

By the Committee on Community Affairs; and Senator Bradley

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1 A bill to be entitled
2 An act relating to publicly funded retirement
3 programs; amending s. 112.63, F.S.; requiring that
4 actuarial reports for certain retirement systems or
5 plans include mortality tables; amending s. 112.664,
6 F.S.; revising information to be included in the
7 annual report of a defined benefit system or plan to
8 the Department of Management Services; amending s.
9 175.041, F.S.; revising applicability of the Marvin B.
10 Clayton Firefighters Pension Trust Fund Act; providing
11 that any municipality that provides fire protection
12 services to a municipal service taxing unit under an
13 interlocal agreement is eligible to receive property
14 insurance premium taxes; amending s. 175.101, F.S.;
15 authorizing a municipal service taxing unit that
16 enters into an interlocal agreement for fire
17 protection services with another municipality to
18 impose an excise tax on property insurance premiums;
19 amending s. 175.111, F.S.; requiring municipal service
20 taxing units to provide the Division of Retirement of
21 the Department of Management Services with a certified
22 copy of the ordinance assessing and imposing certain
23 taxes; amending ss. 175.122 and 175.351, F.S.;
24 revising provisions relating to the limitation of
25 disbursement to conform to changes made by the act;
26 amending s. 175.411, F.S.; authorizing a municipal
27 service taxing unit, under certain conditions, to
28 revoke its participation and cease to receive property
29 insurance premium taxes; providing an effective date.

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

Section 1. Subsection (1) of section 112.63, Florida Statutes, is amended to read:

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

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

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

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

(c) A description and explanation of actuarial assumptions.

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

(e) A comparative review illustrating the actual salary increases granted and the rate of investment return realized

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59 over the 3-year period preceding the actuarial report with the
60 assumptions used in both the preceding and current actuarial
61 reports.

62 (f) Mortality tables that use mortality methodology
63 consistent with the most recently published actuarial valuation
64 report of the Florida Retirement System.

65 (g)~~(f)~~ A statement by the enrolled actuary that the report
66 is complete and accurate and that in his or her opinion the
67 techniques and assumptions used are reasonable and meet the
68 requirements and intent of this act.

69
70 The actuarial cost methods utilized for establishing the amount
71 of the annual actuarial normal cost to support the promised
72 benefits shall only be those methods approved in the Employee
73 Retirement Income Security Act of 1974 and as permitted under
74 regulations prescribed by the Secretary of the Treasury.

75 Section 2. Subsection (1) of section 112.664, Florida
76 Statutes, is amended to read:

77 112.664 Reporting standards for defined benefit retirement
78 plans or systems.—

79 (1) In addition to the other reporting requirements of this
80 part, within 60 days after receipt of the certified actuarial
81 report submitted after the close of the plan year that ends on
82 or after June 30, 2014, and thereafter in each year required
83 under s. 112.63(2), each defined benefit retirement system or
84 plan, excluding the Florida Retirement System, shall prepare and
85 electronically report the following information to the
86 Department of Management Services in a format prescribed by the
87 department:

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88 (a) Annual financial statements that comply are in
89 ~~compliance~~ with the requirements of the Governmental Accounting
90 Standards Government Accounting and Standard Board's Statement
91 No. 67, titled "Financial Reporting for Pension Plans," and
92 Statement No. 68, titled "Accounting and Financial Reporting for
93 Pensions," using mortality tables that use mortality methodology
94 consistent with the most recently published actuarial valuation
95 report of the Florida Retirement System RP-2000 Combined Healthy
96 Participant Mortality Tables, by gender, with generational
97 projection by Scale AA.

98 (b) Annual financial statements similar to those required
99 under paragraph (a), but which use an assumed rate of return on
100 investments and an assumed discount rate that are equal to 200
101 basis points less than the plan's assumed rate of return.

