

Committee on Governmental Oversight and Accountability

CS/SB 172 — Local Government Pension Reform

by Governmental Oversight and Accountability Committee and Senators Bradley, Ring, and Gaetz

The bill substantially changes how insurance premium tax revenues must be used in the funding of local government police and firefighter pension plans in chs. 175 and 185, F.S.

Definitions (Sections 2 and 9)

The bill defines several new terms for purposes of chs. 175 and 185, F.S. The most relevant terms are “additional premium tax revenues,” “base premium tax revenues,” and “minimum benefits.” Additional premium tax revenues mean insurance premium tax revenues received by a municipality (or special fire control district) which exceed base insurance premium tax revenues. Base premium tax revenues are those insurance premium taxes received by a municipality (or special fire control district) for calendar year 2003. Minimum benefits are the benefits set forth in specified sections of ch. 175, F.S., (for firefighters and, if included in the plan, police officers) and ch. 185, F.S., (for police officers and, if included in the plan, firefighters).

Change of the Minimum Benefit Accrual Rate (Sections 6 and 13)

The bill increases the minimum benefit accrual rate from 2.0 percent to 2.75 percent for firefighter and police officers. Plans are permitted to deviate from this rate if the plan is otherwise in compliance with the minimum benefits and minimum standards but provides a benefit accrual rate of less than 2.75 percent. In that instance, the plan must maintain, at a minimum, the benefit accrual rate that was in effect on July 1, 2015. If the plan subsequently increases the rate to 2.75 percent or greater, the plan may not later reduce the rate below 2.75 percent.

Use of Insurance Premium Tax Revenues (Sections 7 and 14)

The bill amends parallel provisions in chs. 175 and 185, F.S., and specifies that in order to receive insurance premium tax revenues, those revenues must be used as follows:

- Base insurance premium tax revenues must be used to fund minimum benefits or other retirement benefits in excess of the minimum benefits.
- Of the additional insurance premium tax revenues received in excess of the amount received in calendar year 2012, 50 percent must be used to fund minimum benefits or other retirement benefits in excess of the minimum benefits, as determined by the municipality (or special fire control district) and 50 percent must be placed in a defined contribution plan to fund special benefits.[\[1\]](#)
- Additional insurance premium tax revenues not required to be distributed to fund minimum benefits, retirement benefits in excess of minimum benefits, or special benefits must be used to fund benefits **not** included in the minimum benefits. If the additional insurance premium tax revenues required to be distributed to fund minimum benefits,

additional retirement benefits, and special benefits exceed the full cost of benefits provided through a retirement plan:

- o 50 percent of any excess must be used to fund minimum benefits or other retirement benefits; and
- o 50 percent must be placed in a defined contribution plan.
- Of any accumulations of additional insurance premium tax revenues which have not been applied to fund benefits in excess of minimum benefits:
 - o 50 percent of the accumulation must be used to fund special benefits; and
 - o 50 percent must be used to fund any unfunded actuarial liabilities of the plan, provided that any amount of accumulations in excess of amount required to fund unfunded actuarial liabilities must be used to fund special benefits.
- For plans created after March 1, 2015, 50 percent of the insurance premium tax revenues must be used to fund defined benefit plan component benefits and the remainder must be used to fund defined contribution plan component benefits.
- If a plan offers benefits in excess of the minimum benefits, excluding supplemental plan benefits in effect as of September 30, 2014, those plan benefits may be reduced if the plan continues to meet the minimum benefits and minimum standards in chs. 175 and 185, F.S., respectively. The amount of insurance premium tax revenues previously used to fund benefits in excess of minimum benefits, excluding supplemental benefits in effect as of 2012 calendar year, before the reduction must be used to fund minimum benefits or other retirement benefits (50 percent) and a defined contribution plan (50 percent). However, benefits may not be reduced if the plan does not have a minimum accrual rate of 2.75 percent, or greater, of the average final compensation of a full-time firefighter or police officer.

