

By the Committee on Governmental Oversight and Accountability;
and Senator Ring

585-01746-13

2013458c1

1 A bill to be entitled
2 An act relating to firefighter and police officer
3 pension plans; amending s. 175.021, F.S.; revising the
4 legislative declaration to require all plans to meet
5 the requirements of ch. 175, F.S., in order to receive
6 insurance premium tax revenues; amending s. 175.032,
7 F.S.; revising definitions to conform to changes made
8 by the act and adding new definitions; amending s.
9 175.071, F.S.; conforming a cross-reference; amending
10 s. 175.091, F.S.; revising existing payment provisions
11 and providing an additional mandatory payment by the
12 municipality or special fire control district to the
13 firefighters' pension trust fund; amending s. 175.351,
14 F.S., relating to municipalities and special fire
15 control districts that have their own pension plans
16 and want to participate in the distribution of a tax
17 fund; revising how income from the premium tax must be
18 used; requiring plan sponsors to have a defined
19 contribution plan in place by a certain date; amending
20 s. 185.01, F.S.; revising the legislative declaration
21 to require all plans to meet the requirements of ch.
22 185, F.S., in order to receive insurance premium tax
23 revenues; amending s. 185.02, F.S.; revising
24 definitions to conform to changes made by the act and
25 adding new definitions; deleting a provision allowing
26 a local law plan to limit the amount of overtime
27 payments which can be used for retirement benefit
28 calculations; amending s. 185.06, F.S.; conforming a
29 cross-reference; amending s. 185.07, F.S.; revising

585-01746-13

2013458c1

30 existing payment provisions and providing for an
31 additional mandatory payment by the municipality to
32 the police officers' retirement trust fund; amending
33 s. 185.35, F.S., relating to municipalities that have
34 their own pension plans for police officers and want
35 to participate in the distribution of a tax fund;
36 revising how income from the premium tax must be used;
37 requiring plan sponsors to have a defined contribution
38 plan in place by a certain date; providing a
39 declaration of important state interest; providing an
40 effective date.

41
42 Be It Enacted by the Legislature of the State of Florida:

43
44 Section 1. Subsection (2) of section 175.021, Florida
45 Statutes, is amended to read:

46 175.021 Legislative declaration.—

47 (2) This chapter hereby establishes, for all municipal and
48 special district pension plans existing ~~now or hereafter~~ under
49 this chapter, including chapter plans and local law plans, base
50 ~~minimum~~ benefits and minimum standards for the operation and
51 funding of such plans, hereinafter referred to as firefighters'
52 pension trust funds, which must be met as a condition precedent
53 to the plan or plan sponsor receiving a distribution of
54 insurance premium tax revenues under s. 175.121. The base
55 ~~minimum~~ benefits and minimum standards for each plan as set
56 forth in this chapter may not be diminished by local charter,
57 ordinance, or resolution or by special act of the Legislature,
58 or nor may the minimum benefits or minimum standards be reduced

585-01746-13

2013458c1

59 or offset by any other local, state, or federal law that may
60 include firefighters in its operation, except as provided under
61 s. 112.65.

62 Section 2. Section 175.032, Florida Statutes, is amended to
63 read:

64 175.032 Definitions.—For any municipality, special fire
65 control district, chapter plan, local law municipality, local
66 law special fire control district, or local law plan under this
67 chapter, the term following words and phrases have the following
68 meanings:

69 (1) "Additional premium tax revenues" means revenues
70 received by a municipality or special fire control district
71 pursuant to s. 175.121 which exceed base premium tax revenues.

72 (2)-(1)-(a) "Average final compensation" for:

73 (a) A full-time firefighter means one-twelfth of the
74 average annual compensation of the 5 best years of the last 10
75 years of creditable service before ~~prior to~~ retirement,
76 termination, or death, or the career average as a full-time
77 firefighter since July 1, 1953, whichever is greater. A year is
78 ~~shall be~~ 12 consecutive months or such other consecutive period
79 of time as is used and consistently applied.

80 (b) ~~"Average final compensation" for~~ A volunteer
81 firefighter means the average salary of the 5 best years of the
82 last 10 best contributing years before a ~~prior to~~ change in
83 status to a permanent full-time firefighter or retirement as a
84 volunteer firefighter or the career average of a volunteer
85 firefighter, since July 1, 1953, whichever is greater.

86 (3) "Base benefits" means the level of benefits in
87 existence for firefighters on March 12, 1999.

585-01746-13

2013458c1

88 (4) "Base premium tax revenues" means revenues received by
89 a municipality or special fire control district pursuant to s.
90 175.121 equal to the amount of such revenues received for
91 calendar year 1997.

92 (5)~~(2)~~ "Chapter plan" means a separate defined benefit
93 pension plan for firefighters which incorporates by reference
94 the provisions of this chapter and has been adopted by the
95 governing body of a municipality or special district. Except as
96 may be specifically authorized in this chapter, the provisions
97 of a chapter plan may not differ from the plan provisions set
98 forth in ss. 175.021-175.341 and 175.361-175.401. Actuarial
99 valuations of chapter plans shall be conducted by the division
100 as provided by s. 175.261(1).

101 (6)~~(3)~~ "Compensation" or "salary" means, for
102 noncollectively bargained service earned before July 1, 2011, or
103 for service earned under collective bargaining agreements in
104 place before July 1, 2011, the fixed monthly remuneration paid a
105 firefighter. If remuneration is based on actual services
106 rendered, as in the case of a volunteer firefighter, the term
107 means the total cash remuneration received yearly for such
108 services, prorated on a monthly basis. For noncollectively
109 bargained service earned on or after July 1, 2011, or for
110 service earned under collective bargaining agreements entered
111 into on or after July 1, 2011, the term has the same meaning
112 except that when calculating retirement benefits, up to 300
113 hours per year in overtime compensation may be included as
114 specified in the plan or collective bargaining agreement, but
115 payments for accrued unused sick or annual leave may not be
116 included.

585-01746-13

2013458c1

117 (a) Any retirement trust fund or plan that meets the
118 requirements of this chapter does not, solely by virtue of this
119 subsection, reduce or diminish the monthly retirement income
120 otherwise payable to each firefighter covered by the retirement
121 trust fund or plan.

