

1 A bill to be entitled
2 An act relating to publicly funded retirement
3 programs; amending s. 112.63, F.S.; revising minimum
4 requirements for actuarial reports for retirement
5 systems or plans subject to part VII of ch. 112, F.S.;
6 requiring the governing body responsible for the
7 retirement system or plan to review the enrolled
8 actuary's statement within a specified timeframe;
9 requiring the governing body to provide a written
10 explanation if differing actuarial assumptions are
11 adopted; increasing the frequency by which the
12 Department of Management Services must review and
13 comment on a retirement system's or plan's actuarial
14 valuations; requiring each local government retirement
15 system or plan to submit certain information
16 accompanying its actuarial report to the department;
17 amending s. 112.64, F.S.; requiring the unfunded
18 liability of retirement systems or plans established
19 on or after a certain date to be amortized within a
20 specified timeframe; revising requirements for
21 determining payroll growth assumptions for unfunded
22 liability amortization schedules; amending s. 112.664,
23 F.S.; modifying requirements for annual reports
24 prepared by each defined benefit retirement system or
25 plan; amending s. 112.665, F.S.; revising duties of

26 | the department as to the oversight of local retirement
 27 | systems or plans; amending s. 121.031, F.S.; requiring
 28 | the administrator of the Florida Retirement System to
 29 | provide the results of the system's actuarial study to
 30 | the Governor and the presiding officers of the
 31 | Legislature annually; revising minimum requirements
 32 | for the actuarial study; amending s. 121.0312, F.S.;
 33 | requiring the Governor and the presiding officers of
 34 | the Legislature to acknowledge and review the
 35 | actuarial valuation report after receipt; specifying
 36 | minimum requirements for such review; requiring the
 37 | department to publish the written acknowledgments in a
 38 | certain manner; amending ss. 121.4501 and 212.055,
 39 | F.S.; conforming cross-references; providing a
 40 | declaration of important state interest; providing
 41 | effective dates.

42 |

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

44 |

45 | Section 1. Section 112.63, Florida Statutes, is amended to
 46 | read:

47 | 112.63 Actuarial reports and statements of actuarial
 48 | impact; review.—

49 | (1) Each retirement system or plan subject to ~~the~~
 50 | ~~provisions of this part must act~~ shall have regularly scheduled

51 actuarial reports prepared and certified by an enrolled actuary.
52 The actuarial report must include ~~shall consist of~~, but is not
53 limited to, the following:

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

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

66 (c) A description and explanation of actuarial
67 assumptions.

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

70 (e) A list of preretirement and postretirement benefits
71 provided to employees, including, but not limited to, life
72 insurance; health insurance; dental care; vision care; fitness
73 programs, discounts, or reimbursements; continuing education or
74 tuition credit programs; cost-of-living adjustments; payment for
75 unused leave; disability insurance; and health savings accounts

76 | or flexible spending accounts.

77 | (f) ~~A comparative review illustrating the actual salary~~
78 | ~~increases granted and~~ The rate of investment return realized
79 | over the 3-year period preceding the actuarial report with the
80 | assumptions used in both the preceding and current actuarial
81 | reports.

82 | (g) ~~(f)~~ Effective January 1, 2016, the mortality tables
83 | used in either of the two most recently published actuarial
84 | valuation reports of the Florida Retirement System, including
85 | the projection scale for mortality improvement. Appropriate risk
86 | and collar adjustments must be made based on plan demographics.
87 | The tables must be used for assumptions for preretirement and
88 | postretirement mortality.

89 | (h) ~~(g)~~ A statement by the enrolled actuary that the report
90 | is complete and accurate and that in his or her opinion the
91 | techniques and assumptions used are reasonable and meet the
92 | requirements and intent of this part act.

93 | 1. The statement must include an analysis of the assumed
94 | rate of return established by the plan's governing body. The
95 | analysis must include specific recommendations regarding an
96 | appropriate assumed rate of return.

97 | 2. The plan's governing body shall, within 30 days after
98 | receipt, review the statement of the enrolled actuary. If the
99 | governing body adopted actuarial assumptions other than those
100 | recommended by the enrolled actuary producing the actuarial

101 valuation report, the plan's governing body must provide a
102 written explanation as to why actuarial assumptions other than
103 those recommended were adopted. The written explanation must be
104 published as an addendum to the report.

