



FTA-PP-1: SALES TAX COMPETITIVENESS

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

FAC **SUPPORTS** legislation applying Florida's sale and use tax laws to online/e-commerce sales from out-of-state retailers to ensure competitiveness for Florida's in-state retailers.

BACKGROUND:

In 2018, the U.S. Supreme Court ruled that states may impose taxes on entities that have a “substantial nexus” to the taxing state regardless of whether the entity has a physical presence within that state. This overrules previous Supreme Court precedent that had prevented states from levying sales tax on sellers without a physical presence. Florida does not currently tax entities without a physical presence in the State. During the 2019 legislative session, SB 1112, would have required retailers with no physical presence in Florida to collect Florida’s sales tax on sales of taxable items delivered to purchases in Florida if they make a substantial number of sales into Florida. The bill was approved by two of its three Senate committees but did not have a House companion. For the 2020 legislative session, Sen. Gruters/Rep. Clemons filed SB 126/HB 159 to expand sales tax collection to include out-of-state vendors. SB 126 passed two committees unanimously but was not included in the tax package; HB 159 was not considered, however, 16 members signed onto the legislation as co-sponsor. The tax concept has been recognized as a potential new source of revenue particularly during the recent surge in remote sales during “Safer-at-Home” orders which limited consumers’ purchase options. Legislation is likely to be filed again for the upcoming 2021 legislative session.

ANALYSIS:

In response to *Wayfair*, numerous groups have called for Congress to enact federal sales tax collection legislation to standardize sales tax collections across the states so that sellers can avoid a “regulatory free-for-all.” Any federal law would likely seek to minimize the number of taxing entities within a state and require state and local sales tax uniformity. Whether or not Congress is able to pass legislation, 43 of the 45 states that collect sales tax have laws in place that allow them to capture sales tax revenue from remote sales. This means that Florida’s retailers are at a competitive disadvantage in 43 states because Florida’s retailers are paying those state and local sales taxes, while vendors from those states are not paying sales tax in Florida.



FISCAL IMPACT:

Florida's Office of Economic and Demographic Research estimates the value of the out-of-state collections to be \$743.5 million per year recurring in state and local revenues (annualized over a 5-year period).

SUBMITTING COUNTY AND CONTACT:

Fac Staff

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Not Applicable



FTA-PP-2: QUALIFIED TARGET INDUSTRY REFUND PROGRAM

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

FAC SUPPORTS the reauthorization of the Qualified Targeted Industries Tax Refund, which is scheduled to sunset in June 2020, for another 10 years.

BACKGROUND:

The Qualified Target Industry (QTI) Tax Refund is a tool available to Florida communities to encourage quality job growth in targeted high value-added businesses, such as life sciences, aviation/aerospace or financial/professional services. If approved, the applicant may receive refunds on the taxes it pays. This includes corporate income, sales, ad valorem, intangible personal property, insurance premium, communications services, and certain other taxes.

ANALYSIS:

This economic tool allows our Counties to leverage their respective communities when competing to obtain new or expanding businesses to their area, as well as assisting our existing businesses with retention. If this program is to sunset, it could jeopardize our performance in the marketing arena on a state, national or international level, placing our Counties in a difficult position economically.

FISCAL IMPACT:

Indeterminate

SUBMITTING COUNTY AND CONTACT:

Small County Coalition, Chris Doolin

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Not Applicable



FTA-PP-3: TAX REFORM

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

Support Modification To Existing Laws To Allow For A Discretionary Sales Tax That Can Be Used For General Purposes, Including Operational Expenditures, Enactment Of The Transportation Sales Surtax For Non-Charter Counties And Support Indexing Local Option Fuel Taxes.

BACKGROUND:

Existing laws governing local discretionary sales surtax revenues and fuel tax revenue do not provide the flexibility local governments need to more equitably distribute tax burden amongst its population.

Tax reform measures that simplify administration and provide an economic boost to Florida's taxpayers are essential. These measures must consider and minimize the collective and cumulative negative impact on local revenues, including state-shared and local discretionary revenue sources that are critical to local governments in providing community services. To accomplish this objective, Marion County recommends the following three initiatives:

- Modify the existing law to allow the use of the **local discretionary sales surtax for local government for general purposes**, including operational expenditures within the general fund in addition to the traditional expenditures identified as Capital Improvements.
- Enact a law allowing Marion County (a non-charter County) **the opportunity to levy a transportation sales surtax** similar to charter counties. This law will help not only Marion County, but other non-charter counties in Florida.
- Support **indexing local option fuel taxes** to annual adjustments of the Consumer Price Index.

ANALYSIS:

The flexibility, if approved, in the use of the local discretionary sales surtax for operational expenditures will help Marion County in reducing the Ad Valorem tax levied on property owners who are burdened with the largest share of taxation under the existing tax structure. The potential reduction in Ad Valorem could be substantial. If approved to utilize Discretionary



Sales Tax funds for operational expenditures, the property tax Ad Valorem for Marion County residents would be reduced **equally** by that amount alleviating some property tax burden.