122 (b) The member's compensation or salary contributed as
123 employee-elective salary reductions or deferrals to any salary
124 reduction, deferred compensation, or tax-sheltered annuity
125 program authorized under the Internal Revenue Code shall be
126 deemed to be the compensation or salary the member would receive
127 if he or she were not participating in such program and ~~shall be~~
128 treated as compensation for retirement purposes under this
129 chapter.

130 (c) For any person who first becomes a member in any plan
131 year beginning on or after January 1, 1996, compensation for
132 that plan year may not include any amounts in excess of the
133 Internal Revenue Code s. 401(a)(17) limitation, as amended by
134 the Omnibus Budget Reconciliation Act of 1993, which limitation
135 of \$150,000 shall be adjusted as required by federal law for
136 qualified government plans and shall be further adjusted for
137 changes in the cost of living in the manner provided by Internal
138 Revenue Code s. 401(a)(17)(B). For any person who first became a
139 member before the first plan year beginning on or after January
140 1, 1996, the limitation on compensation may not be less than the
141 maximum compensation amount that was allowed to be taken into
142 account under the plan in effect on July 1, 1993, which
143 limitation shall be adjusted for changes in the cost of living
144 since 1989 in the manner provided by Internal Revenue Code s.
145 401(a)(17)(1991).

585-01746-13

2013458c1

146 (7)~~(4)~~ "Creditable service" or "credited service" means the
147 aggregate number of years of service, and fractional parts of
148 years of service, of any firefighter, omitting intervening years
149 and fractional parts of years when such firefighter may not have
150 been employed by the municipality or special fire control
151 district, subject to the following conditions:

152 (a) A ~~No~~ firefighter may not ~~will~~ receive credit for years
153 or fractional parts of years of service if he or she has
154 withdrawn his or her contributions to the fund for those years
155 or fractional parts of years of service, unless the firefighter
156 repays into the fund the amount he or she has withdrawn, plus
157 interest determined by the board. The member shall have at least
158 90 days after his or her reemployment to make repayment.

159 (b) A firefighter may voluntarily leave his or her
160 contributions in the fund for ~~a period of~~ 5 years after leaving
161 the employ of the fire department, pending the possibility of
162 being rehired by the same department, without losing credit for
163 the time he or she has participated actively as a firefighter.
164 If the firefighter is not reemployed as a firefighter, with the
165 same department, within 5 years, his or her contributions shall
166 be returned without interest.

167 (c) Credited service under this chapter shall be provided
168 only for service as a firefighter, ~~as defined in subsection (8),~~
169 or for military service and does not include credit for any
170 other type of service. A municipality ~~may~~, by local ordinance,
171 or a special fire control district ~~may~~, by resolution, may
172 provide for the purchase of credit for military service prior to
173 employment as well as for prior service as a firefighter for
174 some other employer as long as a firefighter is not entitled to

585-01746-13

2013458c1

175 receive a benefit for such prior service ~~as a firefighter~~. For
176 purposes of determining credit for prior service as a
177 firefighter, in addition to service as a firefighter in this
178 state, credit may be given for federal, other state, or county
179 service if the prior service is recognized by the Division of
180 State Fire Marshal as provided under chapter 633, or the
181 firefighter provides proof to the board of trustees that his or
182 her service is equivalent to the service required to meet the
183 definition of a firefighter under subsection (12) ~~(8)~~.

184 (8) ~~(5)~~ "Deferred Retirement Option Plan" or "DROP" means a
185 local law plan retirement option in which a firefighter may
186 elect to participate. A firefighter may retire for all purposes
187 of the plan and defer receipt of retirement benefits into a DROP
188 account while continuing employment with his or her employer.
189 However, a firefighter who enters ~~the~~ DROP and who is otherwise
190 eligible to participate may ~~shall~~ not ~~thereby~~ be precluded from
191 participating, or continuing to participate, in a supplemental
192 plan in existence on, or created after, March 12, 1999 ~~the~~
193 ~~effective date of this act.~~

194 (9) "Defined contribution plan" means the component of a
195 local law plan to which deposits are made to provide benefits
196 for firefighters, or for firefighters and police officers if
197 both are included, under this chapter. Such component is an
198 element of a local law plan and exists in conjunction with the
199 defined benefit component that meets the base benefits and
200 minimum standards of this chapter. The retirement benefits of
201 the defined contribution plan shall be provided through
202 individual member accounts in accordance with the applicable
203 provisions of the Internal Revenue Code and related regulations

585-01746-13

2013458c1

204 and are limited to the contributions made into each member's
205 account and the actual accumulated earnings, net of expenses,
206 earned on the member's account.

207 (10)-(6) "Division" means the Division of Retirement of the
208 Department of Management Services.

209 (11)-(7) "Enrolled actuary" means an actuary who is enrolled
210 under Subtitle C of Title III of the Employee Retirement Income
211 Security Act of 1974 and who is a member of the Society of
212 Actuaries or the American Academy of Actuaries.

213 (12)-(8)(a) "Firefighter" means any person employed solely
214 by a constituted fire department of any municipality or special
215 fire control district who is certified as a firefighter as a
216 condition of employment in accordance with s. 633.35 and whose
217 duty it is to extinguish fires, to protect life, or to protect
218 property. The term includes all certified, supervisory, and
219 command personnel whose duties include, in whole or in part, the
220 supervision, training, guidance, and management responsibilities
221 of full-time firefighters, part-time firefighters, or auxiliary
222 firefighters but does not include part-time firefighters or
223 auxiliary firefighters. However, for purposes of this chapter
224 only, the term also includes public safety officers who are
225 responsible for performing both police and fire services, who
226 are certified as police officers or firefighters, and who are
227 certified by their employers to the Chief Financial Officer as
228 participating in this chapter before October 1, 1979. Effective
229 October 1, 1979, public safety officers who have not been
230 certified as participating in this chapter are considered police
231 officers for retirement purposes and are eligible to participate
232 in chapter 185. Any plan may provide that the fire chief has an

585-01746-13

2013458c1

233 option to participate, or not, in that plan.

234 (b) "Volunteer firefighter" means any person whose name is
235 carried on the active membership roll of a constituted volunteer
236 fire department or a combination of a paid and volunteer fire
237 department of any municipality or special fire control district
238 and whose duty it is to extinguish fires, to protect life, and
239 to protect property. Compensation for services rendered by a
240 volunteer firefighter shall not disqualify him or her as a
241 volunteer. A person shall not be disqualified as a volunteer
242 firefighter solely because he or she has other gainful
243 employment. Any person who volunteers assistance at a fire but
244 is not an active member of a department described herein is not
245 a volunteer firefighter within the meaning of this paragraph.