105
106 The actuarial cost methods used ~~utilized~~ for establishing the
107 amount of the annual actuarial normal cost to support the
108 promised benefits must ~~shall~~ only be those methods approved in
109 the Employee Retirement Income Security Act of 1974 and as
110 authorized ~~permitted~~ under regulations prescribed by the
111 Secretary of the Treasury.

112 (2) The frequency of actuarial reports must be at least
113 every 3 years commencing from the last actuarial report of the
114 plan or system or October 1, 1980, if no actuarial report has
115 been issued within the 3-year period before ~~prior to~~ October 1,
116 1979. The results of each actuarial report must ~~shall~~ be filed
117 with the plan administrator within 60 days after ~~of~~
118 certification. Thereafter, the results of each actuarial report
119 must ~~shall~~ be made available for inspection upon request.
120 Additionally, each retirement system or plan covered by this
121 part act which is not administered directly by the Department of
122 Management Services shall furnish a copy of each actuarial
123 report to the Department of Management Services within 60 days
124 after receipt from the actuary. The requirements of this section
125 are supplemental to actuarial valuations necessary to comply

126 | with the requirements of s. 218.39.

127 | (3) A ~~No~~ unit of local government may not ~~shall~~ agree to a
 128 | proposed change in retirement benefits unless the administrator
 129 | of the system, before ~~prior to~~ adoption of the change by the
 130 | governing body, and before ~~prior to~~ the last public hearing
 131 | thereon, has issued a statement of the actuarial impact of the
 132 | proposed change upon the local retirement system, consistent
 133 | with the actuarial review, and has furnished a copy of such
 134 | statement to the division. Such statement must ~~shall~~ also
 135 | indicate whether the proposed changes are in compliance with s.
 136 | 14, Art. X of the State Constitution and with s. 112.64.

137 | (4) Upon receipt, pursuant to subsection (2), of an
 138 | actuarial report, or, pursuant to subsection (3), of a statement
 139 | of actuarial impact, the Department of Management Services shall
 140 | acknowledge such receipt, and ~~but shall only~~ review and comment
 141 | on each retirement system's or plan's actuarial valuations ~~at~~
 142 | ~~least on a triennial basis.~~

143 | (a) If the department finds that the actuarial valuation
 144 | is not complete, accurate, or based on reasonable assumptions or
 145 | otherwise materially fails to satisfy the requirements of this
 146 | part; requires additional material information necessary to
 147 | complete its review of the actuarial valuation of a system or
 148 | plan or material information necessary to satisfy the duties of
 149 | the department pursuant to s. 112.665(1); or does not receive
 150 | the actuarial report or statement of actuarial impact, the

151 department shall notify the administrator of the affected
152 retirement system or plan and the affected governmental entity
153 and request appropriate adjustment, the additional material
154 information, or the required report or statement. The
155 notification must inform the administrator and the affected
156 governmental entity of the consequences for failing to comply
157 with the requirements of this subsection.

158 (b) If, after a reasonable period of time, a satisfactory
159 adjustment is not made or the report, statement, or additional
160 material information is not provided, the department may notify
161 the Department of Revenue and the Department of Financial
162 Services of the noncompliance, and the Department of Revenue and
163 the Department of Financial Services shall withhold any funds
164 not pledged for satisfaction of bond debt service which are
165 payable to the affected governmental entity until the adjustment
166 is made or the report, statement, or additional material
167 information is provided to the department. The Department of
168 Management Services shall specify the date such action is to
169 begin and notify the Department of Revenue, the Department of
170 Financial Services, and the affected governmental entity 30 days
171 before the specified date.

172 (c) Within 21 days after receipt of the notice, the
173 affected governmental entity may petition the Department of
174 Management Services for a hearing under ss. 120.569 and 120.57.
175 The Department of Revenue and the Department of Financial

176 Services may not be parties to the hearing, but may request to
177 intervene if requested by the Department of Management Services
178 or if the Department of Revenue or the Department of Financial
179 Services determines its interests may be adversely affected by
180 the hearing.