The enactment of the transportation sales surtax for non-charter counties will provide a much needed revenue source to fund transportation capital projects especially since the local gas tax is not indexed and it has lost most of its purchasing power due to inflation. Marion County has an annual shortfall of approximately \$10 million for capital maintenance project and a backlog of \$300 million for local transportation capacity projects.

In aligning the state and counties with the same indexing system, it would allow counties to strategically fund projects from revenue generated within their county thus allowing for a more targeted control of maintenance, development and investment. According to the FDOT website, "The department (FDOT) received about \$690 million additional revenue in fiscal year 2015-16 when compared to what the collections would have been without fuel tax indexing." If aligned, counties would likewise see a funding increase.

FISCAL IMPACT: Positive Indeterminate.

SUBMITTING COUNTY AND CONTACT: Marion.

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes



FTA-PP-4: SMALL COUNTY SURTAX

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

SUPPORT legislation that allows counties that levy the small county surtax to exceed a combined rate of more than 1% in combination of with the levy of another discretionary sales surtax.

BACKGROUND:

Counties that levy the Small County Surtax cannot levy the Local Government Infrastructure Surtax, Indigent Care and Trauma Center Surtax, and County Public Hospital Surtax in excess of a combined rate of 1%.

With slow population growth and slow economic development in Florida's small counties, gains in ad valorem tax revenue have been minimal. Allowing more flexibility in the mix of sales tax options available to small counties would allow them to use the existing revenue for existing expenses, but to raise additional funds for dedicated programs or projects. If approved by voters, proceeds from the levy of the tax may be used to service bonded indebtedness, to finance, plan and construct infrastructure and acquiring land for public recreation, conservation, or protection of natural resources. Infrastructure means any fixed capital expenditure associated with the construction, reconstruction, or improvement of public facilities having a life expectancy of more 5 years or more, and any related land acquisition, land improvement, design, and engineering costs. If approved by an extraordinary vote of the county's governing body, the proceeds and accrued interest may be used for operational expenses of infrastructure or any public purpose authorized in the ordinance.

ANALYSIS:

All authorized counties currently levy the Small County Surtax at the maximum rate of 1%, except Flagler at .5%. Levying this surtax at 1% prevents the county from levying other surtaxes and, thus, from accessing the full capacity to apply surtax under the law. Of the currently discretionary sales taxes authorized by Florida law, the small county surtax is the only tax whose use is not limited to designated purposes and may be used for "any public purpose" authorized by an ordinance adopted by the county. However, under current law, counties sacrifice tax capacity that could be accessed if other taxes could be levied in conjunction with the small county tax.



FISCAL IMPACT:

In Okeechobee County, an additional 1% allocated to local government infrastructure surtax would equal an estimated \$5.8M a year. Okeechobee County is in the process of planning the replacement of our aging jail of over 30 years due to the facility not meeting the needs of the public. We would use this money to service bonded indebtedness to lessen the burden on the ad valorem tax payers and spread the tax burden across the overall residential population.

SUBMITTING COUNTY AND CONTACT: Okeechobee County, Commissioner Terry Burroughs;
Small County Coalition, Chris Doolin

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Unknown



FTA-PP-5: INCREASE 911 FEE

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

FAC SUPPORTS an increase to the 9-1-1 fee to \$0.80 or higher.

BACKGROUND:

The Florida 9-1-1 Coordinators Association is currently seeking support from multiple groups in order to get the backing to change the legislation. Today, we can send and receive videos and still pictures from our cell phones, locate the nearest jewelry store as well as determine the best route for a planned trip. While consumer technology has advanced, very little progress in 9-1-1 technology has emerged.

ANALYSIS:

The 9-1-1 fee was enacted over 25 years ago at an amount of \$0.50 per month per device accessing 9-1-1 services. In January of 2015, the amount was reduced to \$0.40, a 20% reduction. 25 years ago cellular telephones were just emerging. There was no digital mapping; no text-to-9-1-1; no routers, switches, gateways, or servers; no software; no virus protection; the 9-1-1 answering equipment was mechanical, not software driven. Streaming video to 9-1-1 was not even a thought.

In 2008, statewide, approximately 60% of 9-1-1 service needs were met with 9-1-1 fees. Per the Governor appointed E911 Board FY18 annual report to the Governor, the percentage is now 39%. The loss of revenue has resulted in two things: 1) local tax dollars replaced the shortfall; 2) expenditures on emerging technology is limited.

Marion County funds an astonishing 57% of the cost of 9-1-1 services in the county. An increase of the fee to just \$0.80 would decrease the contribution of those general funds significantly, those savings could be used for housing, roadways, law enforcement, school safety or social services. Throughout the State of Florida, this same inequitable funding exists whereby property owners carry the burden of the cost of funding 9-1-1 services.

