



Legislation Text

File #: 17-1486, **Version:** 1

TO: Honorable Mayor & Members of the North Port Commission

FROM: Peter D. Lear, CPA, CGMA, City Manager

TITLE: Closing Agreement on Final Determination Covering Specific Matters between the Internal Revenue Service and the City of North Port

Recommended Action

Approve Closing Agreement on Final Determination Covering Specific Matters between the Internal Revenue Service and the City of North Port

Background Information

On October 26, 2017, the City received notification from the City of North Port Firefighters' Pension - Local Option Plan's attorney that the Internal Revenue Services (IRS) had (previously) determined the Plan did not comply with changes made to IRS Code as it relates to Qualified Military Service (the HEART Act) in 2006. The IRS asserted the change should have been made to the Plan by January 1, 2007. Subsequently, the Plan's attorney drafted Ordinance 2017-45 to amend the plan to meet the IRS code. In July of this year, the IRS accepted the amended language and extended an offer to the Plan's attorney to enter a "closing agreement" to issue final confirmation of the Plan's tax qualification status. The IRS provided the language of an operational compliance statement, containing the terms and requirements of the settlement. The settlement also includes a \$7,500 non-negotiable sanction, to be paid by the employer. (The Settlement Agreement will be provided to coincide with the second reading of this Ordinance)

Legal has reviewed this ordinance as to form and correctness. Ordinance 2017-45 was approved by Commission on December 12, 2017.

Strategic Plan

N/A

Financial Impact

An initial sanction payment by the City to the U.S. Treasury in the non-negotiable an amount of \$7,500.00 and a yet to be determined financial future impact resulting from the changes.

Procurement

N/A

Attachments:

1. Ordinance 2017-45
2. Attorney Letter - IRS Code
3. Correspondence and agreement from IRS

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