An ordinance establishing the pension liability discretionary sales surtax to fund up to three of the city’s underfunded defined benefit retirement plans by adopting a 1/2-cent discretionary sales surtax authorized by Section 212.055(9), Florida Statutes, on all taxable transactions described in Chapter 212, Florida Statutes, occurring in Duval County, Florida; establishing duration of the pension liability surtax; providing for and calling a referendum of the qualified electors residing in Duval County to be held on August 30, 2016, on the question of adopting the pension liability surtax; directing the council secretary to provide notices to state government; providing for subsequent legislative action by the city council implementing the adoption of the pension liability surtax; providing for conditions that must be met before collection of the tax begins; providing for oversight by the director of finance and administration; requesting one cycle emergency passage; providing an effective date.
WHEREAS, each of the City of Jacksonville's three defined benefit pension funds are substantially underfunded; and

WHEREAS, the City of Jacksonville Police and Fire Pension Fund is currently funded at a rate of approximately 46%, meaning that such Fund has less than half the money necessary to fully fund the pension, with an unfunded liability of approximately $1.6 billion; and

WHEREAS, the City of Jacksonville Corrections Officers Pension Fund is currently funded at a rate of approximately 48%, meaning that such Fund has less than half the money necessary to fully fund the pension, with an unfunded liability of approximately $150 million; and

WHEREAS, the City of Jacksonville General Employee Pension Fund is currently funded at an approximate 66% rate, with an unfunded liability of approximately $0.9 billion; and

WHEREAS, the City's total unfunded liability of over $2.6 billion equates to approximately 25% of the total unfunded liability of all the counties and municipalities in the State of Florida combined who are not a part of the Florida Retirement System; and

WHEREAS, if the unfunded liability is not reduced then the City of Jacksonville will be forced to contribute more than 20% of its operating budget toward pensions, an amount that currently equates to approximately $260 million per year; and

WHEREAS, the City of Jacksonville seeks a solution that does not increase taxes, that keeps the current sales tax at the existing 7% rate, and that does not require raising ad valorem taxes; and

WHEREAS, Section 212.055(9), Florida Statutes, authorizes the governing body of a county to impose a 1/2-cent discretionary pension liability surtax ("Pension Liability Surtax") to fund
Amended 5/10/16

underfunded defined benefit retirement plans subject to conditions
set for in Section 212.055(9), Florida Statutes; now, therefore

BE IT ORDAINED by the Council of the City of Jacksonville:

Section 1. Findings. The Council finds as follows

(a) The above recitals are true and correct and incorporated
herein by reference.

(b) The City’s three underfunded defined benefit retirement
plans will each be below 80 percent of actuarial funding as of the
date on which the implementing ordinance is passed.

(c) Subject to adoption of the Pension Liability Surtax by
the voters and successful collective bargaining to close one or
more of the three existing defined benefit retirement plans, an
employee who enters employment on or after the date the defined
benefit plan formerly available to such employee has been closed,
shall not enroll in a defined benefit retirement plan that will
receive surtax proceeds.

(d) The pension boards of trustees are prohibited from
participating in the collective bargaining process and engaging in
the determination of pension benefits of the defined benefit plans
receiving surtax proceeds.

(e) The City currently levies an infrastructure surtax
pursuant to section 212.055(2), Florida Statutes, which is
scheduled to terminate and is not subject to renewal.

Section 2. Adoption of Pension Liability Surtax.

(a) Upon approval by a majority vote of the electors of Duval
County, the approval by City Council of separate legislative action
implementing the Pension Liability Surtax as described in Section 8
of this Ordinance, and the satisfaction of all applicable state
law, there is hereby adopted throughout Duval County a Pension
Liability Surtax at the rate of 0.5 percent per dollar on all
transactions within Duval County subject to the State sales and use
tax imposed by Chapter 212, Florida Statutes. This Pension Liability Surtax is subject to the limitations imposed thereon by Sections 212.054 and 212.055(9), Florida Statutes.

(b) The Pension Liability Surtax shall take effect on January 1 of the year immediately following termination of the Better Jacksonville 1/2-Cent Sales Surtax.

(c) The Pension Liability Surtax shall not take effect until:
(1) one or more of the existing plans is closed to new employees and (2) each member of a closed plan make an employee retirement contribution of at least 10 percent of each member’s salary for each pay period beginning with the first pay period after the applicable defined benefit plan is closed. The conditions set forth herein shall not be imposed until the City and the appropriate collective bargaining representative mutually consent to, and legislative action by the City Council implements, the conditions set forth herein for one or more of the three underfunded defined benefits retirement plans.