246 (13)~~(9)~~ "Firefighters' Pension Trust Fund" means a trust
247 fund, by whatever name known, as provided under s. 175.041, for
248 the purpose of assisting municipalities and special fire control
249 districts in establishing and maintaining a retirement plan for
250 firefighters.

251 (14)~~(10)~~ "Local law municipality" is any municipality in
252 which ~~there exists~~ a local law plan exists.

253 (15)~~(11)~~ "Local law plan" means a retirement defined
254 benefit pension plan, which includes both a defined benefit plan
255 component and a defined contribution plan component, for
256 firefighters, or for firefighters or police officers if both are
257 where included, as described in s. 175.351, established by
258 municipal ordinance, special district resolution, or special act
259 of the Legislature, which enactment sets forth all plan
260 provisions. Local law plan provisions may vary from the
261 provisions of this chapter if the base, provided that required

585-01746-13

2013458c1

262 ~~minimum~~ benefits and minimum standards of this chapter are met.
263 However, any such variance must ~~shall~~ provide a greater benefit
264 for firefighters. Actuarial valuations of local law plans shall
265 be conducted by an enrolled actuary as provided in s.
266 175.261(2).

267 (16) ~~(12)~~ "Local law special fire control district" is any
268 special fire control district in which ~~there exists~~ a local law
269 plan exists.

270 (17) "Long-term funded ratio" or "funded ratio" means the
271 ratio of the actuarial value of assets of the plan to the
272 actuarial accrued liabilities of the plan, as reported in the
273 most recent actuarial valuation of the plan, deemed to be in
274 compliance with chapter 112 by the Department of Management
275 Services.

276 (18) ~~(13)~~ "Property insurance" means property insurance as
277 defined in s. 624.604 and covers real and personal property
278 within the corporate limits of a ~~any~~ municipality, or within the
279 boundaries of a ~~any~~ special fire control district, within the
280 state. "Multiple peril" means a combination or package policy
281 that includes both property and casualty coverage for a single
282 premium.

283 (19) ~~(14)~~ "Retiree" or "retired firefighter" means a
284 firefighter who has entered retirement status. For the purposes
285 of a plan that includes a Deferred Retirement Option Plan
286 (DROP), a firefighter who enters the DROP is ~~shall~~ be considered
287 a retiree for all purposes of the plan. However, a firefighter
288 who enters ~~the~~ DROP and who is otherwise eligible to participate
289 may ~~shall~~ not ~~thereby~~ be precluded from participating, or
290 continuing to participate, in a supplemental plan in existence

585-01746-13

2013458c1

291 on, or created after, March 12, 1999 ~~the effective date of this~~
292 ~~act.~~

293 (20) ~~(15)~~ "Retirement" means a firefighter's separation from
294 city or fire district employment as a firefighter with immediate
295 eligibility for ~~receipt of~~ benefits under the plan. For purposes
296 of a plan that includes a Deferred Retirement Option Plan
297 (DROP), "retirement" means the date a firefighter enters ~~the~~
298 DROP.

299 (21) "Special benefits" means benefits provided in a
300 defined contribution plan for firefighters.

301 (22) ~~(16)~~ "Special fire control district" means a special
302 district, as defined in s. 189.403~~(1)~~, established for the
303 purposes of extinguishing fires, protecting life, and protecting
304 property within the incorporated or unincorporated portions of a
305 ~~any~~ county or combination of counties, or within any combination
306 of incorporated and unincorporated portions of a ~~any~~ county or
307 combination of counties. The term does not include any dependent
308 or independent special district, as those terms are defined in
309 s. 189.403~~(2) and (3)~~, ~~respectively~~, the employees of which are
310 members of the Florida Retirement System pursuant to s.
311 121.051(1) or (2).

312 (23) ~~(17)~~ "Supplemental plan" means a plan to which deposits
313 are made to provide extra benefits for firefighters, or for
314 firefighters and police officers if both are ~~where~~ included,
315 under this chapter. Such a plan is an element of a local law
316 plan and exists in conjunction with a defined benefit component
317 ~~plan~~ that meets the base ~~minimum~~ benefits and minimum standards
318 of this chapter.

319 (24) ~~(18)~~ "Supplemental plan municipality" means a ~~any~~ local

585-01746-13

2013458c1

320 law municipality in which ~~there existed~~ a supplemental plan
321 existed, of any type or nature, as of December 1, 2000.

322 Section 3. Paragraph (b) of subsection (7) of section
323 175.071, Florida Statutes, is amended to read:

324 175.071 General powers and duties of board of trustees.—For
325 any municipality, special fire control district, chapter plan,
326 local law municipality, local law special fire control district,
327 or local law plan under this chapter:

328 (7) To assist the board in meeting its responsibilities
329 under this chapter, the board, if it so elects, may:

330 (b) Employ an independent enrolled actuary, as defined in
331 s. 175.032~~(7)~~, at the pension fund's expense.

332

333 If the board chooses to use the municipality's or special
334 district's legal counsel or actuary, or chooses to use any of
335 the municipality's or special district's other professional,
336 technical, or other advisers, it must do so only under terms and
337 conditions acceptable to the board.

338 Section 4. Paragraphs (d) through (g) of subsection (1) of
339 section 175.091, Florida Statutes, are amended, and a new
340 paragraph (e) is added to that subsection, to read:

341 175.091 Creation and maintenance of fund.—For any
342 municipality, special fire control district, chapter plan, local
343 law municipality, local law special fire control district, or
344 local law plan under this chapter:

345 (1) The firefighters' pension trust fund in each
346 municipality and in each special fire control district shall be
347 created and maintained in the following manner:

348 (d) By mandatory payment by the municipality or special

585-01746-13

2013458c1

349 fire control district of a sum equal to the normal cost of and
350 the amount required to fund any actuarial deficiency shown by an
351 actuarial valuation as provided in part VII of chapter 112 after
352 taking into account the amounts described in paragraphs (b),
353 (c), (f), (g), and (h) and the amounts of the tax proceeds
354 described in paragraph (a) that must be used to fund defined
355 benefit plan benefits, except as otherwise excluded from
356 consideration in determining the mandatory payment.

357 (e) For local law plans, and in addition to the mandatory
358 payment described in paragraph (d), by mandatory payment by the
359 municipality or special fire control district of the amount
360 specified in s. 175.351(3) if the long-term funded ratio of the
361 plan is less than 80 percent.