181 1. If the administrative law judge recommends in favor of
182 the department, the department shall perform an actuarial
183 review, prepare the statement of actuarial impact, or collect
184 the requested material information. The cost to the department
185 of performing the actuarial review, preparing the statement, or
186 collecting the requested material information shall be charged
187 to the affected governmental entity whose employees are covered
188 by the retirement system or plan. If payment is not received by
189 the department within 60 days after the affected governmental
190 entity receives the request for payment, the department shall
191 certify to the Department of Revenue and the Department of
192 Financial Services the amount due, and the Department of Revenue
193 and the Department of Financial Services shall pay such amount
194 to the Department of Management Services from funds not pledged
195 for satisfaction of bond debt service which are payable to the
196 affected governmental entity.

197 2. If the administrative law judge recommends in favor of
198 the affected governmental entity and the department performs an
199 actuarial review, prepares the statement of actuarial impact, or
200 collects the requested material information, the cost to the

201 department shall be paid by the Department of Management
 202 Services.

203 (d) In the case of an affected special district, the
 204 Department of Management Services shall also notify the
 205 Department of Economic Opportunity. Upon receipt of
 206 notification, the Department of Economic Opportunity shall
 207 proceed pursuant to s. 189.067.

208 1. Failure of a special district to provide a required
 209 report or statement, to make appropriate adjustments, or to
 210 provide additional material information after the procedures
 211 specified in s. 189.067(1) are exhausted shall be deemed final
 212 action by the special district.

213 2. The Department of Management Services may notify the
 214 Department of Economic Opportunity of those special districts
 215 that failed to come into compliance. Upon receipt of
 216 notification, the Department of Economic Opportunity shall
 217 proceed pursuant to s. 189.067(4).

218 (5) Payments made to the fund as required by this chapter
 219 shall be based on the normal and past service costs contained in
 220 the most recent actuarial valuation, subject to being state-
 221 accepted.

222 (6) Beginning October 1, 2018 ~~July 1, 1980~~, each
 223 retirement system or plan of a unit of local government shall
 224 maintain and submit to the Department of Management Services
 225 along with the actuarial report required under this section, in

226 | an accurate and accessible format prescribed by the Department
227 | of Management Services form, the following information:

228 | (a) For each active and inactive member of the system, a
229 | number or other means of identification; date of birth; sex;
230 | date of employment; period of credited service, split, if
231 | required, between prior service and current service; and
232 | occupational classification.

233 | (b) For each active member, current pay rate, cumulative
234 | contributions together with accumulated interest, if credited,
235 | age at entry into system, and current rate of contribution.

236 | (c) For each inactive member, average final compensation
237 | or equivalent and age at which deferred benefit is to begin.

238 | (d) For each retired member and other beneficiary, a
239 | number or other means of identification, date of birth, sex,
240 | beginning date of benefit, type of retirement and amount of
241 | monthly benefit, and type of survivor benefit.

242 | Section 2. Present subsections (4) through (7) of section
243 | 112.64, Florida Statutes, are renumbered as subsections (5)
244 | through (8), respectively, a new subsection (4) is added to that
245 | section, and subsection (3) and present subsection (5) of that
246 | section are amended, to read:

247 | 112.64 Administration of funds; amortization of unfunded
248 | liability.—

249 | (3) For a retirement system or plan with its first plan
250 | year beginning between October 1, 1980, and October 1, 2018

251 ~~which comes into existence after October 1, 1980,~~ the unfunded
252 liability, if any, shall be amortized within 40 years of the
253 first plan year.

254 (4) For a retirement system or plan that comes into
255 existence after October 1, 2018, the unfunded liability, if any,
256 shall be amortized within 30 years of the first plan year.

257 ~~(6)(5)(a)~~ If the amortization schedule for unfunded
258 liability is to be based on a contribution derived in whole or
259 in part from a percentage of the payroll of the system or plan
260 membership, the assumption as to payroll growth may ~~shall~~ not
261 exceed the average payroll growth for the 3 ~~10~~ years before
262 ~~prior to~~ the latest actuarial valuation of the system or plan
263 unless a transfer, merger, or consolidation of government
264 functions or services occurs, in which case the assumptions for
265 payroll growth may be adjusted and may be based on the
266 membership of the retirement plan or system subsequent to such
267 transfer, merger, or consolidation.

