

By Senators Thomas, Silver, Rossin and Horne

3-283A-00

1 A bill to be entitled
2 An act relating to state employees; requiring
3 the Department of Management Services to
4 contract with a private vendor for a
5 tax-sheltered plan for state employees who are
6 eligible for payment for accumulated sick leave
7 or annual leave upon termination of employment;
8 providing conditions; providing for funding;
9 providing for review of proposed plans by the
10 State Board of Administration; providing for
11 continuous departmental oversight; authorizing
12 employees to withdraw such funds upon
13 termination of employment; providing that
14 employees are to be held harmless by the state
15 for early withdrawal penalties imposed by the
16 Internal Revenue Service; providing for
17 participation in the plan by employees enrolled
18 in the Deferred Retirement Option Program;
19 authorizing the department to determine the
20 calculation and frequency of payments into the
21 tax-sheltered plan; providing an effective
22 date.

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

26 Section 1. Alternative benefits; tax-sheltered
27 annual-leave and sick-leave payments.--
28 (1) The Department of Management Services shall
29 contract for the implementation of a tax-sheltered plan for
30 state employees who are eligible for payment for accumulated
31 sick leave or annual leave upon termination of employment. The

1 contract must provide for a private vendor to administer the
2 plan. The plan must provide retirement benefits in a manner
3 that minimizes the tax liability of the participants. The plan
4 must be funded by employer contributions of payments for
5 accumulated sick leave or annual leave. The plan must have
6 received all necessary federal and state approval as required
7 by law and must comply with the provisions of section 112.65,
8 Florida Statutes. The department's request for proposals by
9 vendors for such a plan may require that the vendor provide
10 market-risk or volatility ratings from recognized rating
11 agencies for each of its investment products. The proposal
12 must be reviewed by the State Board of Administration, which
13 shall advise the department with respect to the findings of
14 that review. The department shall provide for a system of
15 continuous quality-assurance oversight to ensure that the
16 program objectives are achieved and that the program is
17 prudently managed.

18 (2) Within 30 days after termination from employment,
19 an employee may elect to withdraw the moneys without penalty
20 by the plan administrator and shall be held harmless by the
21 state with regard to any early withdrawal penalties imposed by
22 the Internal Revenue Service.

23 (3) Notwithstanding the terminal-pay provisions of
24 section 110.122, Florida Statutes, the department shall
25 develop and contract for a tax-sheltered plan for sick-leave
26 payments for employees participating in the Deferred
27 Retirement Optional Program. These payments shall be paid into
28 a tax-sheltered plan during the time the employee participates
29 in the DROP program and shall be distributed to the employee
30 upon termination of the DROP program.

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1 (4) The department shall determine by rule the methods
2 of calculation and frequency of payments into the
3 tax-sheltered plans.

4 Section 2. This act shall take effect July 1, 2000.

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7 SENATE SUMMARY

8 Requires the Department of Management Services to
9 contract with a private vendor for a tax-sheltered plan
10 for state employees who are eligible to receive payment
11 for their accumulated sick leave or annual leave upon
12 termination of their employment. Specifies conditions and
13 provides for funding by the contributions of the employer
14 for accumulated sick leave and annual leave. Provides
15 for review of the plan by the State Board of
16 Administration. Provides for continual departmental
17 oversight. Authorizes state employees to withdraw moneys
18 from the plan upon termination of employment. Provides
19 that employees are to be held harmless by the state for
20 early withdrawal penalties imposed by the Internal
21 Revenue Service. Authorizes the department to determine
22 by rule the calculation and frequency of payments into
23 the plan.