362 (f)-(e) By all gifts, bequests, and devises when donated to
363 the fund.

364 (g)-(f) By all accretions to the fund by way of interest or
365 dividends on bank deposits, or otherwise.

366 (h)-(g) By all other sources or income now or hereafter
367 authorized by law for the augmentation of such firefighters'
368 pension trust fund.

369
370 Nothing in this section shall be construed to require adjustment
371 of member contribution rates in effect on the date this act
372 becomes a law, including rates that exceed 5 percent of salary,
373 provided that such rates are at least one-half of 1 percent of
374 salary.

375 Section 5. Section 175.351, Florida Statutes, is amended to
376 read:

377 175.351 Municipalities and special fire control districts

585-01746-13

2013458c1

378 having their own pension plans for firefighters. ~~For any~~
379 ~~municipality, special fire control district, local law~~
380 ~~municipality, local law special fire control district, or local~~
381 ~~law plan under this chapter,~~ In order for a municipality or
382 ~~municipalities and special fire control district that has its~~
383 ~~districts with their own pension plan plans~~ for firefighters, or
384 for firefighters and police officers if both are included, to
385 participate in the distribution of the tax fund established
386 under pursuant to s. 175.101, a local law plan and its plan
387 sponsor plans must meet the base minimum benefits and minimum
388 standards set forth in this chapter.

389 (1) If a municipality has a pension plan for firefighters,
390 or a pension plan for firefighters and police officers if both
391 are included, which in the opinion of the division meets the
392 base minimum benefits and minimum standards set forth in this
393 chapter, the board of trustees of the pension plan, as approved
394 by a majority of firefighters of the municipality, must ~~may:~~

395 ~~(a)~~ place the income from the premium tax in s. 175.101 in
396 such ~~pension~~ plan for the sole and exclusive use of its
397 firefighters, or for firefighters and police officers if both
398 are included, where it shall become an integral part of that
399 ~~pension~~ plan and ~~shall~~ be used to fund benefits for firefighters
400 as follows:

401 (a) The base premium tax revenues must be used to fund base
402 benefits.

403 (b) Of the premium tax revenues received that are in excess
404 of the amount received for the 2012 calendar year, and any
405 accumulations of additional premium tax revenues that have not
406 been applied to fund extra benefits:

585-01746-13

2013458c1

407 1. If the plan has a long-term funded ratio of less than 80
408 percent:

409 a. Fifty percent must be used as additional contributions
410 to pay the plan's actuarial deficiency and may not be considered
411 in the determination of the mandatory payment described in s.
412 175.091(1)(d);

413 b. Twenty-five percent must be used to fund base benefits;
414 and

415 c. Twenty-five percent must be placed in a defined
416 contribution plan to fund special benefits.

417 2. If the plan has a long-term funded ratio of 80 percent
418 or greater:

419 a. Fifty percent must be used to fund base benefits; and

420 b. Fifty percent must be placed in a defined contribution
421 plan to fund special benefits.

422 (c) Additional premium tax revenues not described in
423 paragraph (b) must be used to fund benefits that were not
424 included in the base benefits to pay extra benefits to the
425 firefighters included in that pension plan; or

426 ~~(b) Place the income from the premium tax in s. 175.101 in~~
427 ~~a separate supplemental plan to pay extra benefits to~~
428 ~~firefighters, or to firefighters and police officers if~~
429 ~~included, participating in such separate supplemental plan.~~

430 (2) Insurance premium tax revenues may not be used to fund
431 benefits provided in a defined benefit plan which were not
432 provided by the plan as of March 1, 2013.

433 (3) If a plan offers benefits in excess of its base
434 benefits, such benefits may be reduced if the plan continues to
435 meet the base benefits of the plan and the minimum standards set

585-01746-13

2013458c1

436 forth in this chapter. The amount of insurance premium tax
437 revenues previously used to fund benefits in excess of the
438 plan's base benefits before the reduction must be used as
439 provided in subsection (1)(b). Twenty-five percent of the amount
440 of any mandatory contribution paid by the municipality or
441 special fire control district which was previously used to fund
442 extra benefits before the reduction must be used as additional
443 contributions as specified in s. 175.091 to fund the plan's
444 actuarial deficiency.

445 ~~(4)(2)~~ The premium tax provided by this chapter shall ~~in~~
446 ~~all cases~~ be used in its entirety to provide retirement ~~extra~~
447 benefits to firefighters, or to firefighters and police officers
448 if both are included. ~~However, local law plans in effect on~~
449 ~~October 1, 1998, must comply with the minimum benefit provisions~~
450 ~~of this chapter only to the extent that additional premium tax~~
451 ~~revenues become available to incrementally fund the cost of such~~
452 ~~compliance as provided in s. 175.162(2)(a). If a plan is in~~
453 ~~compliance with such minimum benefit provisions, as subsequent~~
454 ~~additional premium tax revenues become available, they must be~~
455 ~~used to provide extra benefits.~~ Local law plans created by
456 special act before May 27, 1939, are deemed to comply with this
457 chapter. ~~For the purpose of this chapter, the term:~~

458 ~~(a) "Additional premium tax revenues" means revenues~~
459 ~~received by a municipality or special fire control district~~
460 ~~pursuant to s. 175.121 which exceed that amount received for~~
461 ~~calendar year 1997.~~

462 ~~(b) "Extra benefits" means benefits in addition to or~~
463 ~~greater than those provided to general employees of the~~
464 ~~municipality and in addition to those in existence for~~

585-01746-13

2013458c1

465 ~~firefighters on March 12, 1999.~~

466 (5)~~(3)~~ A retirement plan or amendment to a retirement plan
467 may not be proposed for adoption unless the proposed plan or
468 amendment contains an actuarial estimate of the costs involved.
469 Such proposed plan or proposed plan change may not be adopted
470 without the approval of the municipality, special fire control
471 district, or, where permitted, the Legislature. Copies of the
472 proposed plan or proposed plan change and the actuarial impact
473 statement of the proposed plan or proposed plan change shall be
474 furnished to the division before the last public hearing
475 thereon. Such statement must also indicate whether the proposed
476 plan or proposed plan change is in compliance with s. 14, Art. X
477 of the State Constitution and those provisions of part VII of
478 chapter 112 which are not expressly provided in this chapter.
479 Notwithstanding any other provision, only those local law plans
480 created by special act of legislation before May 27, 1939, are
481 deemed to meet the base ~~minimum~~ benefits and minimum standards
482 only in this chapter.

