

1 A bill to be entitled
2 An act relating to governmental retirement systems;
3 providing a short title; creating s. 112.049, F.S.;
4 requiring certain public employees to contribute an
5 additional specified percentage of their gross income to
6 the primary public-sponsored retirement plan in which they
7 are participating; amending s. 112.63, F.S.; providing
8 requirements for certain retirement system or plan
9 actuarial reports; providing requirements for certain
10 system or plan experience studies; providing for the
11 closing of certain plans; amending s. 112.65, F.S.;
12 providing a maximum retirement benefit for certain
13 retirement system or plan members hired after a specified
14 date; prohibiting the factoring of overtime and certain
15 other compensation into any pension benefit; amending s.
16 112.66, F.S.; requiring the board of trustees of each
17 retirement system or plan to provide a detailed accounting
18 report of its expenses for each fiscal year to the plan
19 sponsor and to the Department of Management Services;
20 providing reporting requirements; requiring the board of
21 trustees of each retirement system or plan to provide an
22 administrative expense budget to the plan sponsor;
23 amending s. 121.021, F.S.; redefining the terms
24 "compensation," "average final compensation," and "normal
25 retirement date" for purposes of the benefit retirement
26 program or the Public Employee Optional Retirement Program
27 of the Florida Retirement System; amending s. 121.0515,
28 F.S.; conforming provisions to changes made by this act;

29 | amending s. 121.052, F.S.; conforming provisions to
30 | changes made by this act; amending s. 121.091, F.S.;
31 | providing limitations on benefits payable to certain
32 | members of the system; prohibiting the factoring of
33 | overtime and certain other compensation into any pension
34 | benefit; revising formula for the determination of
35 | credible years of service for certain members; conforming
36 | a cross-reference; amending s. 121.4501, F.S.; conforming
37 | provisions to changes made by this act; amending s.
38 | 122.02, F.S.; redefining the term "average final
39 | compensation" for purposes of the State and County
40 | Officers and Employees' Retirement System; amending s.
41 | 175.032, F.S.; redefining the term "average final
42 | compensation" for purposes of determining credit for prior
43 | service as a firefighter; amending s. 175.061, F.S.;
44 | providing that certain members of a special fire control
45 | district board of trustees may not be members or
46 | participants of the plan for which the board administers
47 | the trust fund; amending s. 175.091, F.S.; revising
48 | requirements for increasing firefighter member
49 | contributions; amending s. 175.162, F.S.; conforming
50 | provisions to changes made by this act; amending s.
51 | 175.351, F.S.; removing a cross-reference to conform to
52 | changes made by the act; authorizing a municipality or
53 | special fire control district to establish a defined
54 | contribution retirement plan for certain purposes;
55 | requiring municipalities and special fire control
56 | districts with their own pension plans for firefighters to

57 provide certain extra benefits; amending s. 185.02, F.S.;
58 redefining the terms "average final compensation" and
59 "compensation" for purposes of determining credit for
60 prior service as a municipal police officer; amending s.
61 185.05, F.S.; providing that certain members of a
62 municipality board of trustees may not be members or
63 participants of the plan for which the board administers
64 the trust fund; amending s. 185.07, F.S.; revising
65 requirements for increasing police officer member
66 contributions; amending s. 185.16, F.S.; conforming
67 provisions to changes made by this act; amending s.
68 185.35, F.S.; removing a cross-reference to conform to
69 changes made by the act; authorizing a municipality to
70 establish a defined contribution retirement plan for
71 certain purposes; requiring municipalities with their own
72 pension plans for police officers to provide certain extra
73 benefits; requiring state and local government balance
74 sheets to contain certain pension information; creating
75 ch. 214, F.S., relating to truth in accounting; creating
76 s. 214.101, F.S.; providing a short title; providing
77 definitions; F.S.; creating s. 214.102, F.S.; requiring
78 the Chief Financial Officer and officials of governing
79 bodies of a political subdivision of the state to issue
80 specified reports; providing reporting requirements;
81 creating s. 214.103, F.S.; providing report submission
82 requirements; requiring the reports to be posted online
83 and made available to the public; authorizing certain
84 units of government to postpone compliance with the

85 | provisions of this act under specified conditions;
 86 | providing effective dates.

87 |
 88 | WHEREAS, it is important for state and local governments to
 89 | provide reasonable retirement benefits for their employees, who
 90 | are their most valuable resource, and

91 | WHEREAS, it is necessary for state and local governments to
 92 | be in an adequate financial position in order to keep the
 93 | retirement promises made and to fund retirement benefits, and

94 | WHEREAS, state and local governments must increase the
 95 | predictability of, and reduce the expense of, future pension
 96 | obligations in order to remain financially solvent, thus
 97 | preserving the benefits of current employees who may have
 98 | already been promised certain retirement benefits, and

99 | WHEREAS, citizens have a right to know, and governments
 100 | have an obligation to disclose, the dollar amount of all
 101 | retirement-related liabilities owed at any point in time, NOW,
 102 | THEREFORE,

103 |
 104 | Be It Enacted by the Legislature of the State of Florida:

105 |
 106 | Section 1. This act may be cited as the "Public Employee
 107 | Retirement Preservation Act."

108 | Section 2. Section 112.049, Florida Statutes, is created
 109 | to read:

110 | 112.049 Contributions to primary public-sponsored
 111 | retirement plans.—All public employees hired on or after July 1,
 112 | 2011, and all employees whose DROP participation begins on or

113 after July 1, 2011, shall contribute an additional 1 percent of
 114 their gross income to the primary public-sponsored retirement
 115 plan in which they are participating. Such contribution shall be
 116 made before any benefit improvement.

117 Section 3. Subsection (1) of section 112.63, Florida
 118 Statutes, is amended, and subsection (7) is added to that
 119 section, to read:

120 112.63 Actuarial reports and statements of actuarial
 121 impact; review.—

122 (1) Each retirement system or plan subject to the
 123 provisions of this part ~~act~~ shall have regularly scheduled
 124 actuarial reports prepared and certified by an enrolled actuary.
 125 The actuarial report shall consist of, but shall not be limited
 126 to, the following:

127 (a) Adequacy of employer and employee contribution rates
 128 in meeting levels of employee benefits provided in the system
 129 and changes, if any, needed in such rates to achieve or preserve
 130 a level of funding deemed adequate to enable payment through the
 131 indefinite future of the benefit amounts prescribed by the
 132 system, which shall include a valuation of present assets, based
 133 on statement value, and prospective assets and liabilities of
 134 the system and the extent of unfunded accrued liabilities, if
 135 any.

136 (b) A plan to amortize any unfunded liability pursuant to
 137 s. 112.64 and a description of actions taken to reduce the
 138 unfunded liability.

139 (c) A description and explanation of actuarial
 140 assumptions.

141 (d) A schedule illustrating the amortization of unfunded
 142 liabilities, if any.

143 (e) A comparative review illustrating the actual salary
 144 increases granted and the rate of investment return realized
 145 over the 3-year period preceding the actuarial report with the
 146 assumptions used in both the preceding and current actuarial
 147 reports.

148 (f) A statement by the enrolled actuary that the report is
 149 complete and accurate and that in his or her opinion the
 150 techniques and assumptions used are reasonable and meet the
 151 requirements and intent of this part ~~act~~.

152 (g) A 5-year projection of the employer's annual required
 153 contributions for each of the 5 fiscal years immediately after
 154 the date of the actuarial report, based on actual experience for
 155 the preceding 5-year period and the current assumptions and cost
 156 methods of the retirement system or plan. Plans with fewer than
 157 20 members are not subject to the requirements of this
 158 paragraph, but if the State Board of Administration determines
 159 that the sponsor of such an exempt plan fails to adequately plan
 160 for future plan expenses for 3 consecutive years, the plan shall
 161 be closed within 2 years after such a determination and any
 162 employee hired after the date of the inadequacy determination
 163 shall join the Florida Retirement System.

164
 165 The actuarial cost methods utilized for establishing the amount
 166 of the annual actuarial normal cost to support the promised
 167 benefits shall only be those methods approved in the Employee
 168 Retirement Income Security Act of 1974 and as permitted under

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169 regulations prescribed by the Secretary of the Treasury.

170 (7) Each retirement system or plan subject to the
171 provisions of this part shall have an experience study prepared
172 and certified by an enrolled actuary at least once every 5
173 years. The study shall compare the retirement system's or plan's
174 actual experience on key factors, including, but not limited to,
175 investment return, payroll growth, employee salary changes,
176 employee retirement rates, and employee turnover, with the
177 retirement system's or plan's assumptions on each factor. If a
178 retirement system's or plan's actual experience materially
179 varies from any retirement system or plan's assumption, the
180 enrolled actuary shall explain the material variance and provide
181 a recommendation as to whether a change in the assumption is
182 appropriate. Plans with fewer than 20 members are not subject to
183 the requirements of this paragraph, but if the State Board of
184 Administration determines that the sponsor of such an exempt
185 plan fails to use realistic assumptions for 3 consecutive years,
186 the plan shall be closed within 2 years after such determination
187 and any employee hired after the date of the closing shall join
188 the Florida Retirement System.

189 Section 4. Subsection (1) of section 112.65, Florida
190 Statutes, is amended to read:

191 112.65 Limitation of benefits.—

192 (1) ESTABLISHMENT OF PROGRAM.—The normal retirement
193 benefit or pension payable to a retiree who becomes a member of
194 any retirement system or plan and who has not previously
195 participated in such plan, on or after January 1, 1980, shall
196 not exceed 100 percent of his or her average final compensation.

