

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 634

Session of
1983

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GRUPPO, McVERRY, MARMION, BOOK, HERSHEY, JOHNSON, CIMINI,
SHOWERS AND HERMAN, MARCH 22, 1983

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, JANUARY 23, 1984

AN ACT

1 Providing for the distribution of the tax on the premiums of
2 foreign fire insurance companies; and making a repeal.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Foreign Fire
7 Insurance Tax Distribution Law.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Fund." The net amount received by the Commonwealth from the
13 tax on gross premiums paid by foreign fire insurance companies
14 pursuant to section 902 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971.

1 "Governing body." The council of a city, borough or
2 incorporated town, the commissioners of a township of the first
3 class, the supervisors of a township of the second class or any
4 similar body in home rule charter municipalities.

5 "Municipality." Any city, borough, incorporated town,
6 township or other similar unit of government created pursuant to
7 the act of April 13, 1972 (P.L.184, No.62), known as the Home
8 Rule Charter and Optional Plans Law.

9 "Treasurer." The elected or appointed treasurer in any city,
10 borough, incorporated town, township or other similar officer in
11 home rule charter municipalities.

12 Section 3. Payment by State Treasurer to municipalities.

13 Moneys in the fund shall be paid by the State Treasurer to
14 the treasurer of each municipality in the Commonwealth in
15 accordance with sections 4 and 5.

16 Section 4. Distribution formula.

17 The amount to be paid to each municipality shall be
18 determined as follows:

19 (1) fifty percent of the fund shall be distributed based
20 on the population of each municipality in proportion to the
21 population of the entire Commonwealth, based upon the latest
22 national population census as reported by the United States
23 Bureau of Census; and

24 (2) fifty percent of the fund shall be distributed based
25 on the market value of real estate of each municipality in
26 proportion to the market value of real estate for the entire
27 Commonwealth, based upon the most recent statistics from the
28 State Tax Equalization Board.

29 ~~Section 5. Conditions on first ten payments.~~

30 ~~(a) Payments notwithstanding formula. For the first ten~~

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~~years of distributions, pursuant to this act, payments shall, notwithstanding the formula contained in section 4, be subject to the following conditions:~~

~~(1) Increases in the amounts paid to individual municipalities from year to year shall be limited to no more than a 40% increase from the average of the three previous years.~~

~~(2) No municipality shall receive less than an amount equal to the average of the distribution for the three previous years.~~

~~(b) Surplus. Any surplus of funds remaining during the first ten years as a result of the conditions imposed by subsection (a) shall be distributed pursuant to criteria established by the Public Employee Retirement Study Commission and approved by the General Assembly. Such criteria shall give first priority to pension systems determined to be distressed by the Public Employee Retirement Study Commission.~~

~~Section 6. Uses of the Foreign Fire Insurance Tax Moneys.~~

~~(a) Municipality with fire department. Each municipality receiving payment from the State Treasurer under this act, shall pay forthwith the amount received to the relief association fund of, or the pension fund covering the employees of, the fire department or fire company, paid or volunteer, now existing, or hereafter organized, actively engaged in the service of the municipality and duly recognized by the governing body of the municipality.~~

~~(b) Municipality without fire department. In any municipality in which there is no fire department or fire company, the amount received by the treasurer shall be forthwith paid to the relief fund association or pension fund, of the fire~~

~~department or fire company of any near or adjacent municipality
or which affords fire protection to the inhabitants of the
municipality. Before payment of any amount in such case to the
treasurer of any municipality, the governing body of the
municipality which is afforded protection shall first certify to
the Auditor General that the fire department or fire company or
the near or adjacent municipality does afford fire protection to
the inhabitants of the municipality.~~

~~(c) Division between paid and volunteer firefighters. If
the fire department or fire company of any municipality consists
of paid and volunteer firefighters and the paid firefighters are
covered by a pension fund, then the 2% percent tax shall be
divided equally between the relief association fund of the
volunteer firefighters and the pension fund of the paid
firefighters. Notwithstanding the provisions of the previous
sentence, in any municipality employing three or fewer paid
firefighters the governing body may pay into the pension fund an
amount equal to the retirement contribution of the paid
firefighter, not exceeding 50% of the municipality's allocation,
and the remainder shall be paid to the relief association fund.~~

SECTION 5. CONDITIONS ON FIRST FIVE PAYMENTS.

