



# *State of Tennessee*

## **PUBLIC CHAPTER NO. 594**

### **SENATE BILL NO. 655**

**By Bowling, Yager**

Substituted for: House Bill No. 612

By Gant

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 25, Part 1, relative to length of service award programs.

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 section:

(a) The state treasurer may inquire with local governments and volunteer fire departments about establishing a length of service award program pursuant to § 457 of the Internal Revenue Code as amended, and all applicable rules, regulations, notices, and interpretations released by the United States treasury, including the internal revenue service, referred to in this section as the "code". Based on the results of this inquiry, the state treasurer may establish a length of service award program.

(b) The commissioner of finance and administration; the chair of the finance, ways and means committee of the senate; the chair of the finance, ways and means committee of the house of representatives; and the state treasurer shall serve as trustees for the length of service award program that may be established pursuant to this section.

(c) If the state treasurer establishes a length of service award program, then the state treasurer shall develop a plan that includes provisions for the implementation, administration, operation, marketing, investment options, customer service, and investment management services for the program, which must be approved by the remaining trustees. The state treasurer may modify the terms of the plan with the concurrence of the commissioner of finance and administration.

(d) The state treasurer is authorized to carry out the purposes of this section, the purposes and objectives of the program and the trustees' plan, and the powers delegated by any other state law or rule, or the code, including, but not limited to, the following power to:

- (1) Select and provide for investment options or investment products;
- (2) Purchase insurance from insurers licensed to do business in this state providing for coverage against any loss in connection with the program's property, assets, or activities;
- (3) Make, execute, and deliver contracts, conveyances, and other instruments necessary and proper for the implementation of the program;
- (4) Contract for the provision of services necessary or convenient for the administration, implementation, operation, or management of the length of service award program;
- (5) Contract with recordkeepers, financial consultants, actuaries, auditors, investment managers, and other consultants and professionals, as necessary, to carry out the duties under this section and the plan established by the trustees. These services may be procured in a manner prescribed by the trustees, if the trustees determine that the services are necessary or desirable for the efficient administration

of this section. All expenses and fees incidental to the procurement of services must be charged to and paid by the participating party;

(6) Administer and operate the program at the direction of the trustees' plan;

(7) Promote, advertise, market, and publicize the program;

(8) Impose and collect application fees and other administrative fees and charges in connection with any transaction under this section;

(9) Promulgate reasonable rules that are necessary to carry out the purpose of this section, and to ensure that the program is in compliance with the code and other applicable provisions of federal and state laws and rules. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5;

(10) Enter into participation agreements with any entity permitted by the code for participation in the length of service award program;

(11) Operate and provide for the operation of the program in a manner that qualifies the program under the code and take action necessary to maintain such qualification;

(12) Seek rulings from the secretary of the United States department of treasury and the internal revenue service relating to the program; and

(13) Make program changes to maintain compliance with applicable federal and state laws and rules.

(e) An entity constituting an eligible employer pursuant to the code may elect to participate in the length of service award program as prescribed by the trustees to provide benefits to bona fide volunteers who provide firefighting and prevention services, emergency medical services, or ambulance services. An eligible employer may withdraw from participation in the program pursuant to the program's plan document. As used in this section, "eligible employer" and "bona fide volunteer" have the same meanings as provided in § 457 of the Internal Revenue Code.

(f) The state treasurer:

(1) Shall carry out the day-to-day administration, operations, and responsibilities of the length of service award program;

(2) Shall exercise the powers, duties, and responsibilities to implement this section;

(3) May assign duties and responsibilities to the state treasurer's staff or private vendors and contractors, as the state treasurer deems necessary and proper; and may consult with professionals as necessary about the administration of the program; and

(4) May establish policies, guidelines, and operating procedures in accordance with this section.

(g) If the trustees determine that the program is financially infeasible or is not beneficial to bona fide volunteers, eligible employers, citizens of the state, or the state itself, the trustees may suspend or terminate the program immediately.

(h) It is the legislative intent of this section that there be no increase in costs to the state as a result of an eligible employer's participation in the length of service award program. All costs associated with such participation, including administrative costs, are the responsibility of the participating eligible employers. Administrative costs may be imposed by the state even if a participating eligible employer is later found to not constitute an eligible employer under the code.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 655

PASSED: May 4, 2021

  
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RANDY McNALLY  
SPEAKER OF THE SENATE

  
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CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 27<sup>th</sup> day of May 2021

  
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BILL LEE, GOVERNOR