

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2092 Session of
1989

INTRODUCED BY MOWERY, VAN HORNE, HECKLER, NOYE, JACKSON, FARGO,
TIGUE, NAILOR, MOEHLMANN, NAHILL, TANGRETTI, SEMMEL, MAIALE,
HOWLETT, GODSHALL, GEIST, SAURMAN, E. Z. TAYLOR, JOHNSON,
CIVERA, TRELLO AND TELEK, NOVEMBER 15, 1989

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, NOVEMBER 15, 1989

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," providing for maintenance of local effort by
8 municipalities utilizing remedies in the recovery program for
9 financially distressed municipal pension systems.

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

12 Section 1. Section 602 of the act of December 18, 1984
13 (P.L.1005, No.205), known as the Municipal Pension Plan Funding
14 Standard and Recovery Act, is amended to read:

15 Section 602. Application.

16 (a) Generally.--The various remedies contained in this
17 recovery program shall be available to municipalities based on
18 the extent of financial distress of the municipal pension system
19 determined by the commission, as provided in this section.

20 (b) Minimally distressed municipal pension systems.--The

1 remedies contained in level I of the recovery program as
2 specified in section 604 shall apply to any municipality which
3 seeks to utilize them, whether the municipality based upon the
4 actuarial considerations and municipal finance considerations of
5 the determination procedure pursuant to section 503 is not
6 determined to be distressed or is determined to be distressed
7 but elects not to participate in level II of section 605 or
8 level III of section 606 of the recovery program, whichever is
9 applicable.

10 (c) Moderately distressed municipal pension systems.--The
11 remedies contained in level II of the recovery program as
12 specified in section 605 shall apply to any municipality which
13 is determined to be moderately distressed, as that status is
14 defined based on the actuarial considerations and municipal
15 finance considerations of the determination procedure in rules
16 and regulations issued by the commission pursuant to section
17 503, which complies with any applicable preconditions for
18 participation in this level of the recovery program and which
19 elects to participate in this level of the recovery program.

20 (d) Severely distressed municipal pension systems.--The
21 remedies contained in level III of the recovery program as
22 specified in section 606 shall apply to any municipality which
23 is determined to be severely distressed, as that status is
24 defined based on the actuarial considerations and municipal
25 finance considerations of the determination procedure in rules
26 and regulations issued by the commission pursuant to section
27 503, which complies with any applicable preconditions for
28 participation in this level of the recovery program and which
29 elects to participate in this level of the recovery program.

30 (e) Maintenance of local effort.--For the duration of a

1 municipality's utilization of any of the various remedies in
2 this recovery program, the municipality shall not reduce the
3 level of its annual pension fund contributions below the highest
4 level attained in 1986, 1987 or 1988. The level of a
5 municipality's pension fund contributions shall be its aggregate
6 pension fund contributions in any year, excluding State pension
7 aid moneys and employee contributions, expressed as a percentage
8 of covered payroll for that same year. Where a municipality's
9 aggregate pension fund contribution is determined pursuant to
10 this subsection, it shall be allocated among the individual
11 pension funds of the municipality in proportion to the minimum
12 municipal obligations of the individual pension funds as
13 determined pursuant to section 302 or 607, whichever is
14 applicable, and contributed to the pension funds as the minimum
15 municipal obligations.

16 Section 2. This act shall take effect immediately.