The fee is intended to fund items such as 9-1-1 Operator salaries; 9-1-1 Operator training and certifications; 9-1-1 telephone systems and maintenance; 9-1-1 circuits; digital mapping; 9-1-1 call recording; hearing impaired equipment; backup power systems; time synchronization equipment; location repositories; 9-1-1 Center security; 9-1-1 Center and equipment environmental integrity; NG9-1-1 network services.



All across the U.S., 9-1-1 centers are transitioning to Next Generation 9-1-1 (NG9-1-1) services with the implementation of IP call routing and regional mapping. With a fee of \$0.40 in Florida, there is limited possibility of establishing and more importantly, maintaining NG9-1-1 services in a county or region.

Video streaming to 9-1-1 is in beta test in parts of the country. Soon this technology will be available to public safety. This emerging technology will require greater bandwidth into 9-1-1 centers as well as increased cyber security, both of which will impact annual budgets.

The hot topic today in 9-1-1 services is IP routing of data, something financial institutions have been doing for many years. The development of an Emergency Services IP Network (ESInet) allows a 9-1-1 center to operate within a closed, secure, public safety network which provides multiple network paths for 9-1-1 traffic and most importantly, the ability to re-route 9-1-1 traffic to another municipal or county facility capable of accepting 9-1-1 traffic. This emerging public safety technology will cost more than the current legacy networks which have been in place since the '60's.

During Hurricane Michael in October 2018, some 9-1-1 centers in the Florida panhandle could not receive or transfer 9-1-1 traffic. If they were on an ESInet, the traffic could have been automatically re-routed to a designated 9-1-1 center, anywhere in the state.

Currently Florida has one of the lowest 9-1-1 fees when compared to other southern states. Alabama, Georgia, Tennessee, and Mississippi have rates between \$1.00 and \$1.75.

FISCAL IMPACT: Positive, but undetermined.

SUBMITTING COUNTY AND CONTACT: Marion, Jeannie Rickman

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes



FTA-PP-6: PUBLIC RECORDS — EMERGENCY SHELTERS

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY STATEMENT:

Formerly, the American Red Cross managed the operations of emergency shelters, with Palm Beach County Emergency Management providing support. Currently, Palm Beach County Emergency Management operates and oversees emergency shelters, thus leaving identifying information open to public record and subject to public inspection during a vulnerable time.

BACKGROUND:

HB 7079 was introduced and had full support of both Chambers during the 2018 legislative session and would have exempted identifying data but died in the final days of session. In 2020, SB 7048 passed the Senate but did not have a House companion bill. The bill exempts from public inspection and copying the name, address, and telephone number of a person which are held by an agency providing shelter or assistance to such person during an emergency.

ANALYSIS:

The proposed public records exemption would protect residents and visitors information vulnerable during an emergency.

FISCAL IMPACT:

N/A

SUBMITTING COUNTY: Palm Beach

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes

FTA-PP-7: PUBLIC RECORDS EXEMPTION — COUNTY PERSONNEL

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

FAC **SUPPORTS** legislation granting public records exemptions to counties which allow the protection of security personnel and senior county leadership (county administration and county attorneys staff).

BACKGROUND:

Charlotte County is seeking FAC's support for a bill amending s. 119.071(1), F.S., providing an exemption for county security personnel, county administration, and county attorney home addresses, telephone numbers, as well as, amending s. 119.07(1)(f) to include security system operation meetings.

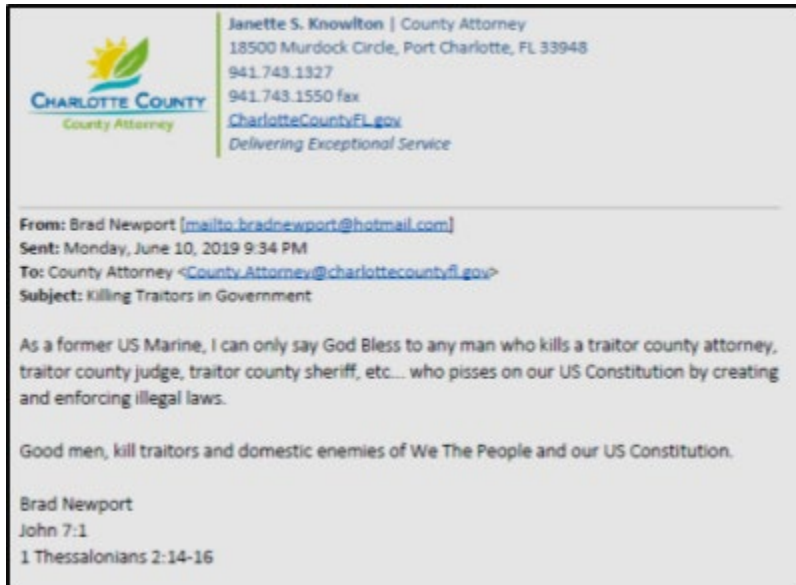


Figure 1: Email sent to Charlotte County Attorney

Over the last several years, Charlotte County has unfortunately experienced an uptick in anti-government activities and incidents from individuals and groups. These incidents include: stalking of County Attorney¹, filming of County security personnel and security systems², and harassing a stalking victim and witness^{3,4}. One such individual is being investigated by the Federal Bureau of Investigation and was found with 36 guns, including an



AR-15-style rifle and a shotgun, along with thousands of rounds of ammunition^{5,6}. Of note, he specifically targeted the County Attorney and County security staff members.