102 (c) Information indicating the number of months or years
103 for which the current market value of assets are adequate to
104 sustain the payment of expected retirement benefits as
105 determined in the plan's latest valuation and under the
106 financial statements prepared pursuant to paragraphs (a) and
107 (b).

108 (d) Information indicating the recommended contributions to
109 the plan based on the plan's latest valuation, and the
110 contributions necessary to fund the plan based on financial
111 statements prepared pursuant to paragraphs (a) and (b), stated
112 as an annual dollar value and a percentage of valuation payroll.

113 Section 3. Subsection (3) of section 175.041, Florida
114 Statutes, is amended to read:

115 175.041 Firefighters' Pension Trust Fund created;
116 applicability of provisions.—For any municipality, special fire

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117 control district, chapter plan, local law municipality, local
118 law special fire control district, or local law plan under this
119 chapter:

120 (3) ~~The provisions of~~ This chapter applies ~~shall apply~~ only
121 to municipalities organized and established pursuant to the laws
122 of the state and to special fire control districts. This chapter
123 does, ~~and said provisions shall~~ not apply to the unincorporated
124 areas of any county or counties except with respect to municipal
125 service taxing units established in unincorporated areas for the
126 purpose of receiving fire protection service from a municipality
127 and special fire control districts that include unincorporated
128 areas. This chapter also does not, ~~nor shall the provisions~~
129 ~~hereof~~ apply to any governmental entity whose firefighters are
130 eligible to participate in the Florida Retirement System.

131 (a) Special fire control districts that include, or consist
132 exclusively of, unincorporated areas of one or more counties may
133 levy and impose the tax and participate in the retirement
134 programs enabled by this chapter.

135 (b) With respect to the distribution of premium taxes, a
136 single consolidated government consisting of a former county and
137 one or more municipalities, consolidated pursuant to s. 3 or s.
138 6(e), Art. VIII of the State Constitution, is also eligible to
139 participate under this chapter. The consolidated government
140 shall notify the division when it has entered into an interlocal
141 agreement to provide fire services to a municipality within its
142 boundaries. The municipality may enact an ordinance levying the
143 tax as provided in s. 175.101. Upon being provided copies of the
144 interlocal agreement and the municipal ordinance levying the
145 tax, the division may distribute any premium taxes reported for

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146 the municipality to the consolidated government as long as the
147 interlocal agreement is in effect.

148 (c) Any municipality that has entered into an interlocal
149 agreement to provide fire protection services to any other
150 incorporated municipality or a municipal service taxing unit in
151 an unincorporated area, in its entirety, for a period of 12
152 months or more may be eligible to receive the premium taxes
153 reported for such other municipality or municipal service taxing
154 unit. In order to be eligible for such premium taxes, the
155 municipality providing the fire services must notify the
156 division that it has entered into an interlocal agreement with
157 another municipality or a county on behalf of a municipal
158 service taxing unit. The municipality receiving the fire
159 services, or a county on behalf of the municipal service taxing
160 unit receiving the fire services, may enact an ordinance levying
161 the tax as provided in s. 175.101. Upon being provided copies of
162 the interlocal agreement and the ~~municipal~~ ordinance levying the
163 tax, the division may distribute any premium taxes reported for
164 the municipality or municipal service taxing unit receiving the
165 fire services to the participating municipality providing the
166 fire services as long as the interlocal agreement is in effect.

167 Section 4. Subsections (1) and (3) of section 175.101,
168 Florida Statutes, are amended to read:

169 175.101 State excise tax on property insurance premiums
170 authorized; procedure.—For any municipality, special fire
171 control district, chapter plan, local law municipality, local
172 law special fire control district, or local law plan under this
173 chapter:

174 (1) Each municipality, municipal service taxing unit, or

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175 special fire control district in this state described and
176 classified in s. 175.041, having a lawfully established
177 firefighters' pension trust fund or municipal fund or special
178 fire control district fund, by whatever name known, providing
179 pension benefits to firefighters as provided under this chapter,
180 or receiving fire protection services from a municipality
181 participating under this chapter, may assess and impose on every
182 insurance company, corporation, or other insurer now engaged in
183 or carrying on, or who shall hereinafter engage in or carry on,
184 the business of property insurance as shown by the records of
185 the Office of Insurance Regulation of the Financial Services
186 Commission, an excise tax in addition to any lawful license or
187 excise tax now levied by each of the municipalities, municipal
188 service taxing units, or special fire control districts,
189 respectively, amounting to 1.85 percent of the gross amount of
190 receipts of premiums from policyholders on all premiums
191 collected on property insurance policies covering property
192 within the corporate limits of such municipalities or within the
193 legally defined boundaries of municipal service taxing units or
194 special fire control districts, respectively. Whenever the
195 boundaries of a special fire control district that has lawfully
196 established a firefighters' pension trust fund encompass a
197 portion of the corporate territory of a municipality that has
198 also lawfully established a firefighters' pension trust fund, or
199 a municipal service taxing unit receiving fire protection
200 services from a municipality participating under this chapter,
201 that portion of the tax receipts attributable to insurance
202 policies covering property situated both within the municipality
203 or municipal service taxing unit, and the special fire control

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204 district shall be given to the fire service provider. For the
205 purpose of this section, the boundaries of a special fire
206 control district include an area that has been annexed until the
207 completion of the 4-year period provided for in s. 171.093(4),
208 or other agreed-upon extension, or if a special fire control
209 district is providing services under an interlocal agreement
210 executed in accordance with s. 171.093(3). The agent shall
211 identify the fire service provider on the property owner's
212 application for insurance. Remaining revenues collected pursuant
213 to this chapter shall be distributed to the municipality or
214 special fire control district according to the location of the
215 insured property.

216 (3) This excise tax shall be payable annually on March 1 of
217 each year after the passage of an ordinance, in the case of a
218 municipality or municipal service taxing unit, or resolution, in
219 the case of a special fire control district, assessing and
220 imposing the tax authorized by this section. Installments of
221 taxes shall be paid according to the provision of s.
222 624.5092(2) (a), (b), and (c).

223
224 This section also applies to any municipality consisting of a
225 single consolidated government which is made up of a former
226 county and one or more municipalities, consolidated pursuant to
227 the authority in s. 3 or s. 6(e), Art. VIII of the State
228 Constitution, and to property insurance policies covering
229 property within the boundaries of the consolidated government,
230 regardless of whether the properties are located within one or
231 more separately incorporated areas within the consolidated
232 government, provided the properties are being provided fire

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233 protection services by the consolidated government. This section
234 also applies to any municipality, as provided in s.
235 175.041(3)(c), which has entered into an interlocal agreement to
236 receive fire protection services from another municipality
237 participating under this chapter. The excise tax may be levied
238 on all premiums collected on property insurance policies
239 covering property located within the corporate limits of the
240 municipality receiving the fire protection services, but will be
241 available for distribution to the municipality providing the
242 fire protection services.

243 Section 5. Section 175.111, Florida Statutes, is amended to
244 read:

245 175.111 Certified copy of ordinance or resolution filed;
246 insurance companies' annual report of premiums; duplicate files;
247 book of accounts.—For any municipality, municipal service taxing
248 unit, special fire control district, chapter plan, local law
249 municipality, local law special fire control district, or local
250 law plan under this chapter, whenever any municipality, or any
251 county on behalf of a municipal service taxing unit, passes an
252 ordinance or whenever any special fire control district passes a
253 resolution establishing a chapter plan or local law plan
254 assessing and imposing the taxes authorized in s. 175.101, a
255 certified copy of such ordinance or resolution shall be
256 deposited with the division. Thereafter every insurance company,
257 association, corporation, or other insurer carrying on the
258 business of property insurance on real or personal property, on
259 or before the succeeding March 1 after date of the passage of
260 the ordinance or resolution, shall report fully in writing and
261 under oath to the division and the Department of Revenue a just