Notwithstanding those provisions of the bill, the use of insurance premium tax revenues, including additional tax revenues which have not been applied to fund benefits in excess of the minimum benefits, may deviate from the requirements of the bill by mutual consent of the members' collective bargaining representative or, if there is none, by majority consent of the plan members' of the fund and consent of the municipality (or special fire control district), provided the plan continues to meet the minimum benefits and the minimum standards of chs. 175 or 185, F.S. However, a plan that does not meet a minimum benefit as of October 1, 2012, may continue to provide the benefit not meeting the minimum benefit at the same level, but not less than that level as was provided on October 1, 2012, and all other benefits must continue to meet the minimum benefits. A mutually agreed deviation must continue until modified or revoked by subsequent mutual consent of the members' collective bargaining representative (or a majority of the members of the fund) and the municipality (or special fire control district). A special act plan or a plan within a supplemental plan municipality are considered to have mutually agreed to such deviation as of July 1, 2015, regarding the existing agreement on the use of insurance premium tax revenues.

The bill also requires plan sponsors to create defined contribution plan components within their plans by October 1, 2015, for noncollectively bargained services, upon entering into a collective bargaining agreement on or after July 1, 2015, or upon the creation date of a new participating

plan. Depending upon the use of insurance premium tax revenues as otherwise provided in the bill, a defined contribution component may or may not receive funding.

The bill explicitly allows plans to use the insurance premium tax revenues and offer benefits below the statutorily required levels in certain instances. The plan must have relied upon the interpretation of the statute by the DMS to reduce the level of benefits or use the insurance premium tax revenues, and such reliance must be evidenced by certain documentation. The plan may continue to offer these reduced benefits and/or use the insurance premium tax revenues in this manner until the earlier of October 1, 2018, or the time when another collective bargaining agreement is negotiated addressing the benefits or use of revenues.

300 Hour Cap of Overtime for Benefit Purposes (Section 9)

The bill amends the definition of “compensation” or “salary” in s. 185.02(4), F.S., relating to police officer retirement plans, to:

- Repeal the sentence that states: “A local law plan may limit the amount of overtime payments which can be used for retirement benefit calculation purposes; however, such overtime limit may not be less than 300 hours per officer per calendar year.” Repealing this sentence should clarify that the definition has a maximum cap of 300 hours, with no required minimum, consistent with a recent interpretation by the division, as it applies to the inclusion of overtime hours in the calculation of police retirement benefits.
- Provide that overtime may be limited prior to July 1, 2011, in a local law plan by the plan provisions. Local law plans are retirement plans, which include a defined benefit plan component and a defined contribution plan component, for police officers (and firefighters, if included) established by municipal ordinance or special act of the Legislature.

Important State Interest (Section 15)

The bill provides that the Legislature determines that the bill fulfills an important state interest as related to public pension plans.

If approved by the Governor, these provisions take effect July 1, 2015.

[\[1\]](#) Sections 2 and 9 define “special benefits” as benefits provided in a defined contribution plan.
Vote: Senate 36-0; House 112-4

Committee on Governmental Oversight and Accountability

CS/CS/CS/HB 371 — Agency Inspectors General

by State Affairs Committee; Appropriations Committee; Government Operations Subcommittee; and Rep. Raulerson and others (CS/CS/SB 1304 by Fiscal Policy Committee; Governmental Oversight and Accountability Committee; and Senator Latvala)

The bill authorizes the Chief Inspector General or designee to hire or retain legal counsel and issue and enforce subpoenas under certain circumstances. The bill requires the Office of Early Learning to appoint an inspector general and mandates additional hiring requirements, employment qualifications, and terms of employment for inspectors general appointed by agencies under the jurisdiction of the Governor.

The bill prohibits a former or current elected official from being appointed inspector general within 5 years after the end of his or her term and prohibits an inspector general and employees of inspector general from holding elective office and provides additional restrictions for an inspector general and their staff for specified political activities.

Also, the bill requires that records must be accessible to agency inspectors general during an audit or investigation. The bill requires specified personnel to cooperate with requests of agency inspectors general during investigations, audits, inspections, reviews and hearings.