Our request is to impede a willingness to commit harm as shown in *Figure 1* from transforming into actionable capability to commit violence.

For a local community like ours, these terrible incidents have created a chilling effect among staff and security personnel. We need a solution. Exempting the home addresses of security personnel, county administrators, and the county attorney's office maintains the necessary balance of freedom of speech and public safety. These positions provide essential functions for county safety, they must be protected. The abuse of public records requests system has created security gaps that must be addressed to ensure that the first amendment is respected, but that the continuity of county security and leadership is protected.

ANALYSIS:

- Charlotte County is concerned for our county security given the heinous tactics and machinations that our security personnel, county administration offices, and county attorney offices have experienced.
- Charlotte County has had serious difficulty recruiting and retaining security personnel given these abuses.
- Charlotte County is requesting that FAC act to reduce the paths of least resistance for domestic terrorist, harassers, and criminals.

FISCAL IMPACT:

The requested changes to public records laws are expected to yield an indeterminate reduction in the County's overall cost of servicing these requests.

SUBMITTING COUNTY AND CONTACT:

Charlotte

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Unknown



FTA-PP-8: PUBLIC RECORDS EXEMPTION — COUNTY ATTORNEYS

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

FAC **SUPPORTS** a public records exemption for information that could identify or locate current and former county attorneys or assistant county attorneys and their spouses and children.

BACKGROUND:

This proposal was included in the FAC 19/20 Policy Platform. Bills were filed by members of the Pasco County delegation: Sen. Hooper filed SB 248, which passed the Senate but was not taken up by the House; Rep. Maggard filed HB 63, which did not get a hearing in the House. The bill would have made the information *exempt* from disclosure, but not *confidential and exempt*, which would allow the release of the information at the discretion of the records custodian under certain circumstances.

ANALYSIS:

This proposal would provide an exemption from public records disclosure for personal identifying and location information of current and former county attorneys and assistant county attorneys, including names, personal identifying and location information of spouses and children of such attorneys. County Attorneys serve as the chief legal counsel for the county and are authorized to appoint assistant attorneys. County attorneys provide legal representation to the board, the county administrator, and various departments and boards organized under the authority of the board of county commissioners. They also draft and review contracts and ordinances and initiate and defend civil actions on behalf of the county in state and federal court.

From the legislative staff report for SB 248:

Because county attorneys are often tasked with, or directly involved in, firing disgruntled employees, prosecuting code enforcement violations, and resolving other controversial matters involving the use of someone's land or the removal of animals for suspected neglect and abuse, they find themselves in difficult and emotionally-inflamed situations. Instances have been reported in which persons who felt that they were mistreated by the county attorney or who were angry with an outcome retaliated. Forms of retaliation included attempts to confront the attorney away from the office, posts of personal identifying information on social media in an effort to intimidate the attorney, and threats issued in person and



online. As a result of one reported instance, a law enforcement officer escorted a threatened county attorney for extended periods of time to ensure his protection while traveling to meetings and hearings.¹

FISCAL IMPACT:

None

SUBMITTING COUNTY AND CONTACT: Pasco, Ralph Lair

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes

¹ *Citing* Telephone interviews with the Florida Association of County Attorneys in Tallahassee, the Charlotte County Attorney's Office in Port Charlotte, and the St. Johns County Attorney in St. Augustine (October 30, 2019).



FTA-PP-9: PUBLIC RECORDS REQUEST AGGREGATION

COMMITTEE RECOMMENDATION:

Adopt

PROPOSED POLICY:

FAC **SUPPORTS** legislation clarifying the aggregation of serial public records requests and requiring requestors pay outstanding record request bills before any further requests be processed is allowable.

BACKGROUND:

Charlotte County is seeking FAC's support for a bill amending s. 119.07 (4)(d) to add clarifying language to allow for the aggregation of serial public records requests and require requestors to pay outstanding record request bills before any further requests be processed.

Over the last couple of years, Charlotte County has seen an unprecedented rise in public records requests. The context of this influx appears to be attempts by requestors to constantly modify their requests to evade administrative charges. For example, a requestor will request emails from a specific time period.

Once a cost estimate is provided, the requestor will then break down the request by day to avoid fees, abusing administrative services.

These abuses must not be allowed to persist and strain administrative time and resources.

To reduce such abuses, our County acted and instituted a policy of *"aggregating multiple related requests made by one individual (or multiple individuals belonging to one group or organization) within a thirty (30) day time period for the purpose of calculating special services fees for extensive use of information technology or excessive staff time."*

Our County is not the only entity in Florida with such a policy. In *Figure 1* is a list of different policies on Public Records Aggregation throughout the state.

