

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 7

Session of 2013

INTRODUCED BY FOLMER, VOGEL, ARGALL, MENSCH, SCARNATI, BOSCOLA, RAFFERTY, ALLOWAY, VULAKOVICH, HUTCHINSON, WHITE, GORDNER, WAUGH, WARD, BREWSTER, EICHELBERGER AND BROWNE, JANUARY 23, 2013

SENATOR BRUBAKER, FINANCE, AS AMENDED, SEPTEMBER 16, 2014

AN ACT

1 ~~Establishing spending limitations on the Commonwealth; providing <--~~  
2 ~~for the disposition of surplus funds; establishing the~~  
3 ~~Taxpayer Protection Fund; and repealing provisions of The~~  
4 ~~Fiscal Code relating to the funding of a stabilization~~  
5 ~~reserve.~~

6 AMENDING TITLES 24 (EDUCATION), 71 (STATE GOVERNMENT) AND 72 <--  
7 (TAXATION AND FISCAL AFFAIRS) OF THE PENNSYLVANIA  
8 CONSOLIDATED STATUTES, FURTHER PROVIDING FOR ACTUARIAL COST  
9 METHOD AND FOR ADMINISTRATIVE DUTIES OF BOARD; PROVIDING FOR  
10 TAXPAYER PROTECTION; AND MAKING A RELATED REPEAL.

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

13 ~~Section 1. Short title. <--~~

14 ~~This act shall be known and may be cited as the Taxpayer~~  
15 ~~Protection Act.~~

16 ~~Section 2. Definitions.~~

17 ~~The following words and phrases when used in this act shall~~  
18 ~~have the meanings given to them in this section unless the~~  
19 ~~context clearly indicates otherwise:~~

20 ~~"Appropriation limit." The total of the amounts approved as~~  
21 ~~executive authorizations by the Governor plus the total amounts~~

1 ~~of preferred and nonpreferred appropriations made by the General~~  
2 ~~Assembly from the General Fund during the fiscal year~~  
3 ~~immediately prior to the budget year under consideration,~~  
4 ~~adjusted by the lesser of:~~

5 ~~(1) the average percentage change in personal income in~~  
6 ~~this Commonwealth for the three preceding calendar years as~~  
7 ~~reported by the Federal Government or as determined pursuant~~  
8 ~~to an act of the General Assembly; or~~

9 ~~(2) the average percentage change in inflation for the~~  
10 ~~three preceding calendar years plus the average percentage~~  
11 ~~change in the State population for the three preceding years~~  
12 ~~as reported by the annual Federal census estimates, such~~  
13 ~~number being adjusted every decade to match the official~~  
14 ~~Federal census.~~

15 ~~"Average percentage change in inflation." The average of the~~  
16 ~~percentage change for each of the three calendar years, from~~  
17 ~~October to October, immediately preceding the calendar year in~~  
18 ~~which a given executive budget is submitted by the Governor, in~~  
19 ~~the Consumer Price Index for All Urban Consumers (CPI-U), not~~  
20 ~~seasonally adjusted, all items index or its successor index, as~~  
21 ~~officially reported by the United States Department of Labor,~~  
22 ~~Bureau of Labor Statistics.~~

23 ~~"Average percentage change in personal income." The average~~  
24 ~~of the percentage change in personal income estimates for this~~  
25 ~~Commonwealth, from second calendar quarter to second calendar~~  
26 ~~quarter, for each of the three calendar years immediately~~  
27 ~~preceding the calendar year in which a given executive budget is~~  
28 ~~submitted by the Governor, as reported by the United States~~  
29 ~~Department of Commerce, Bureau of Economic Analysis, SQ4~~  
30 ~~quarterly income summary for this Commonwealth or its successor~~

1 ~~index or as determined pursuant to an act of the General~~  
2 ~~Assembly.~~

3 ~~"Average percentage change in State population." The average~~  
4 ~~of the percentage change in State population for each of the~~  
5 ~~three most recent years immediately preceding the calendar year~~  
6 ~~in which a given executive budget is submitted by the Governor,~~  
7 ~~as reported by the United States Census Bureau for July 1 of~~  
8 ~~each year.~~

