

By the Committees on Budget; and Governmental Oversight and Accountability; and Senators Ring, Lynn, and Flores

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1 A bill to be entitled
2 An act relating to public retirement plans; amending
3 s. 112.63, F.S.; requiring plans to regularly disclose
4 the plan's accrued benefits; amending s. 112.66, F.S.;
5 providing for the calculation of local government
6 retirement benefits after a certain date; providing a
7 prohibition on the use of certain compensation;
8 prohibiting the use of surpluses for expenses outside
9 the plan; prohibiting a reduction in certain
10 contributions to a plan; amending s. 112.665, F.S.;
11 requiring the Department of Management Services to
12 provide a fact sheet on each local plan; amending s.
13 121.051, F.S.; providing that a local government
14 employer is eligible for participation in the Florida
15 Retirement System if it has no unfunded actuarial
16 liabilities; amending s. 175.032, F.S.; revising the
17 definition of the term "compensation" or "salary" for
18 purposes of firefighters' pensions; amending s.
19 175.061, F.S.; authorizing a municipality to change
20 the municipality's membership on the board of trustees
21 operating its firefighters' pension plan under certain
22 circumstances; amending s. 175.351, F.S.; revising
23 provisions relating to benefits paid from the premium
24 tax by a municipality or special fire control district
25 that has its own pension plan; providing for the use
26 of accumulated additional premium tax revenues;
27 requiring such revenues to be used to fund a defined
28 contribution supplemental plan under certain
29 circumstances; conforming a cross-reference; amending

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30 s. 185.02, F.S.; revising the definition of the terms
31 "compensation" and "salary" for purposes of police
32 officers' pensions; amending s. 185.05, F.S.;
33 authorizing a municipality to change the
34 municipality's membership on the board of trustees
35 operating its police officers' pension plan under
36 certain circumstances; amending s. 185.35, F.S.;
37 revising provisions relating to benefits paid by a
38 municipality that has its own pension plan; providing
39 for the use of accumulated additional premium tax
40 revenues; requiring such revenues to be used to fund a
41 defined contribution supplemental plan under certain
42 circumstances; directing the Department of Financial
43 Services to rate the financial strength of local
44 government defined benefit plans; specifying the
45 factors for assigning the ratings; requiring local
46 pension boards, local governments, the Division of
47 Retirement, and all relevant entities to cooperate in
48 providing data for the ratings; requiring the ratings
49 to be posted on the department's website; creating the
50 Task Force on Public Employee Disability Presumptions;
51 providing for appointment and membership; specifying
52 the issues for the task force to address; providing
53 for a report to be submitted to the Governor, Chief
54 Financial Officer, and Legislature by a certain date;
55 providing for future expiration; directing the
56 Department of Financial Services to submit a report on
57 the financial health of local government pension plans
58 to the Governor and Legislature by a certain date;

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59 specifying the issues the report must address;
60 providing a declaration of important state interest;
61 providing an effective date.
62

63 Be It Enacted by the Legislature of the State of Florida:
64

65 Section 1. Present paragraph (f) of subsection (1) of
66 section 112.63, Florida Statutes, is redesignated as paragraph
67 (g), and a new paragraph (f) is added to that subsection, to
68 read:

69 112.63 Actuarial reports and statements of actuarial
70 impact; review.—

71 (1) Each retirement system or plan subject to the
72 provisions of this act shall have regularly scheduled actuarial
73 reports prepared and certified by an enrolled actuary. The
74 actuarial report shall consist of, but shall not be limited to,
75 the following:

76 (f) A disclosure of the present value of the plan's accrued
77 vested, nonvested, and total benefits, as adopted by the
78 Financial Accounting Standards Board, using the Florida
79 Retirement System's assumed rate of return, in order to promote
80 the comparability of actuarial data between local plans.
81

82 The actuarial cost methods utilized for establishing the amount
83 of the annual actuarial normal cost to support the promised
84 benefits shall only be those methods approved in the Employee
85 Retirement Income Security Act of 1974 and as permitted under
86 regulations prescribed by the Secretary of the Treasury.

87 Section 2. Subsections (11) through (13) are added to

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88 section 112.66, Florida Statutes, to read:

89 112.66 General provisions.—The following general provisions
90 relating to the operation and administration of any retirement
91 system or plan covered by this part shall be applicable:

92 (11) For noncollectively bargained service earned on or
93 after July 1, 2011, or for service earned under collective
94 bargaining agreements entered into on or after July 1, 2011, a
95 pension system or plan sponsored by a local government may not
96 include any overtime compensation in excess of 300 hours per
97 year, or any payments for accrued unused sick leave or annual
98 leave for purposes of calculating retirement benefits. For those
99 members whose terms and conditions of employment are
100 collectively bargained, this subsection is effective for the
101 first agreement entered into on or after July 1, 2011. This
102 subsection does not apply to state-administered retirement
103 systems or plans.

104 (12) An actuarial or cash surplus in any system or plan may
105 not be used for any expenses outside the plan.

106 (13) A local government sponsor of a retirement system or
107 plan may not reduce contributions required to fund the normal
108 cost. This subsection does not apply to state-administered
109 retirement systems or plans.

110 Section 3. Present paragraphs (e) and (f) of subsection (1)
111 of section 112.665, Florida Statutes, are redesignated as
112 paragraphs (f) and (g), respectively, and a new paragraph (e) is
113 added to that subsection, to read:

114 112.665 Duties of Department of Management Services.—

115 (1) The Department of Management Services shall:

116 (e) Provide a fact sheet for each participating local

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117 government defined benefit pension plan summarizing the plan's
118 actuarial status. The fact sheet should provide a summary of the
119 plan's most current actuarial data, minimum funding requirements
120 as a percentage of pay, and a 5-year history of funded ratios.
121 The fact sheet must include a brief explanation of each element
122 in order to maximize the transparency of the local government
123 plans. These documents shall be posted on the department's
124 website. Plan sponsors that have websites must provide a link to
125 the department's website.