City of Pensacola's Public Records Policy- (Escambia County)

All past due fees for records compiled for a previous request for the City's public records must be paid before complying with the requester's subsequent request(s).

Multiple requests by one individual may be considered as one request and extensive use charges may be applied after the first thirty (30) minutes of staff or resource time.

City of Deltona's Public Records Policy- (Volusia County)

If a requestor makes multiple related requests in an attempt to evade these rules, the multiple requests will be aggregated and costs will be calculated as one request as to time spent and costs calculated under these policies.

For any and all requestors that have requested records and have not paid in full for those records, the Clerk will not process another public records request until the outstanding balance is paid in full.

University of South Florida's Public Records Law Compliance and Records Confidentiality- (Hillsborough County)

The special service charge may be based on the aggregate amount of time expended by all personnel and use of information technology resources, whether in response to a single request or multiple requests received from the same Requestor within a one-month period of time.

Figure 1: List of different policies on Public Records Aggregation

ANALYSIS:

- Charlotte County is concerned that these abusive requesters will be able to continue using these tactics to avoid charges and hamper administrative resources.
- Charlotte is requesting that FAC act to limit public record request abusers that seek to usurp standard cost charges and burden county administration services.

FISCAL IMPACT:

The requested changes to public records laws are expected to yield an indeterminate reduction in the County's overall cost of servicing these requests.

SUBMITTING COUNTY AND CONTACT:

Charlotte

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes



FTA-PP-10: FIREFIGHTER CANCER BENEFITS

COMMITTEE RECOMMENDATION:

Do Not Adopt

PROPOSED POLICY: FAC **SUPPORTS** legislation clarifying language in the 2019 CS/CS/SB 426-Firefighters.

BACKGROUND: On July 1, 2019, CS/CS/SB 426 went into effect. This bill makes firefighters who are diagnosed with certain cancers eligible to receive certain disability or death benefits. Specifically, in lieu of pursuing workers' compensation coverage, a firefighter is entitled to cancer treatment and a one-time cash payout of \$25,000, upon the firefighter's initial diagnosis of cancer.

To receive these benefits, the firefighter must be employed by the employer for at least five continuous years, may not have used tobacco products in the preceding five years, and may not have been employed in any other position that is proven to create a higher risk for any cancer in the preceding five years.

Charlotte County is in support of our county and state firefighters, and only wants to ensure qualified firefighters receive their full and appropriate benefits. Charlotte County is requesting that FAC act to ensure that counties and the state of Florida are fulfilling the intent of the bill in an orderly process that protects qualified firefighters.

ANALYSIS:

Charlotte County is seeking clarification on several sections within CS/CS/SB 426-Firefighters:

Line 38: *"7. Invasive skin cancer."*

What does "invasive skin cancer mean/entail?

Lines 61-142: *"Upon a diagnosis of cancer, a firefighter is entitled to the following benefits, as an alternative to pursuing workers' compensation benefits under chapter 440..."*

How does this section comport with collective bargaining agreements currently in effect?

Does this re-open collective bargaining agreements that are currently in effect?

Does implementing this new mandate start with bargaining impasse?

Lines 61-63: *"Upon a diagnosis of cancer, a firefighter is entitled to the following benefits, as an alternative to pursuing workers' compensation benefits under chapter 440..."*



Does this limit a firefighter from electing both (workers compensation and the CS/CS/SB 426 listed benefits)?

Does this create an exception to public policy that holds that employees cannot waive workers' compensation benefits except in certain limited situations?

Lines 65-66: *"...has not used tobacco products for at least the preceding 5 years."*

Will this allow an employer to conduct health screenings to ensure this requirement is met?

Will this allow an employer to receive medical records to ensure this requirement is met?

Will this allow an employer to contact the firefighters' doctors to ensure this requirement is met?

Lines 66-68: *"...and has not been employed in any other position in the preceding 5 years which is proven to create a higher risk for any cancer..."*

Will this allow an employer to conduct a risk assessment on the "other high-risk position(s)" to ensure this requirement is met?

Will this allow an employer to require disclosures of outside employment?

Lines 74-75: *"(b) A one-time cash payout of \$25,000, upon the firefighter's initial diagnosis of cancer."*

What if a firefighter is under a different health plan/private employer plan/public employer plan?

Is the \$25,000 cash payout limited to only one cancer or applicable to multiple diagnosis/different diagnosis/metastasized diagnosis?

Lines 77-88: *"If the firefighter elects to continue coverage in the employer sponsored health plan or group health insurance trust fund after he or she terminates employment, the benefits specified in paragraphs (a) and (b) must be made available by the former employer of a firefighter for 10 years following the date on which the firefighter terminates employment so long as the firefighter otherwise met the criteria specified in this subsection when he or she terminated employment and was not subsequently employed as a firefighter following that date. For purposes of determining leave time and employee retention policies, the employer must consider a firefighter's cancer diagnosis as an injury or illness incurred in the line of duty."*

What does terminate employment mean?

What if the firefighter is fired with cause?