197 The normal retirement benefit or pension payable to a member of
 198 any retirement system or plan who has not attained 10 years of
 199 credited service under such a system or plan on or before July
 200 1, 2010, shall not exceed 80 percent of his or her average final
 201 compensation. Overtime or any other compensation beyond base
 202 hourly or annual salary may not be factored into any pension
 203 benefit. However, nothing contained in this section shall apply
 204 to supplemental retirement benefits or to pension increases
 205 attributable to cost-of-living increases or adjustments. For the
 206 purposes of this section, benefits accruing in individual
 207 participant accounts established under the Public Employee
 208 Optional Retirement Program established in part II of chapter
 209 121 are considered supplemental benefits. As used in this
 210 section, the term "average final compensation" means the average
 211 of the member's earnings over a period of time which the
 212 governmental entity has established by statute, charter, or
 213 ordinance.

214 Section 5. Subsections (11) and (12) are added to section
 215 112.66, Florida Statutes, to read:

216 112.66 General provisions.—The following general
 217 provisions relating to the operation and administration of any
 218 retirement system or plan covered by this part shall be
 219 applicable:

220 (11) The board of trustees of each retirement system or
 221 plan shall provide a detailed accounting report of its expenses
 222 for each fiscal year to the plan sponsor and the Department of
 223 Management Services and shall make the report available to every
 224 member of the retirement system or plan. The report shall

225 include, but is not limited to, all administrative expenses,
 226 defined for the purpose of this subsection and subsection (12)
 227 as all expenses relating to any legal counsel, actuary, plan
 228 administrator, or other consultant, and all travel and other
 229 expenses paid to or on behalf of the members of the board of
 230 trustees or any other person on behalf of the retirement system
 231 or plan.

232 (12) The board of trustees of each retirement system or
 233 plan shall submit its proposed administrative expense budget for
 234 each fiscal year at least 120 days before the fiscal year to the
 235 plan sponsor for the sponsor's review and approval. The plan
 236 sponsor may amend any part of the budget prior to approval. The
 237 budget shall regulate administrative expenses of the board of
 238 trustees. The board of trustees may not amend the budget without
 239 the prior approval of the amendment by the plan sponsor.

240 Section 6. Paragraph (a) of subsection (22) and
 241 subsections (24) and (29) of section 121.021, Florida Statutes,
 242 are amended to read:

243 121.021 Definitions.—The following words and phrases as
 244 used in this chapter have the respective meanings set forth
 245 unless a different meaning is plainly required by the context:

246 (22) "Compensation" means the monthly salary paid a member
 247 by his or her employer for work performed arising from that
 248 employment.

249 (a) Compensation shall include:

250 ~~1. Overtime payments paid from a salary fund.~~

251 ~~2. Accumulated annual leave payments.~~

252 ~~3. Payments in addition to the employee's base rate of pay~~

253 ~~if all the following apply:~~

254 ~~a. The payments are paid according to a formal written~~
 255 ~~policy that applies to all eligible employees equally;~~

256 ~~b. The policy provides that payments shall commence no~~
 257 ~~later than the 11th year of employment;~~

258 ~~e. The payments are paid for as long as the employee~~
 259 ~~continues his or her employment; and~~

260 ~~d. The payments are paid at least annually.~~

261 ~~4. amounts withheld for tax sheltered annuities or~~
 262 ~~deferred compensation programs, or any other type of salary~~
 263 ~~reduction plan authorized under the Internal Revenue Code.~~

264 ~~5. Payments made in lieu of a permanent increase in the~~
 265 ~~base rate of pay, whether made annually or in 12 or 26 equal~~
 266 ~~payments within a 12-month period, when the member's base pay is~~
 267 ~~at the maximum of his or her pay range. When a portion of a~~
 268 ~~member's annual increase raises his or her pay range and the~~
 269 ~~excess is paid as a lump sum payment, such lump sum payment~~
 270 ~~shall be compensation for retirement purposes.~~

271 (24) "Average final compensation" means the average of the
 272 ~~5 highest fiscal years of compensation for creditable service~~
 273 ~~prior to retirement, termination, or death. For in-line-of-duty~~
 274 ~~disability benefits, if less than 5 years of creditable service~~
 275 ~~have been completed, the term "average final compensation" means~~
 276 ~~the average~~ annual compensation of the total number of years of
 277 creditable service prior to retirement, termination, or death.
 278 Each year used in the calculation of average final compensation
 279 shall commence on July 1. If there are no records to show the
 280 total number of years of creditable service performed by an

281 employee, "average final compensation" means the average annual
 282 compensation for the total number of years of creditable service
 283 for which records exist prior to retirement, termination, or
 284 death.

285 (a) The average final compensation shall include:
 286 ~~1. Accumulated annual leave payments, not to exceed 500~~
 287 ~~hours; and~~

288 ~~2.~~ all payments defined as compensation in subsection
 289 (22).

290 (b) The average final compensation shall not include:

291 1. Compensation paid to professional persons for special
 292 or particular services;

293 2. Payments for accumulated sick leave made due to
 294 retirement or termination;

295 3. Payments for accumulated annual leave ~~in excess of 500~~
 296 ~~hours;~~

297 4. Bonuses as defined in subsection (47);

298 5. Third party payments made on and after July 1, 1990; ~~or~~

299 6. Fringe benefits (for example, automobile allowances or
 300 housing allowances); or

301 7. Overtime compensation.

302 (29) "Normal retirement date" means:

303 (a) For persons employed before July 1, 2011, the date a
 304 member attains normal retirement age and is vested, which is
 305 determined as follows:

306 1. ~~(a)~~ If a Regular Class member, a Senior Management
 307 Service Class member, or an Elected Officers' Class member:

308 a.1. ~~The first day of the month the member completes 6 or~~

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309 more years of creditable service and attains age 62; or

310 ~~b.2.~~ The first day of the month following the date the
311 member completes 30 years of creditable service, regardless of
312 age.

313 ~~2.(b)~~ If a Special Risk Class member:

314 ~~a.1.~~ The first day of the month the member completes 6 or
315 more years of creditable service in the Special Risk Class and
316 attains age 55;

317 ~~b.2.~~ The first day of the month following the date the
318 member completes 25 years of creditable service in the Special
319 Risk Class, regardless of age; or

320 ~~c.3.~~ The first day of the month following the date the
321 member completes 25 years of creditable service and attains age
322 52, which service may include a maximum of 4 years of military
323 service credit as long as such credit is not claimed under any
324 other system and the remaining years are in the Special Risk
325 Class.

326 (b) For persons employed on or after July 1, 2011, the
327 date a member attains normal retirement age and is vested, which
328 is determined as follows:

329 1. If a Regular Class member, a Senior Management Service
330 Class member, or an Elected Officers' Class member:

331 a. The first day of the month the member completes 6 or
332 more years of creditable service and attains age 65; or

333 b. The first day of the month following the date the
334 member completes 33 years of creditable service, regardless of
335 age.

336 2. If a Special Risk Class member:

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337 a. The first day of the month the member completes 6 or
338 more years of creditable service in the Special Risk Class and
339 attains age 60;

340 b. The first day of the month following the date the
341 member completes 33 years of creditable service in the Special
342 Risk Class, regardless of age; or

343 c. The first day of the month following the date the
344 member completes 25 years of creditable service and attains age
345 60, which service may include a maximum of 4 years of military
346 service credit as long as such credit is not claimed under any
347 other system and the remaining years are in the Special Risk
348 Class.

349

350 "Normal retirement age" is attained on the "normal retirement
351 date."

352 Section 7. Paragraph (a) of subsection (7) of section
353 121.0515, Florida Statutes, is amended to read:

354 121.0515 Special risk membership.—

355 (7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT DATE.—

356 (a) A special risk member who is moved or reassigned to a
357 nonspecial risk law enforcement, firefighting, correctional, or
358 emergency medical care administrative support position with the
359 same agency, or who is subsequently employed in such a position
360 with any law enforcement, firefighting, correctional, or
361 emergency medical care agency under the Florida Retirement
362 System, shall participate in the Special Risk Administrative
363 Support Class and shall earn credit for such service at the same
364 percentage rate as that earned by a regular member.

365 Notwithstanding the provisions of subsection (4), service in
 366 such an administrative support position shall, for purposes of
 367 s. 121.091, apply toward satisfaction of the special risk normal
 368 retirement date, as defined in s. 121.021(29)~~(b)~~, provided that,
 369 while in such position, the member remains certified as a law
 370 enforcement officer, firefighter, correctional officer,
 371 emergency medical technician, or paramedic; remains subject to
 372 reassignment at any time to a position qualifying for special
 373 risk membership; and completes an aggregate of 6 or more years
 374 of service as a designated special risk member prior to
 375 retirement.

