

By Representative Cantens

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.

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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.--

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

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

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

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

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

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

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

23 110.1315 Alternative benefits; other-personal-services
24 employees.--Upon review and recommendation of the department
25 and approval of the Governor, the department may contract for
26 the implementation of an alternative retirement income
27 security program for eligible temporary and seasonal employees
28 of the state which is funded from appropriations for other
29 personal services. The contract may provide for a private
30 vendor or vendors to administer the program under a
31 defined-contribution plan under sections 401(a) and 403(b) or

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

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

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13 HOUSE SUMMARY

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