

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1393
SPONSOR(S): Brandenburg
TIED BILLS:

City of West Palm Beach, Palm Beach County

IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Urban & Local Affairs</u>	<u>7 Y, 0 N</u>	<u>Fudge</u>	<u>Kruse</u>
2) <u>Government Efficiency & Accountability Council</u>	<u>11 Y, 0 N</u>	<u>Fudge</u>	<u>Cooper</u>
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The City of West Palm Beach operates the West Palm Beach Firefighters Pension Fund. The City of West Palm Beach and the West Palm Beach Firefighters Local 727, through the process of collective bargaining, agreed to certain changes to provisions in the Fund.

This bill amends ch. 24981, L.O.F., by revising the provisions relating to the Fund, including the definition of the term "salary", removing the provision allowing lump-sum payments for small retirement outcome, and revising provisions related to the purchase of permissive service.

This bill is effective upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House principles.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

State Constitution

A retirement or pension system supported wholly or partially by public pension funds, may not after January 1, 1977, provide an increase in benefits to the members or beneficiaries without concurrent provisions for funding the increase in benefits on a sound actuarial basis.¹

Florida Protection of Public Employee Retirements Benefits Act

The Act establishes the minimum standards for operating and funding public employee retirement systems and plans. The Act is applicable to any and all units of state, county, special district, and municipal governments that participate in, operate, or administer a retirement system or plan for public employees which is funded in whole or in part by public funds.

No unit of local government can agree to a proposed change in retirement benefits unless the administrator of the system, prior to adoption of the proposed change by the governing board, and prior to the last public hearing thereon, has issued a statement of the actuarial impact of the proposed change upon the local retirement system, consistent with the actuarial review, including Art. X, s. 14, Fla. Const. and s. 112.64, F.S., and has furnished a copy to the Division of Retirement, Department of Management Services.²

In accordance with Art. III, s. 11(a)(2)(21), s. 112.67, F.S., prohibits special laws in conflict with the requirements of the Act.

Marvin B. Clayton Firefighters Pension Trust Fund Act³

The purpose of the Act is to provide a uniform retirement system for the benefit of firefighters and municipal and special district firefighters' pension trust fund systems and that plans be managed, administered, operated, and funded to maximize the protection of the firefighters' pension trust fund.⁴

A municipality may, by local ordinance, provide for the purchase of credit for prior service as a firefighter for some other employer as long as a firefighter is not entitled to receive a benefit from such other prior service as a firefighter.⁵

The City of West Palm Beach and the West Palm Beach Firefighters Local 727, through the process of collective bargaining, agreed to propose this bill.

¹ See Art. X s. 14, Fla. Const., implemented by Part VII, ch. 112, F.S., entitled the "Florida Protection of Public Employee Retirement Benefits Act."

² See s. 112.63(3), F.S.

³ See ch. 175, F.S.

⁴ See s. 175.021(2), F.S.

⁵ See s. 175.032(4)(c), F.S.

Effect of proposed changes

This bill deletes obsolete language and revises the definition of salary for pension contributions and benefits calculations to include the total cash remuneration paid by the City to a firefighter for services rendered, excluding payments for overtime and any lump-sum payments for accumulated leave. The definition also excludes any duty employment that is performed for other than the City of West Palm Beach. The bill also requires that those employees that are excluded from bargaining unit recognition continue to make contributions on management incentive benefits.

This bill deletes the provision authorizing lump sum payment of small retirement income. This bill also deletes a provision for accruing as creditable service years a firefighter served the City of Palm Beach and for which accumulated contributions were withdrawn from the fund, because it is covered elsewhere.⁶ This bill adds a provision authorizing a member to purchase permissive service more than one time, up to a maximum of five years. Finally, the bill requires that there be no fiscal impact to the City, now or in the future, due to the purchase of credit of prior firefighter or military service.

C. SECTION DIRECTORY:

Section 1: Amends s. 17 of ch. 24981, L.O.F., as amended by ch. 2005-303, to amend the definition of "salary", removing the provision for lump sum payments, and revises the provisions permitting the purchase of permissive service.

Section 2: Provides an effective date of upon becoming law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 14, 2007.

WHERE? In the *Palm Beach Post*, a daily paper published in Palm Beach County.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

⁶ See subsection 17 of s. 17 of ch. 24981, L.O.F.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None.