483 (6)~~(4)~~ Notwithstanding any other provision, with respect to
484 any supplemental plan municipality:

485 (a) A local law plan and a supplemental plan may continue
486 to use their definition of compensation or salary in existence
487 on March 12, 1999.

488 (b) Section 175.061(1)(b) does not apply, and a local law
489 plan and a supplemental plan shall continue to be administered
490 by a board or boards of trustees numbered, constituted, and
491 selected as the board or boards were numbered, constituted, and
492 selected on December 1, 2000.

493 ~~(c) The election set forth in paragraph (1)(b) is deemed to~~

585-01746-13

2013458c1

494 ~~have been made.~~

495 (7)-(5) The retirement plan setting forth the benefits and
496 the trust agreement, if any, covering the duties and
497 responsibilities of the trustees and the regulations of the
498 investment of funds must be in writing, and copies made
499 available to the participants and to the general public.

500 (8) In addition to the defined benefit component of the
501 local law plan, each plan sponsor must have a defined
502 contribution plan component within the local law plan by October
503 1, 2013, or upon the creation date of a new participating plan.
504 However, the plan sponsor of any plan established by special act
505 of the Legislature has until July 1, 2014, to create a defined
506 contribution component within the plan.

507 Section 6. Subsection (2) of section 185.01, Florida
508 Statutes, is amended to read:

509 185.01 Legislative declaration.—

510 (2) This chapter hereby establishes, for all municipal
511 pension plans ~~now or hereinafter~~ provided for under this
512 chapter, including chapter plans and local law plans, base
513 ~~minimum~~ benefits and minimum standards for the operation and
514 funding of such plans, which must be met as a condition
515 precedent to the plan or plan sponsor receiving a distribution
516 of insurance premium tax revenues under s. 185.10 hereinafter
517 ~~referred to as municipal police officers' retirement trust~~
518 ~~funds.~~ The base minimum benefits and minimum standards for each
519 plan as set forth in this chapter may not be diminished by local
520 ordinance or by special act of the Legislature, or ~~nor may the~~
521 ~~minimum benefits or minimum standards~~ be reduced or offset by
522 any other local, state, or federal plan that may include police

585-01746-13

2013458c1

523 officers in its operation, except as provided under s. 112.65.

524 Section 7. Section 185.02, Florida Statutes, is amended to
525 read:

526 185.02 Definitions.—For any municipality, chapter plan,
527 local law municipality, or local law plan under this chapter,
528 the term following words and phrases as used in this chapter
529 shall have the following meanings, unless a different meaning is
530 plainly required by the context:

531 (1) "Additional premium tax revenues" means revenues
532 received by a municipality pursuant to s. 185.10 which exceed
533 base premium tax revenues.

534 (2)~~(1)~~ "Average final compensation" means one-twelfth of
535 the average annual compensation of the 5 best years of the last
536 10 years of creditable service prior to retirement, termination,
537 or death.

538 (3) "Base benefits" means the level of benefits in
539 existence for police officers on March 12, 1999.

540 (4) "Base premium tax revenues" means revenues received by
541 a municipality pursuant to s. 185.10 equal to the amount of such
542 revenues received for calendar year 1997.

543 (5)~~(2)~~ "Casualty insurance" means automobile public
544 liability and property damage insurance to be applied at the
545 place of residence of the owner, or if the subject is a
546 commercial vehicle, to be applied at the place of business of
547 the owner; automobile collision insurance; fidelity bonds;
548 burglary and theft insurance; and plate glass insurance.

549 "Multiple peril" means a combination or package policy that
550 includes both property coverage and casualty coverage for a
551 single premium.

585-01746-13

2013458c1

552 (6)~~(3)~~ "Chapter plan" means a separate defined benefit
553 pension plan for police officers which incorporates by reference
554 the provisions of this chapter and has been adopted by the
555 governing body of a municipality as provided in s. 185.08.
556 Except as may be specifically authorized in this chapter, the
557 provisions of a chapter plan may not differ from the plan
558 provisions set forth in ss. 185.01-185.341 and 185.37-185.39.
559 Actuarial valuations of chapter plans shall be conducted by the
560 division as provided by s. 185.221(1)(b).

561 (7)~~(4)~~ "Compensation" or "salary" means, for
562 noncollectively bargained service earned before July 1, 2011, or
563 for service earned under collective bargaining agreements in
564 place before July 1, 2011, the total cash remuneration including
565 "overtime" paid by the primary employer to a police officer for
566 services rendered, but not including any payments for extra duty
567 or special detail work performed on behalf of a second party
568 employer. ~~A local law plan may limit the amount of overtime~~
569 ~~payments which can be used for retirement benefit calculation~~
570 ~~purposes; however, such overtime limit may not be less than 300~~
571 ~~hours per officer per calendar year.~~ For noncollectively
572 bargained service earned on or after July 1, 2011, or for
573 service earned under collective bargaining agreements entered
574 into on or after July 1, 2011, the term has the same meaning
575 except that when calculating retirement benefits, up to 300
576 hours per year in overtime compensation may be included as
577 specified in the plan or collective bargaining agreement, but
578 payments for accrued unused sick or annual leave may not be
579 included.

580 (a) Any retirement trust fund or plan that meets the

585-01746-13

2013458c1

581 requirements of this chapter does not, solely by virtue of this
582 subsection, reduce or diminish the monthly retirement income
583 otherwise payable to each police officer covered by the
584 retirement trust fund or plan.

585 (b) The member's compensation or salary contributed as
586 employee-elective salary reductions or deferrals to any salary
587 reduction, deferred compensation, or tax-sheltered annuity
588 program authorized under the Internal Revenue Code shall be
589 deemed to be the compensation or salary the member would receive
590 if he or she were not participating in such program and ~~shall be~~
591 treated as compensation for retirement purposes under this
592 chapter.

