FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

| This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent. | | | | | | | |
|---|--|---------------------|--|--|--|--|--|
| BILL #: <u>CS/HB 1581</u> | COMPANION BILL: <u>SB 1762</u> (Gruters) | | | | | | |
| TITLE: Local Government Salaries and Benefits | LIN | LINKED BILLS: None | | | | | |
| SPONSOR(S): Buchanan, Giallombardo | REI | RELATED BILLS: None | | | | | |
| Committee References | | | | | | | |
| Intergovernmental Affairs | | State Affairs | | | | | |
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SUMMARY

Effect of the Bill:

The bill prohibits the governing body of a county, municipality, or special district from increasing the salary, retirement benefits, or any other type of compensation received by its members unless the increase is approved at a referendum held during a general election in a presidential election year. The bill makes conforming changes to the salary schedule for county commissioners to prevent automatic annual increases based on population growth and changes in state employee salaries.

Fiscal or Economic Impact:

The bill may have a positive fiscal impact on local governments to the extent that provisions of the bill will prevent increases in governing body salaries, retirement benefits, or other compensation that would otherwise occur.

| JUMP TO | SUMMARY | ANALYSIS | RELEVANT INFORMATION | BILL HISTORY |
|---------|---------|----------|-----------------------------|---------------------|

ANALYSIS

EFFECT OF THE BILL:

The bill prohibits the governing body of a county, municipality, or special district from increasing the <u>salary</u>, <u>retirement benefits</u>, or any other type of compensation received by its members unless the increase is approved by the majority of the electors living in the jurisdiction voting at a referendum held at a general election during a presidential election year. This prohibition does not prevent a member of a governing body from receiving an increase in a retirement benefit that occurs due to the local government's participation in the <u>Florida Retirement System</u>. (Sections <u>5</u>, <u>6</u>, and <u>7</u>)

The bill fixes the salaries of county commissioners at the amount:

- Established by the population formula in current law, for non-charter counties and charter counties that have adopted the population formula method in their charter;
- Provided by the provisions of the county charter as of September 30, 2025, for charter counties that establish the salary of commissioners in their charter; or
- Provided by ordinance as of April 1, 2025, for charter counties that set the salary of commissioners by ordinance. (Section <u>2</u>)

The bill eliminates the automatic annual increase of county commissioner salaries subject to the population formula provided in current law. (Section $\underline{4}$)

The bill allows a charter county or county with a consolidated form of government to continue to provide any supplemental compensation that it currently provides, but requires any increase on or after October 1, 2025, to be subject to the provisions of the bill. (Section <u>3</u>)

The bill makes a conforming change to the applicability of provisions governing the salaries of county officials. (Section <u>1</u>)

STORAGE NAME: h1581b.SAC **DATE**: 4/4/2025

The effective date of the bill is October 1, 2025. (Section <u>8</u>)

FISCAL OR ECONOMIC IMPACT:

LOCAL GOVERNMENT:

The bill may have a positive fiscal impact on local governments to the extent that provisions of the bill will prevent increases in governing body salaries, retirement benefits, or other compensation that would otherwise occur.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Compensation of Local Government Officials

Compensation of County Commissioners

The Florida Constitution requires the powers, duties, compensation, and method of payment of state and county officers to be determined by general law.¹ Current law provides a uniform salary schedule to ensure fair and equitable payment of officers performing equivalent duties for the state across different counties.² The statutory salary schedule applies to all designated officers in all counties, except those officials whose salaries are set by a county charter or officials in a chartered consolidated form of government.³ County officers subject to the salary schedule are prohibited from accepting additional compensation for the performance of their public duties.⁴

The salary schedule classifies counties in six groups based on population.⁵ These groups range from population group I, consisting of counties with fewer than 50,000 residents, to population group VI, consisting of counties with 1,000,000 or more residents.⁶ The salary rate of the official is calculated by adding the base salary for the county's population group to the product of the county's group rate and the number of residents in excess of the minimum for the population group.⁷

The total salary paid to each officer is determined by the product of the salary rate calculated based on population, the annual factor,⁸ the cumulative annual factor,⁹ and the initial factor.¹⁰ The annual factor and the cumulative annual factor are certified each year by the Department of Management Services.¹¹ For Fiscal Year 2024-25, the annual factor is 1.0301 and the cumulative annual factor is 4.1336.¹²

