

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 1363 Session of  
2001

INTRODUCED BY S. H. SMITH, STABACK, NICKOL, SCHULER, McILHATTAN,  
FICHTER, GEORGE, CAPPELLI, ARMSTRONG, PERZEL, LAUGHLIN, WILT,  
CREIGHTON, SOLOBAY, DALEY, GEIST, CALTAGIRONE, YOUNGBLOOD,  
BASTIAN, WOJNAROSKI, C. WILLIAMS, THOMAS, LEWIS, PETRARCA,  
GRUCELA, BUNT, CURRY, JAMES, TRELLO, HUTCHINSON, GABIG,  
COLAFELLA, STEELMAN AND BELFANTI, APRIL 25, 2001

SENATOR THOMPSON, APPROPRIATIONS, IN SENATE, RE-REPORTED AS  
AMENDED, JUNE 10, 2002

AN ACT

1 Amending the act of June 23, 1931 (P.L.932, No.317), entitled  
2 "An act relating to cities of the third class; and amending,  
3 revising, and consolidating the law relating thereto,"  
4 further providing FOR PAYMENTS UNDER EXISTING PENSION PLANS <—  
5 AND for service increments to pensions of police and  
6 firefighters.

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

9 ~~Section 1. Sections 4303(b) and 4322(b) of the act of June~~ <—  
10 ~~23, 1931 (P.L.932, No.317), known as The Third Class City Code,~~  
11 ~~reenacted and amended June 28, 1951 (P.L.662, No.164), are~~  
12 ~~amended by adding clauses to read:~~

13 ~~Section 4303. Allowances and Service Increments. \* \* \*~~

14 ~~SECTION 1. SECTION 4303(A) OF THE ACT OF JUNE 23, 1931~~ <—  
15 ~~(P.L.932, NO.317), KNOWN AS THE THIRD CLASS CITY CODE, REENACTED~~  
16 ~~AND AMENDED JUNE 28, 1951 (P.L.662, NO.164) AND AMENDED DECEMBER~~

~~17, 1990 (P.L.715, NO.178) IS AMENDED AND SUBSECTION (B) IS  
AMENDED BY ADDING A CLAUSE TO READ:~~

~~SECTION 4303. ALLOWANCES AND SERVICE INCREMENTS. (A)  
PAYMENTS FOR ALLOWANCES SHALL NOT BE A CHARGE ON ANY OTHER FUND  
IN THE TREASURY OF THE CITY OR UNDER ITS CONTROL SAVE THE POLICE  
PENSION FUND HEREIN PROVIDED FOR. THE BASIS OF THE APPORTIONMENT  
OF THE PENSION SHALL BE DETERMINED BY THE RATE OF THE MONTHLY  
PAY OF THE MEMBER AT THE DATE OF INJURY, DEATH, HONORABLE  
DISCHARGE, VESTING UNDER SECTION 4302.1 OR RETIREMENT, OR THE  
HIGHEST AVERAGE ANNUAL SALARY WHICH THE MEMBER RECEIVED DURING  
ANY FIVE YEARS OF SERVICE PRECEDING INJURY, DEATH, HONORABLE  
DISCHARGE, VESTING UNDER SECTION 4302.1 OR RETIREMENT, WHICHEVER  
IS THE HIGHER, AND EXCEPT AS TO SERVICE INCREMENTS PROVIDED FOR  
IN SUBSECTION (B) OF THIS SECTION, SHALL [NOT IN ANY CASE EXCEED  
IN ANY YEAR] BE NO LESS THAN ONE HALF THE ANNUAL PAY OF SUCH  
MEMBER COMPUTED AT SUCH MONTHLY OR AVERAGE ANNUAL RATE,  
WHICHEVER IS THE HIGHER.~~

SECTION 1. SECTION 4303(B) OF THE ACT OF JUNE 23, 1931  
(P.L.932, NO.317), KNOWN AS THE THIRD CLASS CITY CODE, REENACTED  
AND AMENDED JUNE 28, 1951 (P.L.662, NO.164), IS AMENDED BY  
ADDING A CLAUSE AND THE SECTION IS AMENDED BY ADDING A  
SUBSECTION TO READ:

SECTION 4303. ALLOWANCES AND SERVICE INCREMENTS.--\* \* \*

(A.1) THE PROVISIONS OF SUBSECTION (A) PROVIDING THAT THE  
APPORTIONMENT OF THE PENSION SHALL NOT IN ANY CASE EXCEED IN ANY  
YEAR ONE-HALF THE ANNUAL PAY OF SUCH MEMBER COMPUTED AT SUCH  
MONTHLY OR AVERAGE ANNUAL RATE, WHICHEVER IS THE HIGHER, SHALL  
NOT APPLY TO A CITY OF THE THIRD CLASS WHETHER OPERATING UNDER  
AN OPTIONAL CHARTER ADOPTED IN ACCORDANCE WITH THE ACT OF JULY  
15, 1957 (P.L.901, NO.399), KNOWN AS THE "OPTIONAL THIRD CLASS

1 CITY CHARTER LAW," OR UNDER A HOME RULE CHARTER ADOPTED IN  
2 ACCORDANCE WITH 53 PA.C.S. PT. III SUBPT. E (RELATING TO HOME  
3 RULE AND OPTIONAL PLAN GOVERNMENT), WHICH HAD IN EFFECT PENSION  
4 PLANS PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION THAT  
5 PROVIDED PENSIONS IN AN AMOUNT GREATER THAN FIFTY PERCENTUM OF  
6 SALARY.