126 Section 4. Paragraph (b) of subsection (2) of section
127 121.051, Florida Statutes, is amended to read:

128 121.051 Participation in the system.—

129 (2) OPTIONAL PARTICIPATION.—

130 (b)1. The governing body of any municipality, metropolitan
131 planning organization, or special district ~~in the state~~ may
132 elect to participate in the system upon proper application to
133 the administrator and may cover all or any of its units as
134 approved by the Secretary of Health and Human Services and the
135 administrator. The department shall adopt rules establishing
136 provisions for the submission of documents necessary for such
137 application. Before ~~Prior to~~ being approved for participation in
138 the Florida Retirement System, the governing body of ~~any~~ such
139 municipality, metropolitan planning organization, or special
140 district that has a local retirement system shall submit to the
141 administrator a certified financial statement showing the
142 condition of the local retirement system ~~as of a date~~ within 3
143 months before ~~prior to~~ the proposed effective date of membership
144 in the ~~Florida Retirement~~ system. The statement must be
145 certified by a recognized accounting firm that is independent of

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146 the local retirement system. All required documents necessary
147 for extending Florida Retirement System coverage must be
148 received by the department for consideration at least 15 days
149 before ~~prior to~~ the proposed effective date of coverage. If the
150 municipality, metropolitan planning organization, or special
151 district does not comply with this requirement, the department
152 may require that the effective date of coverage be changed.

153 2. A local government employer sponsoring a local
154 government retirement system or plan, including a firefighters'
155 pension plan or a municipal police officers' pension plan
156 established in accordance with chapter 175 or chapter 185, is
157 eligible for membership under this chapter if the local
158 government retirement system or plan has no unfunded actuarial
159 liabilities. Any municipality ~~city~~, metropolitan planning
160 organization, or special district that has an existing
161 retirement system covering the employees in the units that are
162 to be brought under the Florida Retirement System may
163 participate only after holding a referendum in which all
164 employees in the affected units have the right to participate.
165 Only those employees electing coverage under the Florida
166 Retirement System by affirmative vote in the ~~said~~ referendum are
167 ~~shall be~~ eligible for coverage under this chapter, and those not
168 participating or electing not to be covered by the ~~Florida~~
169 ~~Retirement~~ system shall remain in their present systems and are
170 ~~shall not be~~ eligible for coverage under this chapter. After the
171 referendum is held, all future employees are ~~shall be~~ compulsory
172 members of the Florida Retirement System.

173 3. The governing body of any municipality ~~city~~,
174 metropolitan planning organization, or special district

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175 complying with subparagraph 1. may elect to provide, or not
176 provide, benefits based on past service of officers and
177 employees as described in s. 121.081(1). However, if such
178 employer elects to provide past service benefits, such benefits
179 must be provided for all officers and employees of its covered
180 group.

181 4. Once ~~this~~ election is made and approved it may not be
182 revoked, except pursuant to subparagraphs 5. and 6., and all
183 present officers and employees electing coverage under this
184 chapter and all future officers and employees are ~~shall be~~
185 compulsory members of the Florida Retirement System.

186 5. Subject to the conditions set forth in subparagraph 6.,
187 the governing body of any hospital licensed under chapter 395
188 which is governed by the board of a special district as defined
189 in s. 189.403(1) or by the board of trustees of a public health
190 trust created under s. 154.07, hereinafter referred to as
191 "hospital district," and which participates in the system, may
192 elect to cease participation in the system with regard to future
193 employees in accordance with the following procedure:

194 a. No more than 30 days and at least 7 days before adopting
195 a resolution to partially withdraw from the ~~Florida Retirement~~
196 system and establish an alternative retirement plan for future
197 employees, a public hearing must be held on the proposed
198 withdrawal and proposed alternative plan.

199 b. From 7 to 15 days before such hearing, notice of intent
200 to withdraw, specifying the time and place of the hearing, must
201 be provided in writing to employees of the hospital district
202 proposing partial withdrawal and must be published in a
203 newspaper of general circulation in the area affected, as

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204 provided by ss. 50.011-50.031. Proof of publication of such
205 notice shall be submitted to the department ~~of Management~~
206 ~~Services~~.

207 c. The governing body of any hospital district seeking to
208 partially withdraw from the system must, before such hearing,
209 have an actuarial report prepared and certified by an enrolled
210 actuary, as defined in s. 112.625~~(3)~~, illustrating the cost to
211 the hospital district of providing, through the retirement plan
212 that the hospital district is to adopt, benefits for new
213 employees comparable to those provided under the ~~Florida~~
214 ~~Retirement~~ system.

215 d. Upon meeting all applicable requirements of this
216 subparagraph, and subject to ~~the conditions set forth in~~
217 subparagraph 6., partial withdrawal from the system and adoption
218 of the alternative retirement plan may be accomplished by
219 resolution duly adopted by the hospital district board. The
220 hospital district board must provide written notice of such
221 withdrawal to the division by mailing a copy of the resolution
222 to the division, postmarked no later than December 15, 1995. The
223 withdrawal shall take effect January 1, 1996.

224 6. Following the adoption of a resolution under sub-
225 subparagraph 5.d., all employees of the withdrawing hospital
226 district who were participants in the Florida Retirement System
227 before ~~prior to~~ January 1, 1996, shall remain as participants in
228 the system for as long as they are employees of the hospital
229 district, and all rights, duties, and obligations between the
230 hospital district, the system, and the employees ~~shall~~ remain in
231 full force and effect. Any employee who is hired or appointed on
232 or after January 1, 1996, may not participate in the Florida

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233 Retirement System, and the withdrawing hospital district has
234 ~~shall have~~ no obligation to the system with respect to such
235 employees.