376 Section 8. Effective July 1, 2011, subsection (1) of
 377 section 121.0515, Florida Statutes, is amended to read:

378 121.0515 Special risk membership.—

379 (1) LEGISLATIVE INTENT.—In creating the Special Risk Class
 380 of membership within the Florida Retirement System, it is the
 381 intent and purpose of the Legislature to recognize that persons
 382 employed in certain categories of law enforcement, firefighting,
 383 criminal detention, and emergency medical care positions are
 384 required as one of the essential functions of their positions to
 385 perform work that is physically demanding or arduous, or work
 386 that requires extraordinary agility and mental acuity, and that
 387 such persons, because of diminishing physical and mental
 388 faculties, may find that they are not able, without risk to the
 389 health and safety of themselves, the public, or their coworkers,
 390 to continue performing such duties and thus enjoy the full
 391 career and retirement benefits enjoyed by persons employed in
 392 other positions and that, if they find it necessary, due to the

393 physical and mental limitations of their age, to retire at an
 394 earlier age and usually with less service, they will suffer an
 395 economic deprivation therefrom. Therefore, as a means of
 396 recognizing the peculiar and special problems of this class of
 397 employees, it is the intent and purpose of the Legislature to
 398 establish a class of retirement membership that awards more
 399 retirement credit per year of service than that awarded to other
 400 employees; however, nothing contained herein shall require
 401 ineligibility for special risk membership upon reaching age 60
 402 ~~55~~.

403 Section 9. Subsection (8) of section 121.052, Florida
 404 Statutes, is amended to read:

405 121.052 Membership class of elected officers.—

406 (8) NORMAL RETIREMENT DATE; VESTING REQUIREMENT.—A member
 407 of the Elected Officers' Class shall have the same normal
 408 retirement date as defined in s. 121.021(29) for a member of the
 409 regular class of the Florida Retirement System. Any public
 410 service commissioner who was removed from the Elected State
 411 Officers' Class on July 1, 1979, after attaining at least 8
 412 years of creditable service in that class shall be considered to
 413 have reached the normal retirement date upon attaining the
 414 required age provided ~~62 as required~~ in s. 121.021(29) ~~(a)~~.

415 Section 10. Subsection (1) and paragraph (a) of subsection
 416 (3) of section 121.091, Florida Statutes, are amended to read:

417 121.091 Benefits payable under the system.—Benefits may
 418 not be paid under this section unless the member has terminated
 419 employment as provided in s. 121.021(39) (a) or begun
 420 participation in the Deferred Retirement Option Program as

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421 provided in subsection (13), and a proper application has been
422 filed in the manner prescribed by the department. The department
423 may cancel an application for retirement benefits when the
424 member or beneficiary fails to timely provide the information
425 and documents required by this chapter and the department's
426 rules. The department shall adopt rules establishing procedures
427 for application for retirement benefits and for the cancellation
428 of such application when the required information or documents
429 are not received.

430 (1) NORMAL RETIREMENT BENEFIT.—Upon attaining his or her
431 normal retirement date, the member, upon application to the
432 administrator, shall receive a monthly benefit which shall begin
433 to accrue on the first day of the month of retirement and be
434 payable on the last day of that month and each month thereafter
435 during his or her lifetime. The normal retirement benefit,
436 including any past or additional retirement credit, may not
437 exceed 100 percent of the average final compensation. The normal
438 retirement benefit or pension payable to a member of the Florida
439 Retirement System who has not attained 6 years of credited
440 service under the system on or before July 1, 2010, shall not
441 exceed 80 percent of his or her average final compensation.
442 Overtime or any other compensation beyond base hourly or annual
443 salary shall not be factored into any pension benefit. The
444 amount of monthly benefit shall be calculated as the product of
445 A and B, subject to the adjustment of C, if applicable, as set
446 forth below:

447 (a)1. For creditable years of Regular Class service, A is:
448 a. 1.60 percent of the member's average final

449 compensation, for all creditable years before October 1, 2011;
450 b. 1.44 percent of the member's average final compensation
451 for all creditable years after September 30, 2011, up to the
452 member's normal retirement date; or-
453 c. Upon completion of the first year after the normal
454 retirement date, A is increased by 1.87 ~~1.63~~ percent ~~of the~~
455 ~~member's average final compensation.~~ Following the second year
456 after the normal retirement date, A is increased by 3.125 ~~1.65~~
457 percent ~~of the member's average final compensation.~~ Following
458 the third year after the normal retirement date, and for
459 subsequent years, A is increased by 5.00 ~~1.68~~ percent ~~of the~~
460 ~~member's average final compensation.~~ This sub-subparagraph
461 expires July 1, 2011.

462 2. For creditable years of special risk service, A is:

463 a. Two percent of the member's average final compensation
464 for all creditable years prior to October 1, 1974;

465 b. Three percent of the member's average final
466 compensation for all creditable years after September 30, 1974,
467 and before October 1, 1978;

468 c. Two percent of the member's average final compensation
469 for all creditable years after September 30, 1978, and before
470 January 1, 1989;

471 d. Two and two-tenths percent of the member's final
472 monthly compensation for all creditable years after December 31,
473 1988, and before January 1, 1990;

474 e. Two and four-tenths percent of the member's average
475 final compensation for all creditable years after December 31,
476 1989, and before January 1, 1991;

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477 f. Two and six-tenths percent of the member's average
 478 final compensation for all creditable years after December 31,
 479 1990, and before January 1, 1992;

480 g. Two and eight-tenths percent of the member's average
 481 final compensation for all creditable years after December 31,
 482 1991, and before January 1, 1993;

483 h. Three percent of the member's average final
 484 compensation for all creditable years after December 31, 1992;
 485 ~~and~~

486 i. Three percent of the member's average final
 487 compensation for all creditable years of service after September
 488 30, 1978, and before January 1, 1993;

489 j. Three percent, for any special risk member who retires
 490 after July 1, 2000, and before October 1, 2011, or any member of
 491 the Special Risk Administrative Support Class entitled to retain
 492 the special risk normal retirement date who was a member of the
 493 Special Risk Class during the time period and who retires after
 494 July 1, 2000, and before October 1, 2011; and

495 k. Two and seven-tenths percent of the member's final
 496 compensation for all creditable years of service after September
 497 30, 2011, or any member of the Special Risk Administrative
 498 Support Class entitled to retain the special risk normal
 499 retirement date who was a member of the Special Risk Class
 500 during the time period and who retires after September 30, 2011.

501 3. For creditable years of Senior Management Service Class
 502 service after January 31, 1987, A is:

503 a. Two ~~2~~ percent of the member's average final
 504 compensation for all creditable years prior to October 1, 2011;

505 and

506 b. One and eight-tenths percent of the member's average
 507 final compensation for all creditable years after September 30,
 508 2011, up to the member's normal retirement date.

509 4. For creditable years of Elected Officers' Class service
 510 as a Supreme Court Justice, district court of appeal judge,
 511 circuit judge, or county court judge, A is 3 1/3 percent of the
 512 member's average final compensation, and for all other
 513 creditable service in such class, A is 3 percent of average
 514 final compensation.

515 (b) B is the number of the member's years and any
 516 fractional part of a year of creditable service earned
 517 subsequent to November 30, 1970. ~~and~~

518 (c) C is the normal retirement benefit credit brought
 519 forward as of November 30, 1970, by a former member of an
 520 existing system. Such normal retirement benefit credit shall be
 521 determined as the product of X and Y when X is the percentage of
 522 average final compensation which the member would have been
 523 eligible to receive if the member had attained his or her normal
 524 retirement date as of November 30, 1970, all in accordance with
 525 the existing system under which the member is covered on
 526 November 30, 1970, and Y is average final compensation as
 527 defined in s. 121.021(24). However, any member of an existing
 528 retirement system who is eligible to retire and who does retire,
 529 become disabled, or die prior to April 15, 1971, may have his or
 530 her retirement benefits calculated on the basis of the best 5 of
 531 the last 10 years of service.

532 (d) A member's average final compensation shall be

533 determined by formula to obtain the coverage for the 5 highest
 534 fiscal years' salaries, calculated as provided by rule.

535 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or
 536 her early retirement date, the member shall receive an immediate
 537 monthly benefit that shall begin to accrue on the first day of
 538 the month of the retirement date and be payable on the last day
 539 of that month and each month thereafter during his or her
 540 lifetime. Such benefit shall be calculated as follows:

541 (a) The amount of each monthly payment shall be computed
 542 in the same manner as for a normal retirement benefit, in
 543 accordance with subsection (1), but shall be based on the
 544 member's average monthly compensation and creditable service as
 545 of the member's early retirement date. The benefit so computed
 546 shall be reduced by five-twelfths of 1 percent for each complete
 547 month by which the early retirement date precedes the normal
 548 retirement date of age 62 for a member of the Regular Class,
 549 Senior Management Service Class, or the Elected Officers' Class,
 550 and age 55 for a member of the Special Risk Class, or age 52 if
 551 a Special Risk member has completed 25 years of creditable
 552 service in accordance with s. 121.021(29) (a) 2.c. ~~(b) 3.~~

553 Section 11. Effective July 1, 2011, paragraph (a) of
 554 subsection (3) and paragraph (a) of subsection (13) of section
 555 121.091, Florida Statutes, as amended by this act, are amended
 556 to read:

557 121.091 Benefits payable under the system.—Benefits may
 558 not be paid under this section unless the member has terminated
 559 employment as provided in s. 121.021(39) (a) or begun
 560 participation in the Deferred Retirement Option Program as

561 provided in subsection (13), and a proper application has been
 562 filed in the manner prescribed by the department. The department
 563 may cancel an application for retirement benefits when the
 564 member or beneficiary fails to timely provide the information
 565 and documents required by this chapter and the department's
 566 rules. The department shall adopt rules establishing procedures
 567 for application for retirement benefits and for the cancellation
 568 of such application when the required information or documents
 569 are not received.