9 ~~"Mandated service." Any program or service administered by a~~  
10 ~~political subdivision of the Commonwealth as a result of being~~  
11 ~~required to provide that program or service by State law.~~

12 ~~"Total spending by the Commonwealth." All General Fund~~  
13 ~~appropriations made by the General Assembly and all~~  
14 ~~appropriations from a constitutionally or statutorily~~  
15 ~~established fund created after the effective date of this~~  
16 ~~section.~~

17 ~~Section 3. Spending limitations.~~

18 ~~(a) General rule. Total spending by the Commonwealth in any~~  
19 ~~fiscal year shall not exceed the spending appropriation limit as~~  
20 ~~set forth in this act.~~

21 ~~(b) Mandated expenses for political subdivisions. The~~  
22 ~~State's limit under subsection (a) shall be reduced by the~~  
23 ~~amount of the reduction in State appropriations to a political~~  
24 ~~subdivision for administration of a mandated service, without an~~  
25 ~~equal or greater reduction in State mandated expenses for said~~  
26 ~~local government or a repeal of the mandate to provide a program~~  
27 ~~or service.~~

28 ~~(c) Exceptions. The appropriation limit of the Commonwealth~~  
29 ~~may be exceeded in any fiscal year for the following:~~

30 ~~(1) To respond to a presidential or gubernatorial~~

~~1 declaration of emergency if the General Assembly approves by  
2 two thirds affirmative vote of the members elected to each  
3 house of the General Assembly. In no case shall the excess-  
4 spending authorized by exceeding the appropriation limit in  
5 this manner be included in the computation base of the  
6 appropriation limit for any subsequent fiscal year.~~

~~7 (2) In other situations if the Governor so requests, in  
8 writing, 30 days prior to the constitutional deadline for  
9 adoption of a budget for the next fiscal year, and  
10 simultaneously publishes that written notice in a newspaper  
11 of general circulation in each county and senatorial and  
12 representative district in which such newspapers shall be  
13 published, and the General Assembly subsequently approves by  
14 an affirmative vote of two thirds of the members elected to  
15 each house of the General Assembly.~~

~~16 Section 4. Disposition of surplus funds.~~

~~17 (a) Transfer of surplus.~~

~~18 (1) Except as provided under paragraph (2), for any  
19 fiscal year in which the Governor certifies that a surplus  
20 exists, 25% of that surplus shall be deposited by the end of  
21 the next succeeding quarter into the Budget Stabilization  
22 Reserve Fund established in section 1701 A of the act of  
23 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code,  
24 and 75% of that surplus shall be deposited by the end of the  
25 next succeeding quarter into the Taxpayer Protection Fund  
26 which is hereby established in the State Treasury.~~

~~27 (2) For any fiscal year in which the State Treasurer  
28 certifies that the balance in the Budget Stabilization  
29 Reserve Fund equals or exceeds 5% of the total of all General  
30 Fund appropriations, 100% of the surplus certified by the~~

1 ~~Governor under paragraph (1) shall be deposited into the~~  
2 ~~Taxpayer Protection Fund.~~

3 ~~(b) Distribution.—~~

4 ~~(1) Subject to the provisions of subsection (c), the~~  
5 ~~moneys in the Taxpayer Protection Fund shall be distributed~~  
6 ~~to taxpayers who have liability for the tax imposed under~~  
7 ~~Article III of the act of March 4, 1971 (P.L.6, No.2), known~~  
8 ~~as the Tax Reform Code of 1971, through a reduction in the~~  
9 ~~rate of such tax, which reduction shall be established by an~~  
10 ~~act of the General Assembly to be effective for January 1~~  
11 ~~through December 31 of the subsequent calendar year.~~