236 Section 5. Subsection (3) of section 175.032, Florida
237 Statutes, is amended to read:

238 175.032 Definitions.—For any municipality, special fire
239 control district, chapter plan, local law municipality, local
240 law special fire control district, or local law plan under this
241 chapter, the following words and phrases have the following
242 meanings:

243 (3) "Compensation" or "salary" means, for noncollectively
244 bargained service earned before July 1, 2011, or for service
245 earned under collective bargaining agreements in place before
246 July 1, 2011, the fixed monthly remuneration paid a firefighter.
247 ~~If; where, as in the case of a volunteer firefighter,~~
248 remuneration is based on actual services rendered, as in the
249 case of a volunteer firefighter, the term means the total cash
250 remuneration received yearly for such services, prorated on a
251 monthly basis. For noncollectively bargained service earned on
252 or after July 1, 2011, or for service earned under collective
253 bargaining agreements entered into on or after July 1, 2011, the
254 term has the same meaning except that overtime compensation in
255 excess of 300 hours per year, or payments for accrued unused
256 sick or annual leave, may not be included for purposes of
257 calculating retirement benefits.

258 ~~(a) A retirement trust fund or plan may use a definition of~~
259 ~~salary other than the definition in this subsection but only if~~
260 ~~the monthly retirement income payable to each firefighter~~
261 ~~covered by the retirement trust fund or plan, as determined~~

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262 ~~under s. 175.162(2) (a) and using such other definition, equals~~
263 ~~or exceeds the monthly retirement income that would be payable~~
264 ~~to each firefighter if his or her monthly retirement income were~~
265 ~~determined under s. 175.162(2) (a) and using the definition in~~
266 ~~this subsection.~~

267 ~~(a) (b)~~ Any retirement trust fund or plan that ~~which now or~~
268 ~~hereafter~~ meets the requirements of this chapter does ~~shall~~ not,
269 solely by virtue of this subsection, reduce or diminish the
270 monthly retirement income otherwise payable to each firefighter
271 covered by the retirement trust fund or plan.

272 ~~(b) (e)~~ The member's compensation or salary contributed as
273 employee-elective salary reductions or deferrals to any salary
274 reduction, deferred compensation, or tax-sheltered annuity
275 program authorized under the Internal Revenue Code shall be
276 deemed to be the compensation or salary the member would receive
277 if he or she were not participating in such program and shall be
278 treated as compensation for retirement purposes under this
279 chapter.

280 ~~(c) (d)~~ For any person who first becomes a member in any
281 plan year beginning on or after January 1, 1996, compensation
282 for that ~~any~~ plan year may ~~shall~~ not include any amounts in
283 excess of the Internal Revenue Code s. 401(a) (17) limitation,
284 ~~(as amended by the Omnibus Budget Reconciliation Act of 1993),~~
285 which limitation of \$150,000 shall be adjusted as required by
286 federal law for qualified government plans and shall be further
287 adjusted for changes in the cost of living in the manner
288 provided by Internal Revenue Code s. 401(a) (17) (B). For any
289 person who first became a member before ~~prior to~~ the first plan
290 year beginning on or after January 1, 1996, the limitation on

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291 compensation may ~~shall be~~ not be less than the maximum
292 compensation amount that was allowed to be taken into account
293 under the plan ~~as~~ in effect on July 1, 1993, which limitation
294 shall be adjusted for changes in the cost of living since 1989
295 in the manner provided by Internal Revenue Code s.
296 401(a)(17)(1991).

297 Section 6. Paragraph (b) of subsection (1) of section
298 175.061, Florida Statutes, is amended to read:

299 175.061 Board of trustees; members; terms of office;
300 meetings; legal entity; costs; attorney's fees.—For any
301 municipality, special fire control district, chapter plan, local
302 law municipality, local law special fire control district, or
303 local law plan under this chapter:

304 (1) In each municipality and in each special fire control
305 district there is hereby created a board of trustees of the
306 firefighters' pension trust fund, which shall be solely
307 responsible for administering the trust fund. Effective October
308 1, 1986, and thereafter:

309 (b) The membership of boards of trustees for local law
310 plans shall be as follows:

311 1. If a municipality or special fire control district has a
312 pension plan for firefighters only, the provisions of paragraph
313 (a) ~~shall~~ apply.

314 2. If a municipality has a pension plan for firefighters
315 and police officers, the provisions of paragraph (a) ~~shall~~
316 apply, except that one member of the board must ~~shall~~ be a
317 firefighter ~~as defined in s. 175.032~~ and one member of the board
318 must ~~shall~~ be a police officer as defined in s. 185.02,
319 respectively elected by a majority of the active firefighters or

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320 police officers who are members of the plan.

321 3. A ~~Any~~ board of trustees operating a local law plan on
322 July 1, 1999, which is combined with a plan for general
323 employees shall hold an election of the firefighters, or
324 firefighters and police officers, if included, to determine
325 whether a plan is to be established for firefighters only, or
326 for firefighters and police officers where included. Based on
327 the election results, a new board shall be established as
328 provided in subparagraph 1. or subparagraph 2., as appropriate.
329 The municipality or fire control district shall enact an
330 ordinance or resolution to implement the new board by October 1,
331 1999. The newly established board shall take whatever action is
332 necessary to determine the amount of assets ~~which is~~
333 attributable to firefighters, or firefighters and police
334 officers where included. Such assets ~~shall~~ include all employer,
335 employee, and state contributions made by or on behalf of
336 firefighters, or firefighters and police officers where
337 included, and any investment income derived from such
338 contributions. All such moneys shall be transferred into the
339 newly established retirement plan, as directed by the board.

340
341 With respect to a ~~any~~ board of trustees operating a local law
342 plan on June 30, 1986, ~~nothing in this paragraph does not shall~~
343 permit the reduction of the membership percentage of
344 firefighters, or of firefighters and police officers where a
345 joint or mixed fund exists. However, for the sole purpose of
346 changing municipal representation, a municipality may, by
347 ordinance, change the municipal representation on the board of
348 trustees operating a local law plan by ordinance, only if such

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349 change does not reduce the membership percentage of
350 firefighters, or firefighters and police officers.

