
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1672 Session of
1983

INTRODUCED BY SWEET, RAPPAPORT, SPENCER, HAGARTY, LASHINGER,
COY, O'DONNELL, MANDERINO, EVANS, MAIALE, HOFFEL, WOGAN,
KASUNIC, BURD, KUKOVICH, FATTAH, WOZNIAK, BELFANTI, TRUMAN,
WACHOB, CALTAGIRONE, WAMBACH, PISTELLA, KOSINSKI, RYBAK,
KOWALYSHYN, MRKONIC, PHILLIPS, MORRIS, CAWLEY, TIGUE,
MICHLOVIC, GEIST, PRATT, CIMINI, JOHNSON, DeLUCA, COLAFELLA,
VAN HORNE, OLASZ, DEAL, GALLAGHER, WIGGINS, LINTON, OLIVER,
CARN, HARPER, BARBER, LESCOVITZ, DOMBROWSKI, DALEY, LEHR,
ARTY, BELOFF, PETRARCA, TRELLO, McVERRY, SAURMAN,
D. R. WRIGHT, PETRONE, MAYERNIK, AFFLERBACH, E. Z. TAYLOR,
PRESTON, DAWIDA, BLAUM, WILLIAMS, LEVIN, CORDISCO,
R. C. WRIGHT, REBER AND STEVENS, OCTOBER 26, 1983

SENATOR TILGHMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, NOVEMBER 19, 1984

AN ACT

1 ~~Amending the act of April 9, 1929 (P.L.177, No.175), entitled~~ <—
2 ~~"An act providing for and reorganizing the conduct of the~~
3 ~~executive and administrative work of the Commonwealth by the~~
4 ~~Executive Department thereof and the administrative~~
5 ~~departments, boards, commissions, and officers thereof,~~
6 ~~including the boards of trustees of State Normal Schools, or~~
7 ~~Teachers Colleges; abolishing, creating, reorganizing or~~
8 ~~authorizing the reorganization of certain administrative~~
9 ~~departments, boards, and commissions; defining the powers and~~
10 ~~duties of the Governor and other executive and administrative~~
11 ~~officers, and of the several administrative departments,~~
12 ~~boards, commissions, and officers; fixing the salaries of the~~
13 ~~Governor, Lieutenant Governor, and certain other executive~~
14 ~~and administrative officers; providing for the appointment of~~
15 ~~certain administrative officers, and of all deputies and~~
16 ~~other assistants and employes in certain departments, boards,~~
17 ~~and commissions; and prescribing the manner in which the~~
18 ~~number and compensation of the deputies and all other~~
19 ~~assistants and employes of certain departments, boards and~~
20 ~~commissions shall be determined," further providing for~~
21 ~~provisions relating to crime victims' compensation;~~

~~reestablishing and continuing the Crime Victim's Compensation Board; and making an editorial change.~~
AMENDING THE ACT OF MARCH 30, 1811 (P.L.145, NO.99), ENTITLED
"AN ACT TO AMEND AND CONSOLIDATE THE SEVERAL ACTS RELATING TO
THE SETTLEMENT OF THE PUBLIC ACCOUNTS AND THE PAYMENT OF THE
PUBLIC MONIES, AND FOR OTHER PURPOSES," CREATING A DEFERRED
COMPENSATION BOARD; AND PROVIDING FOR DEFERRED COMPENSATION.

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

~~Section 1. Section 477 of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, amended December 10, 1976 (P.L.1305, No.287) and December 13, 1979 (P.L.519, No.114), is amended to read:~~

~~Section 477. Definitions. So far as it relates to the crime victim's compensation provisions, the following terms shall be defined as:~~

~~"Board" means the Crime Victim's Compensation Board.~~

~~"Claimant" means the person filing a claim pursuant to this act.~~

~~"Crime" means an act committed in Pennsylvania which, if committed by a mentally competent, criminally responsible adult, who had no legal exemption or defense, would constitute a crime as defined in and proscribed by Title 18 of the "Pennsylvania Consolidated Statutes," (relating to crimes and offenses) or any other penal law of the Commonwealth ENUMERATED IN THE ACT OF APRIL 14, 1972 (P.L.233, NO.64), KNOWN AS "THE CONTROLLED SUBSTANCE, DRUG, DEVICE AND COSMETIC ACT": Provided, however, That no act involving the operation of a motor vehicle which results in injury shall constitute a crime for the purpose of this act unless such injury was intentionally inflicted through the use of a motor vehicle.~~