A county commissioner may choose to reduce his or her salary on a voluntary basis.¹³

¹ See <u>Art. II, s. 5(c)</u>, <u>Fla. Const.</u> (requiring compensation of county officers to be fixed by law), <u>art. III, s. 11(a)(21)</u>, <u>Fla. Const.</u> (prohibiting special acts and general laws of local application on any subject when prohibited by a general law passed by a three-fifths vote of the membership of each house), and <u>s. 145.16</u>, <u>F.S.</u> (prohibiting special laws and general laws of local application for county commissioners, county constitutional officers, school superintendents, and school board members). ² S. <u>145.011(2)</u>, <u>F.S.</u>

³ S. <u>145.012, F.S.</u> Currently, Florida has 20 charter counties. *See* Florida Association of Counties, *Charter County Information* (last visited Mar. 23, 2025).

⁴ S. <u>145.17, F.S.</u>

⁵ See ss. <u>145.011</u> and <u>145.11, F.S.</u>

⁶ See <u>s. 145.11(1), F.S.</u>

⁷ Id.

⁸ S. <u>145.19(1)(a), F.S.</u> The "annual factor" is one plus the lesser of the average percentage increase in the salaries of state career service employees for the current fiscal year or seven percent.

⁹ S. <u>145.19(1)(b), F.S.</u> The "cumulative annual factor" of the product of all annual factors prior to the current fiscal year. The first annual factor was calculated in 1979. Ch. 79-326, s. 1, Laws of Fla.

¹⁰ S. <u>145.19(1)(c), F.S.</u> The "initial factor" is 1.292.

¹¹ S. <u>145.19(2), F.S.</u>

¹² Office of Economic and Demographic Research, <u>Salaries of Elected County Constitutional Officers and School District Officials</u> for Fiscal Year 2024-25, p. 3 (last visited Mar. 23, 2025).

¹³ S. <u>145.031(3), F.S.</u>

Compensation of County Commissioners in Charter Counties

The salaries of county commissioners in charter counties are set according to the county charter.¹⁴ Of the 20 charter counties:

- Nine adopted the population formula method in their charter.¹⁵
- Two adopted a fixed percentage of the amount payable under the population formula method in their charters.¹⁶
- Two provide fixed dollar amounts in their charter.¹⁷
- Five authorize the county commission to set their salary by ordinance.¹⁸
- Two establish a base value that the county commission may increase by ordinance, but the increase is limited to the lesser of average percentage increase in county employee salaries for the prior year or the percentage change in the consumer price index.¹⁹

Additionally, the board of county commissioners of charter counties may provide additional compensation by ordinance, unless prohibited by the charter.²⁰

Compensation of Municipal Governing Body Members

The Florida Constitution provides that municipalities have governmental, corporate, and proprietary powers that enable them to conduct municipal government, perform municipal functions and provide municipal services, and exercise any power for municipal purposes except when expressly prohibited by law.²¹ This grant of power authorizes municipalities to enact legislation concerning any subject matter upon which the Legislature may act, except on subjects preempted by the Florida Constitution, general law, or a county charter.²²

There are currently no statutory provisions governing the salaries of municipal governing body members.²³ The salaries for municipal governing body members may be:

- Fixed in the city's charter;²⁴
- Established by ordinance;²⁵ or
- Measured against a reference value, such as the salary schedule for county officers.²⁶
- ¹⁴ See <u>s. 145.012, F.S.</u>