351 Section 7. Section 175.351, Florida Statutes, is amended to
352 read:

353 175.351 Municipalities and special fire control districts
354 having their own pension plans for firefighters.—For any
355 municipality, special fire control district, local law
356 municipality, local law special fire control district, or local
357 law plan under this chapter, in order for municipalities and
358 special fire control districts with their own pension plans for
359 firefighters, or for firefighters and police officers if,~~where~~
360 included, to participate in the distribution of the tax fund
361 established pursuant to s. 175.101, local law plans must meet
362 the minimum benefits and minimum standards set forth in this
363 chapter.

364 (1) ~~PREMIUM TAX INCOME.~~—If a municipality or special fire
365 control district has a pension plan for firefighters, or a
366 pension plan for firefighters and police officers if,~~where~~
367 included, which in the opinion of the division meets the minimum
368 benefits and minimum standards set forth in this chapter, the
369 board of trustees of the pension plan, as approved by a majority
370 of firefighters, or firefighters and police officers, of the
371 municipality or fire control district, may:

372 (a) Place the income from the premium tax in s. 175.101 in
373 such pension plan for the sole and exclusive use of its
374 firefighters, or for firefighters and police officers if,~~where~~
375 included, where it shall become an integral part of that pension
376 plan and shall be used to pay extra benefits to the
377 firefighters, or firefighters and police officers, included in

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378 that pension plan; or

379 (b) Place the income from the premium tax in s. 175.101 in
380 a separate supplemental plan to pay extra benefits to
381 firefighters, or to firefighters and police officers ~~if where~~
382 included, participating in such separate supplemental plan.

383 (2) The premium tax provided by this chapter shall in all
384 cases be used in its entirety to provide extra benefits to
385 firefighters, or to firefighters and police officers ~~if, where~~
386 included. However, local law plans in effect on October 1, 1998,
387 ~~must shall be required to~~ comply with the minimum benefit
388 provisions of this chapter only to the extent that additional
389 premium tax revenues become available to incrementally fund the
390 cost of such compliance as provided in s. 175.162(2)(a). ~~If when~~
391 a plan is in compliance with such minimum benefit provisions, as
392 subsequent additional premium tax revenues become available,
393 they ~~must shall~~ be used to provide extra benefits. Local law
394 plans created by special act before May 27, 1939, shall be
395 deemed to comply with this chapter. For the purpose of this
396 chapter, the term:

397 (a) "Additional premium tax revenues" means revenues
398 received by a municipality or special fire control district
399 pursuant to s. 175.121 which exceed that amount received for
400 calendar year 1997, ~~and the term~~

401 (b) "Extra benefits" means benefits in addition to or
402 greater than those provided to general employees of the
403 municipality and in addition to those in existence for
404 firefighters on March 12, 1999.

405 (c) "Adjusted base amount" means the amount received for
406 calendar year 1997, plus any amount attributable to the

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407 enactment of minimum benefits and any amount attributable to
408 extra benefit improvements enacted since March 12, 1999. ~~Local~~
409 law plans created by special act before May 23, 1939, shall be
410 deemed to comply with this chapter.

411 (3) In addition to defined benefit plans, each plan sponsor
412 must have a defined contribution supplemental plan by October 1,
413 2011. However, the plan sponsor of any plan established by
414 special act of the Legislature has until July 1, 2012, to create
415 a defined contribution supplemental plan.

416 (a) Notwithstanding any other provisions of this section,
417 if, based on the most recent actuarial valuation, a defined
418 benefit plan's market value of assets, divided by present value
419 of accrued benefits:

420 1. Is higher than 80 percent and:

421 a. The plan meets the minimum standards of this chapter,
422 then all additional premium tax revenues in excess of the
423 adjusted base amount and all accumulated additional premium tax
424 revenues held in reserve must be used to fund a defined
425 contribution supplemental plan; or

426 b. The plan does not meet the minimum standards of this
427 chapter, then all additional premium tax revenues in excess of
428 the adjusted base amount and all accumulated additional premium
429 tax revenues held in reserve must be used to meet the minimum
430 standards of this chapter.

431 2. Is 80 percent or less and:

432 a. The plan meets the minimum standards of this chapter,
433 then one-half of additional premium tax revenues in excess of
434 the adjusted base amount and one-half of accumulated additional
435 premium tax revenues held in reserve must be used to pay the

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436 plan's actuarial accrued liability until the market value of
437 assets, divided by the present value of accrued benefits,
438 exceeds 80 percent. The other one-half of additional premium tax
439 revenues in excess of the adjusted base amount and one-half of
440 accumulated additional premium tax revenues held in reserve must
441 be used to fund a defined contribution supplemental plan; or

442 b. The plan does not meet the minimum standards of this
443 chapter, then one-half of additional premium tax revenues in
444 excess of the adjusted base amount and one-half of accumulated
445 additional premium tax revenues held in reserve must be used to
446 pay the plan's actuarial accrued liability until the market
447 value of assets, divided by the present value of accrued
448 benefits, exceeds 80 percent. The other one-half of additional
449 premium tax revenues in excess of the adjusted base amount and
450 one-half of accumulated additional premium tax revenues held in
451 reserve must be used to meet the minimum standards of this
452 chapter.

453 (b) For a supplemental plan that exists in conjunction with
454 a defined benefit plan under this chapter, if the defined
455 benefit plan's market value of assets, divided by present value
456 of accrued benefits:

457 1. Is higher than 70 percent and:

458 a. The plan meets the minimum standards of this chapter,
459 then all additional premium tax revenues in excess of the
460 premium tax revenues received for calendar year 2009 and all
461 accumulated additional premium tax revenues held in reserve must
462 be used to fund a defined contribution supplemental plan; or

463 b. The plan does not meet the minimum standards of this
464 chapter, then all additional premium tax revenues in excess of

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465 the premium tax revenues received for calendar year 2009 and all
466 accumulated additional premium tax revenues held in reserve must
467 be used to meet the minimum standards of this chapter.

