

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2579 Session of
1996

INTRODUCED BY NICKOL, BROWNE, DENT AND STURLA, MAY 1, 1996

SENATOR TILGHMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, NOVEMBER 12, 1996

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),
2 entitled "An act mandating actuarial funding standards for
3 all municipal pension systems; establishing a recovery
4 program for municipal pension systems determined to be
5 financially distressed; providing for the distribution of the
6 tax on the premiums of foreign fire insurance companies; and
7 making repeals," further providing FOR CONTENTS OF ACTUARIAL <—
8 VALUATION REPORT AND for municipal obligations.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 ~~Section 1. Section 404(b) and (c) of the act of December 18, <—~~
12 ~~1984 (P.L.1005, No.205), known as the Municipal Pension Plan~~
13 ~~Funding Standard and Recovery Act,~~

14 SECTION 1. SECTION 202(B)(4) OF THE ACT OF DECEMBER 18, 1984 <—
15 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN FUNDING
16 STANDARD AND RECOVERY ACT, AMENDED FEBRUARY 14, 1986 (P.L.23,
17 NO.9), IS AMENDED TO READ:

18 SECTION 202. CONTENTS OF ACTUARIAL VALUATION REPORT.

19 * * *

1 (B) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED BENEFIT PLANS
2 SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN WHICH IS
3 A DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN WHOLE OR IN
4 PART, ALL APPLICABLE ACTUARIAL EXHIBITS SHALL BE PREPARED IN
5 ACCORDANCE WITH THE ENTRY AGE NORMAL ACTUARIAL COST METHOD WITH
6 ENTRY AGE ESTABLISHED AS THE ACTUAL ENTRY AGE FOR ALL PLAN
7 MEMBERS UNLESS THE MUNICIPALITY APPLIES FOR AND IS GRANTED
8 AUTHORIZATION BY THE COMMISSION TO USE AN ALTERNATIVE ACTUARIAL
9 COST METHOD. AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY
10 DEMONSTRATES ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE
11 COMPELLING REASONS OF AN ACTUARIAL NATURE FOR THE USE OF AN
12 ALTERNATIVE ACTUARIAL COST METHOD. THE COMMISSION SHALL ISSUE
13 RULES AND REGULATIONS SPECIFYING THE CRITERIA WHICH THE
14 COMMISSION WILL USE TO DETERMINE THE QUESTION OF THE EXISTENCE
15 OF COMPELLING REASONS FOR THE USE OF AN ALTERNATIVE ACTUARIAL
16 COST METHOD, THE DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE
17 AUTHORIZATION WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE
18 ALTERNATIVE ACTUARIAL COST METHODS WHICH THE COMMISSION MAY
19 AUTHORIZE. THE ACTUARIAL COST METHOD SHALL BE USED TO VALUE ALL
20 ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION PLAN UNLESS
21 THE MUNICIPALITY APPLIES FOR AND IS GRANTED AUTHORIZATION BY THE
22 COMMISSION TO USE APPROXIMATION TECHNIQUES OTHER THAN THE
23 ACTUARIAL COST METHOD FOR ASPECTS OF THE BENEFIT PLAN OR PLANS
24 OF THE PENSION PLAN OTHER THAN THE RETIREMENT BENEFIT.
25 AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY DEMONSTRATES
26 ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE COMPELLING
27 REASONS OF AN ACTUARIAL NATURE FOR THE USE OF THESE
28 APPROXIMATION TECHNIQUES. THE COMMISSION SHALL ISSUE RULES AND
29 REGULATIONS SPECIFYING THE CRITERIA WHICH THE COMMISSION WILL
30 USE TO DETERMINE THE QUESTION OF THE EXISTENCE OF COMPELLING