~~"Family," when used in reference to a person, shall mean (i) anyone related to such person within the third degree of~~

~~consanguinity or affinity, (ii) anyone maintaining a common law relationship with such person, or (iii) anyone residing in the same household with such person.~~

~~"Intervenor" shall mean a person who goes to the aid of another and suffers bodily injury or death as a direct result of acting not recklessly to prevent the commission of a crime, or to lawfully apprehend a person reasonably suspected of having committed such crime, or to aid the victim of such crime.~~

~~"Local law enforcement agency" means a police department of a city, borough, incorporated town or township.~~

~~"Loss of earnings" in addition to its ordinary meaning, shall mean the loss of the cash equivalent of a social security payment where social security is the sole PRIMARY source of the victim's income and where the victim is deprived of the money as a direct result of a crime.~~

~~"Out of pocket loss" means the unreimbursed and unreimbursable expenses or indebtedness incurred for medical care, nonmedical remedial care and treatment rendered in accordance with a religious method of healing as approved by the board, or other services, including psychological counseling, reasonably necessary as a result of the injury upon which the claim is based and for which the claimant either has paid or is liable to include expenses for physical examinations and materials used to obtain evidence. In no case shall property damages or compensation for pain and suffering be included.~~

~~"Victim" shall mean a person, other than the alleged offender, who suffers bodily injury [or], death or the loss of the proceeds of a social security payment which is the sole PRIMARY income of the recipient as a direct result of a crime.~~

~~Section 2. Section 477.1(c) of the act, added July 9, 1976~~

~~(P.L.574, No.139), is amended to read:~~

~~Section 477.1. Crime Victim's Compensation Board. * * *~~

~~(c) [The members of the board shall devote their full time and capacity to their duties. The members of the board shall receive an annual starting salary of twenty five thousand dollars (\$25,000). Thereafter they shall receive an annual salary to be fixed by the Executive Board of the Commonwealth within the amount made available by appropriation. The chairman shall receive five hundred dollars (\$500) additional compensation per annum.] The chairman shall devote his full time and capacity to his duties. The remaining members of the board shall serve on a part time basis. The chairman shall receive a starting salary of twenty five thousand five hundred dollars (\$25,500). Thereafter he or she shall receive an annual salary to be fixed by the Executive Board of the Commonwealth within the amount made available by appropriation. The remaining members of the board shall receive a per diem salary of one hundred dollars (\$100) per day based on guidelines set forth by the Executive Board plus reasonable expenses for travel, lodging and meals.]~~

~~Section 3. Section 477.2(a) 2. SECTION 477.2 of the act, added July 9, 1976 (P.L.574, No.139), is amended and a subsection is added BY ADDING A SUBSECTION to read:~~

~~Section 477.2. Powers and Duties of Board. The board shall have the following powers and duties:~~

~~(a) To establish and maintain a principal office in or near Harrisburg [and such other offices within the Commonwealth as it may deem necessary].~~

~~* * *~~

~~(1) To administer the Crime Victim's Compensation Fund,~~

~~created under 42 Pa.C.S. § 1725.3 (relating to mandatory costs),
for the payment of claims filed under this act and for all
reasonable and necessary administrative expenses.~~

~~Section 4 3. Section 477.3 of the act, added July 9, 1976
(P.L.574, No.139), is amended to read:~~

~~Section 477.3. Persons Eligible for Compensation. (a)
Except as provided in subsection (b) of this section, the
following persons shall be eligible for compensation:~~

~~(1) A victim.~~

~~(2) An intervenor.~~

~~(3) A surviving spouse, parent or child of a deceased victim
or intervenor.~~

~~(4) Any other person dependent for his principal support
upon a deceased victim or intervenor.~~

~~(5) Any person who legally assumes the obligation or who
voluntarily pays the funeral or burial expenses incurred as a
direct result of the crime.~~

~~(5) ANY PERSON RELATED TO THE VICTIM WITHIN THE THIRD DEGREE
OF CONSANGUINITY OR AFFINITY WHO ASSUMES THE OBLIGATION OR WHO
PAYS THE FUNERAL OR BURIAL EXPENSE INCURRED AS A DIRECT RESULT
OF THE CRIME.~~

