
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 854 Session of
2023

INTRODUCED BY PENNYCUICK, BREWSTER, DILLON AND SCHWANK,
JULY 6, 2023

REFERRED TO LAW AND JUSTICE, JULY 6, 2023

AN ACT

1 Amending the act of December 14, 1988 (P.L.1192, No.147),
2 entitled "An act requiring municipal retirement systems to
3 pay special ad hoc postretirement adjustments to certain
4 retired police officers and firefighters; providing for the
5 financing of these adjustments; providing for the
6 administration of the Commonwealth's reimbursements for these
7 adjustments; and making repeals," providing for 2024 special
8 ad hoc municipal police and firefighter postretirement
9 adjustment; in financing of special ad hoc adjustment,
10 further providing for reimbursement by Commonwealth for 2002
11 special ad hoc adjustment; and, in administrative provisions,
12 further providing for municipal retirement system
13 certification of adjustments paid and of reimbursable amounts
14 and for municipal receipt of reimbursement payment.

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

17 Section 1. The act of December 14, 1988 (P.L.1192, No.147),
18 known as the Special Ad Hoc Municipal Police and Firefighter
19 Postretirement Adjustment Act, is amended by adding a chapter to
20 read:

21 CHAPTER 4-A

22 2024 SPECIAL AD HOC MUNICIPAL POLICE AND

23 FIREFIGHTER POSTRETIREMENT ADJUSTMENT

24 Section 401-A. Entitlement to 2024 special ad hoc

1 postretirement adjustment.

2 A municipal retirement system shall pay a retired police
3 officer or firefighter a special ad hoc postretirement
4 adjustment under this chapter if all of the following apply:

5 (1) The retiree has terminated active employment with
6 the municipality as a police officer or firefighter.

7 (2) The retiree is receiving a retirement benefit from a
8 municipal retirement system on the basis of active employment
9 with the municipality as a police officer or firefighter.

10 (3) The retiree began receiving the retirement benefit
11 before January 1, 2019.

12 Section 402-A. Amount of 2024 special ad hoc postretirement
13 adjustment.

14 (a) General rule.--Except as provided in subsections (b) and
15 (c), a municipal retirement system shall pay a retired police
16 officer or firefighter a monthly special ad hoc postretirement
17 adjustment under section 401-A that shall be calculated as
18 follows:

19 (1) The sum of \$75 a month if, on January 1, 2024, the
20 retiree has been retired at least 5 years but less than 10
21 years.

22 (2) The sum of \$150 a month if, on January 1, 2024, the
23 retiree has been retired at least 10 years but less than 20
24 years.

25 (3) The sum of \$300 a month if, on January 1, 2024, the
26 retiree has been retired at least 20 years.

27 (b) Limitation.--If, under section 401-A, a retiree is
28 entitled to be paid a special ad hoc postretirement adjustment
29 by more than one municipal retirement system, the amount of the
30 special ad hoc postretirement adjustment under subsection (a)

1 shall be reduced so that the total of all these adjustments paid
2 to the retiree does not exceed the amount specified in
3 subsection (a).

4 (c) Modification in amount of 2024 special ad hoc
5 postretirement adjustment.--The amount of the special ad hoc
6 postretirement adjustment calculated under subsection (a) shall
7 be reduced annually by 65% of the total amount of any
8 postretirement adjustments provided to the retiree under the
9 municipal retirement plan after December 31, 2001, and before
10 January 1, 2024, and paid in the immediately preceding year.

11 Section 2. Sections 502.1, 901(a)(2) and 903(b) of the act
12 are amended to read:

13 Section 502.1. Reimbursement by Commonwealth for 2002 special
14 ad hoc adjustment.

15 (a) General rule.--

16 (1) Except as provided in subsection (b), beginning in
17 the year following the year in which the amortization
18 contribution requirement attributable to a special ad hoc
19 postretirement adjustment under Chapter 4 or 4-A is first
20 reflected in the financial requirements of the retirement
21 system determined under Chapter 3 of the act of December 18,
22 1984 (P.L.1005, No.205), known as the Municipal Pension Plan
23 Funding Standard and Recovery Act, the Auditor General shall
24 determine the Commonwealth reimbursement payable to the
25 municipality representing the amortization contribution
26 requirement attributable to the special ad hoc postretirement
27 adjustment under [Chapter 4] Chapters 4 and 4-A that was paid
28 with revenues of the municipality other than general
29 municipal pension system State aid provided under the
30 Municipal Pension Plan Funding Standard and Recovery Act.