Additionally, the bill requires certain language be included in state contracts, bids, and proposals regarding cooperation with the inspector general.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 39-0; House 97-17

Committee on Governmental Oversight and Accountability

CS/CS/SB 396 — Florida Historic Capitol

by Appropriations Committee; Governmental Oversight and Accountability Committee; and
Senators Detert and Gaetz

The bill creates the Florida Historic Capitol Museum Council, which will provide guidance and support for the Florida Historic Capitol Museum in preserving legislative history, operate according to best practices, and planning the Biennial Joint Legislative Reunion. The Florida Historic Capitol Museum Council is composed of current and former officers and members from each chamber as well as the general public.

The bill abolishes the Florida Legislative Research Center at the Historic Capitol. The bill also abolishes the Florida Historic Capitol Museum's citizen's support organization and redirects funds from the sale of specialty license plates from the citizen's support organization to the Capitol Museum's direct support organization. The bill increases the number of board members of the direct support organization to 21 members.

This bill changes the title of the Capitol Curator to Museum Director.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 40-0; House 116-0

Committee on Governmental Oversight and Accountability

SB 522 — Division of Bond Finance

by Senator Brandes

The bill repeals the requirement for the Division of Bond Finance to issue a regular newsletter containing information of interest relating to local and state bonds to issuers, underwriters, attorneys, investors, other parties within the bond community, and the general public.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 40-0; House 114-0

Committee on Governmental Oversight and Accountability

HB 553 — Public Libraries

by Rep. Perry (SB 434 by Senator Detert)

The bill revises the powers and duties of the Division of Library and Information Services (Division) within the Department of State. The Division is required to coordinate with the Division of Blind Services of the Department of Education in the provision of library services to the blind and physically handicapped persons. Additionally, the bill establishes the State Publications Program requiring each state official, department, court, or agency to designate a state publications liaison who is required to maintain a list of their respective entity's state publications and to furnish an updated list to the Division by December 31 of each year.

The duties of the State Library Council are expanded to include advising and assisting the Division with planning, policy, and priorities related to the development of statewide information services. The composition of the Council is modified to require:

1. Three members to represent Florida public libraries;
2. Two members to represent the Florida Academic Library Services Cooperative;
3. One member to represent a multi-type library cooperative;
4. One member to represent a school library media center;
5. One member to represent the Independent Colleges and Universities of Florida; and
6. One member to represent a Florida library professional association.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 38-0; House 117-0

Committee on Governmental Oversight and Accountability

CS/HB 565 — Retirement

by Government Operations Subcommittee and Rep. Beshears (CS/SB 1054 by Governmental Oversight and Accountability Committee and Senator Evers)

The bill allows local agency employers participating in the Florida Retirement System to reassess positions previously designated as Senior Management Service Class (SMSC) positions. The number of positions a local agency employer may designate as SMSC is limited, and the SMSC designation provides a higher annual service accrual rate than Regular Class positions. The bill provides a 6-month window to allow a local agency employer time to reassess its designation of positions previously designated as SMSC, and to request removal from the class of any such positions that it deems appropriate. After the initial period in 2015, the bill provides that the window for reclassification opens once every five years.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 39-0; House 117-0

Committee on Governmental Oversight and Accountability

SB 694 — Florida State Employees' Charitable Campaign

by Senator Ring

The bill allows state officers and employees to donate to the Florida State Employees' Charitable Campaign (FSECC) at agency fundraising events without designating specific organizations to receive the funds. The bill provides that the FSECC's fiscal agent must distribute these "undesignated" funds to participating charitable organizations in direct proportion to the percentage of designated funds or pledges received by the organization.

The bill removes additional eligibility requirements for independent unaffiliated agencies, international service agencies, and national agencies wanting to participate in the FSECC.

The bill removes the statutory requirement to establish a local steering committee in each fiscal agent area.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 40-0; House 117-0

Committee on Governmental Oversight and Accountability

CS/HB 985 — Maintenance of Agency Final Orders

by Rulemaking Oversight and Repeal Subcommittee and Rep. Eisnaugle (CS/SB 1284 by Governmental Oversight and Accountability Committee and Senator Soto)

The bill revises the requirements governing the maintenance of all agency final orders and requires each state agency to electronically transmit specified final orders rendered on or after July 1, 2015, to the electronic database of the Division of Administrative Hearings (DOAH) within 90 days of rendering such order. The bill provides database requirements for DOAH.