7 (b) In addition to the retirement allowance which is  
8 authorized to be paid from the police pension fund by this act,  
9 and notwithstanding the limitations therein placed upon such  
10 retirement allowances and upon contributions, every contributor  
11 who shall become entitled to the retirement allowance shall also  
12 be entitled to the payment of a "service increment" in  
13 accordance with and subject to the conditions hereinafter set  
14 forth.

15 \* \* \*

16 (6) After the effective date of this clause, a city may  
17 agree to make service increment payments in excess of one  
18 hundred dollars (\$100) per month, as long as such payments do  
19 not exceed five hundred dollars (\$500) per month, and in  
20 computing such service increments no employment after the  
21 contributor has reached the age of sixty-five years shall be  
22 included: Provided, That any agreement to provide an increase in  
23 service increment payments shall include a proportionate  
24 increase in the amount each contributor shall pay into the  
25 retirement fund under clause (2), not to exceed five dollars  
26 (\$5) per month.

27 \* \* \*

28 ~~Section 4322. Pensions and Service Increments. \* \* \*~~ <—

29 ~~SECTION 2. SECTION 4322(A) OF THE ACT, AMENDED JUNE 16, 1993~~ <—

30 ~~(P.L.97, NO.21), IS AMENDED AND SUBSECTION (B) IS AMENDED BY~~

1 ~~ADDING A CLAUSE TO READ:~~

2 ~~SECTION 4322. PENSIONS AND SERVICE INCREMENTS. (A)~~

3 ~~PAYMENTS OF PENSIONS SHALL NOT BE A CHARGE ON ANY FUND IN THE~~  
4 ~~TREASURY OF THE CITY OR UNDER ITS CONTROL SAVE THE FIREMEN'S~~  
5 ~~PENSION FUND HEREIN PROVIDED FOR. THE BASIS OF THE PENSION OF A~~  
6 ~~MEMBER SHALL BE DETERMINED BY THE MONTHLY SALARY OF THE MEMBER~~  
7 ~~AT THE DATE OF VESTING UNDER SECTION 4320.1 OR RETIREMENT, OR~~  
8 ~~THE HIGHEST AVERAGE ANNUAL SALARY WHICH HE RECEIVED DURING ANY~~  
9 ~~FIVE YEARS OF SERVICE PRECEDING RETIREMENT, WHICHEVER IS THE~~  
10 ~~HIGHER, WHETHER FOR DISABILITY, OR BY REASON OF AGE OR SERVICE,~~  
11 ~~AND EXCEPT AS TO SERVICE INCREMENTS PROVIDED FOR IN SUBSECTION~~  
12 ~~(B) OF THIS SECTION, SHALL BE NO LESS THAN ONE HALF THE ANNUAL~~  
13 ~~SALARY OF SUCH MEMBER AT THE TIME OF VESTING UNDER SECTION~~  
14 ~~4320.1 OR RETIREMENT COMPUTED AT SUCH MONTHLY OR AVERAGE ANNUAL~~  
15 ~~RATE, WHICHEVER IS THE HIGHER. IN THE CASE OF THE PAYMENT OF~~  
16 ~~PENSIONS TO MEMBERS FOR PERMANENT INJURY INCURRED IN SERVICE,~~  
17 ~~AND TO FAMILIES OF MEMBERS KILLED OR WHO DIE IN SERVICE, THE~~  
18 ~~AMOUNT AND COMMENCEMENT OF THE PAYMENT OF PENSIONS SHALL BE~~  
19 ~~FIXED BY REGULATIONS OF THE BOARD. SUCH REGULATIONS SHALL NOT~~  
20 ~~TAKE INTO CONSIDERATION THE AMOUNT AND DURATION OF WORKMEN'S~~  
21 ~~COMPENSATION ALLOWED BY LAW. PAYMENTS TO SURVIVING SPOUSES OF~~  
22 ~~MEMBERS RETIRED ON PENSION OR KILLED IN THE SERVICE ON OR AFTER~~  
23 ~~JANUARY 1, 1960, OR WHO DIE IN THE SERVICE ON OR AFTER JANUARY~~  
24 ~~1, 1968, SHALL BE THE AMOUNT PAYABLE TO THE MEMBER OR WHICH~~  
25 ~~WOULD HAVE BEEN PAYABLE HAD HE BEEN RETIRED AT THE TIME OF HIS~~  
26 ~~DEATH.~~

27 SECTION 2. SECTION 4322(B) OF THE ACT IS AMENDED BY ADDING A <—  
28 CLAUSE AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
29 READ:

30 SECTION 4322. PENSIONS AND SERVICE INCREMENTS.--\* \* \*

1       (A.1) THE PROVISIONS OF SUBSECTION (A) PROVIDING THAT THE  
2 BASIS OF THE PENSION SHALL BE ONE-HALF THE ANNUAL SALARY OF SUCH  
3 MEMBER AT THE TIME OF VESTING UNDER SECTION 4320.1 OR RETIREMENT  
4 COMPUTED AT SUCH MONTHLY OR AVERAGE ANNUAL RATE, WHICHEVER IS  
5 THE HIGHER, SHALL NOT APPLY TO A CITY OF THE THIRD CLASS WHETHER  
6 OPERATING UNDER AN OPTIONAL CHARTER ADOPTED IN ACCORDANCE WITH  
7 THE ACT OF JULY 15, 1957 (P.L.901, NO.399), KNOWN AS THE  
8 "OPTIONAL THIRD CLASS CITY CHARTER LAW," OR UNDER A HOME RULE  
9 CHARTER ADOPTED IN ACCORDANCE WITH 53 PA.C.S PT. III SUBPT. E  
10 (RELATING TO HOME RULE AND OPTIONAL PLAN GOVERNMENT), WHICH HAD  
11 IN EFFECT PENSION PLANS PRIOR TO THE EFFECTIVE DATE OF THIS  
12 SUBSECTION THAT PROVIDED PENSIONS IN AN AMOUNT GREATER THAN  
13 FIFTY PERCENTUM OF SALARY.

14       \* \* \*

15       (b) In addition to the pension which is authorized to be  
16 paid from the firemen's pension fund by this act and  
17 notwithstanding the limitations therein placed upon such  
18 pensions and upon contributions, every contributor who shall  
19 become entitled to the pension shall also be entitled to the  
20 payment of a "service increment" in accordance with and subject  
21 to the conditions hereinafter set forth.

22       \* \* \*

23       (6) After the effective date of this clause, a city may  
24 agree to make service increment payments in excess of one  
25 hundred dollars (\$100) per month, as long as such payments do  
26 not exceed five hundred dollars (\$500) per month, and in  
27 computing such service increments no employment after the  
28 contributor has reached the age of sixty-five years shall be  
29 included: Provided, That any agreement to provide an increase in  
30 service increment payments shall include a proportionate

1 increase in the amount each contributor shall pay into the  
2 retirement fund under clause (2), not to exceed five dollars  
3 (\$5) per month.

4 ~~Section 2. This act shall take effect in 60 days.~~ <—

5 ~~SECTION 3. INCREASES IN THE RETIREMENT ALLOWANCES OF MEMBERS~~ <—  
6 ~~RESULTING FROM THE AMENDMENT OF SECTIONS 4303(A) AND 4322(A) OF~~  
7 ~~THE ACT, WHICH EXCEED IN ANY YEAR ONE HALF THE ANNUAL PAY OF THE~~  
8 ~~MEMBER COMPUTED AT THE MONTHLY OR AVERAGE ANNUAL RATE, WHICHEVER~~  
9 ~~IS THE HIGHER, AND THE USE OF ASSETS OF THE POLICE PENSION FUND~~  
10 ~~OR FIREMAN'S PENSION FUND TO PROVIDE, IN WHOLE OR IN PART, TO~~  
11 ~~RETIRED POLICE OFFICERS, FIREMAN OR THEIR DEPENDENTS, MAY NOT BE~~  
12 ~~IMPLEMENTED EXCEPT UPON THE DETERMINATION BY THE PENSION FUND~~  
13 ~~ACTUARY THAT CURRENT ASSETS OF THE PENSION FUND ARE, PURSUANT TO~~  
14 ~~THE ACT OF DECEMBER 18, 1984 (P.L.1005, NO.205), KNOWN AS THE~~  
15 ~~MUNICIPAL PENSION PLAN FUNDING STANDARD AND RECOVERY ACT,~~  
16 ~~SUFFICIENT TO PROVIDE THE INCREASE IN THE RETIREMENT ALLOWANCE~~  
17 ~~OF MEMBERS, WITHOUT CREATING A CURRENT OR FUTURE UNFUNDED~~  
18 ~~LIABILITY; AND THE FURTHER DETERMINATION OF THE PENSION FUND~~  
19 ~~ACTUARY THAT, BASED UPON THE APPLICATION OF STANDARDS WIDELY~~  
20 ~~ACCEPTED WITHIN THE ACTUARIAL INDUSTRY, THERE IS A DE MINIMIS~~  
21 ~~RISK THAT THE PROPOSED INCREASES IN THE RETIREMENT ALLOWANCES OF~~  
22 ~~MEMBERS WILL RESULT IN A FUTURE REQUIREMENT THAT THE CITY~~  
23 ~~INCREASE PAYMENTS TO THE PENSION FUND IN ORDER TO MEET THE~~  
24 ~~FUNDING REQUIREMENTS OF THE MUNICIPAL PENSION PLAN FUNDING~~  
25 ~~STANDARD AND RECOVERY ACT.~~

26 ~~SECTION 4 3. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.~~ <—