

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 698 Session of  
2003

INTRODUCED BY FRANKEL, D. EVANS, BEBKO-JONES, BELFANTI, BUXTON,  
CAPPELLI, CAWLEY, COSTA, DALEY, EACHUS, HARHAI, JAMES,  
LAUGHLIN, LEDERER, PALLONE, PETRARCA, PETRONE, PISTELLA,  
SHANER, TANGRETTI, THOMAS, WANSACZ, WASHINGTON AND  
YOUNGBLOOD, MARCH 6, 2003

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 6, 2003

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," further providing for allocation of general  
8 municipal pension system State aid.

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

11 Section 1. Section 402(e) of the act of December 18, 1984  
12 (P.L.1005, No.205), known as the Municipal Pension Plan Funding  
13 Standard and Recovery Act, amended July 11, 1990 (P.L.505,  
14 No.119), is amended to read:

15 Section 402. Revision of financing from State revenue sources;  
16 General Municipal Pension System State Aid  
17 Program.

18 \* \* \*

19 (e) Allocation of general municipal pension system State

1 aid.--

2 (1) General municipal pension system State aid shall be  
3 distributed annually to each eligible recipient municipality  
4 no later than the first business day occurring in the month  
5 of October. For the period ending with the distribution made  
6 during calendar year 1995, the allocation of aid for  
7 distribution shall be pursuant to paragraph (4). For the  
8 period commencing with the distribution made during calendar  
9 [year] years 1996, 2008 and each calendar year after 2008,  
10 the allocation of aid for distribution shall be pursuant to  
11 paragraph (5). For the period commencing with the  
12 distribution made during calendar year 2003 and ending with  
13 the distribution made during calendar year 2007, the  
14 allocation of aid for distribution shall be pursuant to  
15 paragraph (8). Any allocation of aid per unit shall be based  
16 on the number of units pursuant to paragraph (2) as certified  
17 by the applicable eligible municipalities. Any allocation of  
18 aid shall be pursuant to the maximums specified in subsection  
19 (f).

20 (2) The applicable number of units shall be attributable  
21 to each active employee who was employed on a full-time basis  
22 for a minimum of six consecutive months prior to December 31  
23 preceding the date of certification and who was participating  
24 in a pension plan maintained by that municipality, provided  
25 that the municipality maintains a generally applicable  
26 pension plan for that type of employee which was either  
27 established on or prior to December 31, 1984, or, if  
28 established after December 31, 1984, has been maintained by  
29 that municipality for at least three plan years. The  
30 applicable number of units per employee attributable to each

1 eligible recipient county of the second class shall be two  
2 units for each police officer. The applicable number of units  
3 attributable to each eligible recipient city, borough,  
4 incorporated town and township shall be as follows:

5 (i) Police officer - two units.

6 (ii) Firefighter - two units.

7 (iii) Employee other than police officer or  
8 firefighter - one unit.

9 (3) [The] (i) For the period ending with the  
10 distribution made during calendar years 2003, 2009 and  
11 each calendar year after 2009, the amount of general  
12 municipal pension system State aid per unit shall be  
13 initially determined by dividing the total amount of the  
14 general municipal pension system State aid available by  
15 the total number of units certified by all eligible  
16 municipalities. If the maximum specified in subsection  
17 (f)(1) is applicable, the amount of general municipal  
18 pension system State aid per unit applicable to all  
19 municipalities other than the municipality or  
20 municipalities subject to the maximum aid amount  
21 specified in subsection (f)(1) shall be adjusted. The  
22 adjusted amount of general municipal pension system State  
23 aid per unit attributable to municipalities unaffected by  
24 the aid maximum specified in subsection (f)(1) shall be  
25 determined by dividing the total amount of the general  
26 municipal pension system State aid available, after  
27 excluding 25% of the total for each municipality to which  
28 the maximum aid amount is applicable, by the total number  
29 of units certified by all eligible municipalities  
30 unaffected by the aid maximum specified in subsection

1 (f)(1).

2 (ii) For the period commencing with the distribution  
3 made during calendar year 2004 and ending with the  
4 distribution made during calendar year 2008, the amount  
5 of general municipal pension system State aid per unit  
6 shall be initially determined by dividing the total  
7 amount of the general municipal pension system State aid  
8 available during calendar year 2003 by the total number  
9 of units certified by all eligible municipalities. If the  
10 maximum specified in subsection (f)(1) is applicable, the  
11 amount of general municipal pension system State aid per  
12 unit applicable to all municipalities other than the  
13 municipality or municipalities subject to the maximum aid  
14 amount specified in subsection (f)(1) shall be adjusted.  
15 The adjusted amount of general municipal pension system  
16 State aid per unit attributable to municipalities  
17 unaffected by the aid maximum specified in subsection  
18 (f)(1) shall be determined by dividing the total amount  
19 of the general municipal pension system State aid  
20 available, after excluding 25% of the total for each  
21 municipality to which the maximum aid amount is  
22 applicable, by the total number of units certified by all  
23 eligible municipalities unaffected by the aid maximum  
24 specified in subsection (f)(1).