~~(b) A person who is criminally responsible for the crime
upon which a claim is based or an accomplice of such person
shall not be eligible to receive compensation with respect to
such claim. A member of the family of the person who [allegedly]
committed the crime shall not be eligible [under any
circumstances] if, at the rendering of a verdict in the criminal
proceeding, the offender is living in the same household as the
victim and will benefit from the award. The Attorney General may
sue the offender or the victim or both to recover the award if~~

1 ~~the offender at any time benefits from the award.~~

2 ~~(c) A person who is not a resident of Pennsylvania at the~~
3 ~~time of occurrence of the crime upon which the claim is based,~~
4 ~~shall be eligible for compensation only if the law of the state~~
5 ~~of which he is a resident at the time of occurrence of the crime~~
6 ~~upon which the claim is based provides for compensation to~~
7 ~~Pennsylvania residents who are victims of crime in such state.~~

8 ~~(d) If the victim's state of residence provides payments to~~
9 ~~its residents injured in Pennsylvania, primary responsibility~~
10 ~~for payment to the victim shall rest with the victim's state of~~
11 ~~residence.~~

12 ~~Section 5 4. Section 477.5 of the act is repealed.~~ <—

13 ~~Section 6 5. Section 477.9 of the act, added July 9, 1976~~ <—
14 ~~(P.L.574, No.139) and amended December 13, 1979 (P.L.519,~~
15 ~~No.114), is amended to read:~~

16 ~~Section 477.9. Awards. (a) No award shall be made unless~~
17 ~~the board or board member, as the case may be, finds by a~~
18 ~~preponderance of the evidence that:~~

19 ~~(1) A crime was committed.~~

20 ~~(2) The person injured or killed was a victim or intervenor~~
21 ~~as defined in section 477.~~

22 ~~(3) Such crime was promptly reported to the proper~~
23 ~~authorities; and in no case may an award be made where the~~
24 ~~record shows that such report was made more than seventy two~~
25 ~~hours after the occurrence of such crime unless the board, for~~
26 ~~good cause shown, finds the delay to have been justified. The~~
27 ~~board, upon finding that any claimant, victim or intervenor has~~
28 ~~not fully cooperated with all law enforcement agencies, may deny~~
29 ~~or withdraw any award, as the case may be.~~

30 ~~(b) Any award made pursuant to [sections 477 to 477.15] the~~

~~provisions of this act shall be in an amount not exceeding out-
of pocket loss, together with loss of past, present or future
earnings or support resulting from such injury. In no case shall
the total amount of an award exceed [twenty five thousand
dollars (\$25,000)] thirty five thousand dollars (\$35,000).~~

~~(c) Any award made for loss of earnings or support shall,
unless reduced pursuant to other provisions of this act, be in
an amount equal to the actual loss sustained: Provided, however,
That no such award shall exceed [two hundred dollars (\$200)] the~~

~~average weekly wage FOR ALL PERSONS COVERED BY THE ACT OF
DECEMBER 5, 1936 (2ND SP.SESS., 1937 P.L.2897, NO.1), KNOWN AS
THE "UNEMPLOYMENT COMPENSATION LAW," in Pennsylvania as~~

~~determined annually by the Department of Labor and Industry at
the time the crime was committed for each week of lost earnings
or support: And, provided further, That the aggregate award for
such loss shall not exceed [ten thousand dollars (\$10,000)]
fifteen thousand dollars (\$15,000) except that in the case of
death of a victim or intervenor, the aggregate award shall not
exceed [fifteen thousand dollars (\$15,000)] twenty thousand
dollars (\$20,000).~~

~~(d) If there are two or more persons entitled to an award as
a result of the death of a victim or intervenor, the award shall
be apportioned among the claimants.~~

~~(e) Except for [claims involving] any payments or proceeds
that are specifically denominated as compensation for
dismemberment or loss of an eye, any award made pursuant to this
act shall be reduced by the amount of any payments received or
to be received by the claimant as a result of the injury (i)
from or on behalf of the person who committed the crime, (ii)
under any insurance programs including those mandated by law,~~