468 2. Is 70 percent or less and:

469 a. The plan meets the minimum standards of this chapter,
470 then all additional premium tax revenues in excess of the
471 premium tax revenues received for calendar year 2009 and all
472 accumulated additional premium tax revenues held in reserve must
473 be used to pay the plan's actuarial accrued liability until the
474 market value of assets, divided by the present value of accrued
475 benefits, exceeds 80 percent; or

476 b. The plan does not meet the minimum standards of this
477 chapter, then one-half of additional premium tax revenues in
478 excess of the premium tax revenues received for calendar year
479 2009 and one-half of accumulated additional premium tax revenues
480 held in reserve must be used to pay the plan's actuarial accrued
481 liability until the market value of assets, divided by the
482 present value of accrued benefits, exceeds 80 percent. The other
483 one-half of additional premium tax revenues in excess of the
484 premium tax revenues received for calendar year 2009 and one-
485 half of accumulated additional premium tax revenues held in
486 reserve must be used to meet the minimum standards of this
487 chapter.

488
489 This subsection is effective July 1, 2011, for plans that have
490 defined contribution supplemental plans as of July 1, 2011.
491 Plans without defined contribution supplemental plans as of July
492 1, 2011, have until July 1, 2012, to comply with this
493 subsection.

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494 (4)~~(2)~~ A ~~ADOPTION OR REVISION OF A LOCAL LAW PLAN.~~ ~~No~~
495 retirement plan or amendment to a retirement plan may not ~~shall~~
496 be proposed for adoption unless the proposed plan or amendment
497 contains an actuarial estimate of the costs involved. ~~No~~ Such
498 proposed plan or proposed plan change may not ~~shall~~ be adopted
499 without the approval of the municipality, special fire control
500 district, or, where permitted, the Legislature. Copies of the
501 proposed plan or proposed plan change and the actuarial impact
502 statement of the proposed plan or proposed plan change shall be
503 furnished to the division before ~~prior to~~ the last public
504 hearing thereon. Such statement must ~~shall~~ also indicate whether
505 the proposed plan or proposed plan change is in compliance with
506 s. 14, Art. X of the State Constitution and those provisions of
507 part VII of chapter 112 which are not expressly provided in this
508 chapter. Notwithstanding any other provision, only those local
509 law plans created by special act of legislation before ~~prior to~~
510 May 27 ~~23~~, 1939, are ~~shall be~~ deemed to meet the minimum
511 benefits and minimum standards only in this chapter.

512 (5)~~(3)~~ Notwithstanding any other provision, with respect to
513 any supplemental plan municipality:

514 (a) ~~Section 175.032(3)(a) shall not apply, and~~ A local law
515 plan and a supplemental plan may continue to use their
516 definition of compensation or salary in existence on March 12,
517 1999 ~~the effective date of this act.~~

518 (b) Section 175.061(1)(b) does ~~shall~~ not apply, and a local
519 law plan and a supplemental plan shall continue to be
520 administered by a board or boards of trustees numbered,
521 constituted, and selected as the board or boards were numbered,
522 constituted, and selected on December 1, 2000.

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523 (c) The election set forth in paragraph (1)(b) is ~~shall be~~
524 deemed to have been made.

525 ~~(6)(4)~~ The retirement plan setting forth the benefits and
526 the trust agreement, if any, covering the duties and
527 responsibilities of the trustees and the regulations of the
528 investment of funds must be in writing, and copies ~~thereof must~~
529 ~~be~~ made available to the participants and to the general public.

530 Section 8. Subsection (4) of section 185.02, Florida
531 Statutes, is amended to read:

532 185.02 Definitions.—For any municipality, chapter plan,
533 local law municipality, or local law plan under this chapter,
534 the following words and phrases as used in this chapter shall
535 have the following meanings, unless a different meaning is
536 plainly required by the context:

537 (4) "Compensation" or "salary" means, for noncollectively
538 bargained service earned before July 1, 2011, or for service
539 earned under collective bargaining agreements in place before
540 July 1, 2011, the total cash remuneration including "overtime"
541 paid by the primary employer to a police officer for services
542 rendered, but not including any payments for extra duty or a
543 special detail work performed on behalf of a second party
544 employer. ~~However,~~ A local law plan may limit the amount of
545 overtime payments which can be used for retirement benefit
546 calculation purposes; however, but in no event shall such
547 overtime limit may not be less than 300 hours per officer per
548 calendar year. For noncollectively bargained service earned on
549 or after July 1, 2011, or for service earned under collective
550 bargaining agreements entered into on or after July 1, 2011, the
551 term has the same meaning except that overtime compensation in

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552 excess of 300 hours per year, or payments for accrued unused
553 sick or annual leave, may not be included for purposes of
554 calculating retirement benefits.

555 (a) Any retirement trust fund or plan that ~~which now or~~
556 ~~hereafter~~ meets the requirements of this chapter does shall not,
557 solely by virtue of this subsection, reduce or diminish the
558 monthly retirement income otherwise payable to each police
559 officer covered by the retirement trust fund or plan.

560 (b) The member's compensation or salary contributed as
561 employee-elective salary reductions or deferrals to any salary
562 reduction, deferred compensation, or tax-sheltered annuity
563 program authorized under the Internal Revenue Code shall be
564 deemed to be the compensation or salary the member would receive
565 if he or she were not participating in such program and shall be
566 treated as compensation for retirement purposes under this
567 chapter.

568 (c) For any person who first becomes a member in any plan
569 year beginning on or after January 1, 1996, compensation for
570 that any plan year may shall not include any amounts in excess
571 of the Internal Revenue Code s. 401(a)(17) limitation, ~~(as~~
572 ~~amended by the Omnibus Budget Reconciliation Act of 1993)~~, which
573 limitation of \$150,000 shall be adjusted as required by federal
574 law for qualified government plans and shall be further adjusted
575 for changes in the cost of living in the manner provided by
576 Internal Revenue Code s. 401(a)(17)(B). For any person who first
577 became a member before ~~prior to~~ the first plan year beginning on
578 or after January 1, 1996, the limitation on compensation may
579 ~~shall be~~ not be less than the maximum compensation amount that
580 was allowed to be taken into account under the plan as in effect

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581 on July 1, 1993, which limitation shall be adjusted for changes
582 in the cost of living since 1989 in the manner provided by
583 Internal Revenue Code s. 401(a)(17)(1991).