1 REASONS FOR THE USE OF APPROXIMATION TECHNIQUES, THE
2 DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE AUTHORIZATION
3 WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE APPROXIMATION
4 TECHNIQUE WHICH THE COMMISSION MAY AUTHORIZE. THE ACTUARIAL
5 EXHIBITS SHALL USE ACTUARIAL ASSUMPTIONS WHICH ARE, IN THE
6 JUDGMENT OF THE ACTUARY AND THE GOVERNING BODY OF THE PLAN, THE
7 BEST AVAILABLE ESTIMATE OF FUTURE OCCURRENCES IN THE CASE OF
8 EACH ASSUMPTION. WITH RESPECT TO ECONOMIC ACTUARIAL ASSUMPTIONS,
9 THE ASSUMPTIONS SHALL EITHER BE WITHIN THE RANGE SPECIFIED IN
10 RULES AND REGULATIONS ISSUED BY THE COMMISSION OR DOCUMENTATION
11 EXPLAINING AND JUSTIFYING THE CHOICE OF ASSUMPTIONS OUTSIDE THE
12 RANGE SHALL ACCOMPANY THE REPORT. THE ACTUARIAL EXHIBITS SHALL
13 MEASURE ALL ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION
14 PLAN IN ACCORDANCE WITH MODIFICATIONS IN THE BENEFIT PLAN OR
15 PLANS, IF ANY, AND SALARIES WHICH AS OF THE VALUATION DATE ARE
16 KNOWN OR CAN REASONABLY BE EXPECTED TO BE IN FORCE DURING THE
17 ENSUING PLAN YEAR. THE ACTUARIAL VALUATION REPORT SHALL CONTAIN
18 THE FOLLOWING ACTUARIAL EXHIBITS:

19 * * *

20 (4) AN EXHIBIT OF ANY ADDITIONAL FUNDING COSTS
21 ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL
22 ACCRUED LIABILITY OF THE PENSION PLAN, INDICATING FOR EACH
23 INCREMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY SPECIFIED
24 IN PARAGRAPH (3), THE LEVEL ANNUAL DOLLAR CONTRIBUTION
25 REQUIRED TO PAY AN AMOUNT EQUAL TO THE ACTUARIAL ASSUMPTION
26 AS TO INVESTMENT EARNINGS APPLIED TO THE PRINCIPAL AMOUNT OF
27 THE REMAINING BALANCE OF THE INCREMENT OF UNFUNDED ACTUARIAL
28 ACCRUED LIABILITY AND TO RETIRE BY THE APPLICABLE
29 AMORTIZATION TARGET DATE SPECIFIED IN THIS PARAGRAPH THE
30 PRINCIPAL AMOUNT OF THE REMAINING BALANCE OF THE INCREMENT OF

1 UNFUNDED ACTUARIAL ACCRUED LIABILITY. THE AMORTIZATION TARGET
2 DATE APPLICABLE FOR EACH TYPE OF INCREMENT OF UNFUNDED
3 ACTUARIAL ACCRUED LIABILITY SHALL BE AS FOLLOWS:

4 (I) (A) IN THE CASE OF A PENSION PLAN ESTABLISHED
5 ON OR PRIOR TO JANUARY 1, 1985 FOR THE UNFUNDED
6 ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE
7 BEGINNING OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR
8 1985, AT THE END OF THE PLAN YEAR OCCURRING IN
9 CALENDAR YEAR 2015; OR

10 (B) IN THE CASE OF A PENSION PLAN ESTABLISHED
11 AFTER JANUARY 1, 1985, FOR THE UNFUNDED ACTUARIAL
12 ACCRUED LIABILITY THEN OR SUBSEQUENTLY DETERMINED TO
13 BE OR TO HAVE BEEN IN EXISTENCE AS OF THE DATE OF THE
14 ESTABLISHMENT OF THE PLAN, AT THE END OF THE PLAN
15 YEAR OCCURRING 30 YEARS AFTER THE CALENDAR YEAR IN
16 WHICH THE PENSION PLAN WAS ESTABLISHED.

17 (II) INCREMENT OR DECREMENT OF NET UNFUNDED
18 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO A CHANGE IN
19 ACTUARIAL ASSUMPTIONS, AT THE END OF THE PLAN YEAR
20 OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
21 ACTUARIAL ASSUMPTION MODIFICATION WAS EFFECTIVE.

