

By the Committee on Governmental Oversight and Productivity

302-1916A-99

1 A bill to be entitled
 2 An act relating to public employees; creating
 3 s. 110.1315, F.S.; requiring that the
 4 Department of Management Services contract with
 5 a private vendor for an alternative retirement
 6 program for temporary and seasonal state
 7 employees; providing contract requirements;
 8 requiring the private vendor to indemnify the
 9 state and participating employees from certain
 10 adverse tax consequences; creating s. 110.1316,
 11 F.S.; providing for favorable tax treatment for
 12 certain incentive pay and payments for
 13 accumulated sick leave and annual leave;
 14 providing for the use of unobligated payroll
 15 contributions by state agencies; providing for
 16 oversight of the program; providing an
 17 effective date.

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 19 Be It Enacted by the Legislature of the State of Florida:

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 21 Section 1. Section 110.1315, Florida Statutes, is
 22 created to read:
 23 110.1315 Alternative benefits; other-personal-services
 24 employees.--
 25 (1) The Department of Management Services shall
 26 contract by October 1, 1999, for the implementation by March
 27 1, 2000, of an alternative retirement income security program
 28 for eligible part-time and seasonal employees of the state
 29 which is funded from appropriations for other personal
 30 services. The contract must provide for a private vendor to
 31 administer the program, and the program must provide

1 retirement benefits as required under section 3121(b)(7)(F) of
2 the Internal Revenue Code. The department shall develop a
3 request for proposals and solicit qualified vendors to compete
4 for the award of the contract. The proposal must have received
5 all necessary federal and state approval as required by law
6 and must comply with the provisions of s. 112.65.

7 (2) The vendor shall provide and administer this
8 defined-contribution program under the provisions of section
9 3121(b)(7)(F) of the Internal Revenue Code. The program must
10 provide that there will be no risk of the principal to the
11 participants, that there will be a reasonable rate of interest
12 as defined in the Treasury Regulations for section
13 3121(b)(7)(F) of the Internal Revenue Code, that there will be
14 no withdrawal or surrender penalties or fees of any nature
15 charged to the participants, that there will be no
16 administrative charges to either the participants or the
17 state, and that there will be immediate 100-percent vesting to
18 the participants. The program must be a qualified plan under
19 section 457 of the Internal Revenue Code which is separate
20 from any other plan under that section. The vendor must
21 indemnify the state, its agencies, and participating employees
22 for any damages resulting from a finding by the Internal
23 Revenue Service that the plan is in violation of section
24 3121(b)(7)(F) of the Internal Revenue Code.

25 Section 2. Section 110.1316, Florida Statutes, is
26 created to read:

27 110.1316 Alternative benefits; tax-sheltered incentive
28 pay and annual-leave and sick-leave payments.--The Department
29 of Management Services shall contract by October 1, 1999, for
30 the implementation by March 1, 2000, of a tax-sheltered plan
31 for state employees who are eligible for incentive pay or for

1 payment for accumulated sick leave or annual leave at
2 termination of employment or as a result of electing the
3 Deferred Retirement Option Plan (DROP). The contract must
4 provide for a private vendor to administer the plan, and the
5 plan must provide retirement benefits in a manner that
6 minimizes the tax liability of the participants. The plan must
7 be funded by employer contributions of incentive pay or
8 payments for accumulated sick leave or annual leave. Eligible
9 employer contributions must be placed into the plan
10 mandatorily in order to give the employer and the employee the
11 full advantages available under the federal tax laws. The plan
12 must have received all necessary federal and state approval as
13 required by law and must comply with the provisions of s.
14 112.65. The proposal may require that the vendor provide
15 market risk or volatility ratings from recognized rating
16 agencies for each of its investment products. The department
17 shall provide for a system of continuous quality-assurance
18 oversight to ensure that the program objectives are achieved
19 and that the program is prudently managed.

20 Section 3. Unobligated employer payroll contributions
21 under this act must be placed in a mandatory reserve and be
22 transferred to administered funds pursuant to section 216.177,
23 Florida Statutes. Pursuant to budget amendments and the
24 legislative-consultation provisions of section 216.177,
25 Florida Statutes, the Executive Office of the Governor shall
26 release such funds only to agencies that are operating under a
27 performance-based budget approved under section 216.0166,
28 Florida Statutes, and that have achieved or exceeded their
29 approved performance expectations, as authorized by law. The
30 Legislature shall annually determine the maximum amount to be
31 placed in reserve under this section.

