

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 284 Session of  
1997

INTRODUCED BY MOWERY AND STOUT, JANUARY 29, 1997

REFERRED TO FINANCE, JANUARY 29, 1997

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 supplemental State  
8 assistance.

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

11 Section 1. Section 607(j) 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 December 10, 1996 (P.L. ,  
14 No.150), is amended to read:

15 Section 607. Remedies applicable to various recovery program  
16 levels.

17 \* \* \*

18 (j) Supplemental State assistance.--If every pension plan of  
19 the municipality which is a defined benefit plan and which is  
20 self-insured in whole or in part has filed an actuarial

1 valuation report utilizing the standardized actuarial cost  
2 method and economic actuarial assumptions within the range of  
3 actuarial assumptions specified in section 202(b) and if the  
4 municipality has implemented the aggregation of trust funds  
5 pursuant to subsection (b), the municipality may receive  
6 supplemental State assistance from the Supplemental State  
7 Assistance Fund established pursuant to section 608. The amount  
8 of the supplemental State assistance to which the municipality  
9 is entitled shall be determined annually based on the  
10 determination scoring which the municipality received from the  
11 commission pursuant to section 503, as follows:

12 (1) The determination score of the municipality shall be  
13 reduced by an amount equal to 25% of the maximum possible  
14 determination score.

15 (2) The result calculated pursuant to paragraph (1)  
16 shall be expressed as a percentage of the maximum possible  
17 determination score.

18 (2.1) For the supplemental State assistance distributed  
19 in December of 1997, the percentage calculated pursuant to  
20 paragraph (2) shall be applied to the dollar amount of  
21 difference between the greater of the amount of the municipal  
22 contribution or the amount of the actual municipal deposit to  
23 all municipal pension plans in aggregate and the full minimum  
24 municipal obligation with respect to the pension plans  
25 pursuant to section 302 or 303, whichever is applicable, to  
26 determine the amount of supplemental State assistance for the  
27 municipality.

28 (3) [The] For the supplemental State assistance  
29 distributed in December of 1998 and thereafter, the  
30 percentage calculated pursuant to paragraph (2) shall be

1 applied to the dollar amount of difference between the amount  
2 of the municipal contribution to all municipal pension plans  
3 in aggregate and the full minimum municipal obligation with  
4 respect to the pension plan pursuant to section 302 or 303,  
5 whichever is applicable, to determine the amount of  
6 supplemental State assistance for the municipality. For the  
7 purposes of this paragraph, the municipal contribution of a  
8 municipality that has issued bonds or notes to fund an  
9 unfunded actuarial accrued liability under the act of July  
10 12, 1972 (P.L.781, No.185), known as the Local Government  
11 Unit Debt Act, or under other laws applicable to the  
12 municipality, shall include debt service on the bonds or  
13 notes, or both, issued to fund an unfunded actuarial accrued  
14 liability.

15 In the event that the total amount of supplemental State  
16 assistance determined as payable to all municipalities entitled  
17 to receive supplemental State assistance exceeds the maximum  
18 appropriation provided for in section 608(b), the amount of  
19 supplemental State assistance which shall be payable to each  
20 municipality shall be proportionately reduced. The supplemental  
21 State assistance shall be distributed annually on the first  
22 business day occurring in December. For the purposes of this  
23 subsection, the term "municipal contribution" shall mean the sum  
24 of the current year's minimum municipal obligation, the annual  
25 interest payable on any current or prior period funding  
26 deficiencies and the total amount of any discretionary deposits  
27 to the pension fund in the current year.

28 \* \* \*

29 Section 2. This act shall take effect immediately.