~~(iii) under any contract of insurance wherein the claimant is the insured beneficiary, (iv) from public funds, or (v) as an emergency award pursuant to section 477.8 of this act.~~

~~(f) In determining the amount of an award, the board or board member, as the case may be, shall determine whether, because of his conduct, the victim or intervenor contributed to the infliction of his injury except where the crime was rape in which case the conduct of the victim shall not be considered, and the board or board member shall reduce the amount of the award or deny the claim altogether in accordance with such determination: Provided, however, That the board or board member, as the case may be, may disregard for this purpose the contribution of the intervenor to his own injury where the record shows that such contribution was attributed to efforts by an intervenor as set forth in section 477.~~

~~Section 7 6. Section 477.13 of the act, added July 9, 1976 (P.L.574, No.139), is amended to read:~~

~~Section 477.13. Restitution. To the extent that restitution is ordered pursuant to any other existing law, either prior to or subsequent to the making of an award by this board, such restitution shall be paid to the [Commonwealth] Crime Victim's Compensation Fund created under 42 Pa.C.S. § 1725.3 (relating to mandatory costs) to the extent of the award by the board.~~

~~Section 8 7. Section 477.17 of the act, added December 13, 1979 (P.L.519, No.144), is amended to read:~~

~~Section 477.17. Responsibilities of Local Law Enforcement Agencies. (a) All local law enforcement agencies shall insure that all of its officers and employees are familiar with crime victim's compensation as provided for in sections 477 through 477.17 of this act. Instruction concerning crime victim's~~

1 compensation shall be made a part of the training curriculum for
2 all trainee officers.

3 (b) Local law enforcement agencies shall advise the victims
4 of crimes reported to it of the availability of crime victim's
5 compensation as provided by this act. The term "victim" as used
6 in this subsection shall be a victim as defined by this act. The
7 notice required under this subsection shall be in writing and
8 shall include the following paragraph:

9 "If you have sustained physical injury as a direct result
10 of a crime of violence, or are legally dependent for support
11 upon a person who has sustained physical injury or death as a
12 direct result of a crime of violence, or, in the event of a
13 death caused by a crime of violence, you have legally assumed
14 or voluntarily paid the medical or burial expenses incurred
15 as a direct result thereof, you may qualify for
16 indemnification by the State of Pennsylvania for the out of
17 pocket wages, medical or burial expenses which you have
18 incurred as a result of the crime. Claims must be filed with
19 the Crime Victim's Compensation Board for the State of
20 Pennsylvania. For further information regarding this program,
21 please contact:

22 (Name, business address and telephone
23 number of the local law enforcement
24 agency)

25 or

26 Crime Victim's Compensation Board
27 {Department of Justice}
28 Office of General Counsel
29 Harrisburg, Pennsylvania

30 Important: The statute provides that, absent certain

1 ~~extenuating circumstances, a claimant has one year from the~~
2 ~~date of the crime to file his claim with the Crime Victim's~~
3 ~~Compensation Board."~~

4 ~~(c) The written notification provided for in subsection (b)~~
5 ~~shall be accompanied by [three copies] one copy of the~~
6 ~~application form for crime victim's compensation. These forms~~
7 ~~shall be supplied by the Crime Victim's Compensation Board to~~
8 ~~all local law enforcement agencies. The record of the date and~~
9 ~~address of all letters of notification shall be maintained by~~
10 ~~every local law enforcement agency.~~

11 ~~(d) Any officer of a local law enforcement agency whose~~
12 ~~duties include the investigation of crimes may notify victims or~~
13 ~~their families of the availability of compensation under this~~
14 ~~act by giving them a card or sheet bearing the paragraph as~~
15 ~~quoted in subsection (b) above. A record of such personal notice~~
16 ~~shall be maintained by the local law enforcement agency.~~

17 ~~(e) In municipalities which do not have a local law~~
18 ~~enforcement agency, the board shall by rule establish procedures~~
19 ~~whereby it, together with the State Police, shall give the~~
20 ~~notice to victims of crimes as provided in this section.~~

21 ~~Section 9-8. Section 477.18 of the act, added December 14,~~ <—
22 ~~1982 (P.L.1213, No.280), is amended to read:~~

