

1                                   A bill to be entitled  
2           An act relating to state employees; authorizing  
3           the Department of Management Services and the  
4           Board of Regents to adopt tax-sheltered plans  
5           for state employees who are eligible for  
6           payment for accumulated leave upon termination  
7           of employment; providing conditions; providing  
8           for funding; providing for review of proposed  
9           plans by the State Board of Administration;  
10          providing for continuous departmental  
11          oversight; authorizing employees to withdraw  
12          such funds upon termination of employment;  
13          providing that employees are to be held  
14          harmless by the state for early withdrawal  
15          penalties imposed by the Internal Revenue  
16          Service; providing for participation in the  
17          plan by employees enrolled in the Deferred  
18          Retirement Option Program; authorizing the  
19          department and the Board of Regents to  
20          determine the design of the plans and the  
21          eligible participants; amending ss. 110.123,  
22          287.022, F.S.; prohibiting limitations by the  
23          state on competition for an insurance product  
24          or plan on the basis of the compensation  
25          arrangement used by the insurer or  
26          organization; providing an effective date.

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

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30           Section 1. Alternative benefits; tax-sheltered  
31 annual-leave and sick-leave payments.--

1           (1) The Department of Management Services and the  
2 Board of Regents on behalf of the State University System have  
3 authority to adopt tax-sheltered plans under s. 401(a) of the  
4 Internal Revenue Code for state employees who are eligible for  
5 payment for accumulated leave. The department and the Board of  
6 Regents, upon adoption of the plans, shall contract for a  
7 private vendor or vendors to administer the plans. The plans  
8 must provide retirement benefits in a manner that minimizes  
9 the tax liability of the state and participants. The plans  
10 must be funded by employer contributions of payments for  
11 accumulated leave as specified by the department and the Board  
12 of Regents. The plans must have received all necessary federal  
13 and state approval as required by law, must not adversely  
14 impact the qualified status of the Florida Retirement System  
15 defined benefit or defined contribution plans or the pretax  
16 benefits program, and must comply with the provisions of s.  
17 112.65, Florida Statutes. Adoption of the plans is contingent  
18 on the department and the Board of Regents receiving favorable  
19 determination letters and favorable private letters rulings  
20 from the Internal Revenue Service, and being negotiated under  
21 the provisions of chapter 447, Florida Statutes, where  
22 applicable. The plans shall also be contingent upon  
23 appropriate resources to modify the state payroll system  
24 within the office of Comptroller. The department's and the  
25 Board of Regent's request for proposals by vendors for such  
26 plans may require that the vendors provide market-risk or  
27 volatility ratings from recognized rating agencies for each of  
28 their investment products. The proposals must be reviewed by  
29 the State Board of Administration, which shall advise the  
30 department and the Board of Regents with respect to the  
31 findings of that review. The department and the Board of

1 Regents shall provide for a system of continuous  
2 quality-assurance oversight to ensure that the program  
3 objectives are achieved and that the program is prudently  
4 managed. These plans, if implemented, shall be administered by  
5 the Division of Treasury of the Department of Insurance.

6 (2) Within 30 days after termination of employment, an  
7 employee may elect to withdraw the moneys without penalty by  
8 the plan administrator. If any employee is adversely affected  
9 financially by a plan, the plan shall include a provision  
10 which will make the employee financially whole.

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

15 (4) Notwithstanding the terminal-pay provisions of s.  
16 110.122, Florida Statutes, the department and the Board of  
17 Regents are authorized to develop and contract for  
18 tax-sheltered plans for leave payments for employees  
19 participating in the Deferred Retirement Option Program.

20 (5) The department and the Board of Regents shall  
21 determine by rule the design of the plans and the eligibility  
22 of participants.

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

26 Section 2. Present paragraphs (e), (f), (g), and (h)  
27 of subsection (3) of section 110.123, Florida Statutes, are  
28 redesignated as paragraphs (f), (g), (h), and (i),  
29 respectively, and a new paragraph (e) is added to that  
30 subsection, to read:

31 110.123 State group insurance program.--

1           (3) STATE GROUP INSURANCE PROGRAM.--  
2           (e) The Department of Management Services or the  
3 Division of State Group Insurance may not prohibit or limit  
4 any properly licensed insurer, health maintenance  
5 organization, prepaid limited health services organization, or  
6 insurance agent from competing for any insurance product or  
7 plan purchased, provided, or endorsed by the department or the  
8 division on the basis of the compensation arrangement used by  
9 the insurer or organization for its agents.

10           Section 3. Subsection (3) is added to section 287.022,  
11 Florida Statutes, to read:

12           287.022 Purchase of insurance.--

13           (3) The Department of Management Services or the  
14 Division of State Group Insurance may not prohibit or limit  
15 any properly licensed insurer, health maintenance  
16 organization, prepaid limited health services organization, or  
17 insurance agent from competing for any insurance product or  
18 plan purchased, provided, or endorsed by the department or the  
19 division on the basis of the compensation arrangement used by  
20 the insurer or organization for its agents.

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

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