(d) The Pension Liability Surtax shall remain in effect no longer than December 31, 2060, subject to earlier termination, which must occur on December 31 of the year in which the actuarial funding level of each of the City’s three defined benefit retirement plans which are funded by the surtax is expected to reach or exceed 100 per cent according to the most recent actuarial reports submitted to the Department of Management Services.

(e) The Pension Liability Surtax shall be collected and administered as set forth in Section 212.054, Florida Statutes.

(f) The proceeds of the Pension Liability Surtax shall be remitted to the City, in its capacity as a local government pursuant to Section 212.055(9)(c), Florida Statutes, and shall be implemented in accordance with the requirements of Section 212.055(9)(d), Florida Statute, as directed by the City Council
through separate legislative action.

Section 3. Referendum.

(a) A referendum of the qualified electors residing in Duval County, Florida is hereby called to be held on August 30, 2016, to determine whether or not to adopt the Pension Liability Surtax as described herein.

(b) The referendum shall be held and conducted in the manner prescribed by law for holding referenda.

(c) All qualified electors in Duval County shall be entitled and permitted to vote in the referendum.

(d) The Supervisor of Elections is authorized and directed, when printing the mail-in ballots and ballot strips for use in the voting machines for the referendum called for in Section 3(a) hereinabove, to print the referendum question set forth in Section 4 hereof on said mail-in ballots and ballot strips at the appropriate place therefor. Immediately after said question shall be provided a space for the voter to indicate whether the vote is "yes" or "no" on the question.

Section 4. Notice of Referendum. Notice of the referendum shall be given according to law in the form identified on Exhibit 1 and in the manner provided in Section 100.342, Florida Statutes. Exhibit 1 is attached hereto and, by this reference, is made a part hereof.

Section 5. Referendum Question. The form of the title and question for the Pension Liability Surtax referendum shall be substantially as follows:

PENSION LIABILITY

1/2-CENT SALES TAX PLAN

AUGUST 30, 2016

Permanently closing up to three of the City’s underfunded defined benefit retirement plans, increasing
the employee contribution for those plans to a minimum of 10%, and ending the Better Jacksonville ½-cent sales tax are all required to adopt a ½-cent sales tax solely dedicated to reducing the City’s unfunded pension liability. Shall such pension liability sales tax, which ends upon elimination of the unfunded pension liability or in 30 years maximum, be adopted?

_____ YES
_____ NO

Section 6. Referendum Results. If a majority of the votes cast in the referendum shall be for the Pension Liability 1/2-Cent Sales Tax, the Pension Liability Surtax shall be adopted, and shall take effect as provided in this Ordinance and separate implementing legislative action taken by the City Council. If less than a majority of the votes cast at the referendum shall be for the Pension Liability 1/2-Cent Sales Tax, the Pension Liability Surtax shall be defeated, and shall not take effect.

Section 7. Notices to State. The Council Secretary or her authorized representative shall provide, on behalf of the Council, the notices to the Florida Department of Revenue required in Section 212.054(7)(a) and (b), Florida Statutes.

Section 8. Separate Legislative Action. If a majority of the votes cast in the referendum shall be for the Pension Liability 1/2-Cent Sales Tax, the City Council, by separate legislative action, shall, subject to collective bargaining, close at least one of the City’s three underfunded defined benefit plans, implement the Pension Liability Surtax, and specify how the proceeds of the Pension Liability Surtax shall be used to reduce the underfunded liability.

Section 9. Oversight. The Director of Finance and Administration or the Director’s designee shall have oversight over
the distribution of the Pension Liability Surtax to the City’s
three underfunded defined benefit retirement plans and its
application to reducing the underfunded actuarial accrued liability
of the plans.

Section 10. Requesting One Cycle Emergency Passage
Pursuant to Council Rule 4.901 Emergency. One cycle emergency
passage of this legislation is requested. The nature of the
emergency is that the Council would like to enact the legislation
by May 10, 2016, in order to give the public as much time as
possible to become educated on the referendum.

Section 11. Effective Date. This Ordinance shall become
effective upon signature by the Mayor or upon becoming effective
without his signature.

Form Approved:

/s/ Margaret M. Sidman

Office of General Counsel
Legislation Prepared By: Sandra Stockwell & Stephen Durden

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