23 ~~Section 477.18. Distribution of Moneys Received as a Result~~
24 ~~of the Commission of Crime. (a) Every person, contracting with~~
25 ~~any person or the representative or assignee of any person[,]~~
26 ~~accused or convicted of a crime in this Commonwealth, with~~
27 ~~respect to the reenactment of such crime, by way of a movie,~~
28 ~~book, magazine article, tape recording, phonograph record, radio~~
29 ~~or television presentation, live entertainment of any kind, or~~
30 ~~from the expression of [such] the accused or convicted person's~~

1 ~~thoughts, feelings, opinions or emotions regarding such crime,~~
2 ~~shall notify the board of the contractual arrangements and shall~~
3 ~~pay over to the board any moneys which would otherwise, by terms~~
4 ~~of such contract, be owing to the person so accused or convicted~~
5 ~~or his representatives. The board shall deposit such moneys in~~
6 ~~an escrow account for the benefit of and payable to any [victim~~
7 ~~of crimes committed by such person, provided that such person is~~
8 ~~eventually convicted of the crime] eligible person and provided~~
9 ~~{further} that such [victim] eligible person, within five years~~
10 ~~of the date of the [crime] establishment of such escrow account,~~
11 ~~brings a civil action for damages on any legal theory in a court~~
12 ~~of competent jurisdiction and recovers a money judgment against~~
13 ~~such accused or convicted person or his representatives[.] and~~
14 ~~provided further that in the case of an accused person, such~~
15 ~~person is eventually convicted. However, the accused or~~
16 ~~convicted person may voluntarily request that the board make~~
17 ~~payments to eligible persons who have not recovered money~~
18 ~~judgments. In the case of an accused making such a voluntary~~
19 ~~request, no payment shall be made until such person is convicted~~
20 ~~and, upon conviction, the trial judge presiding over the case~~
21 ~~shall determine the proportions of available escrow moneys~~
22 ~~payable to each eligible person and shall certify those amounts~~
23 ~~to the board. In the case of a convicted person making such a~~
24 ~~voluntary request, the board shall determine the proportion of~~
25 ~~available escrow moneys payable to eligible persons.~~

26 ~~(b) (1) As used in this section, the term "eligible person"~~
27 ~~shall include any of the following persons:~~

28 ~~(i) A victim of the particular crime in question.~~

29 ~~(ii) An intervenor in such crime.~~

30 ~~(iii) A surviving spouse, parent or child of a deceased~~

~~victim of, or intervenor in, such crime.~~

~~(iv) Any other person dependent for his principal support upon a deceased victim of, or intervenor in, such crime.~~

~~No person who is criminally responsible for the crime in question or was an accomplice of the person who is criminally responsible shall be an eligible person.~~

~~(2) As used in this section, the term "convicted" includes conviction by entry of a plea of guilty or nolo contendere, conviction after trial, and a finding of not guilty due to insanity or of guilty but mentally ill.~~

~~[(b) The] (c) Upon receiving escrow moneys, the board shall notify all eligible persons that the escrow money is available to satisfy money judgments or that the accused or convicted has voluntarily requested that payments be made in the absence of a money judgment. If, after a good faith effort, the board is unable to give personal notice to each such eligible person, the board, at least once every six months for five years from the date it receives such moneys, shall cause to have published a legal notice in newspapers of general circulation in each county advising such [victims] eligible persons that such escrow moneys are available to satisfy money judgments pursuant to this section or that the accused or convicted has voluntarily requested that payments be made in the absence of a money judgment.~~

~~[(c)] (d) Upon disposition of charges favorable to any person accused of committing a crime, or upon a showing by such person that five years have elapsed from the establishment of such escrow account and further that no actions are pending against such person pursuant to this section, the board shall immediately pay over any moneys in the escrow account to such~~

1 person.

2 ~~[(d)] (e)~~ Notwithstanding any inconsistent provision of law
3 and rules of civil procedure with respect to the timely bringing
4 of an action, the five year period provided for in subsection
5 (a) shall not begin to run until an escrow account has been
6 established.