593 (c) For any person who first becomes a member in any plan
594 year beginning on or after January 1, 1996, compensation for
595 that plan year may not include any amounts in excess of the
596 Internal Revenue Code s. 401(a)(17) limitation, as amended by
597 the Omnibus Budget Reconciliation Act of 1993, which limitation
598 of \$150,000 shall be adjusted as required by federal law for
599 qualified government plans and ~~shall be~~ further adjusted for
600 changes in the cost of living in the manner provided by Internal
601 Revenue Code s. 401(a)(17)(B). For any person who first became a
602 member before the first plan year beginning on or after January
603 1, 1996, the limitation on compensation may not be less than the
604 maximum compensation amount that was allowed to be taken into
605 account under the plan ~~as~~ in effect on July 1, 1993, which
606 limitation shall be adjusted for changes in the cost of living
607 since 1989 in the manner provided by Internal Revenue Code s.
608 401(a)(17)(1991).

609 (8)~~(5)~~ "Creditable service" or "credited service" means the

585-01746-13

2013458c1

610 aggregate number of years of service and fractional parts of
611 years of service of any police officer, omitting intervening
612 years and fractional parts of years when such police officer may
613 not have been employed by the municipality subject to the
614 following conditions:

615 (a) A ~~No~~ police officer may not ~~will~~ receive credit for
616 years or fractional parts of years of service if he or she has
617 withdrawn his or her contributions to the fund for those years
618 or fractional parts of years of service, unless the police
619 officer repays into the fund the amount he or she has withdrawn,
620 plus interest as determined by the board. The member shall have
621 at least 90 days after his or her reemployment to make
622 repayment.

623 (b) A police officer may voluntarily leave his or her
624 contributions in the fund for ~~a period of~~ 5 years after leaving
625 the employ of the police department, pending the possibility of
626 his or her being rehired by the same department, without losing
627 credit for the time he or she has participated actively as a
628 police officer. If he or she is not reemployed as a police
629 officer with the same department within 5 years, his or her
630 contributions shall be returned to him or her without interest.

631 (c) Credited service under this chapter shall be provided
632 only for service as a police officer, ~~as defined in subsection~~
633 ~~(11)~~, or for military service and may not include credit for any
634 other type of service. A municipality ~~may~~, by local ordinance,
635 may provide for the purchase of credit for military service
636 occurring before employment as well as prior service as a police
637 officer for some other employer as long as the police officer is
638 not entitled to receive a benefit for such ~~other~~ prior service

585-01746-13

2013458c1

639 ~~as a police officer~~. For purposes of determining credit for
640 prior service, in addition to service as a police officer in
641 this state, credit may be given for federal, other state, or
642 county service as long as such service is recognized by the
643 Criminal Justice Standards and Training Commission within the
644 Department of Law Enforcement as provided under chapter 943 or
645 the police officer provides proof to the board of trustees that
646 such service is equivalent to the service required to meet the
647 definition of a police officer under subsection (16) ~~(11)~~.

648 (d) In determining the creditable service of a ~~any~~ police
649 officer, credit for up to 5 years of the time spent in the
650 military service of the Armed Forces of the United States shall
651 be added to the years of actual service, if:

652 1. The police officer is in the active employ of the
653 municipality before ~~prior to~~ such service and leaves a position,
654 other than a temporary position, for the purpose of voluntary or
655 involuntary service in the Armed Forces of the United States.

656 2. The police officer is entitled to reemployment under ~~the~~
657 ~~provisions of~~ the Uniformed Services Employment and Reemployment
658 Rights Act.

659 3. The police officer returns to his or her employment as a
660 police officer of the municipality within 1 year after ~~from~~ the
661 date of his or her release from such active service.

662 (9) ~~(6)~~ "Deferred Retirement Option Plan" or "DROP" means a
663 local law plan retirement option in which a police officer may
664 elect to participate. A police officer may retire for all
665 purposes of the plan and defer receipt of retirement benefits
666 into a DROP account while continuing employment with his or her
667 employer. However, a police officer who enters the DROP and who

585-01746-13

2013458c1

668 is otherwise eligible to participate may ~~shall~~ not ~~thereby~~ be
669 precluded from participating, or continuing to participate, in a
670 supplemental plan in existence on, or created after, March 12,
671 1999 ~~the effective date of this act.~~

672 (10) "Defined contribution plan" means the component of a
673 local law plan to which deposits are made to provide benefits
674 for police officers, or for police officers and firefighters if
675 both are included. Such component is an element of a local law
676 plan and exists in conjunction with the defined benefit
677 component that meets the base benefits and minimum standards of
678 this chapter. The retirement benefits of the defined
679 contribution plan shall be provided through individual member
680 accounts, in accordance with the applicable provisions of the
681 Internal Revenue Code and related regulations, and are limited
682 to the contributions made into each member's account and the
683 actual accumulated earnings, net of expenses, earned on the
684 member's account.

685 (11)~~(7)~~ "Division" means the Division of Retirement of the
686 Department of Management Services.

687 (12)~~(8)~~ "Enrolled actuary" means an actuary who is enrolled
688 under Subtitle C of Title III of the Employee Retirement Income
689 Security Act of 1974 and who is a member of the Society of
690 Actuaries or the American Academy of Actuaries.

691 (13)~~(9)~~ "Local law municipality" is any municipality in
692 which ~~there exists~~ a local law plan exists.

693 (14)~~(10)~~ "Local law plan" means a retirement defined
694 benefit pension plan, which includes both a defined benefit plan
695 component and a defined contribution plan component, for police
696 officers, or for police officers and firefighters if both are,

585-01746-13

2013458c1

697 ~~where~~ included, as described in s. 185.35, established by
698 municipal ordinance or special act of the Legislature, which
699 ~~enactment~~ sets forth all plan provisions. Local law plan
700 provisions may vary from the provisions of this chapter if the
701 base, provided that required minimum benefits and minimum
702 standards of this chapter are met. However, any such variance
703 must shall provide a greater benefit for police officers.
704 Actuarial valuations of local law plans shall be conducted by an
705 enrolled actuary as provided in s. 185.221(2) (b).

706 (15) "Long-term funded ratio" or "funded ratio" means the
707 ratio of the actuarial value of assets of the plan to the
708 actuarial accrued liabilities of the plan, as reported in the
709 most recent actuarial valuation of the plan, deemed to be in
710 compliance with chapter 112 by the Department of Management
711 Services.