268 ~~(b) An unfunded liability amortization schedule that~~
269 ~~includes a payroll growth assumption and is in existence on~~
270 ~~September 30, 1996, or is established thereafter, may be~~
271 ~~continued using the same payroll growth assumption, or one not~~
272 ~~exceeding the payroll growth assumption established at the start~~
273 ~~of the schedule, regardless of the actual 10-year average~~
274 ~~payroll growth rate, provided that:~~

275 ~~1. The assumptions underlying the payroll growth rate are~~

276 ~~consistent with the actuarial assumptions used to determine~~
277 ~~unfunded liabilities, including, but not limited to, the~~
278 ~~inflation assumption; and~~

279 ~~2. The payroll growth rate is reasonable and consistent~~
280 ~~with future expectations of payroll growth.~~

281 ~~(c) An unfunded liability amortization schedule that does~~
282 ~~not include a payroll growth assumption and is in existence on~~
283 ~~September 30, 1996, or is established thereafter, may be~~
284 ~~continued or modified to include a payroll growth assumption,~~
285 ~~provided that such assumption does not exceed the 10-year~~
286 ~~average payroll growth rate as of the actuarial valuation date~~
287 ~~such change in the amortization schedule commences. Such~~
288 ~~schedule may be continued thereafter, subject to the reasonable~~
289 ~~and consistent requirements in paragraph (b).~~

290 Section 3. Paragraph (d) of subsection (1) of section
291 112.664, Florida Statutes, is amended to read:

292 112.664 Reporting standards for defined benefit retirement
293 plans or systems.—

294 (1) In addition to the other reporting requirements of
295 this part, within 60 days after receipt of the certified
296 actuarial report submitted after the close of the plan year that
297 ends on or after December 31, 2015, and thereafter in each year
298 required under s. 112.63(2), each defined benefit retirement
299 system or plan, excluding the Florida Retirement System, shall
300 prepare and electronically report the following information to

301 the Department of Management Services in a format prescribed by
302 the department:

303 (d) Information indicating the recommended contributions
304 to the plan based on the plan's latest valuation, and the
305 contributions necessary to fund the plan based on financial
306 statements prepared pursuant to paragraphs (a) and (b), stated
307 as an annual dollar value, and a percentage of valuation
308 payroll, and a percentage of the annual revenue of the plan
309 sponsor.

310 Section 4. Subsection (1) of section 112.665, Florida
311 Statutes, is amended to read:

312 112.665 Duties of Department of Management Services.—

313 (1) The Department of Management Services shall:

314 (a) Gather, catalog, publish, and maintain complete,
315 computerized data information on all public employee retirement
316 systems or plans in the state based upon receipt and ~~a~~ review of
317 audits, reports, and other data pertaining to the systems or
318 plans;

319 (b) Receive and comment upon all actuarial reviews of
320 retirement systems or plans maintained by units of local
321 government for compliance with the requirements of this part;

322 (c) Cooperate with local retirement systems or plans on
323 matters of mutual concern and provide technical assistance to
324 units of local government in the assessment and revision of
325 retirement systems or plans;

326 (d) Annually issue, by January 1, a report to the
327 President of the Senate and the Speaker of the House of
328 Representatives, ~~which details division activities, findings,~~
329 and recommendations concerning all governmental retirement
330 systems. The report may include legislation proposed to carry
331 out such recommendations;

332 (e) Provide a fact sheet for each participating local
333 government defined benefit pension plan which summarizes the
334 plan's actuarial status. The fact sheet should provide a summary
335 of the plan's most current actuarial data; 7 minimum funding
336 requirements stated as a percentage of pay, dollar value, and a
337 percentage of the annual revenue of the plan sponsor; and a 5-
338 year history of funded ratios. The fact sheet must include a
339 brief explanation of each element in order to maximize the
340 transparency of the local government plans. The fact sheet must
341 also contain the information specified in s. 112.664(1). These
342 documents shall be posted on the department's website. Plan
343 sponsors that have websites must provide a link to the
344 department's website;

345 (f) Annually issue, by January 1, a report to the Special
346 District Accountability Program of the Department of Economic
347 Opportunity which includes the participation in and compliance
348 of special districts with the local government retirement system
349 provisions in s. 112.63 and the state-administered retirement
350 system provisions specified in part I of chapter 121; and