7 ~~[(e)]~~ Notwithstanding the foregoing provisions of this
8 section,

9 ~~(f)~~ No payment to eligible persons shall be made from the
10 escrow account without official certification by the trial judge
11 that the criminal charges have been adjudicated finally,
12 including the disposition of any appeal. However, the board
13 shall make payments from an escrow account to [any person
14 accused of crime] an accused person prior to final adjudication
15 of the criminal charges upon the order of a court of competent
16 jurisdiction after a showing by such person that such moneys
17 shall be used for the exclusive purpose of retaining legal
18 representation at any stage of the proceedings against such
19 person, including the appeals process. The amount authorized for
20 attorneys' fees, expert witnesses and other costs of litigation
21 shall be approved and certified to the board by the judge
22 presiding at the trial of the accused.

23 ~~[(f)] (g)~~ Any action taken by any person convicted of a
24 crime, whether by way of execution of a power of attorney,
25 creation of corporate entities or otherwise, to defeat the
26 purpose of this section shall be null and void as against the
27 public policy of this Commonwealth.

28 Section 10-9. This act shall constitute the legislation
29 required to reestablish and continue an agency pursuant to the
30 requirements and provisions of the act of December 22, 1981

<—

1 ~~(P.L.508, No.142), known as the Sunset Act. The Crime Victim's~~
2 ~~Compensation Board is hereby reestablished and continued until~~
3 ~~December 31, 1986.~~

4 ~~Section 11 10. The provisions of sections 1 and 6 5 of this~~ <—
5 ~~act shall apply to claims arising out of crimes committed on or~~
6 ~~after the effective date of this act.~~

7 ~~Section 12 11. This act shall take effect immediately.~~ <—

8 SECTION 1. SECTION VIII OF THE ACT OF MARCH 30, 1811 <—
9 (P.L.145, NO.99), ENTITLED "AN ACT TO AMEND AND CONSOLIDATE THE
10 SEVERAL ACTS RELATING TO THE SETTLEMENT OF THE PUBLIC ACCOUNTS
11 AND THE PAYMENT OF THE PUBLIC MONIES, AND FOR OTHER PURPOSES,"
12 AMENDED JULY 18, 1974 (P.L.472, NO.168), IS AMENDED TO READ:

13 SECTION VIII. AND BE IT FURTHER ENACTED BY THE AUTHORITY
14 AFORESAID, THAT THE STATE TREASURER SHALL PAY ALL GRANTS,
15 SALARIES, ANNUITIES, GRATUITIES, AND PENSIONS ESTABLISHED BY
16 LAW, AND MAKE ALL OTHER PAYMENTS WHICH ARE OR SHALL BE SO FIXED
17 BY LAW, THAT THE SUM TO BE PAID CANNOT BE AFFECTED BY THE
18 SETTLEMENT OF ANY ACCOUNT, NOR INCREASED NOR DIMINISHED BY THE
19 DISCRETIONARY POWERS OF THE AUDITOR-GENERAL AND STATE TREASURER;
20 PROVIDED HOWEVER, THAT IN RELATION TO PENSIONS PAYABLE UNDER
21 DECREES OF COURTS, THE STATE TREASURER MAY, IF HE DEEMS IT
22 PROPER, REFER THE SAID DECREES OR CERTIFICATES BACK TO THE COURT
23 FOR REVISION, STATING HIS REASONS THEREFOR: AND ALSO PROVIDED,
24 THAT THE TREASURER OR OTHER OFFICER IN CHARGE OF PAYROLLS FOR
25 THE STATE OR ANY COUNTY, CITY, TOWN OR OTHER POLITICAL
26 SUBDIVISION MAY MAKE SYSTEMATIC INVESTMENTS IN MUTUAL FUNDS,
27 SAVINGS ACCOUNTS OR GOVERNMENT BONDS OR MAKE PREMIUM PAYMENTS ON
28 LIFE INSURANCE OR ANNUITY CONTRACTS TO ANY INSTITUTION OR
29 COMPANY LICENSED AND AUTHORIZED IN ACCORDANCE WITH THE RULES AND
30 REGULATIONS PROMULGATED BY THE APPROPRIATE STATE AGENCIES TO

1 ACCEPT DEPOSITS OR SELL SUCH PRODUCTS IN THIS STATE FOR THE
2 PURPOSE OF FUNDING A DEFERRED COMPENSATION PROGRAM FOR EMPLOYES.

