters' Premium Tax Trust Fund within the Department of Management Services and must be separately accounted for by the Division [of Retirement at Department of Management Services].²

¹ Section 175.101, F.S.

² Section 171.121(1), F.S.

The municipalities and special fire control districts are limited to receiving any moneys from such fund in excess of that produced by one-half of the excise tax; however, any such municipality or special fire control district receiving less than 6% of its fire department payroll from such fund shall be entitled to receive the amount determined under s. 175.121, in excess of one-half of the excise tax, not to exceed 6% of its fire department payroll.³ All moneys not distributed to municipalities and special fire control districts as a result of the limitation on disbursement or as a result of any municipality or special fire control district not having qualified in any given year, or portion thereof, must be transferred to the Firefighters' Supplemental Compensation Trust Fund administered by the Department of Revenue, as provided in s. 633.382, F.S.⁴ Money transferred but not needed for supplemental compensation in a given year must be redistributed pro rata to those participating municipalities and special fire control districts that transfer any portion of their funds to support the compensation program that year. Such additional moneys must be used to cover or offset costs of the retirement plan.⁵ Any deficit in the total required annual distribution of supplemental compensation must be made up from accrued surplus funds existing in the compensation fund on June 30, 1990, for as long as such funds last.⁶ To date, no funds have been needed nor distributed from the June 30, 1990, surplus funds. The current balance is \$2.37 million.⁷

Of the total taxes collected for 2005, the maximum taxes available for distributions to cities and districts totaled \$71,113,721. Distributions to qualifying cities and districts, as calculated (see above), totaled \$53,459,917 and the balance, \$17,653,802, was transferred to the Firefighters' Supplemental Compensation Trust Fund to distribute to entities for the annual [2005] payments due to qualifying firefighters. After distributions from the compensation fund for the incentive payments, \$10,532,287 was deemed in excess in October 2006 and was distributed to the cities and districts. The prorated percentage of distribution is the same as percentage of collections during the specific year.⁸ As per section 175.121(3)(b), F.S., the cities and districts are required to use these excess-funds distributions to cover for or offset costs of the retirement plans.

The following chart shows the annual flow of funds through the Firefighters' Supplemental Compensation Trust Fund that is managed by the Department of Revenue:⁹

	2005-06 (Actual)	2006-07 (Est'd)	2007-08 (Est'd)	2008-09 (Est'd)
Transferred from the Police & Firefighters' Premium Tax Trust Fund, DMS	\$ 13,096,735	\$ 17,653,803	\$ 17,600,000	\$ 17,600,000
Compensation to Firefighters'	\$ 5,667,401	\$ 5,601,023	\$ 10,740,000	\$ 12,400,000
Held in Reserve		\$ (1,520,493)	\$ 1,520,493	
Excess Transferred to Cities & Districts	\$ 7,429,334	\$ 10,532,287	\$ 8,380,493	\$ 5,200,000

Excess funds transferred to cities and districts:¹⁰

2001	\$ 3.2 million
2002	\$ 4.4 million
2003	\$ 5.9 million
2004	\$ 7.1 million
2005	\$ 7.4 million
2006	\$10.5 million
2007	\$ 8.4 million (estimated)
2008	\$ 5.2 million (estimated)

³ Section 175.122, F.S.

⁴ Section 175.121(3)(a), F.S.

⁵ Section 175.121(3)(b), F.S.

⁶ Section 633.382(4)(c)1., F.S.

⁷ Department of Revenue, March 9, 2007.

⁸ Department of Management Services, Division of Retirement, website, March 9, 2007.

⁹ Department of Revenue, March 13, 2007.

¹⁰ Department of Revenue, March 13, 2007.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision appears to apply because this bill would require a local government to expend funds to pay for the supplemental firefighter compensation. However, it appears an exception applies because the Legislature has formally determined there is an important state interest and has established a dedicated funding source.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

At its meeting on March 14, 2007, the Governmental Efficiency & Accountability Council (GEAC) reported HB 797 favorably with a council substitute to incorporate two amendments recommended by the Committee on Urban & Local Affairs. The analysis has been updated to reflect the issues in those two amendments. Also, comments were added to section "II Fiscal Analysis & Economic Impact Statement, D. Fiscal Comments" to reflect information received from fiscal staff after the Committee on Urban & Local Affairs and GEAC held their committee and council meetings, respectively.