570 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or
 571 her early retirement date, the member shall receive an immediate
 572 monthly benefit that shall begin to accrue on the first day of
 573 the month of the retirement date and be payable on the last day
 574 of that month and each month thereafter during his or her
 575 lifetime. Such benefit shall be calculated as follows:

576 (a) The amount of each monthly payment shall be computed
 577 in the same manner as for a normal retirement benefit, in
 578 accordance with subsection (1), but shall be based on the
 579 member's average monthly compensation and creditable service as
 580 of the member's early retirement date. The benefit so computed
 581 shall be reduced by five-twelfths of 1 percent for each complete
 582 month by which the early retirement date precedes the normal
 583 retirement date ~~of age 62 for a member of the Regular Class,~~
 584 ~~Senior Management Service Class, or the Elected Officers' Class,~~
 585 ~~and age 55 for a member of the Special Risk Class, or age 52 if~~
 586 ~~a Special Risk member has completed 25 years of creditable~~
 587 ~~service~~ in accordance with s. 121.021(29) ~~(a)2.e.~~

588 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and

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589 subject to this section, the Deferred Retirement Option Program,
590 hereinafter referred to as DROP, is a program under which an
591 eligible member of the Florida Retirement System may elect to
592 participate, deferring receipt of retirement benefits while
593 continuing employment with his or her Florida Retirement System
594 employer. The deferred monthly benefits shall accrue in the
595 Florida Retirement System on behalf of the participant, plus
596 interest compounded monthly, for the specified period of the
597 DROP participation, as provided in paragraph (c). Upon
598 termination of employment, the participant shall receive the
599 total DROP benefits and begin to receive the previously
600 determined normal retirement benefits. Participation in the DROP
601 does not guarantee employment for the specified period of DROP.
602 Participation in DROP by an eligible member beyond the initial
603 60-month period as authorized in this subsection shall be on an
604 annual contractual basis for all participants.

605 (a) Eligibility of member to participate in DROP.—All
606 active Florida Retirement System members in a regularly
607 established position, and all active members of the Teachers'
608 Retirement System established in chapter 238 or the State and
609 County Officers' and Employees' Retirement System established in
610 chapter 122, which are consolidated within the Florida
611 Retirement System under s. 121.011, are eligible to elect
612 participation in DROP if:

613 1. The member is not a renewed member under s. 121.122 or
614 a member of the State Community College System Optional
615 Retirement Program under s. 121.051, the Senior Management
616 Service Optional Annuity Program under s. 121.055, or the

617 optional retirement program for the State University System
618 under s. 121.35.

619 2. Except as provided in subparagraph 6., election to
620 participate is made within 12 months immediately following the
621 date on which the member first reaches normal retirement date,
622 or, for a member who reaches normal retirement date based on
623 service before he or she reaches age 65 ~~62~~, or age 60 ~~55~~ for
624 Special Risk Class members, election to participate may be
625 deferred to the 12 months immediately following the date the
626 member attains age 60 ~~57~~, or age 55 ~~52~~ for Special Risk Class
627 members. A member who delays DROP participation during the 12-
628 month period immediately following his or her maximum DROP
629 deferral date, except as provided in subparagraph 6., loses a
630 month of DROP participation for each month delayed. A member who
631 fails to make an election within the 12-month limitation period
632 forfeits all rights to participate in DROP. The member shall
633 advise his or her employer and the division in writing of the
634 date DROP begins. The beginning date may be subsequent to the
635 12-month election period but must be within the original 60-
636 month participation period provided in subparagraph (b)1. When
637 establishing eligibility of the member to participate in DROP,
638 the member may elect to include or exclude any optional service
639 credit purchased by the member from the total service used to
640 establish the normal retirement date. A member who has dual
641 normal retirement dates is eligible to elect to participate in
642 DROP after attaining normal retirement date in either class.

643 3. The employer of a member electing to participate in
644 DROP, or employers if dually employed, shall acknowledge in

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645 writing to the division the date the member's participation in
646 DROP begins and the date the member's employment and DROP
647 participation will terminate.

648 4. Simultaneous employment of a participant by additional
649 Florida Retirement System employers subsequent to the
650 commencement of participation in DROP is permissible if such
651 employers acknowledge in writing a DROP termination date no
652 later than the participant's existing termination date or the
653 maximum participation period provided in subparagraph (b)1.

654 5. A DROP participant may change employers while
655 participating in DROP, subject to the following:

656 a. A change of employment must take place without a break
657 in service so that the member receives salary for each month of
658 continuous DROP participation. If a member receives no salary
659 during a month, DROP participation shall cease unless the
660 employer verifies a continuation of the employment relationship
661 for such participant pursuant to s. 121.021(39)(b).

662 b. Such participant and new employer shall notify the
663 division of the identity of the new employer on forms required
664 by the division.

665 c. The new employer shall acknowledge, in writing, the
666 participant's DROP termination date, which may be extended but
667 not beyond the maximum participation period provided in
668 subparagraph (b)1., shall acknowledge liability for any
669 additional retirement contributions and interest required if the
670 participant fails to timely terminate employment, and is subject
671 to the adjustment required in sub-subparagraph (c)5.d.

672 6. Effective July 1, 2001, for instructional personnel as

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673 defined in s. 1012.01(2), election to participate in DROP may be
674 made at any time following the date on which the member first
675 reaches normal retirement date. The member shall advise his or
676 her employer and the division in writing of the date on which
677 DROP begins. When establishing eligibility of the member to
678 participate in DROP for the 60-month participation period
679 provided in subparagraph (b)1., the member may elect to include
680 or exclude any optional service credit purchased by the member
681 from the total service used to establish the normal retirement
682 date. A member who has dual normal retirement dates is eligible
683 to elect to participate in either class.

684 Section 12. Paragraph (c) of subsection (3) of section
685 121.4501, Florida Statutes, is amended to read:

686 121.4501 Public Employee Optional Retirement Program.—

687 (3) ELIGIBILITY; RETIREMENT SERVICE CREDIT.—

688 (c)1. Notwithstanding paragraph (b), each eligible
689 employee who elects to participate in the Public Employee
690 Optional Retirement Program and establishes one or more
691 individual participant accounts under the optional program may
692 elect to transfer to the optional program a sum representing the
693 present value of the employee's accumulated benefit obligation
694 under the defined benefit retirement program of the Florida
695 Retirement System. Upon such transfer, all service credit
696 previously earned under the defined benefit program of the
697 Florida Retirement System shall be nullified for purposes of
698 entitlement to a future benefit under the defined benefit
699 program of the Florida Retirement System. A participant is
700 precluded from transferring the accumulated benefit obligation

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701 balance from the defined benefit program upon the expiration of
702 the period afforded to enroll in the optional program.

703 2. For purposes of this subsection, the present value of
704 the member's accumulated benefit obligation is based upon the
705 member's estimated creditable service and estimated average
706 final compensation under the defined benefit program, subject to
707 recomputation under subparagraph 3. For state employees
708 enrolling under subparagraph (4)(a)1., initial estimates will be
709 based upon creditable service and average final compensation as
710 of midnight on June 30, 2002; for district school board
711 employees enrolling under subparagraph (4)(b)1., initial
712 estimates will be based upon creditable service and average
713 final compensation as of midnight on September 30, 2002; and for
714 local government employees enrolling under subparagraph
715 (4)(c)1., initial estimates will be based upon creditable
716 service and average final compensation as of midnight on
717 December 31, 2002. The dates respectively specified above shall
718 be construed as the "estimate date" for these employees. The
719 actuarial present value of the employee's accumulated benefit
720 obligation shall be based on the following:

721 a. The discount rate and other relevant actuarial
722 assumptions used to value the Florida Retirement System Trust
723 Fund at the time the amount to be transferred is determined,
724 consistent with the factors provided in sub-subparagraphs b. and
725 c.

726 b. A benefit commencement age, based on the member's
727 estimated creditable service as of the estimate date. The
728 benefit commencement age shall be the younger of the following,

729 but shall not be younger than the member's age as of the
 730 estimate date:

731 (I) Age 62 or, for persons employed on or after July 1,
 732 2011, age 65; or

733 (II) The age the member would attain if the member
 734 completed 30 years of service with an employer or, for persons
 735 employed on or after July 1, 2011, 33 years of service with an
 736 employer, assuming the member worked continuously from the
 737 estimate date, and disregarding any vesting requirement that
 738 would otherwise apply under the defined benefit program of the
 739 Florida Retirement System.

740 c. For members of the Special Risk Class and for members
 741 of the Special Risk Administrative Support Class entitled to
 742 retain special risk normal retirement date, the benefit
 743 commencement age shall be the younger of the following, but
 744 shall not be younger than the member's age as of the estimate
 745 date:

746 (I) Age 55 or, for persons employed on or after July 1,
 747 2011, age 60; or

748 (II) The age the member would attain if the member
 749 completed 25 years of service with an employer, or, for persons
 750 employed on or after July 1, 2011, 33 years of service with an
 751 employer, assuming the member worked continuously from the
 752 estimate date, and disregarding any vesting requirement that
 753 would otherwise apply under the defined benefit program of the
 754 Florida Retirement System.

755 d. The calculation shall disregard vesting requirements
 756 and early retirement reduction factors that would otherwise

757 apply under the defined benefit retirement program.