¹⁸ Leon and Sarasota Counties have adopted the statutory schedule by ordinance. <u>Leon County Code of Ordinances, ch. 2, art. II, div. 2, s. 2-27</u> and Sarasota County Ordinance 2013-044. Jacksonville City Council members receive a salary equal to 50 percent of the amount that they would receive under the salary schedule, except that the council president receives a salary equal to two-thirds of the amount they would receive under the salary schedule. Jacksonville Code of Ordinances, ch. 129, s. 129.102. Orange County commissioners receive an annual salary of \$113,608, except for the county mayor, who receives an annual salary of \$227,812. <u>Orange County Code of Ordinances, ch. 2, art. II, s. 2-30</u>. Seminole County uses the statutory formula as a baseline, but requires any increase after January 1, 2007 to be adopted by a majority vote of the commission and limited to the prior year percentage change in the Consumer Price Index. <u>Seminole County Code of Ordinances, ch. 62, part 1, s. 62.1</u>. ¹⁹ The Brevard County charter sets the base salary at the amount received by commissioners on December 31, 1999 and requires the commission to set salaries every other year. <u>Brevard County Charter, art. 2, s. 2.6</u>. The Polk County charter sets the base value at \$33,500 and provides that any increase in salary be approved by a unanimous vote of the commission. <u>Polk County Charter, art. 2, s. 2.5</u>.

²⁰ See Polk County Charter, art. 2, s. 2.5 (limiting salary and other compensation for Polk County commissioners) and Miami-Dade County, <u>Miami-Dade County Executive Benefits Presentation</u> (last visited Mar. 24, 2025) (outlining benefits for Executive Benefits Group 1).

- ²¹ <u>Art. VIII, s. 2(b), Fla. Const.</u>; see also <u>s. 166.021(1), F.S.</u>
- ²² S. <u>166.021(3), F.S.</u>
- ²³ See ch. 166, F.S., passim.
- ²⁴ See, e.g., <u>City of Cape Coral Charter art. IV, s. 4.08</u>.

²⁵ See, e.g., <u>City of Gainesville Code of Ordinances ch. 2, art. II, s. 2-66</u>.

²⁶ See, e.g., <u>City of Tallahassee Charter subpart A, s. 23.</u>

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¹⁵ Alachua, Broward, Charlotte, Columbia, Lee, Osceola, Palm Beach, Pinellas, and Wakulla Counties. *See generally* Florida Association of Counties, *Charter County Provision Comparisons December 2020* (last visited Mar. 23, 2025).

¹⁶ Hillsborough County commissioners receive a salary equal to 75 percent of the amount that they would receive under the salary schedule, while Volusia County commissioners receive 50 percent of the amount that they would receive under the salary schedule. <u>Hillsborough County Charter, art. IV, s. 4.07</u> and <u>Volusia County Charter, art. III, s. 304</u>.

¹⁷ Clay County commissioners are paid \$37,000 a year, which may only be increased by approval in a referendum, and Miami-Dade County commissioners receive a salary of \$6,000 per year. <u>Clay County Charter, art. II, s. 2.2C</u> and <u>Miami-Dade Charter, art. 1, s. 1.06</u>.

Compensation of Special District Governing Body Members

A special district, unlike a county or municipality, does not possess home rule powers, but is instead a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary.²⁷ A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district's charter or general law governing that type of district.²⁸ Therefore, the salary and compensation of a special district governing body member may be set by general law or the district's charter.²⁹

Retirement Benefits for Local Government Officials

Florida Protection of Public Employee Retirement Benefits Act

The Florida Protection of Public Employee Retirement Benefits Act (Benefits Act)³⁰ implements the provisions of art. X, s. 14 of the Florida Constitution.³¹ The Benefits Act applies to all retirement or pension plans for public employees that are funded in whole or in part by public funds, and requires that such retirement plans be managed, administered, operated, and funded in such a manner as to maximize the protection of public employee retirement benefits.³²

The Florida Constitution prohibits any increase in retirement or pension benefits for a publicly-funded plan, unless the governmental unit providing the increase has made or concurrently makes a provision for funding the increase on an actuarially sound basis.³³ Local governments are prohibited from agreeing to a proposed change in retirement benefits if the plan administrator did not issue a statement of the actuarial impact of the proposed change on the local retirement system prior to both the adoption of the change by the governing body of the local government and the last public hearing about the proposed change.³⁴ This statement must be furnished to the Division of Retirement within the Department of Management Services before the local government may agree to the change. The statement must indicate whether the proposed change complies with art. X, s. 14 of the Florida Constitution and general law requirements concerning the amortization of any unfunded actuarial liability.³⁵

Florida Retirement System

The Florida Retirement System (FRS) was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund.³⁶ In 1972, the Judicial Retirement System was consolidated into the FRS, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002.

