

By Senator Garcia

39-540-01

1 A bill to be entitled
2 An act relating to state employees; requiring
3 the Department of Management Services and the
4 Board of Regents to contract with a private
5 vendor for a tax-sheltered plan for state
6 employees who are eligible for payment for
7 accumulated sick leave, annual leave, and
8 special compensation payment upon termination
9 of employment; providing conditions; providing
10 for continuous quality-assurance oversight;
11 authorizing employees to withdraw such funds
12 upon termination of employment; providing for a
13 tax-sheltered plan for certain career service
14 employees and employees participating in the
15 Deferred Retirement Option Program; creating s.
16 110.1315, F.S.; providing for alternative
17 benefits for other-personal-services employees;
18 providing an effective date.

19

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

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22 Section 1. Alternative benefits; tax-sheltered
23 annual-leave, sick-leave payments, and special compensation
24 payments.--

25 (1) The Department of Management Services and the
26 Board of Regents on behalf of the State University System have
27 authority to adopt tax-sheltered plans under section 401(a) of
28 the Internal Revenue Code for state employees who are eligible
29 for payment for accumulated leave. The department and the
30 Board of Regents, upon adoption of the plans, shall contract
31 for a private vendor or vendors to administer the plans. The

1 plans must provide benefits in a manner that minimizes the tax
2 liability of the state and participants. The plans must be
3 funded by employer contributions of payments for accumulated
4 leave or special compensation payments, or both, as specified
5 by the department and the Board of Regents. The plans must
6 have received all necessary federal and state approval as
7 required by law, must not adversely impact the qualified
8 status of the Florida Retirement System defined benefit or
9 defined contribution plans or the pretax benefits program, and
10 must comply with the provisions of section 112.65, Florida
11 Statutes. Adoption of the plans is contingent on the
12 department and the Board of Regents receiving favorable
13 determination letters and favorable private letters rulings
14 from the Internal Revenue Service, and being negotiated under
15 the provisions of chapter 447, Florida Statutes, where
16 applicable. The plans shall also be contingent upon the
17 Comptroller making appropriate changes to the state payroll
18 system. The department's and the Board of Regent's request for
19 proposals by vendors for such plans may require that the
20 vendors provide market-risk or volatility ratings from
21 recognized rating agencies for each of their investment
22 products. The department and the Board of Regents shall
23 provide for a system of continuous quality-assurance oversight
24 to ensure that the program objectives are achieved and that
25 the program is prudently managed.

26 (2) Within 30 days after termination of employment, an
27 employee may elect to withdraw the moneys without penalty by
28 the plan administrator. If any employee is adversely affected
29 financially by a plan, the plan shall include a provision
30 which will provide the employee with no less cash than if the
31 employee had not participated in the plan.

1 (3) These contracts may be used by any other pay plans
2 or personnel systems in the executive, legislative, or
3 judicial branches of government upon approval of the
4 appropriate administrative authority.

5 (4) Notwithstanding the terminal-pay provisions of
6 section 110.122, Florida Statutes, the department and the
7 Board of Regents shall contract for a tax-sheltered plan for
8 leave and special compensation pay for employees terminating
9 over age 55 with 10 years of service and for employees
10 participating in the Deferred Retirement Option Program by
11 July 1, 2001. The frequency of payments into the plan shall be
12 determined by the department or as provided in the General
13 Appropriations Act. This plan or plans shall provide the
14 greatest tax benefits to the employees and maximize the
15 savings to the state.

16 (5) The department and the Board of Regents shall
17 determine by rule the design of the plans and the eligibility
18 of participants.

19 (6) Nothing in this act shall be construed to remove
20 plan participants from the scope of section 110.122(5),
21 Florida Statutes.

22 Section 2. Section 110.1315, Florida Statutes, is
23 created to read:

24 110.1315 Alternative benefits; other-personal-services
25 employees.--Upon review and recommendation of the department
26 and approval of the Governor, the department may contract for
27 the implementation of an alternative retirement income
28 security program for eligible temporary and seasonal employees
29 of the state which is funded from appropriations for other
30 personal services. The contract may provide for a private
31 vendor or vendors to administer the program under a

1 defined-contribution plan under sections 401(a) and 403(b) or
2 457 of the Internal Revenue Code, and the program must provide
3 retirement benefits as required under section 3121(b)(7)(F) of
4 the Internal Revenue Code. The department may develop a
5 request for proposals and solicit qualified vendors to compete
6 for the award of the contract. A vendor shall be elected on
7 the basis of the plan that best serves the interest of the
8 participating employees and the state. The proposal must
9 comply with all necessary federal and state laws and rules and
10 receive favorable determination letters from the Internal
11 Revenue Service prior to implementation.

12 Section 3. This act shall take effect July 1, 2001.

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15 LEGISLATIVE SUMMARY

16 Requires the Department of Management Services and the
17 Board of Regents to contract with a private vendor for a
18 tax-sheltered plan for state employees who are eligible
19 to receive payment for their accumulated sick leave,
20 annual leave, or special compensation payment upon
21 termination of their employment. Specifies conditions and
22 provides for funding by the contributions of the employer
23 for accumulated sick leave and annual leave. Provides for
24 continual oversight. Authorizes state employees to
25 withdraw moneys from the plan upon termination of
26 employment. Authorizes the department and the board to
27 determine by rule the calculation and frequency of
28 payments into the plan. Provides for alternative benefits
29 for other-personal-services employees. (See bill for
30 details.)
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