COBRA benefits allow former employees to remain in the employer's health plan for up to 3 years. How does this interplay with the 10-year requirement?

Lines 120-124: *"(5)(a) The costs to provide the reimbursements and lump sum payments under subsection (2) and the costs to provide disability retirement benefits under paragraph (3)(b) and the line-of-duty death benefits under paragraph (4)(b) must be borne solely by the employer."*

What is the prescribed funding source for this sub-section?

Lines 125-133: *"(5)(b) The employer or employers participating in a retirement plan or system are solely responsible for the payment of the contributions necessary to fund the increased actuarial costs associated with the implementation of the presumptions under paragraphs (3)(a) and (4)(a) ..."*

What is the prescribed funding source for this sub-section?

Line 179: *"Section 5. This act shall take effect July 1, 2019."*

When does the benefits and claims within this bill take effect?

FISCAL IMPACT:: The overall fiscal impact of the requested clarifying language to CS/CS/SB 426 is unknown at this time.

SUBMITTING COUNTY AND CONTACT: Charlotte

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes



FTA-PP-11: FRS REFORM

COMMITTEE RECOMMENDATION:

Defer

PROPOSED POLICY:

FAC **SUPPORTS** readdressing the current blended rate and support modification of existing FRS Plan toward limiting the Florida Retirement System (FRS) plan option for new hire regular class employees to the Investment Plan option only.

BACKGROUND:

In an effort to continually assess costs and ensure that taxpayer dollars are being spent in the most efficient and effective way, Marion County has researched the current cost and impact associated with offering the FRS Pension plan to regular class employees. During this process, it was determined that retirement costs associated with the FRS Pension plan are continuing to increase. As such, Marion County is suggesting the following proposed policy for consideration in the 2021 legislative session. The purpose of this proposal is to limit all regular class new hire employees from having the option to take part in the pension plan, and alternatively offer only the investment plan to future regular class new hire employees.

ANALYSIS:

FRS has been known for years for its successful pension plan provided to local government employees. When FRS initially was formed, employees did not have to contribute and the pension was 100% funded by the employer. Then, in 2011, employees began contributing 3% of their annual salary to their pension plans. Since that time, FRS has also rolled out an Investment Plan option which has an increasing appeal to employees in the public sector because of its shorter vesting period, the fact that it is structured similarly to that of a 401k, and because it gives employees the opportunity to have a more active role in managing their retirement as well as providing a better gateway to a retirement age that fits the employee, essentially ending the era of "one-size-fits-all" retirement plans.

In addition to the changes and implementation of the investment plan, FRS also restructured the way in which employees are enrolled if they do not make their own election during their new hire period of 8 months. Currently, regular class new hire employees are initially placed into the FRS Pension plan and then employees have 8 months to make their first election. If an employee does not make an election during their first 8 months, they are moved from the Pension plan to the Investment plan. Ultimately, this means that the county is contributing at a



much higher rate for the first 8 months if the employee is not interested in making their own selection or does not take an active role in their FRS plan options.

Additionally, the county currently continues to contribute 10% to all regular class employees that elect to remain in the pension plan.

Cost Consideration

Prior to July 1, 2020, the employer contributions to regular class employees in the pension plan was 8.47%, whereas the cost for the Investment plan was 3.30%, resulting in a significant difference in cost between the two plans. Effective July 1, 2020 the employer contribution rate for regular class employees in the pension plan has increased to 10%, resulting in an additional cost for Marion County of approximately **\$592,565,94** based on June enrollment data. This increase in cost results in less funds available to provide employees with benefits that may be more enticing to them, such as increased salaries, increased health cost coverage, etc. Additionally, this increased cost will have a direct impact on the General Fund presenting a risk of increased burden to County Taxpayers.

Proposal

Marion County is proposing to readdress the current blended rate and to limit the FRS plan option for new hire regular class employees to the Investment Plan option only. This would result in a significant reduction of costs, while also aligning the FRS investment plan, and the benefit packages available to public sector employees, to that of the private sector. Employees also have the option to retire from the Investment plan at age 59½ without any tax penalties. This is attractive to the employee and would save the County years of paying FRS when employees are paid at their highest rates. Page 7 of the attached document shows this.

Alternative Options

1. Change the Initial Process for Regular Class New Hire Employees

Instead of fully removing the pension plan option to employees, start with changing the initial process. Currently, employees spend their first 8 months in the pension plan and then roll over to the investment plan if they do not make an election. That means that for 8 months the County is paying the increased rate. By proposing that all regular class employees immediately be placed into the investment plan, the cost of new hires within their first 8 months could be greatly reduced. This would also, potentially, result in fewer employees being in the retirement plan after their new hire period has passed.



With this change, it would also be beneficial to educate employees on the specific benefits of the investment plan that are not available within the retirement plan, such as 1 year vesting and the ability to manage your own investments. This could also be applied to special risk, which would result in additional savings.