22 (III) INCREMENT OF NET UNFUNDED ACTUARIAL ACCRUED
23 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT
24 PLAN APPLICABLE TO ACTIVE MEMBERS, AT THE END OF THE PLAN
25 YEAR OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
26 THE BENEFIT PLAN MODIFICATION WAS EFFECTIVE.

27 (IV) INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
28 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT
29 PLAN APPLICABLE TO RETIRED MEMBERS AND OTHER BENEFIT
30 RECIPIENTS, AT THE END OF THE PLAN YEAR OCCURRING 10

1 YEARS AFTER THE CALENDAR YEAR IN WHICH THE BENEFIT PLAN
2 MODIFICATION WAS EFFECTIVE.

3 (V) INCREMENT OR DECREMENT OF NET UNFUNDED ACTUARIAL
4 ACCRUED LIABILITY ATTRIBUTABLE TO AN ACTUARIAL EXPERIENCE
5 LOSS OR GAIN, AT THE END OF PLAN YEAR OCCURRING 15 YEARS
6 AFTER THE CALENDAR YEAR IN WHICH THE ACTUARIAL EXPERIENCE
7 LOSS OR GAIN WAS RECOGNIZED.

8 WITH RESPECT TO ANY PLAN YEAR BEGINNING AFTER DECEMBER 31,
9 1996, IF THE RATIO OF THE ACTUARIAL ACCRUED LIABILITY TO THE
10 ACTUARIAL VALUE OF ASSETS EXCEEDS 0.70, THEN FOR ALL
11 FOLLOWING YEARS, THE SUM OF THE ADDITIONAL FUNDING COST FOR
12 SUBPARAGRAPHS (I), (II), (III), (IV) AND (V) ABOVE SHALL NOT
13 EXCEED THE AMOUNT REQUIRED TO AMORTIZE THE REMAINING UNFUNDED
14 ACTUARIAL ACCRUED LIABILITY AS OF THE BEGINNING OF THE PLAN
15 YEAR OVER 15 YEARS IN LEVEL ANNUAL DOLLAR CONTRIBUTIONS.

16 WITH RESPECT TO ANY APPLICABLE PENSION PLAN OTHER THAN A PLAN
17 WHICH COMPRISES ALL OR PART OF A MODERATELY DISTRESSED OR A
18 SEVERELY DISTRESSED MUNICIPAL PENSION SYSTEM, IF THE
19 REMAINING AVERAGE PERIOD BETWEEN THE CURRENT AVERAGE ATTAINED
20 AGE OF ACTIVE MEMBERS AS OF THE VALUATION DATE AND THE LATER
21 OF THEIR EARLIEST AVERAGE NORMAL RETIREMENT AGE OR THEIR
22 AVERAGE ASSUMED RETIREMENT AGE IS LESS THAN THE APPLICABLE
23 PERIOD OR PERIODS ENDING WITH THE AMORTIZATION TARGET DATE OR
24 DATES SPECIFIED IN SUBPARAGRAPH (I), (II), (III) OR (V), THE
25 APPROPRIATE AMORTIZATION TARGET DATE FOR THE APPLICABLE
26 SUBPARAGRAPH DETERMINED WITH REFERENCE TO THE LONGEST
27 APPLICABLE REMAINING AVERAGE PERIOD ROUNDED TO THE NEXT
28 LARGEST WHOLE NUMBER SHALL BE USED. THE EXHIBIT SHALL
29 INDICATE THE TOTAL DOLLAR AMOUNT OF ADDITIONAL FUNDING COSTS
30 ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL

1 ACCRUED LIABILITY OF THE PENSION PLAN APPLICABLE FOR THAT
2 PLAN YEAR AND ANY SUBSEQUENT PLAN YEAR OCCURRING PRIOR TO THE
3 PREPARATION OF THE NEXT REQUIRED ACTUARIAL VALUATION REPORT,
4 WHICH SHALL BE THE TOTAL OF THE ADDITIONAL FUNDING COSTS
5 ASSOCIATED WITH THE AMORTIZATION OF EACH INCREMENT OF
6 UNFUNDED ACTUARIAL ACCRUED LIABILITY. THE EXHIBIT SHALL ALSO
7 INDICATE THE PLAN YEAR IN WHICH ANY UNFUNDED ACTUARIAL
8 ACCRUED LIABILITY OF THE PENSION PLAN WOULD BE FULLY
9 AMORTIZED IF THE TOTAL ANNUAL ADDITIONAL FUNDING COST
10 CALCULATED PURSUANT TO THIS PARAGRAPH WERE MET CONTINUOUSLY
11 WITHOUT INCREASE OR DECREASE IN AMOUNT UNTIL THE TOTAL
12 UNFUNDED ACTUARIAL ACCRUED LIABILITY CURRENTLY EXISTING WAS
13 FULLY AMORTIZED. IN CALCULATING THE ADDITIONAL FUNDING COSTS
14 ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL
15 ACCRUED LIABILITY OF THE PENSION PLAN IN ANY PLAN YEAR, ANY
16 AMORTIZATION CONTRIBUTION MADE IN THE INTERVAL SINCE THE LAST
17 ACTUARIAL VALUATION REPORT SHALL BE ALLOCATED TO EACH TYPE OF
18 INCREMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY IN
19 PROPORTION TO THE REMAINING DOLLAR AMOUNT OF EACH TYPE.

20 * * *

21 SECTION 2. SECTION 404(B) AND (C) OF THE ACT, added December
22 28, 1994 (P.L.1433, No.168), are amended and the section is
23 amended by adding subsections to read:

24 Section 404. Municipalities issuing bonds or notes for pension
25 plan funding.

26 * * *

27 (b) Additions to actuarial valuation report.--The actuarial
28 valuation report prepared under sections 201 and 202 shall
29 include, in addition to the exhibits required by section 202:

30 (1) an exhibit stating the amount and date of each

1 contribution to the pension plan comprised of the proceeds of
2 bonds and notes and disclosing the initial and remaining
3 aggregated amortization periods for each contribution
4 calculated as of the date of the initial actuarial valuation
5 report filed after the contribution using the total unfunded
6 actuarial accrued liability of the pension plan and the
7 aggregated additional funding requirements, as determined
8 under paragraph (2); [and]

9 (2) an exhibit prepared in conformance with section
10 202(b)(3) and (4), except that the actuarial value of assets
11 subtracted from the actuarial accrued liability shall not
12 take into account contributions comprised of proceeds of
13 bonds and notes and earnings on such contributions for the
14 duration of the aggregated amortization period established
15 under paragraph (1)[.]; and

16 (3) for each series of bonds or notes issued to fund an
17 unfunded actuarial accrued liability and for each series of
18 bonds or notes issued to refund such bonds or notes, an
19 exhibit of the debt and debt service requirements that shall
20 disclose the original principal amount of the bonds or notes
21 issued, the date and amount of each required principal and
22 interest payment, the amortization of premium or discount, if
23 applicable, and the remaining amount of bond or note
24 principal upon application of each payment.

25 (c) Determination of general municipal pension system State
26 aid and supplemental State assistance.--Solely for the purposes
27 of determining the amount of general municipal pension system
28 State aid allocable to such a municipality under section 402 and
29 the amount of supplemental State assistance allocable to such
30 municipality under [sections 602 and 607] sections 607(j) and

1 608, the actual financial requirements certified for the pension
2 plan for each plan year shall be determined based upon the
3 exhibits prepared under subsection (b) so that the amount of
4 general municipal pension system State aid and supplemental
5 State assistance to the municipality shall not be reduced or
6 increased as a result of any contributions to the pension plan
7 comprised of the proceeds of bonds and notes for which the
8 remaining aggregated amortization period, as disclosed in the
9 exhibit required in subsection (a), is one or more years. In
10 making these determinations, the commission may adjust the data
11 used to calculate the actuarial indicators or municipal finance
12 indicators, or both, defined in Chapter 5 to insure that the
13 amount of supplemental State assistance to the municipality
14 shall not be reduced or increased as a result of any debt issued
15 to fund an unfunded actuarial accrued liability and the debt
16 service on that debt.