12 ~~(2) The Secretary of the Budget, in conjunction with the~~  
13 ~~Secretary of Revenue, shall certify the rate reduction for~~  
14 ~~the tax imposed under Article III of the Tax Reform Code of~~  
15 ~~1971, for the upcoming calendar year no later than September~~  
16 ~~30. The new rate shall be published in the Pennsylvania~~  
17 ~~Bulletin, posted on the State's publicly accessible Internet~~  
18 ~~website and reported to the chairman and minority chairman of~~  
19 ~~the Appropriations Committee of the Senate and the chairman~~  
20 ~~and minority chairman of the Appropriations Committee of the~~  
21 ~~House of Representatives.~~

22 ~~(c) Accumulation. No moneys shall be distributed from the~~  
23 ~~Taxpayer Protection Fund pursuant to subsection (b) until such~~  
24 ~~time as the Secretary of the Budget certifies that the moneys~~  
25 ~~deposited therein are sufficient to provide a reduction of at~~  
26 ~~least 0.01% in the tax rate of taxation for the tax imposed~~  
27 ~~under Article III of the Tax Reform Code of 1971.~~

28 ~~(d) Appropriated funds. The General Assembly may at any~~  
29 ~~time provide additional amounts from any funds available to the~~  
30 ~~Commonwealth as an appropriation to the Budget Stabilization~~

1 ~~Reserve Fund.~~

2 ~~Section 5. Repeals.~~

3 ~~Repeals are as follows:~~

4 ~~(1) The General Assembly declares that the repeal under~~  
5 ~~paragraph (2) is necessary to effectuate the provisions of~~  
6 ~~this act.~~

7 ~~(2) Section 1702 A of the act of April 9, 1929 (P.L.343,~~  
8 ~~No.176), known as The Fiscal Code, is repealed.~~

9 ~~Section 20. Effective date.~~

10 ~~This act shall take effect immediately.~~

11 SECTION 1. SECTION 8328 (E) (1) OF TITLE 24 OF THE  
12 PENNSYLVANIA CONSOLIDATED STATUTES IS AMENDED TO READ:

<--

13 § 8328. ACTUARIAL COST METHOD.

14 \* \* \*

15 (E) EXPERIENCE ADJUSTMENT FACTOR.--

16 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED  
17 LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING  
18 JULY 1, 2011, ANY INCREASE OR DECREASE IN THE UNFUNDED  
19 ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON THE  
20 ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL  
21 EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN  
22 ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE  
23 FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY  
24 REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED-RISK  
25 CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE  
26 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE  
27 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT  
28 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,  
29 AND MONEY DISTRIBUTED TO THE BOARD BY THE STATE TREASURER  
30 FROM THE PSERS/SERS UNFUNDED ACCRUED LIABILITY FUND, SHALL BE

1 AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD  
2 OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE  
3 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.

4 \* \* \*

5 SECTION 2. SECTION 8502 OF TITLE 24 IS AMENDED BY ADDING A  
6 SUBSECTION TO READ:

7 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

8 \* \* \*

9 (Q) DISTRIBUTIONS FROM PSERS/SERS UNFUNDED ACCRUED LIABILITY  
10 FUND.--THE BOARD IS AUTHORIZED TO ACCEPT MONEY PROVIDED BY THE  
11 STATE TREASURER AS A RESULT OF A DISTRIBUTION FROM THE  
12 PSERS/SERS UNFUNDED ACCRUED LIABILITY FUND.

13 SECTION 3. SECTION 5508(F) (1) OF TITLE 71 IS AMENDED TO  
14 READ:

15 § 5508. ACTUARIAL COST METHOD.