584 Section 9. Paragraph (b) of subsection (1) of section
585 185.05, Florida Statutes, is amended to read:

586 185.05 Board of trustees; members; terms of office;
587 meetings; legal entity; costs; attorney's fees.—For any
588 municipality, chapter plan, local law municipality, or local law
589 plan under this chapter:

590 (1) In each municipality described in s. 185.03 there is
591 hereby created a board of trustees of the municipal police
592 officers' retirement trust fund, which shall be solely
593 responsible for administering the trust fund. Effective October
594 1, 1986, and thereafter:

595 (b) The membership of boards of trustees for local law
596 plans is ~~shall be~~ as follows:

597 1. If a municipality has a pension plan for police officers
598 only, the provisions of paragraph (a) shall apply.

599 2. If a municipality has a pension plan for police officers
600 and firefighters, the provisions of paragraph (a) ~~shall~~ apply,
601 except that one member of the board shall be a police officer ~~as~~
602 ~~defined in s. 185.02~~ and one member shall be a firefighter as
603 defined in s. 175.032, respectively, elected by a majority of
604 the active firefighters and police officers who are members of
605 the plan.

606 3. Any board of trustees operating a local law plan on July
607 1, 1999, which is combined with a plan for general employees
608 shall hold an election of the police officers, or police
609 officers and firefighters if included, to determine whether a

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610 plan is to be established for police officers only, or for
611 police officers and firefighters where included. Based on the
612 election results, a new board shall be established as provided
613 in subparagraph 1. or subparagraph 2., as appropriate. The
614 municipality shall enact an ordinance to implement the new board
615 by October 1, 1999. The newly established board shall take
616 whatever action is necessary to determine the amount of assets
617 which is attributable to police officers, or police officers and
618 firefighters where included. Such assets shall include all
619 employer, employee, and state contributions made by or on behalf
620 of police officers, or police officers and firefighters where
621 included, and any investment income derived from such
622 contributions. All such moneys shall be transferred into the
623 newly established retirement plan, as directed by the board.

624

625 With respect to any board of trustees operating a local law plan
626 on June 30, 1986, ~~nothing in this paragraph does not shall~~
627 permit the reduction of the membership percentage of police
628 officers or police officers and firefighters. However, for the
629 sole purpose of changing municipal representation, a
630 municipality may, by ordinance, change the municipal
631 representation on the board of trustees operating a local law
632 plan by ordinance, only if such change does not reduce the
633 membership percentage of police officers, or police officers and
634 firefighters.

635 Section 10. Section 185.35, Florida Statutes, is amended to
636 read:

637 185.35 Municipalities having their own pension plans for
638 police officers.—For any municipality, chapter plan, local law

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639 municipality, or local law plan under this chapter, in order for
640 municipalities with their own pension plans for police officers,
641 or for police officers and firefighters if where included, to
642 participate in the distribution of the tax fund established
643 pursuant to s. 185.08, local law plans must meet the minimum
644 benefits and minimum standards set forth in this chapter:

645 (1) ~~PREMIUM TAX INCOME.~~ If a municipality has a pension
646 plan for police officers, or for police officers and
647 firefighters if where included, which, in the opinion of the
648 division, meets the minimum benefits and minimum standards set
649 forth in this chapter, the board of trustees of the pension
650 plan, as approved by a majority of police officers, or police
651 officers and firefighters, of the municipality, may:

652 (a) Place the income from the premium tax in s. 185.08 in
653 such pension plan for the sole and exclusive use of its police
654 officers, or its police officers and firefighters if where
655 included, where it shall become an integral part of that pension
656 plan and shall be used to pay extra benefits to the police
657 officers, or police officers and firefighters, included in that
658 pension plan; or

659 (b) May place the income from the premium tax in s. 185.08
660 in a separate supplemental plan to pay extra benefits to the
661 police officers, or police officers and firefighters if where
662 included, participating in such separate supplemental plan.

663 (2) The premium tax provided by this chapter shall in all
664 cases be used in its entirety to provide extra benefits to
665 police officers, or to police officers and firefighters if
666 ~~where~~ included. However, local law plans in effect on October 1,
667 1998, must ~~shall be required to~~ comply with the minimum benefit

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668 provisions of this chapter only to the extent that additional
669 premium tax revenues become available to incrementally fund the
670 cost of such compliance as provided in s. 185.16(2). ~~If~~ When a
671 plan is in compliance with such minimum benefit provisions, as
672 subsequent additional tax revenues become available, they shall
673 be used to provide extra benefits. Local law plans created by
674 special act before May 27, 1939, shall be deemed to comply with
675 this chapter. For the purpose of this chapter, the term:

676 (a) "Additional premium tax revenues" means revenues
677 received by a municipality pursuant to s. 185.10 which exceed
678 the amount received for calendar year 1997. ~~and the term~~

679 (b) "Extra benefits" means benefits in addition to or
680 greater than those provided to general employees of the
681 municipality and in addition to those in existence for police
682 officers on March 12, 1999.

683 (c) "Adjusted base amount" means the amount received for
684 calendar year 1997, plus any amount attributable to the
685 enactment of minimum benefits and any amount attributable to
686 extra benefit improvements enacted since March 12, 1999. ~~Local~~
687 ~~law plans created by special act before May 23, 1939, shall be~~
688 ~~deemed to comply with this chapter.~~

689 (3) In addition to defined benefit plans, each plan sponsor
690 must have a defined contribution supplemental plan by October 1,
691 2011. However, the plan sponsor of any plan established by
692 special act of the Legislature has until July 1, 2012, to create
693 a defined contribution supplemental plan.