758 3. For each participant who elects to transfer moneys from
759 the defined benefit program to his or her account in the
760 optional program, the division shall recompute the amount
761 transferred under subparagraph 2. not later than 60 days after
762 the actual transfer of funds based upon the participant's actual
763 creditable service and actual final average compensation as of
764 the initial date of participation in the optional program. If
765 the recomputed amount differs from the amount transferred under
766 subparagraph 2. by \$10 or more, the division shall:

767 a. Transfer, or cause to be transferred, from the Florida
768 Retirement System Trust Fund to the participant's account in the
769 optional program the excess, if any, of the recomputed amount
770 over the previously transferred amount together with interest
771 from the initial date of transfer to the date of transfer under
772 this subparagraph, based upon effective annual interest equal to
773 the assumed return on the actuarial investment which was used in
774 the most recent actuarial valuation of the system, compounded
775 annually.

776 b. Transfer, or cause to be transferred, from the
777 participant's account to the Florida Retirement System Trust
778 Fund the excess, if any, of the previously transferred amount
779 over the recomputed amount, together with interest from the
780 initial date of transfer to the date of transfer under this
781 subparagraph, based upon 6 percent effective annual interest,
782 compounded annually, pro rata based on the participant's
783 allocation plan.

784 4. As directed by the participant, the board shall

785 transfer or cause to be transferred the appropriate amounts to
 786 the designated accounts. The board shall establish transfer
 787 procedures by rule, but the actual transfer shall not be later
 788 than 30 days after the effective date of the member's
 789 participation in the optional program unless the major financial
 790 markets for securities available for a transfer are seriously
 791 disrupted by an unforeseen event which also causes the
 792 suspension of trading on any national securities exchange in the
 793 country where the securities were issued. In that event, such
 794 30-day period of time may be extended by a resolution of the
 795 trustees. Transfers are not commissionable or subject to other
 796 fees and may be in the form of securities or cash as determined
 797 by the state board. Such securities shall be valued as of the
 798 date of receipt in the participant's account.

799 5. If the board or the division receives notification from
 800 the United States Internal Revenue Service that this paragraph
 801 or any portion of this paragraph will cause the retirement
 802 system, or a portion thereof, to be disqualified for tax
 803 purposes under the Internal Revenue Code, then the portion that
 804 will cause the disqualification does not apply. Upon such
 805 notice, the state board and the division shall notify the
 806 presiding officers of the Legislature.

807 Section 13. Subsection (2) of section 122.02, Florida
 808 Statutes, is amended to read:

809 122.02 Definitions.—The following words and phrases as
 810 used in this chapter shall have the following meaning unless a
 811 different meaning is plainly required by the context:

812 (2) "Average final compensation" shall mean the average

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813 salary of all ~~the 10 best contributing years of the last 15~~
 814 years of creditable service prior to retirement, ~~or the career~~
 815 ~~average since July 1, 1945, whichever is greater.~~ A year shall
 816 be 12 running months. If there are no records to show the total
 817 number of years of creditable service performed by an employee,
 818 "average final compensation" means the average annual
 819 compensation for the total number of years of creditable service
 820 for which records exist prior to retirement, termination, or
 821 death. ~~In the event that an officer or employee has not~~
 822 ~~contributed to the retirement trust fund for at least 10 years,~~
 823 ~~then the average final compensation shall mean the average~~
 824 ~~salary of the last 10 years' service.~~

825 Section 14. Subsections (1) and (3) of section 175.032,
 826 Florida Statutes, are amended to read:

827 175.032 Definitions.—For any municipality, special fire
 828 control district, chapter plan, local law municipality, local
 829 law special fire control district, or local law plan under this
 830 chapter, the following words and phrases have the following
 831 meanings:

832 (1) (a) "Average final compensation" for a full-time
 833 firefighter means one-twelfth of the average annual compensation
 834 ~~of the 5 best years of~~ all ~~the last 10 years of creditable~~
 835 ~~service prior to retirement, termination, or death,~~ ~~or the~~
 836 ~~career average as a full-time firefighter since July 1, 1953,~~
 837 ~~whichever is greater.~~ A year shall be 12 consecutive months. If
 838 there are no records to show the total number of years of
 839 creditable service performed by an employee, "average final
 840 compensation" means the average annual compensation for the

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841 total number of years of creditable service for which records
842 exist prior to retirement, termination, or death ~~or such other~~
843 ~~consecutive period of time as is used and consistently applied.~~

844 (b) "Average final compensation" for a volunteer
845 firefighter means the average salary of all ~~the 5 best years of~~
846 ~~the last 10 best contributing~~ years prior to change in status to
847 a permanent full-time firefighter or retirement as a volunteer
848 firefighter. If there are no records to show the total number of
849 years of creditable service performed by an employee, "average
850 final compensation" means the average annual compensation for
851 the total number of years of creditable service for which
852 records exist prior to change in status to a permanent full-time
853 firefighter or retirement as a volunteer firefighter ~~or the~~
854 ~~career average of a volunteer firefighter, since July 1, 1953,~~
855 ~~whichever is greater.~~

856 (3) "Compensation" or "salary" means the fixed monthly
857 remuneration paid a firefighter; where, as in the case of a
858 volunteer firefighter, remuneration is based on actual services
859 rendered, the term means the total cash remuneration received
860 yearly for such services, prorated on a monthly basis. This
861 shall include only base pay and shall not include any pay for
862 overtime or other pay beyond base hourly or annual salary.

863 ~~(a) A retirement trust fund or plan may use a definition~~
864 ~~of salary other than the definition in this subsection but only~~
865 ~~if the monthly retirement income payable to each firefighter~~
866 ~~covered by the retirement trust fund or plan, as determined~~
867 ~~under s. 175.162(2)(a) and using such other definition, equals~~
868 ~~or exceeds the monthly retirement income that would be payable~~

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869 ~~to each firefighter if his or her monthly retirement income were~~
870 ~~determined under s. 175.162(2) (a) and using the definition in~~
871 ~~this subsection.~~

872 ~~(b) Any retirement trust fund or plan which now or~~
873 ~~hereafter meets the requirements of this chapter shall not,~~
874 ~~solely by virtue of this subsection, reduce or diminish the~~
875 ~~monthly retirement income otherwise payable to each firefighter~~
876 ~~covered by the retirement trust fund or plan.~~

877 (a) ~~(e)~~ The member's compensation or salary contributed as
878 employee-elective salary reductions or deferrals to any salary
879 reduction, deferred compensation, or tax-sheltered annuity
880 program authorized under the Internal Revenue Code shall be
881 deemed to be the compensation or salary the member would receive
882 if he or she were not participating in such program and shall be
883 treated as compensation for retirement purposes under this
884 chapter.

885 (b) ~~(d)~~ For any person who first becomes a member in any
886 plan year beginning on or after January 1, 1996, compensation
887 for any plan year shall not include any amounts in excess of the
888 Internal Revenue Code s. 401(a)(17) limitation (as amended by
889 the Omnibus Budget Reconciliation Act of 1993), which limitation
890 of \$150,000 shall be adjusted as required by federal law for
891 qualified government plans and shall be further adjusted for
892 changes in the cost of living in the manner provided by Internal
893 Revenue Code s. 401(a)(17)(B). For any person who first became a
894 member prior to the first plan year beginning on or after
895 January 1, 1996, the limitation on compensation shall be not
896 less than the maximum compensation amount that was allowed to be

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897 taken into account under the plan as in effect on July 1, 1993,
898 which limitation shall be adjusted for changes in the cost of
899 living since 1989 in the manner provided by Internal Revenue
900 Code s. 401(a) (17) (1991).

901 Section 15. Paragraph (a) of subsection (1) of section
902 175.061, Florida Statutes, is amended to read:

903 175.061 Board of trustees; members; terms of office;
904 meetings; legal entity; costs; attorney's fees.—For any
905 municipality, special fire control district, chapter plan, local
906 law municipality, local law special fire control district, or
907 local law plan under this chapter:

908 (1) In each municipality and in each special fire control
909 district there is hereby created a board of trustees of the
910 firefighters' pension trust fund, which shall be solely
911 responsible for administering the trust fund. Effective October
912 1, 1986, and thereafter:

913 (a) The membership of the board of trustees for a chapter
914 plan consists of five members, two of whom, unless otherwise
915 prohibited by law, must be legal residents of the municipality
916 or special fire control district and must be appointed by the
917 governing body of the municipality or special fire control
918 district, and two of whom must be full-time firefighters as
919 defined in s. 175.032 who are elected by a majority of the
920 active firefighters who are members of such plan. With respect
921 to any chapter plan or local law plan that, on January 1, 1997,
922 allowed retired firefighters to vote in such elections, retirees
923 may continue to vote in such elections. The fifth member shall
924 be chosen by a majority of the previous four members as provided

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925 | herein and may not be a member or retiree of the plan whose
926 | funds the board administers, and such person's name shall be
927 | submitted to the governing body of the municipality or special
928 | fire control district. Upon receipt of the fifth person's name,
929 | the governing body of the municipality or special fire control
930 | district shall, as a ministerial duty, appoint such person to
931 | the board of trustees. The fifth member shall have the same
932 | rights as each of the other four members, shall serve as trustee
933 | for a period of 2 years, and may succeed himself or herself in
934 | office. Each resident member shall serve as trustee for a period
935 | of 2 years, unless sooner replaced by the governing body at
936 | whose pleasure he or she serves, and may succeed himself or
937 | herself as a trustee. Each firefighter member shall serve as
938 | trustee for a period of 2 years, unless he or she sooner leaves
939 | the employment of the municipality or special fire control
940 | district as a firefighter, whereupon a successor shall be chosen
941 | in the same manner as an original appointment. Each firefighter
942 | may succeed himself or herself in office. The terms of office of
943 | the appointed and elected members may be amended by municipal
944 | ordinance, special act of the Legislature, or resolution adopted
945 | by the governing body of the special fire control district to
946 | extend the terms from 2 years to 4 years. The length of the
947 | terms of office shall be the same for all board members.