16 \* \* \*

17 (F) EXPERIENCE ADJUSTMENT FACTOR.--

18 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED  
19 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY  
20 CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2010,  
21 ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY  
22 AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND FUNDING  
23 FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE  
24 DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED  
25 AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR  
26 PERIOD), MONEY PROVIDED TO THE BOARD AS A RESULT OF A  
27 DISTRIBUTION BY THE STATE TREASURER FROM THE PSERS/SERS  
28 UNFUNDED ACCRUED LIABILITY FUND, CHANGES IN CONTRIBUTIONS  
29 CAUSED BY THE FINAL CONTRIBUTION RATE BEING DIFFERENT FROM  
30 THE ACTUARIALLY REQUIRED CONTRIBUTION RATE, STATE EMPLOYEES

1 MAKING SHARED-RISK MEMBER CONTRIBUTIONS, CHANGES IN ACTUARIAL  
2 ASSUMPTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE  
3 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE  
4 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT  
5 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,  
6 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS OVER  
7 A PERIOD OF 30 YEARS BEGINNING WITH THE JULY 1 SUCCEEDING THE  
8 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.

9 \* \* \*

10 SECTION 4. SECTION 5902 OF TITLE 71 IS AMENDED BY ADDING A  
11 SUBSECTION TO READ:

12 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

13 \* \* \*

14 (P) DISTRIBUTIONS FROM THE PSERS/SERS UNFUNDED ACCRUED  
15 LIABILITY FUND.--THE BOARD IS AUTHORIZED TO ACCEPT MONEY  
16 PROVIDED TO THE BOARD AS A RESULT OF A DISTRIBUTION BY THE STATE  
17 TREASURER FROM THE PSERS/SERS UNFUNDED ACCRUED LIABILITY FUND.

18 SECTION 5. TITLE 72 IS AMENDED BY ADDING A CHAPTER TO READ:

19 CHAPTER 7

20 TAXPAYER PROTECTION

21 SEC.

22 701. SHORT TITLE OF CHAPTER.

23 702. DEFINITIONS.

24 703. SPENDING LIMITATIONS.

25 704. DISPOSITION OF SURPLUS FUNDS.

26 § 701. SHORT TITLE OF CHAPTER.

27 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE TAXPAYER  
28 PROTECTION ACT.

29 § 702. DEFINITIONS.

30 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER

1 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
2 CONTEXT CLEARLY INDICATES OTHERWISE:

3 "APPROPRIATION LIMIT." THE TOTAL OF THE AMOUNT APPROVED AS  
4 EXECUTIVE AUTHORIZATIONS BY THE GOVERNOR PLUS THE TOTAL AMOUNTS  
5 OF PREFERRED AND NONPREFERRED APPROPRIATIONS MADE BY THE GENERAL  
6 ASSEMBLY FROM THE GENERAL FUND DURING THE FISCAL YEAR  
7 IMMEDIATELY PRIOR TO THE BUDGET YEAR UNDER CONSIDERATION,  
8 ADJUSTED BY THE LESSER OF:

9 (1) THE AVERAGE PERCENTAGE CHANGE IN PERSONAL INCOME IN  
10 THIS COMMONWEALTH FOR THE THREE PRECEDING CALENDAR YEARS AS  
11 REPORTED BY THE FEDERAL GOVERNMENT OR AS DETERMINED PURSUANT  
12 TO AN ACT OF THE GENERAL ASSEMBLY; OR

13 (2) THE AVERAGE PERCENTAGE CHANGE IN INFLATION FOR THE  
14 THREE PRECEDING CALENDAR YEARS PLUS THE AVERAGE PERCENTAGE  
15 CHANGE IN THE STATE POPULATION FOR THE THREE PRECEDING YEARS  
16 AS REPORTED BY THE ANNUAL FEDERAL CENSUS ESTIMATES, THE  
17 NUMBER BEING ADJUSTED EVERY DECADE TO MATCH THE OFFICIAL  
18 FEDERAL CENSUS.

19 "AVERAGE PERCENTAGE CHANGE IN INFLATION." THE AVERAGE OF THE  
20 PERCENTAGE CHANGE FOR EACH OF THE THREE CALENDAR YEARS, FROM  
21 OCTOBER TO OCTOBER, IMMEDIATELY PRECEDING THE CALENDAR YEAR IN  
22 WHICH A GIVEN EXECUTIVE BUDGET IS SUBMITTED BY THE GOVERNOR, IN  
23 THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U), NOT  
24 SEASONALLY ADJUSTED, ALL ITEMS INDEX OR ITS SUCCESSOR INDEX, AS  
25 OFFICIALLY REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR,  
26 BUREAU OF LABOR STATISTICS.