17 * * *

18 (h) Modification of the determination of minimum municipal
19 obligations.--Any unpaid portion of the amortization
20 contribution requirement component of the minimum municipal
21 obligation determined under section 302 for any municipality
22 that issues bonds or notes to fund an unfunded actuarial accrued
23 liability shall be canceled until deposit of the bond or note
24 proceeds can be reflected in the minimum municipal obligation
25 adopted by the governing body of the municipality. Cancellation
26 of the amortization contribution requirement component of a
27 minimum municipal obligation under this subsection shall be in
28 proportion to the reduction in the unfunded actuarial accrued
29 liability of the pension fund, as determined in the last
30 actuarial valuation report submitted to the commission under

Chapter 2, that results from the deposit of the proceeds from the bonds or notes.

(1) In the case of municipalities submitting annual actuarial valuation reports pursuant to section 201, the cancellation of the amortization contribution requirement component of the minimum municipal obligation shall be effective for the year following the valuation date of the first actuarial valuation report prepared under Chapter 2 reflecting the deposit of the bond or note proceeds. The cancellation of the amortization contribution requirement component of the minimum municipal obligation shall also be effective for the year preceding the valuation date of the first actuarial valuation report prepared under Chapter 2 reflecting the deposit of the bond or note proceeds if the effective date of the deposit of the bond or note proceeds is not January 1.

(2) In the case of municipalities submitting biennial actuarial valuation reports pursuant to section 201, the cancellation of the amortization contribution requirement component of the minimum municipal obligation shall be effective as follows:

(i) if the effective date of the deposit of the bond or note proceeds is January 1 of an odd numbered year, the cancellation shall be effective for the year following the valuation date of the first actuarial valuation report prepared under Chapter 2 reflecting the deposit of the bond or note proceeds;

(ii) if the effective date of the deposit of the bond or note proceeds is in an odd numbered year but not on January 1, the cancellation shall be effective for the

1 two years preceding and the year following the valuation
2 date of the first actuarial valuation report prepared
3 under Chapter 2 reflecting the deposit of the bond or
4 note proceeds;

5 (iii) if the effective date of the deposit of the
6 bond or note proceeds is in an even numbered year, the
7 cancellation shall be effective for the year preceding
8 and the year following the valuation date of the first
9 actuarial valuation report prepared under Chapter 2
10 reflecting the deposit of the bond or note proceeds.

11 (i) Deposit and use of bond or note proceeds.--The total net
12 proceeds from the issuance of bonds or notes shall be deposited
13 into the pension fund of the municipality within 30 days of
14 receipt by the municipality or the effective date of this act,
15 shall be treated as an amortization contribution for the
16 purposes of reporting under Chapter 2, and shall not be used to
17 pay any portion of the municipality's minimum municipal
18 obligation determined under section 302.

19 Section ~~2~~ 3. Section 503(c) of the act is amended to read: <—
20 Section 503. Determination procedure.

21 * * *

22 (c) Municipal finance indicators.--The municipal finance
23 indicators shall be based on the most recent financial report or
24 reports filed by the applicable municipality with the Department
25 of Community Affairs and certified by the secretary or by the
26 designee of the secretary. Before certification for a
27 municipality that has issued bonds or notes to fund an unfunded
28 actuarial accrued liability under the act of July 12, 1972
29 (P.L.781, No.185), known as the Local Government Unit Debt Act,
30 or under the laws applicable to the municipality, the municipal

1 finance data extracted from the most recent financial report or
2 reports shall be adjusted as directed by the commission to hold
3 harmless the municipality under section 404(c) by excluding the
4 municipal debt issued to fund an unfunded actuarial accrued
5 liability and the debt service on that debt. The municipal
6 finance indicators and the associated scoring system for each
7 shall be as follows:

8 (1) The total amount of taxes collected by the
9 municipality for the current year are divided by the
10 population of the municipality as of the last Federal census,
11 and the percentage increase in the amount of municipal taxes
12 collected per capita in the most recent five-year period:

Taxes Collected			Gross Percentage	
			Increase in Taxes	
Per Capita	Scoring		Per Capita	Scoring
\$ 0.00 - 79.99	0		0.00 - 19.99%	0
80.00 - 84.99	5		20.00 - 29.99%	3
85.00 - 89.99	10		30.00 - 34.99%	6
90.00 - 99.99	15		35.00 - 39.99%	9
100.00 - 109.99	20		40.00 - 44.99%	12
110.00 - 124.99	25		45.00 - 49.99%	15
125.00 - 139.99	30		50.00 - 54.99%	18
140.00 - 159.99	35		55.00 - 59.99%	21
160.00 - 179.99	40		60.00 - 64.99%	24
180.00 - 199.99	45		65.00 - 69.99%	27
200.00 or greater	50		70.00% or greater	30

27 (2) The municipal tax rate on the market value of real
28 property (adjusted mill rate) in the municipality for the
29 most recent year and the percentage increase in the amount of
30 that adjusted mill rate in the most recent five-year period:

1			Gross Percentage	
2			Increase in	
3	Adjusted		Adjusted Mill	
4	Mill Rate	Scoring	Rate	Scoring
5	0.00 - 5.99	0	0.00 - 3.99%	0
6	6.00 - 7.99	5	4.00 - 6.99%	3
7	8.00 - 9.99	10	7.00 - 9.99%	6
8	10.00 - 11.99	15	10.00 - 12.99%	9
9	12.00 - 12.99	20	13.00 - 15.99%	12
10	13.00 - 13.99	25	16.00 - 18.99%	15
11	14.00 - 14.99	30	19.00 - 21.99%	18
12	15.00 - 15.99	35	22.00 - 24.99%	21
13	16.00 - 16.99	40	25.00 - 27.99%	24
14	17.00 - 17.99	45	28.00 - 30.99%	27
15	18.00 or greater	50	31.00% or greater	30

16 (3) For the most recent year, the result of the total
 17 municipal bonded debt plus the total municipal floating debt
 18 less the total municipal credits against municipal debt is
 19 divided by the population of the municipality as of the last
 20 Federal census:

21	Net Debt	
22	Per Capita	Scoring
23	\$ 0.00 - 9.99	0
24	10.00 - 19.99	8
25	20.00 - 29.99	16
26	30.00 - 39.99	24
27	40.00 - 49.99	32
28	50.00 - 59.99	40
29	60.00 - 69.99	48
30	70.00 - 79.99	56

1	80.00 - 89.99	64
2	90.00 - 99.99	72
3	100.00 or greater	80

4 (4) For the most recent year, the result of the total
5 municipal bonded debt plus the total municipal floating debt
6 less the total municipal credits against municipal debt is
7 computed as a percentage of the assessed value of real
8 property in the municipality:

9 Municipal Debt
10 as Percentage
11 of Municipal Property

12	Tax Base	Scoring
13	0.00 - 0.49%	0
14	0.50 - 0.99%	6
15	1.00 - 1.99%	12
16	2.00 - 2.99%	18
17	3.00 - 4.49%	24
18	4.50 - 5.99%	30
19	6.00 - 6.99%	36
20	7.00 - 7.99%	42
21	8.00 - 8.99%	48
22	9.00 - 9.99%	54
23	10.00% or greater	60

24 (5) For the most recent year, the result of the total
25 municipal bonded debt plus the total municipal floating debt
26 less the total municipal credits against municipal debt is
27 computed as a percentage of the market value of real property
28 in the municipality:

29 Municipal Debt as
30 Percentage of

1	Potential Municipal	
2	Property Tax Base	Scoring
3	0.00 - 0.24%	0
4	0.25 - 0.49%	6
5	0.50 - 0.99%	12
6	1.00 - 1.49%	18
7	1.50 - 1.99%	24
8	2.00 - 2.99%	30
9	3.00 - 3.49%	36
10	3.50 - 3.99%	42
11	4.00 - 4.49%	48
12	4.50 - 4.99%	54
13	5.00% or greater	60