351 (g) Adopt ~~reasonable~~ rules to administer this part.
352 Section 5. Subsections (3) and (4) of section 121.031,
353 Florida Statutes, are amended to read:
354 121.031 Administration of system; appropriation; oaths;
355 actuarial studies; public records.—
356 (3) The administrator shall cause an actuarial study of
357 the system to be made at least annually and ~~shall~~ report the
358 results of such study to the Governor, the President of the
359 Senate, and the Speaker of the House of Representatives
360 ~~Legislature~~ by December 31 before ~~prior to~~ the next regular
361 legislative session. The study must ~~shall~~, at a minimum, conform
362 to the requirements of s. 112.63, with the following exceptions
363 and additions:
364 (a) The valuation of plan assets must ~~shall~~ be based on a
365 5-year averaging methodology as ~~such as that~~ specified in the
366 United States Department of Treasury Regulations, 26 C.F.R. s.
367 1.412(c)(2)-1 in effect on August 16, 2006, or a similar
368 accepted approach designed to attenuate fluctuations in asset
369 values.
370 (b) The study must ~~shall~~ include a narrative explaining
371 the changes in the covered group over the period between
372 actuarial valuations and the impact of those changes on
373 actuarial results.
374 (c) When substantial changes in actuarial assumptions have
375 been made, the study must ~~shall~~ reflect the results of an

376 actuarial assumption as of the current date based on the
377 assumptions utilized in the prior actuarial report.

378 (d) The study must ~~shall~~ include an analysis of the
379 changes in actuarial valuation results by the factors generating
380 those changes. Such analysis shall reconcile the current
381 actuarial valuation results with those results from the prior
382 valuation.

383 (e) The study must ~~shall~~ include measures of funding
384 status and funding progress designed to facilitate the
385 assessment of trends over several actuarial valuations with
386 respect to the overall solvency of the system. Such measures
387 shall be adopted by the department and shall be used
388 consistently in all actuarial valuations performed on the
389 system.

390 (f) The study must include an analysis of the assumed rate
391 of return adopted by the Florida Retirement System Actuarial
392 Assumption Conference pursuant to s. 216.136(10). The analysis
393 must include specific recommendations regarding an appropriate
394 assumed rate of return.

395 (g) The actuarial model used to determine the adequate
396 level of funding for the Florida Retirement System must ~~shall~~
397 include a specific rate stabilization mechanism, as prescribed
398 herein. It is the intent of the Legislature to maintain as a
399 reserve a specific portion of any actuarial surplus, and to use
400 such reserve for the purpose of offsetting future unfunded

401 liabilities caused by experience losses, thereby minimizing the
402 risk of future increases in contribution rates. It is further
403 the intent of the Legislature that the use of any excess above
404 the reserve to offset retirement system normal costs must ~~shall~~
405 be in a manner that will allow system employers to plan
406 appropriately for resulting cost reductions and subsequent cost
407 increases. The rate stabilization mechanism operates ~~shall~~
408 ~~operate~~ as follows:

409 1. The actuarial surplus must ~~shall~~ be the value of
410 actuarial assets over actuarial liabilities, as is determined on
411 the preceding June 30 or as may be estimated on the preceding
412 December 31.

413 2. The full amount of any experience loss shall be offset,
414 to the extent possible, by any actuarial surplus.

415 3. If the actuarial surplus exceeds 5 percent of actuarial
416 liabilities, one-half of the excess may be used to offset total
417 retirement system costs. In addition, if the actuarial surplus
418 exceeds 10 percent of actuarial liabilities, an additional one-
419 fourth of the excess above 10 percent may be used to offset
420 total retirement system costs. In addition, if the actuarial
421 surplus exceeds 15 percent of actuarial liabilities, an
422 additional one-fourth of the excess above 15 percent may be used
423 to offset total retirement system costs.

424 4. Any surplus amounts available to offset total
425 retirement system costs pursuant to subparagraph 3. should be

426 | amortized each year over a 10-year rolling period on a level-
 427 | dollar basis.

428 | (4) Notwithstanding the provisions of s. 112.64(5) ~~s.~~
 429 | ~~112.64(4)~~ to the contrary, the net increase, if any, in unfunded
 430 | liability under the system arising from significant system
 431 | amendments adopted or changes in assumptions must ~~shall~~ be
 432 | amortized within 30 plan years.