27 "AVERAGE PERCENTAGE CHANGE IN PERSONAL INCOME." THE AVERAGE  
28 OF THE PERCENTAGE CHANGE IN PERSONAL INCOME ESTIMATES FOR THIS  
29 COMMONWEALTH, FROM SECOND CALENDAR QUARTER TO SECOND CALENDAR  
30 QUARTER, FOR EACH OF THE THREE CALENDAR YEARS IMMEDIATELY

1 PRECEDING THE CALENDAR YEAR IN WHICH A GIVEN EXECUTIVE BUDGET IS  
2 SUBMITTED BY THE GOVERNOR, AS REPORTED BY THE UNITED STATES  
3 DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS, SQ4  
4 QUARTERLY INCOME SUMMARY FOR THIS COMMONWEALTH OR ITS SUCCESSOR  
5 INDEX OR AS DETERMINED PURSUANT TO AN ACT OF THE GENERAL  
6 ASSEMBLY.

7 "AVERAGE PERCENTAGE CHANGE IN STATE POPULATION." THE AVERAGE  
8 OF THE PERCENTAGE CHANGE IN STATE POPULATION FOR EACH OF THE  
9 THREE MOST RECENT YEARS IMMEDIATELY PRECEDING THE CALENDAR YEAR  
10 IN WHICH A GIVEN EXECUTIVE BUDGET IS SUBMITTED BY THE GOVERNOR,  
11 AS REPORTED BY THE UNITED STATES CENSUS BUREAU FOR JULY 1 OF  
12 EACH YEAR.

13 "MANDATED SERVICE." A PROGRAM OR SERVICE ADMINISTERED BY A  
14 POLITICAL SUBDIVISION OF THE COMMONWEALTH AS A RESULT OF BEING  
15 REQUIRED TO PROVIDE THAT PROGRAM OR SERVICE BY STATE LAW.

16 "PSERS." THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

17 "SERS." THE STATE EMPLOYEES' RETIREMENT SYSTEM.

18 "TOTAL SPENDING BY THE COMMONWEALTH." ALL GENERAL FUND  
19 APPROPRIATIONS MADE BY THE GENERAL ASSEMBLY AND ALL  
20 APPROPRIATIONS FROM A CONSTITUTIONALLY OR STATUTORILY  
21 ESTABLISHED FUND CREATED AFTER THE EFFECTIVE DATE OF THIS  
22 SECTION.

23 § 703. SPENDING LIMITATIONS.

24 (A) GENERAL RULE.--TOTAL SPENDING BY THE COMMONWEALTH IN A  
25 FISCAL YEAR SHALL NOT EXCEED THE SPENDING APPROPRIATION LIMIT AS  
26 SET FORTH IN THIS CHAPTER.

27 (B) MANDATED EXPENSES FOR POLITICAL SUBDIVISIONS.--THE  
28 STATE'S LIMIT UNDER SUBSECTION (A) SHALL BE REDUCED BY THE  
29 AMOUNT OF THE REDUCTION IN STATE APPROPRIATIONS TO A POLITICAL  
30 SUBDIVISION FOR ADMINISTRATION OF A MANDATED SERVICE, WITHOUT AN

1 EQUAL OR GREATER REDUCTION IN STATE-MANDATED EXPENSES FOR THE  
2 LOCAL GOVERNMENT OR A REPEAL OF THE MANDATE TO PROVIDE A PROGRAM  
3 OR SERVICE.