14 (6) For the most recent year, the municipal bonded debt
15 retired during the preceding 12 months plus the interest paid
16 during the preceding 12 months on all municipal debt is
17 computed as a percentage of the total taxes collected by the
18 municipality for the same period:

19	Debt Service as	
20	Percentage of	
21	Municipal Tax	
22	Revenue	Scoring
23	0.00 - 4.49%	0
24	4.50 - 5.49%	8
25	5.50 - 6.49%	16
26	6.50 - 7.49%	24
27	7.50 - 8.49%	32
28	8.50 - 9.49%	40
29	9.50 - 10.49%	48
30	10.50 - 11.49%	56

1	11.50 - 12.49%	64
2	12.50 - 13.49%	72
3	13.50% or greater	80

(7) The market value of real property in the municipality for the current year is divided by the population of the municipality as of the last Federal census, and the percentage increase in the amount of market value per capita in the most recent year over the amount of market value per capita in the most recent five-year period:

		Gross Percentage	
		Increase in	
Market Value		Market Value	
Per Capita	Scoring	Per Capita	Scoring
\$8,000 or greater	0	41.00% or greater	0
7,500 - 7,999	5	39.00 - 40.99%	3
7,000 - 7,499	10	35.00 - 38.99%	6
6,500 - 6,999	15	31.00 - 34.99%	9
6,000 - 6,499	20	27.00 - 30.99%	12
5,500 - 5,999	25	23.00 - 26.99%	15
5,000 - 5,499	30	19.00 - 22.99%	18
4,500 - 4,999	35	15.00 - 18.99%	21
4,000 - 4,499	40	11.00 - 14.99%	24
3,500 - 3,999	45	7.00 - 10.99%	27
0 - 3,499	50	0.00 - 6.99%	30

(8) For the most recent year, adjusted total municipal expenditures (total municipal expenditures less any municipal urban renewal expenditures and less any municipal enterprise expenditures) divided by the population of the municipality as of the last Federal census and the percentage increase in the amount of adjusted total municipal expenditures per

capita in the most recent year over the amount of adjusted total municipal expenditures per capita in the most recent five-year period:

Adjusted Total		Gross Percentage Increase in Adjusted Total	
Municipal Expenditures		Municipal Expenditures	
Per Capita	Scoring	Per Capita	Scoring
\$ 0.00 - 149.99	0	0.00 - 13.99%	0
150.00 - 164.99	5	14.00 - 17.99%	3
165.00 - 179.99	10	18.00 - 21.99%	6
180.00 - 194.99	15	22.00 - 25.99%	9
195.00 - 209.99	20	26.00 - 29.99%	12
210.00 - 224.99	25	30.00 - 33.99%	15
225.00 - 239.99	30	34.00 - 37.99%	18
240.00 - 254.99	35	38.00 - 41.99%	21
255.00 - 269.99	40	42.00 - 45.99%	24
270.00 - 284.99	45	46.00 - 48.99%	27
285.00 or greater	50	49.00% or greater	30

* * *

Section 3 4. Section 602 of the act is amended by adding a subsection to read:

Section 602. Application.

* * *

(e) Continuation of elected remedies.--In the event that the extent of financial distress of a municipal pension system determined by the commission subsequent to the initial determination is lower than the minimum prescribed in section 503(d) for a recovery program level previously elected by a municipality, the municipality may continue to utilize any of

1 the remedies elected and implemented while it was eligible to
2 participate in a higher recovery program level, provided that
3 the municipality continues to comply with the preconditions for
4 participation in the higher recovery program level and to
5 utilize the mandatory remedies applicable to the higher recovery
6 program level.

