

By the Committee on Community Affairs; and Senators Bradley,
Bean, and Hutson

578-02605-16

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1 A bill to be entitled

2 An act relating to discretionary sales surtaxes;
3 amending s. 112.64, F.S.; authorizing a county to
4 apply proceeds of a pension liability surtax toward
5 reducing the unfunded liability of a defined benefit
6 retirement plan or system; specifying the method of
7 determining the amortization schedule if a surtax is
8 approved; amending s. 212.055, F.S.; authorizing a
9 county to levy a pension liability surtax by ordinance
10 if certain conditions are met; prescribing the form of
11 the ballot statement; requiring the Department of
12 Revenue and participating local governments to
13 distribute the surtax proceeds, less administrative
14 fees; requiring the ordinance to specify the method
15 and frequency of distributing proceeds; prohibiting a
16 defined benefit retirement plan or system from
17 receiving surtax proceeds after a certain level of
18 actuarial funding is reached; requiring that surtax
19 proceeds be used to reduce or amortize the unfunded
20 liability of the system or plan; specifying conditions
21 under which the surtax terminates; limiting the
22 combined rate of specified discretionary sales
23 surtaxes; providing an effective date.

24
25 Be It Enacted by the Legislature of the State of Florida:

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27 Section 1. Subsection (6) of section 112.64, Florida
28 Statutes, is renumbered as subsection (7), and a new subsection
29 (6) is added to that section, to read:

30 112.64 Administration of funds; amortization of unfunded
31 liability.—

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32 (6) (a) Notwithstanding any other provision of this part,
33 the proceeds of a pension liability surtax imposed by a county
34 pursuant to s. 212.055, which is levied for the purpose of
35 funding or amortizing the unfunded liability of a defined
36 benefit retirement plan or system, excluding the Florida
37 Retirement System, shall be actuarially recognized, and the
38 county shall apply the present value of the total projected
39 proceeds of the surtax to reduce the unfunded liability or to
40 amortize it as part of the county's annual required
41 contribution, beginning with the fiscal year immediately
42 following approval of the pension liability surtax. The unfunded
43 liability amortization schedule must be adjusted beginning with
44 the fiscal year immediately following approval of the pension
45 liability surtax and amortized over a period of 30 years.

46 (b) The payroll of all employees in classifications covered
47 by a closed retirement plan or system that receives funds from
48 the pension liability surtax must be included in determining the
49 unfunded liability amortization schedule for the closed plan,
50 regardless of the plan in which the employees currently
51 participate, and the payroll growth assumption must be adjusted
52 to reflect the payroll of those employees when calculating the
53 amortization of the unfunded liability.

54 Section 2. Subsection (9) is added to section 212.055,
55 Florida Statutes, to read:

56 212.055 Discretionary sales surtaxes; legislative intent;
57 authorization and use of proceeds.—It is the legislative intent
58 that any authorization for imposition of a discretionary sales
59 surtax shall be published in the Florida Statutes as a
60 subsection of this section, irrespective of the duration of the

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61 levy. Each enactment shall specify the types of counties
62 authorized to levy; the rate or rates which may be imposed; the
63 maximum length of time the surtax may be imposed, if any; the
64 procedure which must be followed to secure voter approval, if
65 required; the purpose for which the proceeds may be expended;
66 and such other requirements as the Legislature may provide.
67 Taxable transactions and administrative procedures shall be as
68 provided in s. 212.054.

69 (9) PENSION LIABILITY SURTAX.—

70 (a) The governing body of a county may levy a pension
71 liability surtax to fund underfunded defined benefit retirement
72 plans or systems, pursuant to an ordinance conditioned to take
73 effect upon approval by a majority vote of the electors of the
74 county voting in a referendum, at a rate that may not exceed 0.5
75 percent. The county may not impose a pension liability surtax
76 unless the underfunded defined benefit retirement plan or system
77 is below 80 percent of actuarial funding at the time the
78 ordinance or referendum is passed. The most recent actuarial
79 report submitted to the Department of Management Services
80 pursuant to s. 112.63 must be used to establish the level of
81 actuarial funding for purposes of determining eligibility to
82 impose the surtax. The governing body of a county may only
83 impose the surtax if:

84 1. The employees, including police officers and
85 firefighters, who enter employment on or after the date that the
86 local government meets the requirements for enacting the pension
87 liability surtax, may not enroll in a defined benefit retirement
88 plan or system that will receive the surtax proceeds.

89 2. The county currently levies a local government

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90 infrastructure surtax pursuant to subsection (2) which is
91 scheduled to terminate and is not subject to renewal.

92 3. The pension liability surtax does not take effect until
93 the local government infrastructure surtax described in
94 subparagraph 2. is terminated.

95 (b) A referendum to adopt a pension liability surtax must
96 meet the requirements of s. 101.161 and must include a brief and
97 general description of the purposes for which the surtax
98 proceeds will be used.

99 (c) Pursuant to s. 212.054(4), the proceeds of the surtax
100 collected under this subsection, less an administrative fee that
101 may be retained by the department, shall be distributed by the
102 department to the local government. The local government shall
103 distribute the proceeds it receives from the department, less an
104 administrative fee not to exceed 2 percent of the surtax
105 collected, to an eligible defined benefit retirement plan or
106 system, except the Florida Retirement System. The ordinance
107 providing for the imposition of the pension liability surtax
108 must specify the method of determining the percentage of the
109 proceeds, and the frequency of such payments, distributed to
110 each eligible defined benefit retirement plan or system. The
111 pension liability surtax proceeds may be used only to reduce or
112 amortize the unfunded actuarial liability of the defined benefit
113 retirement plan or system. A defined benefit retirement plan or
114 system may no longer receive the surtax proceeds once the plan
115 or system reaches or exceeds 100 percent of actuarial funding.
116 If the local government makes advanced payments toward the
117 unfunded liability of an underfunded defined benefit retirement
118 plan or system which are secured by future revenues associated

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119 with the surtax, the local government may fully reimburse itself
120 from the surtax proceeds for such payments.

121 (d) Notwithstanding s. 212.054(5), a pension liability
122 surtax imposed pursuant to this subsection shall terminate for
123 any defined benefit retirement plan or system when the actuarial
124 funding level of that plan or system reaches or exceeds 100
125 percent.

126 (e) Notwithstanding any other provision of this section, a
127 county may not levy local option sales surtaxes authorized in
128 this subsection and subsections (2), (3), (4), and (5) in excess
129 of a combined rate of 1 percent.

130 Section 3. This act shall take effect July 1, 2016.