

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 to distribute the surtax proceeds, less
13 administrative fees; specifying the manner in which a
14 local government may use the surtax proceeds;
15 prescribing requirements for the ordinance that
16 provides for the imposition of the surtax; specifying
17 conditions under which the surtax terminates; limiting
18 the combined rate of specified discretionary sales
19 surtaxes; providing an effective date.

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

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

26 112.64 Administration of funds; amortization of unfunded

27 liability.—

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

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

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

52 212.055 Discretionary sales surtaxes; legislative intent;

53 authorization and use of proceeds.—It is the legislative intent
54 that any authorization for imposition of a discretionary sales
55 surtax shall be published in the Florida Statutes as a
56 subsection of this section, irrespective of the duration of the
57 levy. Each enactment shall specify the types of counties
58 authorized to levy; the rate or rates which may be imposed; the
59 maximum length of time the surtax may be imposed, if any; the
60 procedure which must be followed to secure voter approval, if
61 required; the purpose for which the proceeds may be expended;
62 and such other requirements as the Legislature may provide.
63 Taxable transactions and administrative procedures shall be as
64 provided in s. 212.054.

65 (9) PENSION LIABILITY SURTAX.—

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

79 impose the surtax if:

80 1. An employee, including a police officer or firefighter,
 81 who enters employment on or after the date when the local
 82 government certifies that the defined benefit retirement plan or
 83 system formerly available to such an employee has been closed
 84 may not enroll in a defined benefit retirement plan or system
 85 that will receive surtax proceeds.

86 2. The county currently levies a local government
 87 infrastructure surtax pursuant to subsection (2) which is
 88 scheduled to terminate and is not subject to renewal.

89 3. The pension liability surtax does not take effect until
 90 the local government infrastructure surtax described in
 91 subparagraph 2. is terminated.

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

96 (c) Pursuant to s. 212.054(4), the proceeds of the surtax
 97 collected under this subsection, less an administrative fee that
 98 may be retained by the department, shall be distributed by the
 99 department to the local government.

100 (d) The local government may use the pension liability
 101 surtax proceeds in the following manner:

102 1. If the proceeds of the pension liability surtax have
 103 been actuarially recognized as provided in s. 112.64(6), the
 104 local government must distribute the proceeds to an eligible

105 defined benefit retirement plan or system, not including the
106 Florida Retirement System.

107 2. If the proceeds of the pension liability surtax have
108 not been actuarially recognized, the local government is
109 authorized to distribute the proceeds to an eligible defined
110 benefit retirement plan or system, not including the Florida
111 Retirement System, to pledge the proceeds of the surtax to repay
112 debts incurred for the purpose of making advanced payments
113 toward the unfunded liability of an underfunded defined benefit
114 retirement plan or system, and to reimburse itself from the
115 proceeds of the surtax for any borrowing costs associated with
116 such debts.

117 (e) The ordinance providing for the imposition of the
118 pension liability surtax must specify how the proceeds will be
119 used:

120 1. The ordinance must specify the method of determining
121 the percentage of the proceeds, and the frequency of such
122 payments, distributed to each eligible defined benefit
123 retirement plan or system if the proceeds of the pension
124 liability surtax are actuarially recognized as provided in s.
125 112.64(6).

126 2. The ordinance must specify the local government's
127 intention to incur debt for the purpose of making advanced
128 payments toward the unfunded liability of an underfunded defined
129 benefit retirement plan or system if the proceeds of the pension
130 liability surtax are not actuarially recognized as provided in

131 s. 112.64(6).

132 (f) A pension liability surtax imposed pursuant to this
133 subsection shall terminate on December 31 of the year in which
134 the actuarial funding level is expected to reach or exceed 100
135 percent for the defined benefit retirement plan or system for
136 which the surtax was levied or December 31, 2060, whichever
137 occurs first. The most recent actuarial report submitted to the
138 Department of Management Services pursuant to s. 112.63 must be
139 used to establish the level of actuarial funding.

140 (g) Notwithstanding any other provision of this section, a
141 county may not levy local option sales surtaxes authorized in
142 this subsection and subsections (2), (3), (4), and (5) in excess
143 of a combined rate of 1 percent.

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