694 (a) Notwithstanding any other provisions of this section,
695 if, based on the most recent actuarial valuation, a defined
696 benefit plan's market value of assets, divided by present value

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697 of accrued benefits:

698 1. Is higher than 80 percent and:

699 a. The plan meets the minimum standards of this chapter,
700 then all additional premium tax revenues in excess of the
701 adjusted base amount and all accumulated additional premium tax
702 revenues held in reserve must be used to fund a defined
703 contribution supplemental plan; or

704 b. The plan does not meet the minimum standards of this
705 chapter, then all additional premium tax revenues in excess of
706 the adjusted base amount and all accumulated additional premium
707 tax revenues held in reserve must be used to meet the minimum
708 standards of this chapter.

709 2. Is 80 percent or less and:

710 a. The plan meets the minimum standards of this chapter,
711 then one-half of additional premium tax revenues in excess of
712 the adjusted base amount and one-half of accumulated additional
713 premium tax revenues held in reserve must be used to pay the
714 plan's actuarial accrued liability until the market value of
715 assets, divided by the present value of accrued benefits,
716 exceeds 80 percent. The other one-half of additional premium tax
717 revenues in excess of the adjusted base amount and one-half of
718 accumulated additional premium tax revenues held in reserve must
719 be used to fund a defined contribution supplemental plan; or

720 b. The plan does not meet the minimum standards of this
721 chapter, then one-half of additional premium tax revenues in
722 excess of the adjusted base amount and one-half of accumulated
723 additional premium tax revenues held in reserve must be used to
724 pay the plan's actuarial accrued liability until the market
725 value of assets, divided by the present value of accrued

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726 benefits, exceeds 80 percent. The other one-half of additional
727 premium tax revenues in excess of the adjusted base amount and
728 one-half of accumulated additional premium tax revenues held in
729 reserve must be used to meet the minimum standards of this
730 chapter.

731 (b) For a supplemental plan that exists in conjunction with
732 a defined benefit plan under this chapter, if the defined
733 benefit plan's market value of assets, divided by present value
734 of accrued benefits:

735 1. Is higher than 70 percent and:

736 a. The plan meets the minimum standards of this chapter,
737 then all additional premium tax revenues in excess of the
738 premium tax revenues received for calendar year 2009 and all
739 accumulated additional premium tax revenues held in reserve must
740 be used to fund a defined contribution supplemental plan; or

741 b. The plan does not meet the minimum standards of this
742 chapter, then all additional premium tax revenues in excess of
743 the premium tax revenues received for calendar year 2009 and all
744 accumulated additional premium tax revenues held in reserve must
745 be used to meet the minimum standards of this chapter.

746 2. Is 70 percent or less and:

747 a. The plan meets the minimum standards of this chapter,
748 then all additional premium tax revenues in excess of the
749 premium tax revenues received for calendar year 2009 and all
750 accumulated additional premium tax revenues held in reserve must
751 be used to pay the plan's actuarial accrued liability until the
752 market value of assets, divided by the present value of accrued
753 benefits, exceeds 80 percent; or

754 b. The plan does not meet the minimum standards of this

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755 chapter, then one-half of additional premium tax revenues in
756 excess of the premium tax revenues received for calendar year
757 2009 and one-half of accumulated additional premium tax revenues
758 held in reserve must be used to pay the plan's actuarial accrued
759 liability until the market value of assets, divided by the
760 present value of accrued benefits, exceeds 80 percent. The other
761 one-half of additional premium tax revenues in excess of the
762 premium tax revenues received for calendar year 2009 and one-
763 half of accumulated additional premium tax revenues held in
764 reserve must be used to meet the minimum standards of this
765 chapter.

766
767 This subsection is effective July 1, 2011, for plans that have
768 defined contribution supplemental plans as of July 1, 2011.
769 Plans without defined contribution supplemental plans as of July
770 1, 2011, have until July 1, 2012, to comply with this
771 subsection.

772 (4)(2) A ADOPTION OR REVISION OF A LOCAL LAW PLAN. No
773 retirement plan or amendment to a retirement plan ~~may not shall~~
774 be proposed for adoption unless the proposed plan or amendment
775 contains an actuarial estimate of the costs involved. No Such
776 proposed plan or proposed plan change ~~may not shall~~ be adopted
777 without the approval of the municipality or, where permitted,
778 the Legislature. Copies of the proposed plan or proposed plan
779 change and the actuarial impact statement of the proposed plan
780 or proposed plan change shall be furnished to the division
781 before ~~prior to~~ the last public hearing thereon. Such statement
782 must ~~shall~~ also indicate whether the proposed plan or proposed
783 plan change is in compliance with s. 14, Art. X of the State

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784 Constitution and those provisions of part VII of chapter 112
785 which are not expressly provided in this chapter.
786 Notwithstanding any other provision, only those local law plans
787 created by special act of legislation before ~~prior to~~ May 27 ~~23~~,
788 1939, are ~~shall be~~ deemed to meet the minimum benefits and
789 minimum standards only in this chapter.

790 (5) ~~(3)~~ Notwithstanding any other provision, with respect to
791 any supplemental plan municipality:

792 (a) Section 185.02(4)(a) does ~~shall~~ not apply, and a local
793 law plan and a supplemental plan may continue to use their
794 definition of compensation or salary in existence on March 12,
795 1999 ~~the effective date of this act.~~

796 (b) Section 185.05(1)(b) does ~~shall~~ not apply, and a local
797 law plan and a supplemental plan shall continue to be
798 administered by a board or boards of trustees numbered,
799 constituted, and selected as the board or boards were numbered,
800 constituted, and selected on December 1, 2000.

801 (c) The election set forth in paragraph (1)(b) is ~~shall be~~
802 deemed to have been made.

803 (6) ~~(4)~~ The retirement plan setting forth the benefits and
804 the trust agreement, if any, covering the duties and
805 responsibilities of the trustees and the regulations of the
806 investment of funds must be in writing and copies made available
807 to the participants and to the general public.