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262 and true account of all premiums by such insurer received for
263 property insurance policies covering or insuring any real or
264 personal property located within the corporate limits of each
265 such municipality, municipal service taxing unit, or special
266 fire control district during the period of time elapsing between
267 the date of the passage of the ordinance or resolution and the
268 end of the calendar year. The report shall include the code
269 designation as prescribed by the division for each piece of
270 insured property, real or personal, located within the corporate
271 limits of each municipality and within the legally defined
272 boundaries of each special fire control district and municipal
273 service taxing unit. The aforesaid insurer shall annually
274 thereafter, on March 1, file with the Department of Revenue a
275 similar report covering the preceding year's premium receipts,
276 and every such insurer at the same time of making such reports
277 shall pay to the Department of Revenue the amount of the tax
278 hereinbefore mentioned. Every insurer engaged in carrying on
279 such insurance business in the state shall keep accurate books
280 of accounts of all such business done by it within the corporate
281 limits of each such municipality and within the legally defined
282 boundaries of each such special fire control district and
283 municipal service taxing unit, and in such manner as to be able
284 to comply with the provisions of this chapter. Based on the
285 insurers' reports of premium receipts, the division shall
286 prepare a consolidated premium report and shall furnish to any
287 municipality, municipal service taxing unit, or special fire
288 control district requesting the same a copy of the relevant
289 section of that report.

290 Section 6. Section 175.122, Florida Statutes, is amended to

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291 read:

292 175.122 Limitation of disbursement.—For any municipality,
293 municipal service taxing unit, special fire control district,
294 chapter plan, local law municipality, local law special fire
295 control district, or local law plan under this chapter, any
296 municipality, municipal service taxing unit, or special fire
297 control district participating in the firefighters' pension
298 trust fund pursuant to the provisions of this chapter, whether
299 under a chapter plan or local law plan, shall be limited to
300 receiving any moneys from such fund in excess of that produced
301 by one-half of the excise tax, as provided for in s. 175.101;
302 however, any such municipality, municipal service taxing unit,
303 or special fire control district receiving less than 6 percent
304 of its fire department payroll from such fund shall be entitled
305 to receive from such fund the amount determined under s.
306 175.121, in excess of one-half of the excise tax, not to exceed
307 6 percent of its fire department payroll. Payroll amounts of
308 members included in the Florida Retirement System shall not be
309 included.

310 Section 7. Section 175.351, Florida Statutes, is amended to
311 read:

312 175.351 Municipalities, municipal service taxing units, and
313 special fire control districts having their own pension plans
314 for firefighters.—For any municipality, municipal service taxing
315 unit, special fire control district, local law municipality,
316 local law special fire control district, or local law plan under
317 this chapter, in order for municipalities, municipal service
318 taxing units, and special fire control districts with their own
319 pension plans for firefighters, or for firefighters and police

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320 officers if included, to participate in the distribution of the
321 tax fund established pursuant to s. 175.101, local law plans
322 must meet the minimum benefits and minimum standards set forth
323 in this chapter.

324 (1) If a municipality has a pension plan for firefighters,
325 or a pension plan for firefighters and police officers if
326 included, which in the opinion of the division meets the minimum
327 benefits and minimum standards set forth in this chapter, the
328 board of trustees of the pension plan, as approved by a majority
329 of firefighters of the municipality, may:

330 (a) Place the income from the premium tax in s. 175.101 in
331 such pension plan for the sole and exclusive use of its
332 firefighters, or for firefighters and police officers if
333 included, where it shall become an integral part of that pension
334 plan and shall be used to pay extra benefits to the firefighters
335 included in that pension plan; or

336 (b) Place the income from the premium tax in s. 175.101 in
337 a separate supplemental plan to pay extra benefits to
338 firefighters, or to firefighters and police officers if
339 included, participating in such separate supplemental plan.