3 SECTION 2. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

4 SECTION VIII.2. (1) THE COMMONWEALTH OF PENNSYLVANIA, AND
5 ANY POLITICAL SUBDIVISION OF THIS COMMONWEALTH, MAY ESTABLISH
6 ELIGIBLE DEFERRED COMPENSATION PLANS FOR THEIR ELECTED OR
7 APPOINTED OFFICIALS, EMPLOYES OR OTHER INDIVIDUALS WHO PERFORM
8 SERVICES FOR THE COMMONWEALTH OR A POLITICAL SUBDIVISION,
9 PURSUANT TO SECTION 457 OF THE INTERNAL REVENUE CODE (26 U.S.C.
10 § 457).

11 (2) ANY ELIGIBLE DEFERRED COMPENSATION PLANS ESTABLISHED FOR
12 COMMONWEALTH OFFICIALS, EMPLOYES OR OTHER INDIVIDUALS WHO
13 PERFORM SERVICES FOR THE COMMONWEALTH, SHALL BE ESTABLISHED AND
14 ADMINISTERED BY THE OFFICE OF ADMINISTRATION.

15 (3) ANY ELIGIBLE DEFERRED COMPENSATION PLANS ESTABLISHED FOR
16 THE OFFICIALS, EMPLOYES OR OTHER INDIVIDUALS PERFORMING SERVICES
17 FOR A POLITICAL SUBDIVISION SHALL BE ESTABLISHED AND
18 ADMINISTERED BY THE GOVERNING BODY OF THE POLITICAL SUBDIVISION.

19 (4) IN ORDER TO ESTABLISH AND ADMINISTER ELIGIBLE DEFERRED
20 COMPENSATION PLANS THE POWERS AND DUTIES OF THE OFFICE OF
21 ADMINISTRATION OR THE GOVERNING BODY OF A POLITICAL SUBDIVISION
22 SHALL INCLUDE, BUT NOT BE LIMITED TO:

23 (I) ESTABLISHING PROCEDURES WHEREBY ELIGIBLE INDIVIDUALS MAY
24 ELECT TO PARTICIPATE IN, OR WITHDRAW FROM PARTICIPATION IN, A
25 PLAN AND WHEREBY SUCH INDIVIDUALS MAY DESIGNATE THE AMOUNT OF
26 COMPENSATION TO BE DEFERRED;

27 (II) DEDUCTING FROM THE COMPENSATION OF ELIGIBLE INDIVIDUALS
28 AMOUNTS TO BE CONTRIBUTED TO A PLAN;

29 (III) SELECTING PRIVATE FINANCIAL INSTITUTIONS, INSURANCE
30 COMPANIES AND OTHER ORGANIZATIONS WHICH WILL BE QUALIFIED AS

MANAGERS ON BEHALF OF THE COMMONWEALTH, OR A POLITICAL
SUBDIVISION, OF FUNDS CONTRIBUTED TO A PLAN ON BEHALF OF ANY
ELIGIBLE INDIVIDUAL, AND WHICH WILL OFFER ELIGIBLE INDIVIDUALS
OPTIONS CONCERNING THE METHOD OF INVESTING AMOUNTS CONTRIBUTED
TO A PLAN;

(IV) REVIEWING AND APPROVING SPECIFIC OPTIONS OFFERED BY
VARIOUS APPROVED PRIVATE FINANCIAL INSTITUTIONS, INSURANCE
COMPANIES AND OTHER ORGANIZATIONS FOR THE MANAGEMENT ON BEHALF
OF THE COMMONWEALTH, OR A POLITICAL SUBDIVISION, OF AMOUNTS OF
DEFERRED COMPENSATION, PROPERTY AND RIGHTS PURCHASED WITH SUCH
AMOUNTS, AND ALL INCOME ATTRIBUTABLE TO SUCH AMOUNTS, PROPERTY
AND RIGHTS, INCLUDING PLANS FOR THE INVESTMENT OF CONTRIBUTIONS
AND THE SCHEDULE OF FEES TO BE CHARGED AGAINST SUCH
CONTRIBUTIONS TO COVER THE COSTS OF ADMINISTERING THE FUNDS;

(V) PROVIDING INFORMATION TO ELIGIBLE INDIVIDUALS REGARDING
PARTICIPATION IN AN ELIGIBLE DEFERRED COMPENSATION PLAN AND THE
OPTIONS OF ELIGIBLE INDIVIDUALS TO CHOOSE AMONG VARIOUS
QUALIFIED FUND MANAGERS;