948 | Section 16. Paragraph (b) of subsection (2) of section
949 | 175.091, Florida Statutes, is amended to read:

950 | 175.091 Creation and maintenance of fund.—For any
951 | municipality, special fire control district, chapter plan, local
952 | law municipality, local law special fire control district, or

953 local law plan under this chapter:

954 (2) Member contribution rates may be adjusted as follows:

955 (b) Firefighter member contributions may be increased by
 956 consent of the members' collective bargaining representative or,
 957 if none, by majority consent of firefighter members of the fund
 958 ~~to provide greater benefits.~~

959

960 Nothing in this section shall be construed to require adjustment
 961 of member contribution rates in effect on the date this act
 962 becomes a law, including rates that exceed 5 percent of salary,
 963 provided that such rates are at least one-half of 1 percent of
 964 salary.

965 Section 17. Effective July 1, 2011, section 175.162,
 966 Florida Statutes, is amended to read:

967 175.162 Requirements for retirement.—For any municipality,
 968 special fire control district, chapter plan, local law
 969 municipality, local law special fire control district, or local
 970 law plan under this chapter, any firefighter who completes 15 ~~10~~
 971 or more years of creditable service as a firefighter and attains
 972 age 60 ~~55~~, or completes 30 ~~25~~ years of creditable service as a
 973 firefighter and attains age 57 ~~52~~, and who for such minimum
 974 period has been a member of the firefighters' pension trust fund
 975 operating under a chapter plan or local law plan, is eligible
 976 for normal retirement benefits. Normal retirement under the plan
 977 is retirement from the service of the municipality or special
 978 fire control district on or after the normal retirement date. In
 979 such event, payment of retirement income will be governed by the
 980 following provisions of this section:

981 (1) The normal retirement date of each firefighter will be
 982 the first day of the month coincident with or next following the
 983 date on which he or she has completed 15 ~~10~~ or more years of
 984 creditable service and attained age 60 ~~55~~ or completed 30 ~~25~~
 985 years of creditable service and attained age 57 ~~52~~.

986 (2) (a) The amount of monthly retirement income payable to
 987 a full-time firefighter who retires on or after his or her
 988 normal retirement date shall be an amount equal to the number of
 989 his or her years of credited service multiplied by 2 percent of
 990 his or her average final compensation as a full-time
 991 firefighter. However, if current state contributions pursuant to
 992 this chapter are not adequate to fund the additional benefits to
 993 meet the minimum requirements in this chapter, only such
 994 incremental increases shall be required as state moneys are
 995 adequate to provide. Such increments shall be provided as state
 996 moneys become available.

997 (b) The amount of monthly retirement income payable to a
 998 volunteer firefighter who retires on or after his or her normal
 999 retirement date shall be an amount equal to the number of his or
 1000 her years of credited service multiplied by 2 percent of his or
 1001 her average final compensation as a volunteer firefighter.

1002 (3) The monthly retirement income payable in the event of
 1003 normal retirement will be payable on the first day of each
 1004 month. The first payment will be made on the firefighter's
 1005 normal retirement date, or on the first day of the month
 1006 coincident with or next following his or her actual retirement,
 1007 if later, and the last payment will be the payment due next
 1008 preceding the firefighter's death; except that, in the event the

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1009 firefighter dies after retirement but before he or she has
 1010 received retirement benefits for a period of 10 years, the same
 1011 monthly benefit will be paid to the beneficiary (or
 1012 beneficiaries) as designated by the firefighter for the balance
 1013 of such 15-year ~~10-year~~ period. If a firefighter continues in
 1014 the service of the municipality or special fire control district
 1015 beyond his or her normal retirement date and dies prior to his
 1016 or her date of actual retirement, without an option made
 1017 pursuant to s. 175.171 being in effect, monthly retirement
 1018 income payments will be made for a period of 15 ~~10~~ years to a
 1019 beneficiary (or beneficiaries) designated by the firefighter as
 1020 if the firefighter had retired on the date on which his or her
 1021 death occurred.

1022 (4) Early retirement under the plan is retirement from the
 1023 service of the municipality or special fire control district,
 1024 with the consent of the municipality or special fire control
 1025 district, as of the first day of any calendar month which is
 1026 prior to the firefighter's normal retirement date but subsequent
 1027 to the date as of which he or she has both attained the age of
 1028 55 ~~50~~ years and has been a member of this fund for 15 ~~10~~
 1029 continuous years. In the event of early retirement, payment of
 1030 retirement income shall be governed as follows: The monthly
 1031 amount of retirement income payable to a firefighter who retires
 1032 prior to his or her normal retirement date shall be in the
 1033 amount computed as described in subsection (2), taking into
 1034 account the firefighter's credited service to his or her date of
 1035 actual retirement and final monthly compensation as of such
 1036 date, such amount of retirement income to be actuarially reduced

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1037 to take into account the firefighter's younger age and the
 1038 earlier commencement of retirement income benefits. The amount
 1039 of monthly income payable in the event of early retirement will
 1040 be paid in the same manner as in subsection (3). In no event
 1041 shall the early retirement reduction exceed 3 percent for each
 1042 year by which the member's age at retirement preceded the
 1043 member's normal retirement age, as provided in subsection (1).

1044 Section 18. Paragraph (a) of subsection (3) of section
 1045 175.351, Florida Statutes, is amended, and subsection (5) is
 1046 added to that section, to read:

1047 175.351 Municipalities and special fire control districts
 1048 having their own pension plans for firefighters.—For any
 1049 municipality, special fire control district, local law
 1050 municipality, local law special fire control district, or local
 1051 law plan under this chapter, in order for municipalities and
 1052 special fire control districts with their own pension plans for
 1053 firefighters, or for firefighters and police officers, where
 1054 included, to participate in the distribution of the tax fund
 1055 established pursuant to s. 175.101, local law plans must meet
 1056 the minimum benefits and minimum standards set forth in this
 1057 chapter.

1058 (3) Notwithstanding any other provision, with respect to
 1059 any supplemental plan municipality:

1060 (a) ~~Section 175.032(3)(a) shall not apply,~~ and A local law
 1061 plan and a supplemental plan may continue to use their
 1062 definition of compensation or salary in existence on the
 1063 effective date of this act.

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1064 (5) A municipality or special fire control district may
 1065 close a retirement plan subject to this chapter and establish a
 1066 defined contribution plan for employees after a date certain.
 1067 Employees hired before that date may choose to transfer to the
 1068 defined contribution plan, but may not then transfer back to the
 1069 defined benefit retirement plan subject to this chapter or
 1070 belong to both plans simultaneously. A municipality or special
 1071 fire control district may elect to close an existing plan
 1072 subject to the provisions of this chapter and join the Florida
 1073 Retirement System under chapter 121 for employees based on the
 1074 member's date of hire. A municipality or special fire control
 1075 district choosing to operate under this subsection shall receive
 1076 the premium tax provided by this chapter for use for the defined
 1077 benefit plan subject to this chapter until the plan is fully
 1078 funded as described in s. 175.371(2), as determined by the
 1079 plan's actuary.

1080 Section 19. Subsections (1) and (4) of section 185.02,
 1081 Florida Statutes, are amended to read:

1082 185.02 Definitions.—For any municipality, chapter plan,
 1083 local law municipality, or local law plan under this chapter,
 1084 the following words and phrases as used in this chapter shall
 1085 have the following meanings, unless a different meaning is
 1086 plainly required by the context:

1087 (1) "Average final compensation" means one-twelfth of the
 1088 average annual compensation of all ~~the 5 best years of the last~~
 1089 ~~10~~ years of creditable service prior to retirement, termination,
 1090 or death. A year shall be 12 consecutive months. If there are no
 1091 records to show the total number of years of creditable service

1092 performed by an employee, "average final compensation" means the
 1093 average annual compensation for the total number of years of
 1094 creditable service for which records exist prior to retirement,
 1095 termination, or death.

1096 (4) "Compensation" or "salary" means the total cash
 1097 remuneration ~~including "overtime"~~ paid by the primary employer
 1098 to a police officer for services rendered, but not including any
 1099 payments for extra duty or a special detail work performed on
 1100 behalf of a second party employer, or any overtime compensation.
 1101 ~~However, a local law plan may limit the amount of overtime~~
 1102 ~~payments which can be used for retirement benefit calculation~~
 1103 ~~purposes, but in no event shall such overtime limit be less than~~
 1104 ~~300 hours per officer per calendar year.~~

1105 ~~(a) Any retirement trust fund or plan which now or~~
 1106 ~~hereafter meets the requirements of this chapter shall not,~~
 1107 ~~solely by virtue of this subsection, reduce or diminish the~~
 1108 ~~monthly retirement income otherwise payable to each police~~
 1109 ~~officer covered by the retirement trust fund or plan.~~

1110 (a) ~~(b)~~ The member's compensation or salary contributed as
 1111 employee-elective salary reductions or deferrals to any salary
 1112 reduction, deferred compensation, or tax-sheltered annuity
 1113 program authorized under the Internal Revenue Code shall be
 1114 deemed to be the compensation or salary the member would receive
 1115 if he or she were not participating in such program and shall be
 1116 treated as compensation for retirement purposes under this
 1117 chapter.

