

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2661 Session of
2008

INTRODUCED BY M. SMITH, COSTA, DERMODY, FRANKEL, GEIST, KORTZ,
MUSTIO, WAGNER AND WALKO, JUNE 20, 2008

REFERRED TO COMMITTEE ON FINANCE, JUNE 20, 2008

AN ACT

1 Amending the act of July 28, 1953 (P.L.723, No.230), entitled,
2 as amended, "An act relating to counties of the second class
3 and second class A; amending, revising, consolidating and
4 changing the laws relating thereto," further defining
5 "compensation"; and further providing for retirement board
6 and for amount of retirement allowances.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The definition of "compensation" in section 1701
10 of the act of July 28, 1953 (P.L.723, No.230), known as the
11 Second Class County Code, amended July 6, 1984 (P.L.638,
12 No.131), is amended to read:

13 Section 1701. Definitions.--The following words and phrases
14 as used in this article shall be construed to have the following
15 meaning:

16 * * *

17 "Compensation," [pickup] (1) Pickup contributions plus
18 salary or wages received per day, weekly, bi-weekly, semi-
19 monthly, monthly, annually, or during an official term year.

1 (2) For employes hired or reemployed on or after the
2 effective date of this clause, the term shall not include
3 overtime pay.

4 * * *

5 Section 2. Section 1703 of the act is amended to read:

6 Section 1703. Retirement Board.--The retirement system shall
7 be under the sole direction of a board, which shall consist of
8 the county [commissioners, the treasurer, the controller,] chief
9 executive; one member, who shall be a member of the retirement
10 system, appointed by the chief executive with the consent of
11 county council; one member, who shall be a member of the
12 retirement system, appointed by county council; the controller;
13 the treasurer; and two persons elected by ballot from among the
14 members of the retirement system[, one to serve for two years
15 and one for four years. Following the completion of the initial
16 terms, the stated]. The terms of such members shall be four
17 years. Ballots shall be mailed to each member of the retirement
18 system at least twenty (20) days prior to the date of the
19 election. A vacancy occurring during the term of any member of
20 the board shall be filled for the unexpired term by the
21 appointment or election of a successor in the same manner as his
22 predecessor. A majority of the members of the board shall
23 constitute a quorum for the transaction of any business.

24 Section 3. Section 1712(a) of the act, amended October 30,
25 2000 (P.L.616, No.85), is amended to read:

26 Section 1712. Amount of Retirement Allowances.--(a) (1)
27 The retirement allowance paid under the provisions of this
28 article shall equal fifty per centum of the amount which would
29 constitute the average monthly compensation as received by the
30 county employe during the highest twenty-four months of the last

1 four (4) years of his employment or two years on a bi-weekly pay
2 basis in which period of time the said county employe made
3 monthly or bi-weekly contributions into the retirement fund
4 prior to his or her retirement.

5 (2) For employes hired after the effective date of this
6 clause, the retirement allowance paid under the provisions of
7 this article shall be equal to fifty per centum of the amount
8 which would constitute the average monthly compensation as
9 received by the county employe during the highest forty-eight
10 months of the last eight (8) years of his employment or four (4)
11 years on a bi-weekly pay basis in which period of time the
12 county employe made monthly or bi-weekly contributions into the
13 retirement fund prior to his or her retirement.

14 (3) Such average monthly compensation shall include the
15 compensation which any county employe would have been entitled
16 to and would have received except for deduction from
17 compensation due to time spent in serving as an elected State
18 official: Provided, That the county and the employe shall make
19 monthly contributions based on the last compensation equal to
20 the amount the county and he or she would have paid into the
21 retirement fund had such compensation been paid by the county.
22 In the event an employe, on the effective date of employment
23 termination, shall have less than a full year of service for the
24 purpose of computing the employe's service time, then the amount
25 of the retirement allowance, which would have been computed had
26 the employe completed a full twelve-month period for the year of
27 the termination of employment, shall be prorated upon a full
28 completed month basis for said last year of service. No
29 retirement allowance shall be computed on a monthly compensation
30 in excess of four thousand three hundred thirty-three dollars

1 and thirty-three cents (\$4,333.33) (referred to in this
2 subsection as "excess compensation") unless the employee and the
3 county have made contributions on all excess compensation
4 received by the employee during the five-year period preceding
5 the employee's retirement: Provided, That the required
6 contribution is paid into the retirement system within ninety
7 (90) days of the date of retirement. An employee who retires
8 within five (5) years of the effective date of the compensation
9 cap removal may elect to satisfy the contribution requirement by
10 making a lump sum contribution that is calculated by applying
11 the applicable contribution percentage rate to all excess
12 compensation received by the employee during the prior five-year
13 period on which contributions were not made. Within ninety (90)
14 days of such contribution by an employee, contributions shall
15 also be made by the county in an amount equal to the amount
16 contributed by the employee. The effective date of the cap
17 removal is December 31, 1999.

18 (4) After the effective date of this amendment, certain
19 former county employees who are now receiving a retirement
20 allowance shall receive an increase of a certain per centum of
21 such retirement allowance, which sum shall be computed on the
22 average monthly retirement allowance as heretofore authorized by
23 the board.

24 (5) The per centum of increase in said monthly retirement
25 allowance shall be a flat 10 per centum increase with the
26 maximum amount not to exceed forty-five dollars (\$45.00) per
27 month.

28 (6) Any employee who earns in excess of ten thousand eight
29 hundred dollars (\$10,800) per annum and shall retire during the
30 period from January 1, 1973 to December 31, 1981 shall pay, as a

1 condition to the payment of any benefits hereunder a lump sum
2 contribution into the retirement fund, which contribution shall
3 be computed as follows:

4 (i) The difference between ten thousand eight hundred
5 dollars (\$10,800) and the annual salary of the employe
6 multiplied by the number of years during which he was not an
7 employe of the county for the period aforesaid and upon that
8 amount the sum of two per centum which shall be the lump sum
9 contribution as required herein.

10 (ii) No person who is reemployed as a county employe shall
11 be eligible to receive the benefit of a retirement allowance
12 plus a service increment, if any, until he or she shall have
13 made at least twenty-four monthly or fifty-two bi-weekly
14 contributions into the retirement fund subsequent to his or her
15 reemployment. The foregoing provisions shall not have a
16 retroactive application and shall apply only to present and
17 future county employes. The rate required to be paid in
18 accordance with this provision shall apply to present county
19 employes notwithstanding the rate of contribution that the
20 present county employe has made into the retirement fund.

21 * * *

22 Section 4. This act shall take effect in 60 days.