

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2571

Session of
1988

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CALTAGIRONE, RIEGER, MAIALE AND STUBAN, JUNE 20, 1988

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 29, 1988

AN ACT

1 Requiring municipal retirement systems to pay special ad hoc
2 postretirement adjustments to certain retired police officers
3 and firefighters; providing for the financing of these
4 adjustments; providing for the administration of the
5 Commonwealth's reimbursements for these adjustments; and
6 making repeals.

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

18 CHAPTER 1

19 GENERAL PROVISIONS

20 Section 101. Short title.

21 This act shall be known and may be cited as the Special Ad
22 Hoc Municipal Police and Firefighter Postretirement Adjustment
23 Act.

24 Section 102. Definitions.

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

28 "Active employment." The situation of an individual, other
29 than an independent contractor, who performs for compensation
30 regular services for a municipality and who is regularly entered

1 on the payroll of the municipality.

2 "Chief administrative officer." The person who has the
3 primary responsibility for the execution of the administrative
4 or management affairs of a municipal retirement system, or the
5 designee of that person.

6 "Firefighter." A municipal employee who holds a full-time
7 position in the firefighting service of a municipality and has
8 retirement coverage provided by a retirement system.

9 "Municipality." A borough, city, county of the second class,
10 incorporated town or township, however constituted, whether
11 operating under a legislative charter; a municipal code; an
12 optional charter adopted under the act of July 15, 1957
13 (P.L.901, No.399), known as the Optional Third Class City
14 Charter Law; a home rule charter or an optional plan adopted
15 under the act of April 13, 1972 (P.L.184, No.62), known as the
16 Home Rule Charter and Optional Plans Law; or other arrangement;
17 or an association of these municipalities cooperating under the
18 act of July 12, 1972 (P.L.762, No.180), referred to as the
19 Intergovernmental Cooperation Law.

20 "Police officer." A municipal employee who holds a full-time
21 position in the police service of a municipality and has
22 retirement coverage provided by a retirement system.

23 "Postretirement adjustment." An increase in or change in the
24 amount of a retirement annuity, retirement benefit, service
25 pension or disability pension benefit granted or effective after
26 active employment ceases.

27 "Public employee retirement system." An entity, whether a
28 separate entity or part of a governmental entity, that collects
29 retirement and other employee benefit contributions from
30 government employees and employers; holds and manages the

1 resulting assets as reserves for present and future retirement
2 annuity, retirement benefit, service pension, or disability
3 pension benefit payments; and makes provision for these payments
4 to qualified retirees and beneficiaries.

5 "Retirement system." A public employee retirement system.

6 "Special ad hoc adjustment." A special ad hoc municipal
7 police and firefighter postretirement adjustment.

8 "Special ad hoc municipal police and firefighter
9 postretirement adjustment." An increase in or change in the
10 amount of a retirement annuity, retirement benefit, service
11 pension or disability pension benefit granted or effective after
12 active employment ceases, as provided for on a one-time basis
13 under this statute.

14 CHAPTER 3

15 SPECIAL AD HOC MUNICIPAL POLICE AND 16 FIREFIGHTER POSTRETIREMENT ADJUSTMENT

17 Section 301. Entitlement to special ad hoc adjustment.

18 A municipal retirement system shall pay a retired police
19 officer or firefighter a special ad hoc municipal police and
20 firefighter postretirement adjustment under this chapter if all
21 of the following apply:

22 (1) The retiree has terminated active employment with
23 the municipality as a police officer or firefighter.

24 (2) The retiree is receiving a retirement annuity,
25 retirement benefit, service pension or disability pension
26 benefit from a municipal retirement system on the basis of
27 active employment with a municipality as a police officer or
28 firefighter.

29 (3) The retiree began receiving the retirement annuity,
30 retirement benefit, service pension or disability pension

1 benefit before January 1, 1985.

2 Section 302. Amount of special ad hoc adjustment.

3 (a) General rule.--Except as provided in ~~subsection (b)~~ <—
4 SUBSECTIONS (B) AND (C), a municipal retirement system shall pay <—
5 a retired police officer or firefighter a special ad hoc
6 municipal police and firefighter postretirement adjustment under
7 section 301, as follows:

8 (1) The sum of \$25 a month, if on January 1, 1989, the
9 retiree has been retired at least five years but less than
10 ten years.