4 (C) EXCEPTIONS.--THE APPROPRIATION LIMIT OF THE COMMONWEALTH  
5 MAY BE EXCEEDED IN ANY FISCAL YEAR FOR THE FOLLOWING:

6 (1) TO RESPOND TO A PRESIDENTIAL OR GUBERNATORIAL  
7 DECLARATION OF EMERGENCY IF THE GENERAL ASSEMBLY APPROVES BY  
8 TWO-THIRDS AFFIRMATIVE VOTE OF THE MEMBERS ELECTED TO EACH  
9 HOUSE OF THE GENERAL ASSEMBLY. IN NO CASE SHALL THE EXCESS  
10 SPENDING AUTHORIZED BY EXCEEDING THE APPROPRIATION LIMIT IN  
11 THIS MANNER BE INCLUDED IN THE COMPUTATION BASE OF THE  
12 APPROPRIATION LIMIT FOR ANY SUBSEQUENT FISCAL YEAR.

13 (2) IN OTHER SITUATIONS IF THE GOVERNOR SO REQUESTS, IN  
14 WRITING, 30 DAYS PRIOR TO THE CONSTITUTIONAL DEADLINE FOR  
15 ADOPTION OF A BUDGET FOR THE NEXT FISCAL YEAR, AND  
16 SIMULTANEOUSLY PUBLISHES THAT WRITTEN NOTICE IN A NEWSPAPER  
17 OF GENERAL CIRCULATION IN EACH COUNTY AND SENATORIAL AND  
18 REPRESENTATIVE DISTRICT IN WHICH EACH NEWSPAPER SHALL BE  
19 PUBLISHED, AND THE GENERAL ASSEMBLY SUBSEQUENTLY APPROVES BY  
20 AN AFFIRMATIVE VOTE OF TWO-THIRDS OF THE MEMBERS ELECTED TO  
21 EACH HOUSE OF THE GENERAL ASSEMBLY.

22 § 704. DISPOSITION OF SURPLUS FUNDS.

23 (A) TRANSFER OF SURPLUS.--

24 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2), FOR A FISCAL  
25 YEAR IN WHICH THE GOVERNOR CERTIFIES THAT A SURPLUS EXISTS,  
26 25% OF THAT SURPLUS SHALL BE DEPOSITED BY THE END OF THE NEXT  
27 SUCCEEDING QUARTER INTO THE BUDGET STABILIZATION RESERVE FUND  
28 ESTABLISHED IN SECTION 1701-A OF THE ACT OF APRIL 9, 1929  
29 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, AND 25% OF THAT  
30 SURPLUS SHALL BE DEPOSITED BY THE END OF THE NEXT SUCCEEDING

1 QUARTER INTO THE TAXPAYER PROTECTION FUND WHICH IS HEREBY  
2 ESTABLISHED IN THE STATE TREASURY AND 50% OF THAT SURPLUS  
3 SHALL BE DEPOSITED BY THE END OF THE NEXT SUCCEEDING QUARTER  
4 INTO THE PSERS/SERS UNFUNDED ACCRUED LIABILITY FUND WHICH IS  
5 HEREBY ESTABLISHED IN THE STATE TREASURY.

6 (2) FOR A FISCAL YEAR IN WHICH THE STATE TREASURER  
7 CERTIFIES THAT THE BALANCE IN THE BUDGET STABILIZATION  
8 RESERVE FUND EQUALS OR EXCEEDS 5% OF THE TOTAL OF ALL GENERAL  
9 FUND APPROPRIATIONS, 25% OF THE SURPLUS CERTIFIED BY THE  
10 GOVERNOR UNDER PARAGRAPH (1) SHALL BE DEPOSITED INTO THE  
11 TAXPAYER PROTECTION FUND AND 75% OF THE SURPLUS CERTIFIED BY  
12 THE GOVERNOR UNDER PARAGRAPH (1) SHALL BE DEPOSITED INTO THE  
13 PSERS/SERS UNFUNDED ACCRUED LIABILITY FUND.