(VI) ESTABLISHING PROCEDURES WHEREBY ELIGIBLE INDIVIDUALS
WHO ELECT TO PARTICIPATE IN A PLAN MAY ELECT A SPECIFIC OPTION
FOR THE MANAGEMENT OF FUNDS OFFERED BY A QUALIFIED PRIVATE
FINANCIAL INSTITUTION, INSURANCE COMPANIES OR OTHER
ORGANIZATIONS; AND

(VII) ESTABLISHING PROCEDURES WHEREBY EACH MANAGER OF
CONTRIBUTIONS WILL MAKE DEFERRED COMPENSATION AVAILABLE TO AN
ELIGIBLE INDIVIDUAL UPON THE SEPARATION OF SUCH INDIVIDUAL FROM
SERVICE WITH THE COMMONWEALTH OR A POLITICAL SUBDIVISION, OR
UPON THE OCCURRENCE OF UNFORESEEABLE EMERGENCIES.

(5) ALL DEFERRED COMPENSATION PLANS SHALL BE ADMINISTERED IN
COMPLIANCE WITH SECTION 457 OF THE INTERNAL REVENUE CODE (26

1 U.S.C. § 457) AND ITS ACCOMPANYING REGULATIONS. ANY INCOME
2 DEFERRED UNDER SUCH AUTHORIZED AGREEMENT SHALL CONTINUE TO BE
3 INCLUDED AS REGULAR COMPENSATION FOR COMPUTING RETIREMENT AND
4 PENSION BENEFITS EARNED BY ANY STATE OFFICER OR EMPLOYE AND FOR
5 COMPUTING STATE INCOME TAXES, BUT ANY SUM DEFERRED SHALL NOT BE
6 INCLUDED IN THE COMPUTATION OF ANY FEDERAL INCOME TAXES TO BE
7 WITHHELD.

8 (6) ALL AMOUNTS CONTRIBUTED TO A DEFERRED COMPENSATION PLAN
9 SHALL CONSTITUTE TAXABLE INCOME FOR PURPOSES OF THE ACT OF MARCH
10 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AND
11 ANY LOCAL EARNED INCOME TAXES.

12 (7) THE EXPENSES ARISING FROM ALLOWING INDIVIDUALS TO ELECT
13 TO PARTICIPATE IN A DEFERRED COMPENSATION PLAN, TO CHOOSE A FUND
14 MANAGER, TO DEDUCT FROM COMPENSATION AMOUNTS CONTRIBUTED TO A
15 PLAN, AND TO TRANSFER TO THE FUND MANAGER AMOUNTS SO DEDUCTED,
16 SHALL BE BORNE BY THE COMMONWEALTH OR THE POLITICAL SUBDIVISION.
17 ALL OTHER EXPENSES ARISING FROM THE ADMINISTRATION OF A DEFERRED
18 COMPENSATION PLAN SHALL BE ASSESSED AGAINST THE ACCOUNTS CREATED
19 ON BEHALF OF PARTICIPATING INDIVIDUALS EITHER BY THE FUND
20 MANAGERS OR BY THE COMMONWEALTH OR A POLITICAL SUBDIVISION.

21 (8) INVESTMENT OF DEFERRED FUNDS BY ANY CORPORATION,
22 INSTITUTION, INSURANCE COMPANY OR CUSTODIAL BANK WHICH THE
23 SECRETARY HAS APPROVED, SHALL NOT BE UNREASONABLY DELAYED, AND
24 IN NO CASE SHALL THE INVESTMENT OF DEFERRED FUNDS BE DELAYED
25 MORE THAN THIRTY DAYS. ANY INTEREST EARNED ON SUCH FUNDS PENDING
26 INVESTMENT SHALL BE ALLOCATED TO EMPLOYEES WHO ARE THEN
27 PARTICIPATING IN THE PLAN UNLESS SUCH INTEREST IS USED TO DEFRAY
28 ADMINISTRATIVE EXPENSES AND FEES WHICH WOULD OTHERWISE BE
29 REQUIRED TO BE BORNE BY EMPLOYEES WHO ARE THEN PARTICIPATING IN
30 THE PLAN.

1 SECTION 3. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.