7 Section 4 5. Section 607(f) and (j) of the act are amended <—
8 to read:

9 Section 607. Remedies applicable to various recovery program
10 levels.

11 * * *

12 (f) Special municipal taxing authority.--If the tax rates
13 set by the municipality on earned income or on real property are
14 at the maximum provided by applicable law, the municipality may
15 increase its tax on either earned income or real property above
16 those maximum rates. The proceeds of this special municipal tax
17 increase shall be used solely to defray the additional costs
18 required to be paid pursuant to this act which are directly
19 related to the pension plans of the municipality. The
20 municipality utilizing this special municipal taxing authority
21 shall not reduce the level of municipal contributions to the
22 pension plans prior to the implementation of the special
23 municipal taxing authority. The average level of municipal
24 contributions to the pension plans from all revenue sources for
25 the three years immediately prior to the implementation of the
26 special municipal taxing authority shall be expressed as a
27 percentage of the average covered payroll for that same three-
28 year period: Provided, however, That any supplemental
29 contributions made to the plans pursuant to any pension recovery
30 legislation enacted by the municipalities shall be excluded for

1 purposes of determining the level of municipal contribution to
2 the pension plans prior to the implementation of the special
3 municipal taxing authority. In each year subsequent to the
4 implementation of the special municipal taxing authority, the
5 municipal contributions to the pension plan from all revenue
6 sources existing prior to the implementation of the special
7 existing municipal taxing authority, reduced by any supplemental
8 pension recovery contributions, shall equal or exceed this
9 average percentage of the current covered payroll. A
10 municipality utilizing the provisions of section 404 may levy or
11 continue to levy the special municipal tax increase under this
12 subsection provided that the municipality does not reduce the
13 level of municipal contributions to the pension plans prior to
14 the implementation of the special municipal taxing authority. In
15 executing the procedure prescribed in this subsection to
16 determine the level of municipal contributions, the debt service
17 payments for bonds or notes issued under section 404 shall be
18 considered municipal contributions.

19 * * *

20 (j) Supplemental State assistance.--If every pension plan of
21 the municipality which is a defined benefit plan and which is
22 self-insured in whole or in part has filed an actuarial
23 valuation report utilizing the standardized actuarial cost
24 method and economic actuarial assumptions within the range of
25 actuarial assumptions specified in section 202(b) and if the
26 municipality has implemented the aggregation of trust funds
27 pursuant to subsection (b), the municipality may receive
28 supplemental State assistance from the Supplemental State
29 Assistance Fund established pursuant to section 608. The amount
30 of the supplemental State assistance to which the municipality

1 is entitled shall be determined annually based on the
2 determination scoring which the municipality received from the
3 commission pursuant to section 503, as follows:

4 (1) The determination score of the municipality shall be
5 reduced by an amount equal to 25% of the maximum possible
6 determination score.

7 (2) The result calculated pursuant to paragraph (1)
8 shall be expressed as a percentage of the maximum possible
9 determination score.

10 (3) The percentage calculated pursuant to paragraph (2)
11 shall be applied to the dollar amount of difference between
12 the amount of the municipal contribution to all municipal
13 pension plans in aggregate and the full minimum municipal
14 obligation with respect to the pension plan pursuant to
15 section 302 or 303, whichever is applicable, to determine the
16 amount of supplemental State assistance for the municipality.
17 For the purposes of this paragraph, the municipal
18 contribution of a municipality that has issued bonds or notes
19 to fund an unfunded actuarial accrued liability under the act
20 of July 12, 1972 (P.L.781, No.185), known as the Local
21 Government Unit Debt Act, or under other laws applicable to
22 the municipality, shall include debt service on the bonds or
23 notes, or both, issued to fund an unfunded actuarial accrued
24 liability.

25 In the event that the total amount of supplemental State
26 assistance determined as payable to all municipalities entitled
27 to receive supplemental State assistance exceeds the maximum
28 appropriation provided for in section 608(b), the amount of
29 supplemental State assistance which shall be payable to each
30 municipality shall be proportionately reduced. The supplemental

1 State assistance shall be distributed annually on the first
2 business day occurring in December.

3 * * *

4 Section ~~5~~ 6. This act shall take effect immediately.

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