11 (2) The sum of \$50 a month, if on January 1, 1989, the
12 retiree is totally disabled and has been retired less than
13 ten years.

14 (3) The sum of \$75 a month, if on January 1, 1989, the
15 retiree has been retired at least ten years but less than 20
16 years.

17 (4) The sum of \$150 a month, if on January 1, 1989, the
18 retiree has been retired at least 20 years.

19 (b) Limitation.--If, under section 301, a retiree is
20 entitled to be paid a special ad hoc municipal police and
21 firefighter postretirement adjustment by more than one municipal
22 retirement system, the amount of the special ad hoc adjustment
23 under subsection (a) shall be reduced so that the total of all
24 these adjustments paid to the retiree does not exceed the amount
25 specified in subsection (a).

26 (C) MODIFICATION IN AMOUNT OF POSTRETIREMENT ADJUSTMENT.--IF <—
27 A RETIREE ENTITLED TO RECEIVE A SPECIAL AD HOC MUNICIPAL POLICE
28 AND FIREFIGHTERS POSTRETIREMENT ADJUSTMENT HAS, PRIOR TO THE
29 EFFECTIVE DATE OF THIS ACT, RECEIVED A POSTRETIREMENT ADJUSTMENT
30 FROM THE APPLICABLE MUNICIPAL POLICE OR PAID FIREFIGHTERS

1 PENSION PLAN, THE AMOUNT OF THE SPECIAL AD HOC POSTRETIREMENT
2 ADJUSTMENT UNDER SUBSECTION (A) SHALL BE REDUCED BY THE TOTAL
3 AMOUNT OF ANY POSTRETIREMENT ADJUSTMENT OR POSTRETIREMENT
4 ADJUSTMENTS PREVIOUSLY GRANTED.

5 ~~(e)~~ (D) Construction.--~~Subsection (b)~~ SUBSECTIONS (B) AND <—
6 (C) shall not be construed to reduce the amount of any
7 retirement annuity, retirement benefit, service pension or
8 disability pension benefit payable to a retiree immediately
9 prior to the effective date of this act.

10 Section 303. Payment of special ad hoc adjustment.

11 The special ad hoc adjustment is effective on the date of the
12 first payment of the retiree's retirement annuity, retirement
13 benefit, service pension or disability pension benefit due after
14 December 31, 1988. The municipal retirement system shall pay
15 this as soon as practicable after that and shall include in the
16 first payment any omitted amount payable between the effective
17 date of the adjustment and the date of the first payment.

18 CHAPTER 5

19 FINANCING OF SPECIAL AD HOC ADJUSTMENT

20 Section 501. Actuarial funding by municipality.

21 A municipality shall fund the actuarial liability
22 attributable to a special ad hoc adjustment under the provisions
23 of the act of December 18, 1984 (P.L.1005, No.205), known as the
24 Municipal Pension Plan Funding Standard and Recovery Act, and
25 shall include that actuarial liability in the actuarial
26 valuation report under that act or under the act of December 6,
27 1972 (P.L.1383, No.293), entitled "An act requiring municipal
28 pension systems to have an actuarial investigation of the fund
29 made by an actuary who shall report his findings to the
30 Department of Community Affairs."

1 Section 502. Reimbursement by Commonwealth.

2 (a) General rule.--Except as provided in subsection (b), in
3 each of the ten calendar years beginning January 1, 1990, the
4 Commonwealth shall reimburse a municipality, from the special
5 account established under section 701, for the actual special ad
6 hoc adjustment paid during the previous calendar year.

7 (b) Limitation.--The Commonwealth shall not reimburse any
8 municipality for which any one of the following apply:

9 (1) The most recent municipal retirement system
10 actuarial valuation filed under either the act of December 6,
11 1972 (P.L.1383, No.293), entitled "An act requiring municipal
12 pension systems to have an actuarial investigation of the
13 fund made by an actuary who shall report his findings to the
14 Department of Community Affairs," or the act of December 18,
15 1984 (P.L.1005, No.205), known as the Municipal Pension Plan
16 Funding Standard and Recovery Act, shows assets in excess of
17 the present value of future benefits.