712 (16)~~(11)~~ "Police officer" means any person who is elected,
713 appointed, or employed full time by a ~~any~~ municipality, who is
714 certified or required to be certified as a law enforcement
715 officer in compliance with s. 943.1395, who is vested with
716 authority to bear arms and make arrests, and whose primary
717 responsibility is the prevention and detection of crime or the
718 enforcement of the penal, criminal, traffic, or highway laws of
719 the state. The term ~~This definition~~ includes all certified
720 supervisory and command personnel whose duties include, in whole
721 or in part, the supervision, training, guidance, and management
722 responsibilities of full-time law enforcement officers, part-
723 time law enforcement officers, or auxiliary law enforcement
724 officers, but does not include part-time law enforcement
725 officers or auxiliary law enforcement officers as those terms

585-01746-13

2013458c1

726 ~~the same~~ are defined in s. 943.10~~(6) and (8)~~, respectively. For
727 the purposes of this chapter only, the term also includes
728 ~~"police officer"~~ also shall include a public safety officer who
729 is responsible for performing both police and fire services. Any
730 plan may provide that the police chief shall have the an option
731 to participate, or not, in that plan.

732 (17)~~(12)~~ "Police Officers' Retirement Trust Fund" means a
733 trust fund, by whatever name known, as provided under s. 185.03
734 for the purpose of assisting municipalities in establishing and
735 maintaining a retirement plan for police officers.

736 (18)~~(13)~~ "Retiree" or "retired police officer" means a
737 police officer who has entered retirement status. For the
738 purposes of a plan that includes a Deferred Retirement Option
739 Plan (DROP), a police officer who enters ~~the~~ DROP is ~~shall be~~
740 considered a retiree for all purposes of the plan. However, a
741 police officer who enters the DROP and who is otherwise eligible
742 to participate may ~~shall~~ not ~~thereby~~ be precluded from
743 participating, or continuing to participate, in a supplemental
744 plan in existence on, or created after, March 12, 1999 ~~the~~
745 ~~effective date of this act.~~

746 (19)~~(14)~~ "Retirement" means a police officer's separation
747 from city employment as a police officer with immediate
748 eligibility for ~~receipt of~~ benefits under the plan. For purposes
749 of a plan that includes a Deferred Retirement Option Plan
750 (DROP), "retirement" means the date a police officer enters the
751 DROP.

752 (20) "Special benefits" means benefits provided in a
753 defined contribution plan for police officers.

754 (21)~~(15)~~ "Supplemental plan" means a plan to which deposits

585-01746-13

2013458c1

755 of the premium tax moneys as provided in s. 185.08 are made to
756 provide extra benefits to police officers, or police officers
757 and firefighters if both are ~~where~~ included, under this chapter.
758 Such a plan is an element of a local law plan and exists in
759 conjunction with a defined benefit component ~~plan~~ that meets the
760 base ~~minimum~~ benefits and minimum standards of this chapter.

761 (22) ~~(16)~~ "Supplemental plan municipality" means any local
762 law municipality in which ~~there existed~~ a supplemental plan
763 existed as of December 1, 2000.

764 Section 8. Paragraph (b) of subsection (6) of section
765 185.06, Florida Statutes, is amended to read:

766 185.06 General powers and duties of board of trustees.—For
767 any municipality, chapter plan, local law municipality, or local
768 law plan under this chapter:

769 (6) To assist the board in meeting its responsibilities
770 under this chapter, the board, if it so elects, may:

771 (b) Employ an independent enrolled actuary, as defined in
772 s. 185.02~~(8)~~, at the pension fund's expense.

773
774 If the board chooses to use the municipality's or special
775 district's legal counsel or actuary, or chooses to use any of
776 the municipality's other professional, technical, or other
777 advisers, it must do so only under terms and conditions
778 acceptable to the board.

779 Section 9. Paragraphs (d) through (g) of subsection (1) of
780 section 185.07, Florida Statutes, are amended, and a new
781 paragraph (e) is added to that subsection, to read:

782 185.07 Creation and maintenance of fund.—For any
783 municipality, chapter plan, local law municipality, or local law

585-01746-13

2013458c1

784 plan under this chapter:

785 (1) The municipal police officers' retirement trust fund in
786 each municipality described in s. 185.03 shall be created and
787 maintained in the following manner:

788 (d) By payment by the municipality or other sources of a
789 sum equal to the normal cost and the amount required to fund any
790 actuarial deficiency shown by an actuarial valuation as provided
791 in part VII of chapter 112, after taking into account the
792 amounts described in paragraphs (b), (c), (f), (g), and (h) and
793 the amounts of the tax proceeds described in paragraph (a) that
794 must be used to fund defined benefit plan benefits, except as
795 otherwise excluded from consideration in determining the
796 mandatory payment.

797 (e) For local law plans, and in addition to the mandatory
798 payment described in paragraph (d), by mandatory payment by the
799 municipality of the amount specified in s. 185.35(3) if the
800 long-term funded ratio of the plan is less than 80 percent.

801 (f)~~(e)~~ By all gifts, bequests and devises when donated to
802 the fund.

803 (g)~~(f)~~ By all accretions to the fund by way of interest or
804 dividends on bank deposits or otherwise.

805 (h)~~(g)~~ By all other sources of income now or hereafter
806 authorized by law for the augmentation of such municipal police
807 officers' retirement trust fund.

808

809 Nothing in this section shall be construed to require adjustment
810 of member contribution rates in effect on the date this act
811 becomes a law, including rates that exceed 5 percent of salary,
812 provided that such rates are at least one-half of 1 percent of

585-01746-13

2013458c1

813 salary.

814 Section 10. Section 185.35, Florida Statutes, is amended to
815 read:

816 185.35 Municipalities having their own pension plans for
817 police officers. ~~For any municipality, chapter plan, local law~~
818 ~~municipality, or local law plan under this chapter,~~ In order for
819 a municipality municipalities with its their own retirement plan
820 ~~pension plans~~ for police officers, or for police officers and
821 firefighters if both are included, to participate in the
822 distribution of the tax fund established under ~~pursuant to~~ s.
823 185.08, a local law plan and its plan sponsor plans must meet
824 the base minimum benefits and minimum standards set forth in
825 this chapter:

826 (1) If a municipality has a retirement ~~pension~~ plan for
827 police officers, or for police officers and firefighters if both
828 are included, which, in the opinion of the division, meets the
829 base minimum benefits and minimum standards set forth in this
830 chapter, the board of trustees of the pension plan, as approved
831 by a majority of police officers of the municipality, must ~~may~~:

832 ~~(a)~~ place the income from the premium tax in s. 185.08 in
833 such ~~pension~~ plan for the sole and exclusive use of its police
834 officers, or its police officers and firefighters if included,
835 where it shall become an integral part of that ~~pension~~ plan and
836 ~~shall~~ be used to fund benefits for police officers as follows:

837 (a) The base premium tax revenues must be used to fund base
838 benefits.