25 (4) For the period ending with the distribution made  
26 during calendar year 1995, each eligible municipality shall  
27 be entitled to receive as general municipal pension system  
28 State aid the greater of the following amounts:

29 (i) The adjusted amount of general municipal pension  
30 system State aid per unit multiplied by the number of

1 units certified by that municipality and an additional  
2 amount necessary for the total to equal the lesser of the  
3 total amount of any foreign casualty insurance premium  
4 tax allocation and any foreign fire insurance premium tax  
5 allocation attributable to paid firefighters which the  
6 municipality was entitled to receive during the regular  
7 allocation occurring in calendar year 1982, or the  
8 aggregate actual financial requirement of any police or  
9 paid fire pension plans maintained by the municipality  
10 less the amount of aggregate annual member or employee  
11 contributions during the plan year as reported in the  
12 most recent complete actuarial report filed with the  
13 commission.

14 (ii) The revised amount of general municipal pension  
15 system State aid per unit multiplied by the number of  
16 units certified by that municipality, which revised  
17 amount shall be determined pursuant to paragraph (6).

18 (5) For the period commencing with the distribution made  
19 during calendar [year] years 1996, 2008 and each calendar  
20 year after 2008, each eligible municipality shall be entitled  
21 to receive as general municipal pension system State aid the  
22 greater of the following amounts:

23 (i) the adjusted amount of general municipal pension  
24 system State aid per unit multiplied by the number of  
25 units certified by that municipality less any amount by  
26 which the adjusted amount exceeds the maximum aid amount  
27 applicable to the municipality pursuant to subsection  
28 (f)(2); or

29 (ii) the revised amount of general municipal pension  
30 system State aid per unit multiplied by the number of

units certified by that municipality, which revised amount shall be determined pursuant to paragraph (6).

(6) The revised amount of general municipal pension system State aid per unit shall be determined by the following procedure:

(i) The amount of the total distribution made pursuant to paragraph (4)(i) or (5)(i), whichever is applicable, the amount of the general municipal pension system State aid payable to any municipality or municipalities to which the limitation provided in subsection (f)(1) is applicable and the amount of the total potential distribution pursuant to paragraph (7) shall be totaled.

(ii) The total calculated pursuant to subparagraph (i) shall be subtracted from the total amount of the general municipal pension system State aid available.

(iii) The number of units attributable to the municipalities which are entitled to receive an aid amount calculated pursuant to paragraph (4)(i) or (5)(i), whichever is applicable, the number of units attributable to the municipalities or municipality to which the limitation provided in subsection (f)(1) applies and the number of units attributable to the municipalities included in the potential distribution pursuant to paragraph (7) shall be totaled.

(iv) The total calculated pursuant to subparagraph (iii) shall be subtracted from the total number of units certified by all eligible municipalities.

(v) The number resulting from the calculation pursuant to subparagraph (ii) shall be divided by the

1           number resulting from the calculation pursuant to  
2           subparagraph (iv), which shall be the revised amount of  
3           general municipal pension system State aid per unit.

4           (7) Any municipality which has not filed with the  
5           commission on a timely basis, pursuant to the applicable  
6           municipal pension plan actuarial reporting law, an actuarial  
7           report for each of the municipal pension plans which it has  
8           established or maintains shall be entitled to receive as  
9           general municipal pension system State aid, at such time as  
10          compliance with the actuarial reporting requirement occurs,  
11          the adjusted amount of general municipal pension system State  
12          aid per unit pursuant to paragraph (3) multiplied by the  
13          number of units certified by that municipality, but not to  
14          exceed the maximum aid amount applicable to the municipality  
15          pursuant to subsection (f). The amount of any difference  
16          between the adjusted amount of general municipal pension  
17          system State aid per unit multiplied by the number of units  
18          certified by a municipality and the maximum aid amount  
19          applicable to the municipality pursuant to subsection (f) for  
20          that municipality shall be added to the amount of the general  
21          municipal pension system State aid available for distribution  
22          in the succeeding calendar year.

23          (8) For the period commencing with the distribution made  
24          during calendar year 2003 and ending with the distribution  
25          made during calendar year 2007, notwithstanding any sum  
26          distributed to an eligible municipality pursuant to paragraph  
27          (9), each eligible municipality shall be entitled to receive,  
28          as general municipal pension system State aid the greater of  
29          the following amounts:

30                 (i) the adjusted amount of general municipal pension

1       system State aid per unit multiplied by the number of  
2       units certified by that municipality less any amount by  
3       which the adjusted amount exceeds the maximum aid amount  
4       applicable to the municipality pursuant to subsection  
5       (f)(2); or

6       (ii) the revised amount of general municipal pension  
7       system State aid per unit multiplied by the number of  
8       units certified by that municipality, which revised  
9       amount shall be determined pursuant to paragraph (6).

10      (9) For the period commencing with the distribution made  
11      during calendar year 2001 and ending during calendar year  
12      2005, any general municipal pension system State aid  
13      remaining after the distribution pursuant to paragraph (8)  
14      shall be distributed to each of the municipal pension plans  
15      established by an eligible municipality that has an unfunded  
16      actuarial accrued liability according to the most recent  
17      actuarial valuation report. The per-unit rate of funds  
18      distributed under this paragraph shall be determined by  
19      dividing the total amount of general municipal pension State  
20      aid remaining by the total number of units certified by all  
21      municipal pension plans with an unfunded actuarial accrued  
22      liability. The amount to be distributed to each municipal  
23      pension plan shall equal the per-unit rate multiplied by the  
24      number of units certified by that municipal pension plan.

25      \* \* \*

26      Section 2. This act shall take effect immediately.