1118 (b) ~~(c)~~ For any person who first becomes a member in any
 1119 plan year beginning on or after January 1, 1996, compensation

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1120 for any plan year shall not include any amounts in excess of the
 1121 Internal Revenue Code s. 401(a)(17) limitation (as amended by
 1122 the Omnibus Budget Reconciliation Act of 1993), which limitation
 1123 of \$150,000 shall be adjusted as required by federal law for
 1124 qualified government plans and shall be further adjusted for
 1125 changes in the cost of living in the manner provided by Internal
 1126 Revenue Code s. 401(a)(17)(B). For any person who first became a
 1127 member prior to the first plan year beginning on or after
 1128 January 1, 1996, the limitation on compensation shall be not
 1129 less than the maximum compensation amount that was allowed to be
 1130 taken into account under the plan as in effect on July 1, 1993,
 1131 which limitation shall be adjusted for changes in the cost of
 1132 living since 1989 in the manner provided by Internal Revenue
 1133 Code s. 401(a)(17)(1991).

1134 Section 20. Paragraph (a) of subsection (1) of section
 1135 185.05, Florida Statutes, is amended to read:

1136 185.05 Board of trustees; members; terms of office;
 1137 meetings; legal entity; costs; attorney's fees.—For any
 1138 municipality, chapter plan, local law municipality, or local law
 1139 plan under this chapter:

1140 (1) In each municipality described in s. 185.03 there is
 1141 hereby created a board of trustees of the municipal police
 1142 officers' retirement trust fund, which shall be solely
 1143 responsible for administering the trust fund. Effective October
 1144 1, 1986, and thereafter:

1145 (a) The membership of the board of trustees for chapter
 1146 plans consists of five members, two of whom, unless otherwise
 1147 prohibited by law, must be legal residents of the municipality

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1148 and must be appointed by the legislative body of the
1149 municipality, and two of whom must be police officers as defined
1150 in s. 185.02 who are elected by a majority of the active police
1151 officers who are members of such plan. With respect to any
1152 chapter plan or local law plan that, on January 1, 1997, allowed
1153 retired police officers to vote in such elections, retirees may
1154 continue to vote in such elections. The fifth member shall be
1155 chosen by a majority of the previous four members and may not be
1156 a member or retiree of the plan whose funds the board
1157 administers, and such person's name shall be submitted to the
1158 legislative body of the municipality. Upon receipt of the fifth
1159 person's name, the legislative body shall, as a ministerial
1160 duty, appoint such person to the board of trustees. The fifth
1161 member shall have the same rights as each of the other four
1162 members appointed or elected, shall serve as trustee for a
1163 period of 2 years, and may succeed himself or herself in office.
1164 Each resident member shall serve as trustee for a period of 2
1165 years, unless sooner replaced by the legislative body at whose
1166 pleasure the member serves, and may succeed himself or herself
1167 as a trustee. Each police officer member shall serve as trustee
1168 for a period of 2 years, unless he or she sooner leaves the
1169 employment of the municipality as a police officer, whereupon a
1170 successor shall be chosen in the same manner as an original
1171 appointment. Each police officer may succeed himself or herself
1172 in office. The terms of office of the appointed and elected
1173 members of the board of trustees may be amended by municipal
1174 ordinance or special act of the Legislature to extend the terms
1175 from 2 years to 4 years. The length of the terms of office shall

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1176 be the same for all board members.

1177 Section 21. Paragraph (b) of subsection (2) of section
 1178 185.07, Florida Statutes, is amended to read:

1179 185.07 Creation and maintenance of fund.—For any
 1180 municipality, chapter plan, local law municipality, or local law
 1181 plan under this chapter:

1182 (2) Member contribution rates may be adjusted as follows:

1183 (b) Police officer member contributions may be increased
 1184 by consent of the members' collective bargaining representative
 1185 or, if none, by majority consent of police officer members of
 1186 the fund ~~to provide greater benefits.~~

1187
 1188 Nothing in this section shall be construed to require adjustment
 1189 of member contribution rates in effect on the date this act
 1190 becomes a law, including rates that exceed 5 percent of salary,
 1191 provided that such rates are at least one-half of 1 percent of
 1192 salary.

1193 Section 22. Effective July 1, 2011, section 185.16,
 1194 Florida Statutes, is amended to read:

1195 185.16 Requirements for retirement.—For any municipality,
 1196 chapter plan, local law municipality, or local law plan under
 1197 this chapter, any police officer who completes 15 ~~10~~ or more
 1198 years of creditable service as a police officer and attains age
 1199 60 ~~55~~, or completes 30 ~~25~~ years of creditable service as a
 1200 police officer and attains age 57 ~~52~~, and for such period has
 1201 been a member of the retirement fund is eligible for normal
 1202 retirement benefits. Normal retirement under the plan is
 1203 retirement from the service of the city on or after the normal

1204 retirement date. In such event, for chapter plans and local law
 1205 plans, payment of retirement income will be governed by the
 1206 following provisions of this section:

1207 (1) The normal retirement date of each police officer will
 1208 be the first day of the month coincident with or next following
 1209 the date on which the police officer has completed 15 ~~10~~ or more
 1210 years of creditable service and attained age 60 ~~55~~ or completed
 1211 25 years of creditable service and attained age 57 ~~52~~.

1212 (2) The amount of the monthly retirement income payable to
 1213 a police officer who retires on or after his or her normal
 1214 retirement date shall be an amount equal to the number of the
 1215 police officer's years of credited service multiplied by 2
 1216 percent of his or her average final compensation. However, if
 1217 current state contributions pursuant to this chapter are not
 1218 adequate to fund the additional benefits to meet the minimum
 1219 requirements in this chapter, only increment increases shall be
 1220 required as state moneys are adequate to provide. Such
 1221 increments shall be provided as state moneys become available.

1222 (3) The monthly retirement income payable in the event of
 1223 normal retirement will be payable on the first day of each
 1224 month. The first payment will be made on the police officer's
 1225 normal retirement date, or on the first day of the month
 1226 coincident with or next following the police officer's actual
 1227 retirement, if later, and the last payment will be the payment
 1228 due next preceding the police officer's death; except that, in
 1229 the event the police officer dies after retirement but before
 1230 receiving retirement benefits for a period of 15 ~~10~~ years, the
 1231 same monthly benefit will be paid to the beneficiary (or

1232 beneficiaries) as designated by the police officer for the
 1233 balance of such 15-year ~~10-year~~ period, or, if no beneficiary is
 1234 designated, to the estate of the police officer, as provided in
 1235 s. 185.162. If a police officer continues in the service of the
 1236 city beyond his or her normal retirement date and dies prior to
 1237 the date of actual retirement, without an option made pursuant
 1238 to s. 185.161 being in effect, monthly retirement income
 1239 payments will be made for a period of 15 ~~10~~ years to a
 1240 beneficiary (or beneficiaries) designated by the police officer
 1241 as if the police officer had retired on the date on which death
 1242 occurred, or, if no beneficiary is designated, to the estate of
 1243 the police officer, as provided in s. 185.162.

1244 (4) Early retirement under the plan is retirement from the
 1245 service of the city, with the consent of the city, as of the
 1246 first day of any calendar month which is prior to the police
 1247 officer's normal retirement date but subsequent to the date as
 1248 of which the police officer has both attained the age of 50
 1249 years and completed 15 ~~10~~ years of contributing service. In the
 1250 event of early retirement, payment of retirement income will be
 1251 governed as follows:

1252 (a) The early retirement date shall be the first day of
 1253 the calendar month coincident with or immediately following the
 1254 date a police officer retires from the service of the city under
 1255 the provisions of this section prior to his or her normal
 1256 retirement date.

1257 (b) The monthly amount of retirement income payable to a
 1258 police officer who retires prior to his or her normal retirement
 1259 date under the provisions of this section shall be an amount

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1260 computed as described in subsection (2), taking into account his
 1261 or her credited service to the date of actual retirement and his
 1262 or her final monthly compensation as of such date, such amount
 1263 of retirement income to be actuarially reduced to take into
 1264 account the police officer's younger age and the earlier
 1265 commencement of retirement income payments. In no event shall
 1266 the early retirement reduction exceed 3 percent for each year by
 1267 which the member's age at retirement preceded the member's
 1268 normal retirement age, as provided in subsection (1).

1269 (c) The retirement income payable in the event of early
 1270 retirement will be payable on the first day of each month. The
 1271 first payment will be made on the police officer's early
 1272 retirement date and the last payment will be the payment due
 1273 next preceding the retired police officer's death; except that,
 1274 in the event the police officer dies before receiving retirement
 1275 benefits for a period of 15 ~~10~~ years, the same monthly benefit
 1276 will be paid to the beneficiary designated by the police officer
 1277 for the balance of such 15-year ~~10-year~~ period, or, if no
 1278 designated beneficiary is surviving, the same monthly benefit
 1279 for the balance of such 10-year period shall be payable as
 1280 provided in s. 185.162.