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FOR THE FIRST FIVE YEARS OF DISTRIBUTIONS PURSUANT TO THIS
ACT, PAYMENTS SHALL, NOTWITHSTANDING THE FORMULA CONTAINED IN
SECTION 4, BE SUBJECT TO THE FOLLOWING CONDITIONS:

(1) NO MUNICIPALITY SHALL RECEIVE LESS THAN AN AMOUNT
EQUAL TO THE MEAN AVERAGE OF THE DISTRIBUTION WHICH IT
RECEIVED IN 1981, 1982 AND 1983.

(2) MUNICIPALITIES ENTITLED UNDER SECTION 4 TO AN AMOUNT
LARGER THAN THE AVERAGE REFERRED TO IN PARAGRAPH (1) SHALL
RECEIVE THE FORMER AMOUNT, REDUCED BY SUCH UNIFORM PERCENTAGE

AS IS NECESSARY TO AVOID ANY DEFICIT IN THE FUND.

(3) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, IF TAX REVENUES IN ANY YEAR ARE INSUFFICIENT TO FUND ALL MUNICIPALITIES IN AT LEAST THE AMOUNT REFERRED TO IN PARAGRAPH (1), THEN PAYMENTS TO ALL MUNICIPALITIES SHALL BE REDUCED BY SUCH UNIFORM PERCENTAGE AS IS NECESSARY TO AVOID ANY DEFICIT IN THE FUND.

SECTION 6. USES OF THE FOREIGN FIRE INSURANCE TAX MONEYS.

(A) PAYMENTS BY MUNICIPALITY.--THE GOVERNING BODY OF EACH MUNICIPALITY RECEIVING PAYMENT FROM THE STATE TREASURER UNDER THIS ACT SHALL PAY WITHIN 60 DAYS THE AMOUNT RECEIVED TO THE RELIEF ASSOCIATION FUND OF, OR THE PENSION FUND COVERING THE EMPLOYEES OF, THE FIRE DEPARTMENT OR DEPARTMENTS, OR FIRE COMPANY OR COMPANIES, PAID OR VOLUNTEER, NOW EXISTING OR HEREAFTER ORGANIZED, INSIDE OR OUTSIDE THE MUNICIPALITY, ACTIVELY ENGAGED IN THE SERVICE OF THE MUNICIPALITY AND DULY RECOGNIZED BY THE GOVERNING BODY OF THE MUNICIPALITY.

(B) CERTIFICATION TO AUDITOR GENERAL.--BEFORE PAYMENT OF ANY AMOUNT TO A FIRE DEPARTMENT OR FIRE COMPANY OUTSIDE THE MUNICIPALITY, THE GOVERNING BODY SHALL CERTIFY TO THE AUDITOR GENERAL THAT SUCH FIRE DEPARTMENT OR FIRE COMPANY DOES AFFORD FIRE PROTECTION TO THE INHABITANTS OF THE MUNICIPALITY.

Section 7. Warrants for payment.

Warrants for the above purposes shall be drawn by the State Treasurer, payable to the treasurers of the several cities, incorporated towns, townships and boroughs, in accordance with this act, whenever there are sufficient funds in the State Treasury to pay the same.

Section 8. Repeal.

The act of June 28, 1895 (P.L.408, No.289), entitled, as

1 amended, "A supplement to the twenty-fourth section of an act,
2 entitled 'An act to provide revenue by taxation, approved the
3 seventh day of June, one thousand eight hundred and seventy-
4 nine,' approved the first day of June, one thousand eight
5 hundred and eighty-nine, amending the twenty-fourth section, by
6 providing for the payment by the State Treasurer of the two per
7 centum tax on premiums paid by foreign fire insurance companies
8 to the treasurers of the several cities, towns, townships and
9 boroughs, within this Commonwealth," is repealed.

10 Section 9. Effective date.

11 This act shall take effect January 1, 1984.