14 (B) DISTRIBUTION.--

15 (1) SUBJECT TO THE PROVISIONS OF SUBSECTION (C), THE  
16 MONEY IN THE TAXPAYER PROTECTION FUND SHALL BE DISTRIBUTED TO  
17 TAXPAYERS WHO HAVE LIABILITY FOR THE TAX IMPOSED UNDER  
18 ARTICLE III OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN  
19 AS THE TAX REFORM CODE OF 1971, THROUGH A REDUCTION IN THE  
20 RATE OF THE TAX, WHICH REDUCTION SHALL BE ESTABLISHED BY AN  
21 ACT OF THE GENERAL ASSEMBLY TO BE EFFECTIVE FOR JANUARY 1  
22 THROUGH DECEMBER 31 OF THE SUBSEQUENT CALENDAR YEAR.

23 (2) THE SECRETARY OF THE BUDGET, IN CONJUNCTION WITH THE  
24 SECRETARY OF REVENUE, SHALL CERTIFY THE RATE REDUCTION FOR  
25 THE TAX IMPOSED UNDER ARTICLE III OF THE TAX REFORM CODE OF  
26 1971, FOR THE UPCOMING CALENDAR YEAR NO LATER THAN SEPTEMBER  
27 30. THE NEW RATE SHALL BE PUBLISHED IN THE PENNSYLVANIA  
28 BULLETIN, POSTED ON THE STATE'S PUBLICLY ACCESSIBLE INTERNET  
29 WEBSITE AND REPORTED TO THE CHAIRMAN AND MINORITY CHAIRMAN OF  
30 THE APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIRMAN

1 AND MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE  
2 HOUSE OF REPRESENTATIVES.

3 (3) SUBJECT TO THE PROVISIONS OF SUBSECTION (C):

4 (I) THE MONEY IN THE PSERS/SERES UNFUNDED ACCRUED  
5 LIABILITY FUND SHALL BE DISTRIBUTED AS FOLLOWS WHEN BOTH  
6 SYSTEMS HAVE AN UNFUNDED ACCRUED LIABILITY AS REFLECTED  
7 IN THE MOST RECENT ACTUARIAL REPORT FOR EACH SYSTEM:

8 (A) TWO-THIRDS SHALL BE DISTRIBUTED TO PSERS.

9 (B) ONE-THIRD SHALL BE DISTRIBUTED TO SERS.

10 (II) IF ONE SYSTEM NO LONGER HAS AN UNFUNDED ACCRUED  
11 LIABILITY, THEN ALL OF THE DISTRIBUTION SHALL BE PAID TO  
12 THE SYSTEM THAT CONTINUES TO HAVE AN UNFUNDED ACCRUED  
13 LIABILITY.

14 (C) ACCUMULATION.--NO MONEY SHALL BE DISTRIBUTED FROM THE  
15 TAXPAYER PROTECTION FUND PURSUANT TO SUBSECTION (B) UNTIL THE  
16 SECRETARY OF THE BUDGET CERTIFIES THAT THE MONEY DEPOSITED IS  
17 SUFFICIENT TO PROVIDE A REDUCTION OF AT LEAST 0.01% IN THE TAX  
18 RATE OF TAXATION FOR THE TAX IMPOSED UNDER ARTICLE III OF THE  
19 TAX REFORM CODE OF 1971.

20 (D) APPROPRIATED FUNDS.--THE GENERAL ASSEMBLY MAY AT ANY  
21 TIME PROVIDE ADDITIONAL AMOUNTS FROM FUNDS AVAILABLE TO THE  
22 COMMONWEALTH AS AN APPROPRIATION TO THE BUDGET STABILIZATION  
23 RESERVE FUND OR TO THE PSERS/SERS UNFUNDED ACCRUED LIABILITY  
24 FUND.

25 SECTION 6. REPEALS.

26 REPEALS ARE AS FOLLOWS:

27 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
28 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE PROVISIONS OF  
29 THIS ACT.

30 (2) SECTION 1702-A OF THE ACT OF APRIL 9, 1929 (P.L.343,

1 NO.176), KNOWN AS THE FISCAL CODE, IS REPEALED.  
2 SECTION 7. EFFECTIVE DATE.  
3 THIS ACT SHALL TAKE EFFECT IMMEDIATELY.