808 Section 11. Financial rating of local pension plans.-The
809 Department of Financial Services shall develop standardized
810 ratings for classifying the financial strength of all local
811 government defined benefit pension plans.

812 (1) In assigning a rating to a plan, the department shall

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813 consider, without limitation:

814 (a) The plan's current and future unfunded liabilities.

815 (b) The plan's net asset value, managed returns, and funded
816 ratio.

817 (c) Metrics related to the sustainability of the plan,
818 including, but not limited to, the percentage that the annual
819 contribution is of the participating employee payroll.

820 (d) Municipal bond ratings for the local government, if
821 applicable.

822 (e) Whether the local government has reduced contribution
823 rates to the plan when the plan has an actuarial surplus.

824 (f) Whether the local government uses any actuarial surplus
825 in the plan for obligations outside the plan.

826 (2) The department may obtain all necessary data to
827 formulate the ratings from all relevant entities, including
828 local pension boards, local governments, and the Division of
829 Retirement, all of which shall cooperate with the department in
830 supplying all necessary information.

831 (3) The ratings shall be posted on the department's website
832 in a standardized format.

833 Section 12. Task Force on Public Employee Disability
834 Presumptions.-

835 (1) The Task Force on Public Employee Disability
836 Presumptions is created for the purpose of developing findings
837 and issuing recommendations on the disability presumptions in
838 ss. 112.18, 175.231, and 185.34, Florida Statutes.

839 (2) All members of the task force shall be appointed on or
840 before July 15, 2011, and the task force shall hold its first
841 meeting on or before August 15, 2011. The task force shall be

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842 composed of eight members as follows:

843 (a) Three members appointed by the President of the Senate,
844 one of whom must be an attorney in private practice who has
845 experience in the relevant laws; one of whom must be a
846 representative of organized labor and who is a member of a
847 pension plan under chapter 175, Florida Statutes; and one of
848 whom must be from the Florida Association of Counties.

849 (b) Three members appointed by the Speaker of the House of
850 Representatives, one of whom must be an attorney in private
851 practice who has experience in the relevant laws; one of whom
852 must be a representative of organized labor and who is a member
853 of a pension plan under chapter 185, Florida Statutes; and one
854 of whom must be from the Florida League of Cities.

855 (c) A member employed by the Division of Retirement of the
856 Department of Management Services who has experience in local
857 government pension plans, appointed by the Governor.

858 (d) A member employed by the Department of Financial
859 Services who has relevant expertise in state risk management,
860 appointed by the Chief Financial Officer.

861 (3) The task force shall address issues, including, but not
862 limited to:

863 (a) Data related to the operation of the statutory
864 disability presumptions.

865 (b) The manner in which other states handle disability
866 presumptions.

867 (c) Proposals for changes to the existing disability
868 presumptions.

869 (4) The Department of Financial Services shall provide
870 administrative support to the task force.

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871 (5) Upon request, the Auditor General shall provide
872 technical assistance to the task force regarding local
873 government auditing and finances.

874 (6) Members of the task force shall serve without
875 compensation while in the performance of their duties, but are
876 entitled to reimbursement for per diem and travel expenses in
877 accordance with s. 112.061, Florida Statutes.

878 (7) The task force may obtain data, information, and
879 assistance from any officer or state agency and any political
880 subdivision thereof. All such officers, agencies, and political
881 subdivisions shall provide the task force with all relevant
882 information and assistance on any matter within their knowledge
883 or control.

884 (8) The task force shall submit a report, including
885 findings and recommendations, to the Governor, the Chief
886 Financial Officer, the President of the Senate, and the Speaker
887 of the House of Representatives by January 1, 2012. The report
888 must include specific recommendations for legislative action
889 during the 2012 Regular Session of the Legislature.

890 (9) The task force is dissolved upon submission of its
891 report.

892 Section 13. By December 1, 2011, the Department of
893 Financial Services shall submit a report and recommendations to
894 the Governor, the President of the Senate, and the Speaker of
895 the House of Representatives on actions to be taken to increase
896 the visibility and transparency of local government pension
897 plans, including, but not limited to, those created pursuant to
898 chapter 175 or chapter 185, Florida Statutes, with the goal of
899 increasing the ability of a taxpayer or policymaker to assess

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900 the financial health of the local plans. The report must include
901 specific recommendations for legislative action during the 2012
902 Regular Session of the Legislature. The department shall consult
903 with the Legislature's Office of Economic and Demographic
904 Research in formulating the recommendations, which must address,
905 but need not be limited to:

906 (1) Whether and what kinds of local pension plan data
907 should be included in the financial audit reports required under
908 s. 218.39, Florida Statutes.

909 (2) Whether the reporting requirements of ss. 175.261 and
910 185.221, Florida Statutes, should be supplemented with other
911 types of financial data in order to give a more complete and
912 transparent picture of a local government's financial solvency.

913 (3) Proposals for a uniform format for providing pension
914 data, including standard terminology and data and the specific
915 types of data which should be provided, including funding
916 ratios, and whether contributions are sufficient to fund
917 actuarial liabilities.

918 (4) Whether to require local governments to provide pension
919 financial data on local public websites.

920 (5) Other related issues, including insurance benefits,
921 health care benefits, and postemployment plan benefits.

922 (6) Proposals related to the composition of local pension
923 plan boards.

924 Section 14. The Legislature finds that a proper and
925 legitimate state purpose is served when employees and retirees
926 of the state and of its political subdivisions, and the
927 dependents, survivors, and beneficiaries of those employees and
928 retirees, are extended the basic protections afforded by

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929 governmental retirement systems that provide fair and adequate
930 benefits and that are managed, administered, and funded in an
931 actuarially sound manner as required by s. 14, Article X of the
932 State Constitution and part VII of chapter 112, Florida
933 Statutes. Therefore, the Legislature determines and declares
934 that this act fulfills an important state interest.

935 Section 15. This act shall take effect July 1, 2011.