340 (2) The premium tax provided by this chapter shall in all
341 cases be used in its entirety to provide extra benefits to
342 firefighters, or to firefighters and police officers if
343 included. However, local law plans in effect on October 1, 1998,
344 must comply with the minimum benefit provisions of this chapter
345 only to the extent that additional premium tax revenues become
346 available to incrementally fund the cost of such compliance as
347 provided in s. 175.162(2)(a). If a plan is in compliance with
348 such minimum benefit provisions, as subsequent additional

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349 premium tax revenues become available, they must be used to
350 provide extra benefits. Local law plans created by special act
351 before May 27, 1939, are deemed to comply with this chapter. For
352 the purpose of this chapter, the term:

353 (a) "Additional premium tax revenues" means revenues
354 received by a municipality or special fire control district
355 pursuant to s. 175.121 which exceed that amount received for
356 calendar year 1997.

357 (b) "Extra benefits" means benefits in addition to or
358 greater than those provided to general employees of the
359 municipality and in addition to those in existence for
360 firefighters on March 12, 1999.

361 (3) A retirement plan or amendment to a retirement plan may
362 not be proposed for adoption unless the proposed plan or
363 amendment contains an actuarial estimate of the costs involved.
364 Such proposed plan or proposed plan change may not be adopted
365 without the approval of the municipality, special fire control
366 district, or, where permitted, the Legislature. Copies of the
367 proposed plan or proposed plan change and the actuarial impact
368 statement of the proposed plan or proposed plan change shall be
369 furnished to the division before the last public hearing
370 thereon. Such statement must also indicate whether the proposed
371 plan or proposed plan change is in compliance with s. 14, Art. X
372 of the State Constitution and those provisions of part VII of
373 chapter 112 which are not expressly provided in this chapter.
374 Notwithstanding any other provision, only those local law plans
375 created by special act of legislation before May 27, 1939, are
376 deemed to meet the minimum benefits and minimum standards only
377 in this chapter.

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378 (4) Notwithstanding any other provision, with respect to
379 any supplemental plan municipality:

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

383 (b) Section 175.061(1)(b) does not apply, and a local law
384 plan and a supplemental plan shall continue to be administered
385 by a board or boards of trustees numbered, constituted, and
386 selected as the board or boards were numbered, constituted, and
387 selected on December 1, 2000.

388 (c) The election set forth in paragraph (1)(b) is deemed to
389 have been made.

390 (5) The retirement plan setting forth the benefits and the
391 trust agreement, if any, covering the duties and
392 responsibilities of the trustees and the regulations of the
393 investment of funds must be in writing, and copies made
394 available to the participants and to the general public.

395 Section 8. Section 175.411, Florida Statutes, is amended to
396 read:

397 175.411 Optional participation.—A municipality, municipal
398 service taxing unit, or special fire control district may revoke
399 its participation under this chapter by rescinding the
400 legislative act, ordinance, or resolution which assesses and
401 imposes the taxes authorized in s. 175.101, and by furnishing a
402 certified copy of such legislative act, ordinance, or resolution
403 to the division. Thereafter, the municipality, municipal service
404 taxing unit, or special fire control district shall be
405 prohibited from participating under this chapter, and shall not
406 be eligible for future premium tax moneys. Premium tax moneys

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407 previously received shall continue to be used for the sole and
408 exclusive benefit of firefighters, or firefighters and police
409 officers where included, and no amendment, legislative act,
410 ordinance, or resolution shall be adopted which shall have the
411 effect of reducing the then-vested accrued benefits of the
412 firefighters, retirees, or their beneficiaries. The
413 municipality, municipal service taxing unit, or special fire
414 control district shall continue to furnish an annual report to
415 the division as provided in s. 175.261. If the municipality,
416 municipal service taxing unit, or special fire control district
417 subsequently terminates the defined benefit plan, they shall do
418 so in compliance with the provisions of s. 175.361.

419 Section 9. This act shall take effect July 1, 2015.