2. Increase Employee Portion for All Employees Enrolled in the Pension Plan

Employee increases are never an easy solution, but employees in the pension plan are currently enjoying a significantly higher contribution from their employer than what they themselves contribute. The employer/employee contributions for the investment plan are much closer to matching. Proposing that all employees in the pension plan see an increase of 1-2% would help offset the increasing cost of the pension plan. Additionally, a 1-2% increase across the board (both regular class and special risk) would be feasible as employees are retiring and living much longer than when these plans were initially created. Another key consideration with respect to increasing the employee contribution is that it will lead employees to ask the question of whether the pension plan is in-fact the best fit for them. Employees that are not interested in a pension may not wish to stay in the pension plan if their contribution is going up, and may, at that time, decide that using their second election to switch to the investment plan, and keep their contribution at 3% is a smarter choice.

Additional Points of Consideration

Limiting employees to only the Investment Plan could potentially impact local government negatively in the following ways:

- More difficult to recruit & retain
 - Younger employees may not see the same value in remaining in the public sector if the retirement option is an investment plan that is not much more than a match.
 - A pension through FRS can be a very useful recruitment tool as pensions are becoming more and more rare
- The blended rate would still need to be addressed as there would still be a large volume of pension plan members (both active & retiree)
- Counties would still be allowing Special Risk members to join the pension plan



- Counties would encounter new hire employees that have previous FRS service, and therefore are already potentially in the pension plan, so it would be very difficult, if not impossible, to implement a “hard stop” date for pension plans, making it difficult to truly determine cost and it could also potentially present.
- If you have 2 new hires, one has previous service and one doesn’t, the one with previous service would be entitled to continue the pension plan while the other new hire would be told that is not an option.

FISCAL IMPACT:

Making the pension plan unavailable to new regular class employees would result in a significant savings. As an example - an average salary for regular class employees under the current pension plan roster is \$40,897. Last year the county hired 201 regular class employees. With 201 employees hired, with an average salary of \$40,897 and the current rate of 10% for pension plan members, the county would contribute approximately \$822,029.70 to the newly hired employees’ pension plans after the first year. Alternatively, under this proposal, if the same number of employees, with the same average salary, were to be enrolled directly in the investment plan the county would contribute only \$271,269.80 to those investment plans after the first year, resulting in a significant savings of \$550,759.70.

SUBMITTING COUNTY AND CONTACT:

Marion, Jeannie Rickman

ASSIGNED COMMITTEE:

BOARD SUPPORT: Yes



FTA-PP-12: TOURISM DEVELOPMENT REVENUE FOR PLANNING STUDIES

COMMITTEE RECOMMENDATION:

New Item

PROPOSED POLICY:

SUPPORT the amendment to Section 125.0104, Florida Statutes, to expand the use of the Tourist Development Tax to pay for feasibility and Planning, Design and Environment (PD&E) studies for eligible projects.

BACKGROUND:

Section 125.0104, Florida Statutes, allows counties to impose a tax within its boundaries on transient rental transactions. Subsection (5)(a)1 allows the funds to be used to “acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate or promote” a variety of tourism-related venues; but by listing in such detail how the money can be spent, the statute effectively disallows the use of the funds for feasibility and PD&E studies which are an integral part of acquiring and constructing these kinds of infrastructure.

In 2018, the Legislature amended Section 125.0104(5), Florida Statutes, and added a new subsection that allows counties receiving more than \$10 million in tourist development taxes each fiscal year to use those funds for any “related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring public facilities into service.” Although the 2018 amendment also expanded the types of tourism-related facilities that could be funded to include roads, sewer, solid waste and other types of infrastructure, the Legislature also recognized that design and engineering was an integral part of bringing those facilities in service.

That same analysis should be applied and the statute clarified so counties that receive less than \$10 million in tourism dollars have the same opportunity to utilize those funds for design and engineering costs associated with the allowable uses under Section 125.0104(5)(a) and (5)(b), Florida Statutes. See Exhibit A for proposed language.

ANALYSIS:

Lake County and other counties throughout Florida should be treated equally when it comes to funding engineering and design costs associated with bringing tourism-related facilities in service.



FISCAL IMPACT:

By expanding the use of tourism dollars to fund design and engineering facilities could potentially come in service of allowable facilities, quicker as local governments would not have to allocate dollars from other funding sources to pay for this integral part of developing a tour related facility.

SUBMITTING COUNTY AND CONTACT: Lake County

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT: Yes

EXHIBIT A

PROPOSED AMENDMENTS TO SECTION 125.0104(5), FLORIDA STATUTES

(Tourist Development Tax; procedure for levying; authorized users; referendum; enforcement)

(5) AUTHORIZED USES OF REVENUE.—

(a) All tax revenues received pursuant to this section by a county imposing the tourist development tax shall be used by that county for the following purposes only:

1. To plan through the use of feasibility studies, acquire, design, engineer, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more:

a. Publicly owned and operated convention centers, sports stadiums, sports arenas, coliseums, or auditoriums within the boundaries of the county or subcounty special taxing district in which the tax is levied;

b. Auditoriums that are publicly owned but are operated by organizations that are exempt from federal taxation pursuant to 26 U.S.C. s. 501(c)(3) and open to the public, within the boundaries of the county or subcounty special taxing district in which the tax is levied; or

c. Aquariums or museums that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public, within the boundaries of the county or subcounty special taxing district in which the tax is levied;