433 | Section 6. Effective July 1, 2019, section 121.0312,
 434 | Florida Statutes, is amended to read:

435 | 121.0312 Acknowledgment of review; actuarial valuation
 436 | report; contribution rate determination process.-

437 | (1) The Governor, Chief Financial Officer, and Attorney
 438 | General, sitting as the Board of Trustees of the State Board of
 439 | Administration, shall review the actuarial valuation report
 440 | prepared in accordance with the provisions of this chapter. The
 441 | state board shall review the process by which Florida Retirement
 442 | System contribution rates are determined and recommend and
 443 | submit any comments regarding the process to the Legislature.

444 | (2) The Governor, the President of the Senate, and the
 445 | Speaker of the House of Representatives shall, within 30 days
 446 | after receipt, acknowledge in writing their acceptance and
 447 | review of the actuarial valuation report prepared in accordance
 448 | with this chapter and any recommendations regarding actuarial
 449 | assumptions contained therein. The review must contain an
 450 | explanation from each principal as to why actuarial assumptions

451 other than those recommended by the enrolled actuary producing
452 the actuarial valuation report were adopted by the Florida
453 Retirement System Actuarial Assumption Conference. The
454 department shall publish the written acknowledgments as addenda
455 to the report.

456 Section 7. Paragraph (f) of subsection (4) of section
457 121.4501, Florida Statutes, is amended to read:

458 121.4501 Florida Retirement System Investment Plan.—

459 (4) PARTICIPATION; ENROLLMENT.—

460 (f) After the period during which an eligible employee had
461 the choice to elect the pension plan or the investment plan, or
462 the month following the receipt of the eligible employee's plan
463 election, if sooner, the employee shall have one opportunity, at
464 the employee's discretion, to choose to move from the pension
465 plan to the investment plan or from the investment plan to the
466 pension plan. Eligible employees may elect to move between plans
467 only if they are earning service credit in an employer-employee
468 relationship consistent with s. 121.021(17)(b), excluding leaves
469 of absence without pay. Effective July 1, 2005, such elections
470 are effective on the first day of the month following the
471 receipt of the election by the third-party administrator and are
472 not subject to the requirements regarding an employer-employee
473 relationship or receipt of contributions for the eligible
474 employee in the effective month, except when the election is
475 received by the third-party administrator. This paragraph is

476 contingent upon approval by the Internal Revenue Service.

477 1. If the employee chooses to move to the investment plan,
478 the provisions of subsection (3) govern the transfer.

479 2. If the employee chooses to move to the pension plan,
480 the employee must transfer from his or her investment plan
481 account, and from other employee moneys as necessary, a sum
482 representing the present value of that employee's accumulated
483 benefit obligation immediately following the time of such
484 movement, determined assuming that attained service equals the
485 sum of service in the pension plan and service in the investment
486 plan. Benefit commencement occurs on the first date the employee
487 is eligible for unreduced benefits, using the discount rate and
488 other relevant actuarial assumptions that were used to value the
489 pension plan liabilities in the most recent actuarial valuation.
490 For any employee who, at the time of the second election,
491 already maintains an accrued benefit amount in the pension plan,
492 the then-present value of the accrued benefit is deemed part of
493 the required transfer amount. The division must ensure that the
494 transfer sum is prepared using a formula and methodology
495 certified by an enrolled actuary. A refund of any employee
496 contributions or additional member payments made which exceed
497 the employee contributions that would have accrued had the
498 member remained in the pension plan and not transferred to the
499 investment plan is not permitted.

500 3. Notwithstanding subparagraph 2., an employee who

501 chooses to move to the pension plan and who became eligible to
502 participate in the investment plan by reason of employment in a
503 regularly established position with a state employer after June
504 1, 2002; a district school board employer after September 1,
505 2002; or a local employer after December 1, 2002, must transfer
506 from his or her investment plan account, and from other employee
507 moneys as necessary, a sum representing the employee's actuarial
508 accrued liability. A refund of any employee contributions or
509 additional member payments made which exceed the employee
510 contributions that would have accrued had the member remained in
511 the pension plan and not transferred to the investment plan is
512 not permitted.