1281 Section 23. Paragraph (a) of subsection (3) of section
 1282 185.35, Florida Statutes, is amended, and subsection (5) is
 1283 added to that section, to read:

1284 185.35 Municipalities having their own pension plans for
 1285 police officers.—For any municipality, chapter plan, local law
 1286 municipality, or local law plan under this chapter, in order for
 1287 municipalities with their own pension plans for police officers,

1288 or for police officers and firefighters where included, to
 1289 participate in the distribution of the tax fund established
 1290 pursuant to s. 185.08, local law plans must meet the minimum
 1291 benefits and minimum standards set forth in this chapter:

1292 (3) Notwithstanding any other provision, with respect to
 1293 any supplemental plan municipality:

1294 (a) ~~Section 185.02(4)(a) shall not apply,~~ and A local law
 1295 plan and a supplemental plan may continue to use their
 1296 definition of compensation or salary in existence on the
 1297 effective date of this act.

1298 (5) A municipality may close a retirement plan subject to
 1299 this chapter and establish a defined contribution retirement
 1300 plan for employees hired after a date certain. Employees hired
 1301 before that date may choose to transfer to the defined
 1302 contribution plan, but may not then transfer back to the defined
 1303 benefit retirement plan subject to this chapter or belong to
 1304 both plans simultaneously. A municipality may elect to close an
 1305 existing plan subject to the provisions of this chapter and join
 1306 the Florida Retirement System under chapter 121 for employees
 1307 hired after a date certain. A municipality choosing to operate
 1308 under this subsection shall receive the premium tax provided by
 1309 this chapter for use for the plan subject to this chapter until
 1310 the plan is fully funded as described in s. 185.38(2), as
 1311 determined by the plan's actuary.

1312 Section 24. Section 214.101, Florida Statutes, is created
 1313 to read:

1314 214.101 Truth in accounting; short title; definitions.—

1315 (1) SHORT TITLE.--This chapter may be cited as the "Truth
 1316 in Accounting Act."

1317 (2) DEFINITIONS.--As used in this chapter, unless a
 1318 different meaning is plainly required by the context, the term:

1319 (a) "Amounts due other postemployment benefit plan" means
 1320 the unfunded actuarial accrued liability for any other
 1321 postemployment benefit plan, including the portion of multiple-
 1322 employer plans attributed to the plan sponsor.

1323 (b) "Amounts due pension fund" means the unfunded
 1324 actuarial accrued liability for a pension plan, including the
 1325 portion of a multiple-employer plan attributed to the plan
 1326 sponsor.

1327 (c) "Benefit enhancements" means the actuarial present
 1328 value of total projected benefits attributed to the estimated
 1329 increase in the benefits of retirees or beneficiaries granted by
 1330 the proposed budget, employment contracts, or proposed or
 1331 enacted changes to the state relating to pension plans. The
 1332 benefit enhancements that result from plan members' expected
 1333 future service amount may be reduced by the amount of specified
 1334 revenue sources enacted into law.

1335 (d) "Capital assets" shall be defined using Governmental
 1336 Accounting Standards Board concepts outlined in Governmental
 1337 Accounting Standards Board Statement 34.

1338 (e) "Estimated balance sheet" means the estimated
 1339 statement of net assets prepared using the Governmental
 1340 Accounting Standards Board concepts outlined in Governmental
 1341 Accounting Standards Board Statement 34.

1342 (f) "Estimated retirement plan's assets gain or loss"
 1343 means the change in the actuarial value of assets at the
 1344 beginning of the budget period and the actuarial value of assets
 1345 at the end of the budget period.

1346 (g) "Fiduciary funds" shall be defined using Governmental
 1347 Accounting Standards Board concepts outlined in Governmental
 1348 Accounting Standards Board Statement 34.

1349 (h) "Fiscal budget documents" includes the estimated
 1350 balance sheet, the estimated statement of activities, the
 1351 estimated statement of cash flow, the estimated statement of
 1352 fiscal balance, the estimated statement of fiscal deficit, and
 1353 the estimated financial state of the state.

1354 (i) "Governmentwide generally accepted accounting
 1355 principles" means the accounting standards used in the
 1356 preparation of the governmentwide financial statements of the
 1357 state and any political subdivision thereof which is required to
 1358 prepare financial statements, using Governmental Accounting
 1359 Standards Board concepts outlined in the Governmental Accounting
 1360 Standards Board Statement 34.

1361 (j) "Increase or decrease in other postemployment benefits
 1362 due" means the difference between any other postemployment
 1363 benefit plan's estimated actuarial accrued liability at the
 1364 beginning of the budget period and estimated actuarial accrued
 1365 liability at the end of the budget period.

1366 (k) "Increase or decrease in pension benefits due" means
 1367 the difference between a pension plan's estimated actuarial
 1368 accrued liability at the beginning of the budget period and the

1369 estimated actuarial accrued liability at the end of the budget
 1370 period.

1371 (l) "Net pension obligation," "net pension asset," "net
 1372 other postemployment benefit obligation," "net other
 1373 postemployment asset," "actuarial value of assets," "actuarial
 1374 accrued liability," "unfunded actuarial accrued liability," and
 1375 "actuarial present value of total projected benefits" shall be
 1376 defined using Governmental Accounting Standards Board concepts
 1377 outlined in Governmental Accounting Standards Board Statements
 1378 45, 25, and 27, as amended by Governmental Accounting Standards
 1379 Board Statement 50.

1380 (m) "Off-balance-sheet other postemployment benefit
 1381 liabilities" means the difference between any other
 1382 postemployment benefit plan's estimated unfunded actuarial
 1383 accrued liability and the estimated net other postemployment
 1384 benefit obligation or other postemployment benefit asset
 1385 included in the estimated balance sheet.

1386 (n) "Off-balance-sheet pension liabilities" means the
 1387 difference between a pension plan's estimated unfunded actuarial
 1388 accrued liability and the estimated net pension obligation or
 1389 net pension asset included in the estimated balance sheet.

1390 (o) "Other postemployment benefit plan" means any benefit
 1391 plan other than a pension plan provided to employees or their
 1392 families after retirement, termination, or death.

1393 (p) "Pension plan" means a retirement plan provided to
 1394 employees by the state or any political subdivision of the state
 1395 as provided by law.

1396 Section 25. Section 214.102, Florida Statutes, is created
 1397 to read:

1398 214.102 Reporting requirements.—The Chief Financial
 1399 Officer shall, for the state, and an official designated by the
 1400 governing body of a political subdivision of the state shall,
 1401 for each political subdivision, issue the following reports each
 1402 year using data from the most recently completed fiscal year:

1403 (1) Statement of fiscal balance, which shall include the:

1404 (a) Columns used in the estimated balance sheet.

1405 (b) Total net assets as determined in the estimated
 1406 balance sheet.

1407 (c) Off-balance-sheet pension liability.

1408 (d) Off-balance-sheet other postemployment benefit
 1409 liability.

1410 (e) Resulting fiscal balance, which shall be calculated by
 1411 subtracting the sum of all liabilities in paragraphs (a)-(d)
 1412 from the sum of all assets in paragraphs (a)-(d).

1413 (2) Statement of fiscal deficit, which shall include the:

1414 (a) Columns used in the estimated statement of activities.

1415 (b) Change in net assets, as determined in the statement
 1416 of activities.

1417 (c) Benefit enhancements.

1418 (d) Estimated retirement plan's gain or loss.

1419 (e) Increase or decrease in pension benefits due.

1420 (f) Increase or decrease in other postemployment benefits
 1421 due.

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1422 (g) Resulting fiscal deficit, which shall be calculated by
1423 subtracting all increases in liabilities in paragraphs (a)-(f)
1424 from all decreases in liabilities in paragraphs (a)-(f).

1425 (3) Estimated financial state of the state, estimated
1426 financial state of the county, or estimated financial state of
1427 the municipality, or other similar report where the title
1428 reflects the type of political subdivision releasing the report,
1429 which shall include:

1430 (a) The total revenues collected in each of the previous 3
1431 fiscal years.

1432 (b) The most recent estimate of the total revenues to be
1433 collected in the current and next 3 fiscal years.

1434 (c) A summary of the dollar amount of the reporting body's
1435 assets, broken down to include capital assets and other assets,
1436 and a total of all assets which shall be labeled "what we own."

1437 (d) A summary of the dollar amount of the reporting body's
1438 liabilities, broken down to include outstanding general
1439 obligation and special revenue bonds, amounts due pension funds,
1440 amounts due other postemployment benefit plans, other
1441 liabilities, and a total of all liabilities which shall be
1442 labeled "our bills."

1443 (e) A statement of the estimated financial state of the
1444 reporting body, which shall be calculated by subtracting the
1445 amount described in paragraph (d) from the amount described in
1446 paragraph (c).

1447 Section 26. Section 214.103, Florida Statutes, is created
1448 to read:

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1449 214.103 Date of submission.—The reports required by this
1450 chapter shall be submitted by the Chief Financial Officer to the
1451 Governor, the Speaker of the House of Representatives, and the
1452 President of the Senate on or before February 28 of each year or
1453 by the official designated by the governing body of a political
1454 subdivision of the state to the governing body of that political
1455 subdivision no later than 120 days prior to the beginning of
1456 each fiscal year of that political subdivision. These reports
1457 shall also be posted online on a website owned and maintained by
1458 the body receiving the report and shall be available to the
1459 public.

1460 Section 27. If any unit of government makes a good faith
1461 determination that, in complying with the provisions of this
1462 act, the additional administrative costs will exceed the savings
1463 estimated by the increased employee contributions provided for,
1464 then that unit of government may postpone compliance with the
1465 provisions of this act until it determines that the estimated
1466 benefits will exceed the estimated costs.

1467 Section 28. Except as otherwise expressly provided in this
1468 act, this act shall take effect July 1, 2010.