

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1163
Tampa, Hillsborough County

City Pension Fund for Firefighters and Police Officers in the City of

SPONSOR(S): Ambler

TIED BILLS:

IDEN./SIM. BILLS: SB 2758

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	<u>Military & Local Affairs Policy Committee</u>	<u></u>	<u>Fudge</u>	<u>Hoagland</u>
2)	<u>Government Operations Appropriations Committee</u>	<u></u>	<u></u>	<u></u>
3)	<u>Economic Development & Community Affairs Policy 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

The Firefighters and Police Pension Fund for the City of Tampa was enacted through special act in 1933 and amended through subsequent acts.

The bill amends the timeframe governing the election of trustees; clarifies that the board may hire more than one investment counselor; increases the amount of foreign investments as authorized by general law; authorizes a survivor benefit for certain retirees who have remarried after retirement; and allows a DROP participant to select a low risk variable rate option for the DROP account balance.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

State Constitution

A retirement or pension system supported wholly or partially by public pension funds may not, after January 1, 1977, provide an increase in benefits to the members or beneficiaries without concurrent provisions for funding the increase in benefits on a sound actuarial basis.¹

Florida Protection of Public Employee Retirement Benefits Act²

The Act establishes the minimum standards for operating and funding public employee retirement systems and plans. The Act is applicable to any and all units of state, county, special district, and municipal governments that participate in, operate, or administer a retirement system or plan for public employees which is funded in whole or in part by public funds.

A unit of local government may not agree to a proposed change in retirement benefits unless the administrator of the system, prior to adoption of the proposed change by the governing board, and prior to the last public hearing thereon, has issued a statement of the actuarial impact of the proposed change upon the local retirement system, consistent with the actuarial review, including Art. X, s. 14, Fla. Const. and s. 112.64, F.S., and has furnished a copy to the Division of Retirement, Department of Management Services.³

In accordance with Art. III, s. 11(a)(2)(21), s. 112.67, F.S., prohibits special laws in conflict with the requirements of the Act.

In addition, in 2009 the Legislature passed ch. 2009-97, L.O.F., which revised provisions relating to firefighter and municipal police pensions for purposes of determining prior service credit and terms of office for members of both pension plan boards, authorized plan beneficiaries to change the designated joint annuitant or beneficiary up to two times without approval of the pension plan board, and clarified plan termination provisions.

¹ See art. X s. 14, Fla. Const., implemented by Part VII, ch. 112, F.S., entitled the "Florida Protection of Public Employee Retirement Benefits Act" (Act).

² See *id.*

³ See s. 112.63(3), F.S.

City of Tampa Firefighters and Police Pension Fund

The Firefighters and Police Pension Fund for the City of Tampa was enacted through special act in 1933⁴ and amended through subsequent acts.

Effect of Proposed Changes

The bill changes the reference to the election of trustees is changed from “meetings” to “elections”; and the election period is extended is increased from no more than 30 days to no more than 60 days. The board may hire more than one investment counselor. The authorized amount foreign investments increased from 10% to 25% percent as authorized by ch. 2009-97, L.O.F. Moreover, this cap cannot be revised, amended, increased, or repealed except as provided by general law.

Members who meet the following criteria may elect a spousal benefit if the retiree did not marry the spouse until after retirement. Those criterion are: retired for less than forty years as of the effective date of this act, retired or entered DROP prior to October 1, 2002, and married or remarried after the date of the member’s retirement. This benefit is only available if the spouse is not more than twenty years younger than the remarried member, the remarriage occurs at least three years prior to the member’s election, and this election is limited to two remarriages after retirement. The amount of this benefit is provided on an actuarial equivalent basis and shall not result in any additional cost to the Fund or the plan sponsor.

DROP participants may elect the investment of DROP funds at either a rate reflecting the Fund’s net investment performance, as determined by the Board of Trustees, or a rate reflecting low-risk variable rate selected annually by the Board in its discretion.

The bill authorizes the City of Tampa to enter into a supplemental contract, implementing the changes provided by the bill, with each firefighter and police officer who is an active member of the Pension Fund. The bill prohibits a member from selecting some changes and rejecting others. Any person who becomes a member after October 1, 2010, shall be required to sign a pension contract that incorporates the provisions of the bill.

B. SECTION DIRECTORY:

Section 1: Amends the Firefighters and Police Officers Pension Fund for the City of Tampa by

Section 2: Changes the description of the election process from “meeting” to “election” and extends the election period

Section 3: Increases the amount authorized for foreign investments.

Section 4: Approves, ratifies, validates, and confirms all prior acts.

Section 5: Provides for severability.

Section 6: Provides an effective date of October 1, 2010.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 16, 2010.

WHERE? In *The Tampa Tribune*, a daily newspaper published in Hillsborough County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

⁴ See ch. 16721, L.O.F.

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill analysis provided by the Department of Management Services⁵ states that:

1. This bill affects neither the Florida Retirement System nor the System's Trust Fund.
2. This bill complies with the requirements of Article X, Section 14 of the Constitution.
3. This bill satisfies the actuarial cost impact provisions of Chapter 112, Part VII, F.S.
4. There are no changes/additions to existing benefit provisions.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

⁵ Department of Management Services Substantive Bill Analysis for HB 1163 dated March 2, 2010 (on file with the Full Appropriations Council on General Government & Health Care).