513 4. An employee's ability to transfer from the pension plan
514 to the investment plan pursuant to paragraphs (a) and (b), and
515 the ability of a current employee to have an option to later
516 transfer back into the pension plan under subparagraph 2., shall
517 be deemed a significant system amendment. Pursuant to s.
518 121.031(4), any resulting unfunded liability arising from actual
519 original transfers from the pension plan to the investment plan
520 must be amortized within 30 plan years as a separate unfunded
521 actuarial base independent of the reserve stabilization
522 mechanism defined in s. 121.031(3)(g) ~~s. 121.031(3)(f)~~. For the
523 first 25 years, a direct amortization payment may not be
524 calculated for this base. During this 25-year period, the
525 separate base shall be used to offset the impact of employees

526 exercising their second program election under this paragraph.
527 The actuarial funded status of the pension plan will not be
528 affected by such second program elections in any significant
529 manner, after due recognition of the separate unfunded actuarial
530 base. Following the initial 25-year period, any remaining
531 balance of the original separate base shall be amortized over
532 the remaining 5 years of the required 30-year amortization
533 period.

534 5. If the employee chooses to transfer from the investment
535 plan to the pension plan and retains an excess account balance
536 in the investment plan after satisfying the buy-in requirements
537 under this paragraph, the excess may not be distributed until
538 the member retires from the pension plan. The excess account
539 balance may be rolled over to the pension plan and used to
540 purchase service credit or upgrade creditable service in the
541 pension plan.

542 Section 8. Paragraphs (d) and (e) of subsection (9) of
543 section 212.055, Florida Statutes, are amended to read:

544 212.055 Discretionary sales surtaxes; legislative intent;
545 authorization and use of proceeds.—It is the legislative intent
546 that any authorization for imposition of a discretionary sales
547 surtax shall be published in the Florida Statutes as a
548 subsection of this section, irrespective of the duration of the
549 levy. Each enactment shall specify the types of counties
550 authorized to levy; the rate or rates which may be imposed; the

551 maximum length of time the surtax may be imposed, if any; the
552 procedure which must be followed to secure voter approval, if
553 required; the purpose for which the proceeds may be expended;
554 and such other requirements as the Legislature may provide.
555 Taxable transactions and administrative procedures shall be as
556 provided in s. 212.054.

557 (9) PENSION LIABILITY SURTAX.—

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

560 1. If the proceeds of the pension liability surtax have
561 been actuarially recognized as provided in s. 112.64(7) ~~s.~~
562 ~~112.64(6)~~, the local government must distribute the proceeds to
563 an eligible defined benefit retirement plan or system, not
564 including the Florida Retirement System.

565 2. If the proceeds of the pension liability surtax have
566 not been actuarially recognized, the local government is
567 authorized to distribute the proceeds to an eligible defined
568 benefit retirement plan or system, not including the Florida
569 Retirement System, to pledge the proceeds of the surtax to repay
570 debts incurred for the purpose of making advanced payments
571 toward the unfunded liability of an underfunded defined benefit
572 retirement plan or system, and to reimburse itself from the
573 proceeds of the surtax for any borrowing costs associated with
574 such debts.

575 (e) The ordinance providing for the imposition of the

576 pension liability surtax must specify how the proceeds will be
577 used:

578 1. The ordinance must specify the method of determining
579 the percentage of the proceeds, and the frequency of such
580 payments, distributed to each eligible defined benefit
581 retirement plan or system if the proceeds of the pension
582 liability surtax are actuarially recognized as provided in s.
583 112.64(7) ~~s. 112.64(6)~~.

584 2. The ordinance must specify the local government's
585 intention to incur debt for the purpose of making advanced
586 payments toward the unfunded liability of an underfunded defined
587 benefit retirement plan or system if the proceeds of the pension
588 liability surtax are not actuarially recognized as provided in
589 s. 112.64(7) ~~s. 112.64(6)~~.

590 Section 9. The Legislature finds that a proper and
591 legitimate state purpose is served when employees and retirees
592 of the state and its political subdivisions, and the dependents,
593 survivors, and beneficiaries of such employees and retirees, are
594 extended the basic protections afforded by governmental
595 retirement systems that provide fair and adequate benefits and
596 that are managed, administered, and funded in an actuarially
597 sound manner as required by s. 14, Article X of the State
598 Constitution and part VII of chapter 112, Florida Statutes.
599 Therefore, the Legislature determines and declares that this act
600 fulfills an important state interest.

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601 Section 10. Except as otherwise expressly provided in this
602 act, this act shall take effect July 1, 2018.