

FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW

Act of May. 12, 1943, P.L. 259, No. 120

Cl. 72

(Act reenacted and amended May 10, 1951, P.L.250, No.39)

AN ACT

Providing for the payment by the State Treasurer, of the amount of the tax on premiums paid by foreign casualty insurance companies, to the treasurers of the several cities, boroughs, towns, townships, and certain counties, and for the payment thereof into police pension funds, and in certain cases into the Municipal Employes' Retirement System, and for Pension Annuity Contracts, and in certain other cases into the State Employes' Retirement Fund, for certain purposes.

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

Section 1. As used in this act, the term

(1) "Municipality" means a city, borough, town or township.

(2) "County" means any county having a police force separate and distinct from the police forces of the municipalities situate within the county.

(3) "Participating Municipality" means a municipality in which provision is made, through a Municipal Employes' Retirement Fund, a Police Pension, or Retirement Fund, or a Pension Annuity Contract, for the payment of pension, retirement, or disability benefits to the policemen employed by such municipality, or to the dependents of such policemen.

(4) "Participating County" means a county in which provision is made, through a Municipal Employes' Retirement Fund, a Police Pension or Retirement Fund, or a Pension Annuity Contract, for the payment of pension, retirement, or disability benefits to the policemen employed by such county, or to the dependents of such policemen.

(5) "Municipal Employes' Retirement Fund" means any pension or retirement fund established by a municipality or county to provide pension, retirement, or disability benefits to the policemen employed by such municipality or county, or to dependents of such policemen, including components of the retirement system provided for by the act, approved the fourth day of June, one thousand nine hundred forty-three (Pamphlet Laws, eight hundred eighty-six), and amendments thereto.

(6) "Police Pension Fund" means any pension, or retirement fund, established in any municipality or county, and duly approved and recognized as such, by the council, commissioners, or supervisors, as the case may be, of the municipality or county to provide pension, retirement, or disability benefits to the policemen employed by such municipality or county, or to the dependents of such policemen.

(7) "Pension Annuity Contract" means any contract made by a municipality or county, or any Municipal Employes' Retirement Fund, or Police Pension Fund, of a municipality or county with an insurance or other authorized company, to provide pension, retirement, or disability benefits to the policemen employed by such municipality or county, or death benefits to the beneficiaries designated by such policemen. The municipality shall be the owner of all rights under the contract, except the rights to designate the beneficiary, to change the beneficiary, and to receive the death pension and retirement benefits thereunder. When the employment of any policeman is terminated other than by death or retirement, the municipality shall apply the value of such contract to provide for the policeman death

pension, retirement or disability benefits in accordance with the terms and conditions of the contract. ((7) amended July 19, 1951, P.L.1127, No.246)

(8) "Number of policemen," whether of a participating municipality, of a participating county, or of the Pennsylvania State Police, means the average number of policemen employed by any such municipality, county, or in the Pennsylvania State Police, as the case may be, during the year preceding the receipt of the tax by the Commonwealth, and in the case of a municipality receiving police protection from another municipality pursuant to a contract, shall mean one policeman irrespective of the number of policemen required to give such police protection pursuant to the contract. ((8) amended July 25, 1963, P.L.313, No.167)

(9) "Policeman" means a full time paid policeman or policewoman working not less than forty hours per week at a definite salary. ((9) amended May 25, 1956, 1955 P.L.1742, No.582)

Section 1.2. All moneys distributed under the terms hereof, that are not used for the purposes set forth herein within two years after receipt thereof by the treasurers of the several cities, boroughs, towns and townships, shall be returned to the General Fund for distribution in accordance with the terms of Formula 3 of the act herein amended.

(1.2 amended May 25, 1956, 1955 P.L.1742, No.582)

Section 2. (a) On and after the first day of January, one thousand nine hundred and forty-nine and annually thereafter, there shall be paid by the State Treasurer to the treasurers of the several municipalities and counties within the Commonwealth, and to the State Employees' Retirement Fund for State police pension and retirement purposes, the entire amount received from the two per centum tax paid upon premiums by foreign casualty insurance companies: Provided, That there shall be deducted from the entire amount now received and to be received the sum of eighty thousand dollars (\$80,000) to be allocated to the Department of the Auditor General to defray costs and expenses of auditing the funds and accounts receiving disbursement from said entire amount, and the department of the Auditor General shall make such audits of the funds and accounts receiving disbursements from said entire amount. Any and all sums of said allocation not utilized in making said audits shall be returned to the General Fund for distribution in accordance with the terms of Formula 3 of the act herein amended. ((a) amended Aug. 14, 1963, P.L.1120, No.476)

(b) The amounts to be distributed shall be allocated in accordance with the following formulae:

Formula 1. Divide on January first of each year the total amount of said tax available for distribution by the population of the Commonwealth, as shown by the last official census by the United States, to determine a quotient. Multiply this quotient by the population of each participating municipality, as determined by the last preceding official United States census taken in such municipality, to determine the amount payable to the treasurer of such municipality under Formula 1. (1 amended June 10, 1957, P.L.289, No.148)

Formula 1a. To determine the amount payable to a treasurer of any participating county, sum the amounts payable to the treasurers of all participating municipalities within the participating county; divide said sum by the total number of policemen of the participating municipalities within the participating county, to determine a quotient. Multiply this quotient by the number of policemen of the participating county.

