

SENATE BILL 3140

By McNally

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 25, Parts 1 and 3, relative to deferred or tax sheltered compensation programs for public employees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 25, Part 1, is amended by adding the following as a new appropriately designated section:

8-25-1__.

(a) Notwithstanding any provision of the law to the contrary, any entity eligible to participate in the Tennessee consolidated retirement system pursuant to chapter 35, part 2 of this chapter may elect to become a participating employer in any deferred compensation program established on behalf of state employees under the provisions of this part or under the provisions of part 3 of this chapter; provided that such participation shall be subject to the approval of the chair of the Tennessee consolidated retirement system and in conformity with such terms and conditions as may be prescribed by said chair. If such approval is given, then all employees of the respective entity shall be eligible to participate in any such deferred compensation program under the same terms and conditions as state employees, except for the employer matching as provided for in § 8-25-303.

(b) Any entity described in subsection (a) that elects to become a participating employer under the provisions of part 3 of this chapter shall have the option of providing for employer matching of contributions in any amount for which the entity is willing to contribute, provided that the amount of employer matching shall not exceed the maximum allowed under the Internal Revenue Code, and shall conform to all applicable

laws, rules and regulations of the internal revenue service governing profit sharing and/or salary reduction plans.

(c) It is the legislative intent that the state shall realize no increased cost as a result of such entities' participation in any such deferred compensation program. All costs associated with such participation, including administrative costs, shall be the responsibility of such entities and/or the entities' participating employees.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.