

1 SB136
2 164513-6
3 By Senator Williams
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 03-MAR-15

2
3
4 ENGROSSED

5
6
7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 To amend Section 36-26-14, Code of Alabama 1975,
12 relating to the tax deferred annuity and deferred compensation
13 programs authorized to be adopted by the State Personnel
14 Board; to authorize county employees to participate in the
15 program.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Section 36-26-14, Code of Alabama 1975,
18 is amended to read as follows:

19 "§36-26-14.

20 "(a) The personnel board ~~is hereby authorized and~~
21 ~~directed to~~ may adopt, establish, and maintain a deferred
22 compensation plan or plans, except under Internal Revenue Code
23 Section 403 (b), for the employees of the State of Alabama or
24 any city, town, county, or public entity or corporation
25 organized pursuant to the laws of this state; ~~provided,~~
26 ~~however, that nothing in this section shall apply to employees~~
27 ~~of a county commission.~~ Notwithstanding the foregoing, prior

1 to the employees of a county or political subdivision of the
2 county participating in a plan, the employing county or
3 political subdivision of the county shall approve
4 participation in the plan.The personnel board may include in
5 any such plan any provision that does not cause the plan to
6 fail to qualify for its tax-favored treatment under the United
7 States Internal Revenue Code, including, but not limited to,
8 participant loans, unforeseeable emergency or hardship
9 distributions, Roth deferrals, rollovers, transfers to
10 purchase service credit, and distributions to purchase a
11 retired public safety officer's health insurance.

12 "(b) The State of Alabama Personnel Board ~~is hereby~~
13 ~~authorized to~~ may adopt and arrange for consolidated billing
14 and efficient investment, trustee, administrative, and
15 professional services in order that any such plans adopted
16 shall operate without cost to or contribution from the State
17 of Alabama except for incidental expenses associated with
18 administering any such plan, the payroll salary-reductions and
19 the remittance thereof to the trustee or custodian of the plan
20 or plans.

21 "(c) Alabama state employees, or the employees of
22 any city, town, county, or public entity or corporation
23 organized pursuant to the laws of this state may participate
24 in these plans on a voluntary basis by authorizing in writing
25 to their employer a reduction in their cash remuneration to be
26 placed in the plan or plans; ~~provided, however, that nothing~~

1 ~~in this section shall apply to employees of a county~~
2 ~~commission.~~

3 "(d) The Finance Director, Comptroller, or other
4 appropriate official is hereby authorized and directed to
5 initiate payroll deductions for the plans as directed by each
6 employee.

7 "(e) Participants who are receiving monthly benefits
8 from the Employees' Retirement System of Alabama, the Judicial
9 Retirement Fund of Alabama, the Teachers' Retirement System of
10 Alabama, or any other public retirement plan may opt to have
11 the cost of their retiree health insurance deducted from their
12 deferred compensation distribution in accordance with the
13 guidelines of the United States Internal Revenue Service.

14 "(f) It is expressly provided that any benefits
15 under the provisions of this section shall be in addition to
16 any other benefits provided by law for any employees of the
17 State of Alabama, and this section is specifically made
18 supplemental to and shall be construed in pari materia with
19 the provisions of the employees' retirement law of Alabama.

20 "(g) Except as otherwise required under the Internal
21 Revenue Code, each such deferred compensation plan and its
22 trust shall be established and maintained for the exclusive
23 benefit, as defined by law of the plan's participants and
24 their beneficiaries, and all assets of any such plan shall be
25 held for the exclusive benefit of the plan's participants and
26 their beneficiaries. For the purposes and within the meaning
27 of Section 19-3B-102, each such plan is declared to be a trust

1 created by statute and is therefore required to be
2 administered in the manner of an express trust."

3 Section 2. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

Senate

Read for the first time and referred to the Senate
committee on Fiscal Responsibility and Economic
Development..... 03-MAR-15

Read for the second time and placed on the calen-
dar 1 amendment..... 11-MAR-15

Read for the third time and passed as amended 17-MAR-15

Yeas 32
Nays 0

Patrick Harris
Secretary