Formula 2. Add the amounts payable to the treasurers of the participating municipalities under Formula 1 and the amounts payable to the treasurers of the participating counties under Formula 1a, and divide the total by the sum of the number of policemen in all the said municipalities and the number of policemen in all the said counties, to determine a quotient. Multiply this quotient by the number of Pennsylvania State Police to determine the amount payable to the State Employees' Retirement Fund under Formula 2.

Formula 3. Divide the balance of the tax available for distribution not allocated under Formula 1, 1a and 2 by the total number of policemen of the participating municipalities, participating counties and the Pennsylvania State Police, to determine a quotient. Multiply this quotient by the number of policemen of each participating municipality to determine the amount payable to the treasurer of such municipality under Formula 3. Multiply the same quotient by the number of policemen of each participating county to determine the amount payable to the treasurer of such county under Formula 3. Multiply this same quotient by the number of State Police, to determine the amount payable to the State Employees' Retirement Fund under Formula 3.

(c) The following formulae illustrate the application of the foregoing methods of calculation wherein:

"a" shall mean the total amount of tax for allocation;

"b" shall mean the population of the Commonwealth;

"c" shall mean the population of any municipality;

"d" shall mean an amount payable to any municipal treasurer under Formula 1;

"d1" shall mean total of amounts payable to all municipal treasurers under Formula 1;

"e" shall mean number of policemen in all participating municipalities;

"f" shall mean number of State police;

"g" shall mean an amount payable to the State Retirement Fund under Formula 2;

"h" shall mean number of policemen in any participating municipality;

"i" shall mean an amount payable to any municipal treasurer under Formula 3;

"i1" shall mean total of amounts payable to all municipal treasurers under Formula 3;

"k" shall mean an amount payable to the State Retirement Fund under Formula 3;

"ci" shall mean the population of all participating municipalities within any participating county;

"hi" shall mean the number of policemen of all participating municipalities within the participating county;

"n" shall mean the number of policemen of any participating county;

"n1" shall mean the number of policemen of all participating counties;

"p" shall mean the amount payable to participating county under Formula 1a;

"p1" shall mean total of amounts payable to all county treasurers under Formula 1a;

"m" shall mean the amount payable to any county treasurer under Formula 3;

"m1" shall mean the total of amounts payable to all county treasurers under Formula 3;

a

1. - X c = d

b
 a X n X ci
 1a. p = -----
 b X hi
 d1 + p1
 2.----- X f = g
 e + n1
 a - (d1 + p1 + g)
 3.----- X h = i
 e + f + n1
 a - (d1 + p1 + g)
 ----- X f = k
 e + f + n1
 a - (d1 + p1 + g)
 ----- X n = m
 e + f + n1
 To prove d1 + p1 + g + i1 + k + m1 = a

(d) All moneys paid to the treasurer of any municipality or county shall be forthwith paid, or credited, to the pension or retirement fund, or the premium on the pension annuity contract, as the case may be, to provide pension retirement or disability benefits for the policemen of such municipality or county, or the dependents of such policemen. All moneys paid into the State Employees' Retirement Fund shall be credited, in equal proportions, to the State Annuity accounts of the members of the State Police who are contributing members to such fund.

(e) Warrants for the above purposes shall be drawn by the Auditor General, payable to the treasurers of the several participating municipalities, participating counties, and to the State Employees' Retirement Fund, in accordance with this act.

Compiler's Note: Former section 2 was inadvertently dropped by Act 39 of 1951, which reenacted Act 120; thus it is still effective. It reads as follows:

Section 2. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

Section 3. Every municipality or county which makes application and certifies that it has a police force comprising at least one full-time paid policeman, but which does not have a Municipal Employees' Retirement Fund, a Police Pension or Retirement Fund, as provided in section one of this act, shall be paid in the manner provided in this act the amount that would be allocated had the municipality or county made provision through a Municipal Employees' Retirement Fund, a Police Pension, or Retirement Fund, all of which sum so allocated shall be expended by the municipal or county authorities to secure Pension Annuity Contracts for their policemen. Warrants for this purpose shall be drawn by the Auditor General payable to the treasurers of the municipalities or counties, and the municipal or county authorities are hereby directed to use the allocations to forthwith secure Pension Annuity Contracts until such time as they have made provision therefor through a Municipal Employees' Retirement Fund, a Police Pension or Retirement Fund.

Section 3.1. Whenever a municipality furnishes police protection to another municipality pursuant to a contract, the municipality furnishing such police protection shall be paid the amount which would be paid to the municipality receiving the police protection if such municipality furnished its own police protection.

(3.1 added July 25, 1963, P.L.313, No.167)