

The House Committee on Industrial Relations offers the following substitute to HB 1536:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 2 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated,  
2 relating to deferred compensation plans, so as to provide that the State Personnel Board shall  
3 establish and administer a special pay plan qualified under Section 401(a) of the federal  
4 Internal Revenue Code; to define certain terms; to provide for participation; to provide for  
5 limitations; to provide for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 2 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated, relating to  
9 deferred compensation plans, is amended by inserting at the end thereof a new Code section  
10 to read as follows:

11 "45-18-37.

12 (a) As used in this Code section, the term:

13 (1) 'Special compensation' means compensation for terminal leave and such other  
14 compensation as the State Personnel Board deems appropriate under federal regulations.

15 (2) 'Special pay plan' means a qualified retirement plan under Section 401(a) of the  
16 federal Internal Revenue Code, 26 U.S.C. Section 401(a), which reduces federal tax  
17 obligations on special compensation.

18 (3) 'State employee' means any person, whether appointed or elected, who provides  
19 services for the state, including any state authority authorized to participate in the  
20 Employees' Retirement System of Georgia under Chapter 2 of Title 47.

21 (4) 'Terminal leave' means accrued and unused annual leave which has not been forfeited  
22 at the time of a state employee's separation from service, not to exceed 360 hours.

23 (b) The State Personnel Board shall establish and administer a special pay plan for the  
24 deferred payment of special compensation which reduces the federal tax obligation upon  
25 such payments. Such plan shall become effective not later than July 1, 2005. Participation  
26 in such plan shall be mandatory for all retiring and terminating state employees age 55 and

1 older whose compensation for terminal leave equals \$1,000.00 or more. Payment options  
2 from the plan shall include, at a minimum, a lump sum payment to the employee within  
3 seven days after payments are made into the plan on his or her behalf in an amount equal  
4 to the entire amount of special compensation with earnings thereon, less any mandatory  
5 income tax withholding. The board may contract with any company qualified to do  
6 business in this state to provide such benefits.

7 (c) Nothing in this Code section shall be construed so as to affect benefits under Chapter  
8 2 of Title 47."

9 **SECTION 2.**

10 All laws and parts of laws in conflict with this Act are repealed.