18 (2) The information required under section 901 either
19 was not certified to the Auditor General or was certified
20 after April 1 of the year the certification was due.

21 CHAPTER 7

22 SPECIAL ACCOUNT

23 Section 701. Special account created.

24 There is hereby created in the Municipal Pension Aid Fund a
25 Special Ad Hoc Municipal Police and Firefighter Postretirement
26 Adjustment Account. This account shall be established as soon as
27 practicable following the effective date of this act.

28 Section 702. Deposits into the special account.

29 Notwithstanding any applicable provision of the act of May
30 12, 1943 (P.L.259, No.120), referred to as the Foreign Casualty

1 Insurance Premium Tax Allocation Law, or any applicable
2 provisions of the act of March 4, 1971 (P.L.6, No.2), known as
3 the Tax Reform Code of 1971, or the provisions of section 402(b)
4 and section 803(c) of the act of December 18, 1984 (P.L.1005,
5 No.205), known as the Municipal Pension Plan Funding Standard
6 and Recovery Act, in each of the ten calendar years beginning on
7 January 1, 1990, prior to the deposit of the proceeds of the
8 insurance premium tax on foreign casualty insurance premiums
9 into the General Municipal Pension System State Aid Program
10 revenue account, an amount sufficient to provide for the
11 Commonwealth's reimbursement payments to municipalities for
12 special ad hoc adjustments under this act shall be deposited in
13 the separate account created under section 701. After these ten
14 calendar year deposits, no more amounts may be deposited into
15 this account for the purposes of this act.

16 Section 703. Residual equity transfer.

17 The amount remaining after December 31, 1999, in the special
18 account created under section 701 shall be transferred into the
19 General Municipal Pension System State Aid Program revenue
20 account.

21 CHAPTER 9

22 ADMINISTRATIVE PROVISIONS

23 Section 901. Municipal retirement system certification of
24 adjustments paid.

25 (a) Certification.--For each of the ten calendar years
26 beginning January 1, 1989, the chief administrative officer of a
27 municipal retirement system that pays a special ad hoc
28 adjustment in that year shall certify the total of all
29 adjustments paid during that year to the Auditor General not
30 later than April 1 of the following year.

1 (b) Form.--Not later than February 1 of the year in which
2 the form is due, the Auditor General shall send the retirement
3 system the proper form on which to make the certification under
4 subsection (a).

5 Section 902. Commonwealth disbursement of reimbursement
6 payment.

7 (a) Payment to account.--Not later than June 1 of the year
8 in which the form is due, the Auditor General shall certify to
9 the State Treasurer the amount to be deposited into the special
10 account created in section 701 and shall draw a warrant, payable
11 to the treasurer of the municipality, on the State Treasurer
12 from the special account created in section 701 for the amount
13 certified under section 901(a).

14 (b) Disbursement.--Not later than September 1 of the year in
15 which the form is due, the State Treasurer shall disburse the
16 reimbursement payment out of the special account created in
17 section 701.

18 Section 903. Municipal receipt of reimbursement payment.

19 Upon receipt of the reimbursement payment from the
20 Commonwealth, the treasurer of the municipality shall deposit
21 the reimbursement payment into the municipality's general fund.

22 Section 904. Administration by Auditor General.

23 The Auditor General shall administer the special ad hoc
24 municipal police and firefighter postretirement adjustment
25 reimbursement payments. Under the act of July 31, 1968 (P.L.769,
26 No.240), referred to as the Commonwealth Documents Law, and 2
27 Pa.C.S. (relating to administrative law and procedure), the
28 Auditor General shall promulgate regulations necessary for the
29 efficient administration of these reimbursement payments and
30 shall specify the form and content of any forms applicable to

1 the reimbursement payments. The Auditor General, as deemed
2 necessary, shall make an audit in accordance with generally
3 accepted governmental auditing standards of every municipality
4 that receives a reimbursement payment under this statute and of
5 every municipal retirement system that pays a special ad hoc
6 adjustment under this statute.

7 CHAPTER 11

8 MISCELLANEOUS PROVISIONS

9 Section 1101. Repeals.

10 All acts and parts of acts are repealed insofar as they are
11 inconsistent with this act.

12 Section 1102. Effective date.

13 This act shall take effect in 60 days.