The bill requires that each state agency maintain a list of all final orders that are not required to be electronically transmitted to DOAH's database. A state agency must maintain a subject-matter index for final orders rendered before July 1, 2015, and identify the location of this index on the agency's website. DOAH'S database will constitute the official compilation of administrative final orders rendered after July 1, 2015, for each agency.

The bill revises the duties of the Department of State (DOS) to coordinate the transmittal and listing of agency final orders. DOS is required to provide standards and guidelines for the certification, electronic transmittal, and maintenance of agency final orders in DOAH's database.

The bill authorizes DOS to adopt rules that are binding on state agencies and DOAH, which acts in the capacity of official compiler of final orders. DOS is also authorized to designate an alternative official compiler under certain circumstances.

Further, the technical assistance advisements issued by the Department of Revenue continue to be exempt from the final order maintenance requirements specified in s. 120.53, F.S.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 39-0; House 111-0

Committee on Governmental Oversight and Accountability

CS/CS/HB 1309 — Publicly Funded Retirement Plans

by State Affairs Committee; Government Operations Subcommittee; and Rep. Drake (CS/SB 242 by Community Affairs Committee and Senator Brandes)

The bill requires each local government pension plan, in conducting the actuarial valuations of its pension plans, to use mortality table methodologies consistent with the methodologies used in either of the two most recently published actuarial valuation reports of the Florida Retirement System (FRS). In most instances, the mortality tables used will recognize longer lifetimes for annuitants and result in higher annual contributions being required to be paid into the pension funds in the near term. To the extent the use of the updated mortality tables result in increases to the normal costs or unfunded liabilities of local government pension plans, this bill will result in higher contributions being paid into the local government pension plans in the near term.

Similarly, the bill revises the mortality tables to be used in the actuarial disclosures in financial statements submitted to the Department of Management Services. This modification does not impact the actuarial funding of the various pension plans but does provide some information that may be useful when comparing local pension plans and the FRS.

If approved by the Governor, these provisions take effect upon becoming law.

Vote: Senate 38-0; House 81-37

Committee on Governmental Oversight and Accountability

HB 7023 — Administrative Procedures

by Rulemaking Oversight and Repeal Subcommittee and Rep. Ray (CS/SB 7056 by Appropriations Committee and Governmental Oversight and Accountability Committee)

The bill replaces the biennial summary reporting requirement with an expanded, annual regulatory plan prepared by each agency. It requires each state agency to determine whether each new law creating or affecting the agency's authority will require new or amended rules. If so, the agency must initiate rulemaking by November 1. If not, the agency must state concisely why the law may be implemented without additional rulemaking. The regulatory plan also must identify each existing law for which the agency will initiate rulemaking in the current fiscal year. The agency head and the agency's principal legal advisor must certify that they have reviewed the plan and that the agency conducts a review of its rulemaking authority.

The existing 180-day requirement is revised to coincide with the specific publishing requirements for state agencies that consist of October 1 for the regulatory plan, November 1 for the rule development and April 1 (of the year following the deadline for the regulatory plan) for the notice of proposed rule. The deadline for notice of proposed rule may be extended if the state agency publishes a notice of extension and includes a concise statement identifying issues causing the delay. This extension will expire on October 1; however, the regulatory plan published on October 1 may further extend the proceeding.

The bill repeals s. 120.7455, F.S., pertaining to the online survey of regulatory impacts. Additionally, the bill rescinds the suspension of rulemaking authority made under s. 120.745, F.S.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 40-0; House 118-0

Committee on Governmental Oversight and Accountability

SB 7024 — State Board of Administration

by Governmental Oversight and Accountability Committee

The bill repeals the current limitation on the authority of the State Board of Administration to invest the funds of the Florida Retirement System Trust Fund in institutions doing business in or with Northern Ireland.

The bill directs the State Board of Administration to distribute any residual balance in the Fund B Surplus Funds Trust Fund, after the original principal balance has been repaid to the trust fund participants, based on each's participant's proportional share of the November 2007 interest earnings that were withheld from distribution and transferred to the Fund B Surplus Funds Trust Fund.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 37-0; House 117-0