2. To promote zoological parks that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public;

3. To promote and advertise tourism in this state and nationally and internationally; however, if tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event must have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists;

4. To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county, which may include any indirect administrative costs for services performed by the county on behalf of the promotion agency;

5. To finance beach park facilities, or beach, channel, estuary, or lagoon improvement, maintenance, renourishment, restoration, and erosion control, including construction of beach groins and shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, channel, estuary, lagoon, or inland lake or river. However, any funds identified by a county as the local matching source for beach renourishment, restoration, or erosion control projects included in the long-range budget plan of the state's Beach Management Plan, pursuant to s. 161.091, or funds contractually obligated by a county in the financial plan for a federally authorized shore protection project may not be used or loaned for any other purpose. In counties of fewer than 100,000 population, up to 10 percent of the revenues from the tourist development tax may be used for beach park facilities; or

6. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities within the boundaries of the county or subcounty special taxing district in which the tax is levied, if the public facilities are needed to increase tourist-related business activities in the county or subcounty special district and are

recommended by the county tourist development council created pursuant to paragraph (4)(e). Tax revenues may be used for any related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring the public facilities into service. As used in this subparagraph, the term “public facilities” means major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. Tax revenues may be used for these purposes only if the following conditions are satisfied:

- a. In the county fiscal year immediately preceding the fiscal year in which the tax revenues were initially used for such purposes, at least \$10 million in tourist development tax revenue was received;
- b. The county governing board approves the use for the proposed public facilities by a vote of at least two-thirds of its membership;
- c. No more than 70 percent of the cost of the proposed public facilities will be paid for with tourist development tax revenues, and sources of funding for the remaining cost are identified and confirmed by the county governing board;
- d. At least 40 percent of all tourist development tax revenues collected in the county are spent to promote and advertise tourism as provided by this subsection; and
- e. An independent professional analysis, performed at the expense of the county tourist development council, demonstrates the positive impact of the infrastructure project on tourist-related businesses in the county.

Subparagraphs 1. and 2. may be implemented through service contracts and leases with lessees that have sufficient expertise or financial capability to operate such facilities.

(b) Tax revenues received pursuant to this section by a county of less than 950,000 population imposing a tourist development tax may only be used by that county for the following purposes in addition to those purposes allowed pursuant to paragraph (a): to plan through the use of feasibility studies, acquire, design, engineer, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more zoological parks, fishing piers, trails, or nature centers which are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public. All population figures relating to this subsection shall be based on the most recent population estimates prepared pursuant to the provisions of s. 186.901. These population estimates shall be those in effect on July 1 of each year.

(c) A county located adjacent to the Gulf of Mexico or the Atlantic Ocean, except a county that receives revenue from taxes levied pursuant to s. 125.0108, which meets the following criteria may use up to 10 percent of the tax revenue received pursuant to this section to reimburse expenses incurred in providing public safety services, including emergency medical services as defined in s. 401.107(3), and law enforcement services, which are needed to address impacts related to increased tourism and visitors to an area. However, if taxes collected pursuant to this section are used to reimburse emergency medical services or public safety services for tourism or special events, the governing board of a county or municipality may not use such taxes to supplant the normal operating expenses of an emergency

medical services department, a fire department, a sheriff's office, or a police department. To receive reimbursement, the county must:

1. Generate a minimum of \$10 million in annual proceeds from any tax, or any combination of taxes, authorized to be levied pursuant to this section;
2. Have at least three municipalities; and
3. Have an estimated population of less than 225,000, according to the most recent population estimate prepared pursuant to s. 186.901, excluding the inmate population.

The board of county commissioners must by majority vote approve reimbursement made pursuant to this paragraph upon receipt of a recommendation from the tourist development council.

(d) The revenues to be derived from the tourist development tax may be pledged to secure and liquidate revenue bonds issued by the county for the purposes set forth in subparagraphs (a)1., 2., and 5. or for the purpose of refunding bonds previously issued for such purposes, or both; however, no more than 50 percent of the revenues from the tourist development tax may be pledged to secure and liquidate revenue bonds or revenue refunding bonds issued for the purposes set forth in subparagraph (a)5. Such revenue bonds and revenue refunding bonds may be authorized and issued in such principal amounts, with such interest rates and maturity dates, and subject to such other terms, conditions, and covenants as the governing board of the county shall provide. The Legislature intends that this paragraph be full and complete authority for accomplishing such purposes, but such authority is supplemental and additional to, and not in derogation of, any powers now existing or later conferred under law.

(e) Any use of the local option tourist development tax revenues collected pursuant to this section for a purpose not expressly authorized by paragraph (3)(l) or paragraph (3)(n) or paragraphs (a)-(d) of this subsection is expressly prohibited.