The FRS is a multi-employer, contributory plan governed by the FRS Act.³⁷ Membership in the FRS is a condition of employment for all new state, county, or other participating agency employees filling

- ³⁴ S. <u>112.63(3), F.S.</u>
- ³⁵ S. <u>112.64, F.S.</u>

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 ²⁷ See Halifax Hospital Medical Center v. State of Fla., et al., 278 So. 3d 545, 547 (Fla. 2019).
 ²⁸ Id.

²⁹ See, e.g. <u>s. 190.006(8)</u>, F.S. (community development district board members may receive compensation of up to \$200 per board meeting, subject to an annual limitation of \$4,800, unless a higher amount is approved by the electors of the district in a referendum); <u>s. 191.005(4)</u>, F.S. (members of the governing body of independent fire control districts may receive a salary of up to \$500 a month, if approved by the board); <u>ch. 2014-241</u>, <u>s. 3</u>, art. V, <u>s. 6</u>, Laws of Fla. (port commissioners for the Canaveral Port District receive a salary set by the board, subject to limitations); and <u>ch. 2023-331</u>, <u>s. 3</u>, art. IV, <u>s. 6</u>, Laws of Fla. (members of the board of the Jupiter Inlet District receive compensation of \$500 per month).

³⁰ <u>Ch. 112, Part VII, F.S.</u>
³¹ S. <u>112.61, F.S.</u>
³² Ss. <u>112.61</u> and <u>112.62, F.S.</u>

³³ <u>Art. X, s. 14, Fla. Const.</u>

 ³⁶ Florida Retirement System, <u>Florida Retirement System Pension Plan and Other State Administered Retirement Systems Annual</u> <u>Comprehensive Financial Report Fiscal Year Ended June 30, 2024</u>, p. 33 (last visited Mar. 23, 2025).
 ³⁷ Ch. 121, F.S.

regularly established positions and employed on or after December 1, 1970.³⁸ Additionally, municipalities and special districts may elect to join the FRS, however, the option to participate is generally irrevocable.³⁹ As of June 30, 2024, 184 municipalities and 152 special districts have elected to join the FRS.⁴⁰

The FRS has five classes of membership, including an Elected Officers' Class that contains elected officials of state, counties, and those municipalities and special districts that have chosen to include their elected officials in this class.41

Other Retirement Systems

Municipalities and special districts, if authorized in their respective charters, may choose to adopt their own retirement system as long those systems meet the requirements established in the Florida Constitution and the Benefits Act.⁴² These plans may cover specific subsets of employees, such as police officers and firefighters, or all employees of the municipality or special district.⁴³ As of January 6, 2025, there were 489 local government pension plans.44

OTHER RESOURCES:

Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2024-25

| BILL HISTORY | | | | | | | |
|--|---|-----------|---------------------|-------------|--|--|--|
| | | STAFF | | | | | |
| | | | DIRECTOR/ | ANALYSIS | | | |
| COMMITTEE REFERENCE | ACTION | DATE | POLICY CHIEF | PREPARED BY | | | |
| Intergovernmental Affairs | 14 Y, 1 N, As CS | 3/26/2025 | Darden | Darden | | | |
| <u>Subcommittee</u> | | | | | | | |
| THE CHANGES ADOPTED BY THE COMMITTEE: | Provides that a charter county or county with a consolidated form of government may continue to provide any supplemental compensation approved before October 1, 2025. Clarifies that the referenced salary for charter counties that establish the salary of commissioners in their charter is the value as of October 1, 2025, according to the provisions of the charter. | | | | | | |
| State Affairs Committee | | | Williamson | Darden | | | |

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

³⁸ Florida Retirement System, *Florida Retirement System Pension Plan and Other State Administered Retirement Systems Annual* Comprehensive Financial Report Fiscal Year Ended June 30, 2024, p. 173 (last visited Mar. 23, 2025).

³⁹ *Id.* at 33 and 173.

⁴⁰ *Id.* at 236.

⁴¹ *Id.* at 34. 42 S. 112.62, F.S.

⁴³ See Dept. of Management Services, *Local Retirement Plans* (last visited Mar. 24, 2025).

⁴⁴ Dept. of Management Services, <u>Actuarial Summary Fact Sheets</u> (last visited Mar. 24, 2025).