839 (b) Of the premium tax revenues received that are in excess
840 of the amount received for the 2012 calendar year, and any
841 accumulations of additional premium tax revenues that have not

585-01746-13

2013458c1

842 been applied to fund extra benefits:

843 1. If the plan has a long-term funded ratio of less than 80
844 percent:

845 a. Fifty percent must be used as additional contributions
846 to pay the plan's actuarial deficiency and may not be considered
847 in the determination of the mandatory payment described in s.
848 185.07(1)(d);

849 b. Twenty-five percent must be used to fund base benefits;
850 and

851 c. Twenty-five percent must be placed in a defined
852 contribution plan to fund special benefits.

853 2. If the plan has a long-term funded ratio of 80 percent
854 or greater:

855 a. Fifty percent must be used to fund base benefits; and

856 b. Fifty percent must be placed in a defined contribution
857 plan to fund special benefits.

858 (c) Additional premium tax revenues not described in
859 paragraph (b) must be used to fund benefits that were not
860 included in the base benefits ~~pay extra benefits to the police~~
861 ~~officers included in that pension plan; or~~

862 ~~(b) May place the income from the premium tax in s. 185.08~~
863 ~~in a separate supplemental plan to pay extra benefits to the~~
864 ~~police officers, or police officers and firefighters if~~
865 ~~included, participating in such separate supplemental plan.~~

866 (2) Insurance premium tax revenues may not be used to fund
867 benefits provided in a defined benefit plan which were not
868 provided by the plan as of March 1, 2013.

869 (3) If a plan offers benefits in excess of its base
870 benefits, such benefits may be reduced if the plan continues to

585-01746-13

2013458c1

871 meet the base benefits of the plan and the minimum standards set
872 forth in this chapter. The amount of insurance premium tax
873 revenues previously used to fund benefits in excess of the
874 plan's base benefits before the reduction must be used as
875 provided in subsection (1) (b). Twenty-five percent of the amount
876 of any mandatory contribution paid by the municipality or
877 special fire control district which was previously used to fund
878 extra benefits before the reduction must be used as additional
879 contributions as specified in s. 185.07 to fund the plan's
880 actuarial deficiency.

881 ~~(4)(2)~~ The premium tax provided by this chapter shall in
882 all cases be used in its entirety to provide retirement ~~extra~~
883 benefits to police officers, or to police officers and
884 firefighters if both are included. ~~However, local law plans in~~
885 ~~effect on October 1, 1998, must comply with the minimum benefit~~
886 ~~provisions of this chapter only to the extent that additional~~
887 ~~premium tax revenues become available to incrementally fund the~~
888 ~~cost of such compliance as provided in s. 185.16(2). If a plan~~
889 ~~is in compliance with such minimum benefit provisions, as~~
890 ~~subsequent additional tax revenues become available, they shall~~
891 ~~be used to provide extra benefits.~~ Local law plans created by
892 special act before May 27, 1939, shall be deemed to comply with
893 this chapter. ~~For the purpose of this chapter, the term:~~

894 ~~(a) "Additional premium tax revenues" means revenues~~
895 ~~received by a municipality pursuant to s. 185.10 which exceed~~
896 ~~the amount received for calendar year 1997.~~

897 ~~(b) "Extra benefits" means benefits in addition to or~~
898 ~~greater than those provided to general employees of the~~
899 ~~municipality and in addition to those in existence for police~~

585-01746-13

2013458c1

900 ~~officers on March 12, 1999.~~

901 (5)~~(3)~~ A retirement plan or amendment to a retirement plan
902 may not be proposed for adoption unless the proposed plan or
903 amendment contains an actuarial estimate of the costs involved.
904 Such proposed plan or proposed plan change may not be adopted
905 without the approval of the municipality or, where permitted,
906 the Legislature. Copies of the proposed plan or proposed plan
907 change and the actuarial impact statement of the proposed plan
908 or proposed plan change shall be furnished to the division
909 before the last public hearing thereon. Such statement must also
910 indicate whether the proposed plan or proposed plan change is in
911 compliance with s. 14, Art. X of the State Constitution and
912 those provisions of part VII of chapter 112 which are not
913 expressly provided in this chapter. Notwithstanding any other
914 provision, only those local law plans created by special act of
915 legislation before May 27, 1939, are deemed to meet the base
916 ~~minimum~~ benefits and minimum standards only in this chapter.

917 (6)~~(4)~~ Notwithstanding any other provision, with respect to
918 any supplemental plan municipality:

919 (a) Section 185.02(7)(a) ~~185.02(4)(a)~~ does not apply, and a
920 local law plan and a supplemental plan may continue to use their
921 definition of compensation or salary in existence on March 12,
922 1999.

923 (b) A local law plan and a supplemental plan must continue
924 to be administered by a board or boards of trustees numbered,
925 constituted, and selected as the board or boards were numbered,
926 constituted, and selected on December 1, 2000.

927 ~~(c) The election set forth in paragraph (1)(b) is deemed to~~
928 ~~have been made.~~

585-01746-13

2013458c1

929 ~~(7)~~~~(5)~~ The retirement plan setting forth the benefits and
930 the trust agreement, if any, covering the duties and
931 responsibilities of the trustees and the regulations of the
932 investment of funds must be in writing and copies made available
933 to the participants and to the general public.

934 (8) In addition to the defined benefit component of the
935 local law plan, each plan sponsor must have a defined
936 contribution plan component within the local law plan by October
937 1, 2013, or upon the creation date of a new participating plan.
938 However, the plan sponsor of any plan established by special act
939 of the Legislature has until July 1, 2014, to create a defined
940 contribution component within the plan.

941 Section 11. The Legislature finds that a proper and
942 legitimate state purpose is served when employees and retirees
943 of the state and its political subdivisions, and the dependents,
944 survivors, and beneficiaries of such employees and retirees, are
945 extended the basic protections afforded by governmental
946 retirement systems that provide fair and adequate benefits and
947 that are managed, administered, and funded in an actuarially
948 sound manner as required by s. 14, Article X of the State
949 Constitution and part VII of chapter 112, Florida Statutes.
950 Therefore, the Legislature determines and declares that this act
951 fulfills an important state interest.

952 Section 12. This act shall take effect July 1, 2013.