1 (2) The determination of the reimbursable amount of the
2 amortization contribution requirement attributable to the
3 special ad hoc postretirement adjustment under [Chapter 4]
4 Chapters 4 and 4-A in any year shall be calculated as the
5 amortization contribution requirement attributable to the
6 special ad hoc postretirement adjustments under [Chapter 4]
7 Chapters 4 and 4-A and reflected in the determination of the
8 financial requirements of the pension plan under Chapter 3 of
9 the Municipal Pension Plan Funding Standard and Recovery Act
10 for the immediate prior year less the product of that
11 amortization contribution requirement multiplied by the ratio
12 of the amount of general municipal pension system State aid
13 allocated to the retirement system in the immediate prior
14 year to the total amount of municipal contributions made to
15 the retirement system from all sources other than employee
16 contributions in the immediate prior year. Where a
17 municipality has issued bonds or notes to fund an unfunded
18 actuarial accrued liability under 53 Pa.C.S. Pt. V Subpt. B
19 (relating to indebtedness and borrowing) or under other laws
20 applicable to the municipality, the general municipal pension
21 system State aid and municipal contributions used by the
22 municipality to make debt service payments on the bonds or
23 notes, or both, issued to fund an unfunded actuarial accrued
24 liability shall be included in the calculation of the ratio
25 applied to the amortization contribution requirement.

26 (3) The Commonwealth shall reimburse a municipality,
27 from the special account established under section 701, for
28 the reimbursable amount determined for each year under this
29 paragraph.

30 (b) Limitation of eligibility.--

1 (1) The Commonwealth shall not reimburse any
2 municipality for a special ad hoc adjustment paid under
3 Chapter 4 or 4-A if the information required under section
4 901(a)(2) either was not certified to the Auditor General or
5 was certified after April 1 of the year the certification was
6 due.

7 (2) The Commonwealth shall not reimburse a municipality
8 for the reimbursable amount of the amortization contribution
9 requirement attributable to the special ad hoc postretirement
10 adjustment under Chapter 4 or 4-A if the municipality fails
11 to submit a complete certification of the reimbursable amount
12 of the amortization contribution requirement determined under
13 subsection (a) to the Auditor General before April 1 of the
14 year in which the reimbursement is payable.

15 (c) Variable definition of amortization contribution
16 requirement.--For purposes of this section, the term
17 "amortization contribution requirement" shall have the meaning
18 specified in this subsection as follows:

19 (1) In a municipal pension plan with defined benefits
20 for which the municipality determines the financial
21 requirements of the pension plan under section 302 of the
22 Municipal Pension Plan Funding Standard and Recovery Act, the
23 term "amortization contribution requirement" shall mean the
24 amortization contribution requirement attributable to the
25 special ad hoc postretirement adjustments under [Chapter 4]
26 Chapters 4 and 4-A that was reflected in the financial
27 requirements of the pension plan determined for the immediate
28 prior year.

29 (2) In a municipal pension plan without defined benefits
30 for which the municipality determines the financial

1 requirements of the pension plan under section 303 of the
2 Municipal Pension Plan Funding Standard and Recovery Act, the
3 term "amortization contribution requirement" shall mean the
4 sum of the payments made to the retirement system in the
5 immediate prior year in order to provide the special ad hoc
6 postretirement adjustments under [Chapter 4] Chapters 4 and
7 4-A in that year.

8 Section 901. Municipal retirement system certification of
9 adjustments paid and of reimbursable amounts.

10 (a) Certification.--

11 * * *

12 (2) Beginning in the year 2002, a municipality with a
13 retirement system that pays a special ad hoc postretirement
14 adjustment under Chapter 4 or 4-A in a year shall certify its
15 reimbursable amount under section 502.1(a) to the Auditor
16 General not later than April 1 of the following year.

17 * * *

18 Section 903. Municipal receipt of reimbursement payment.

19 * * *

20 (b) 2002 or 2024 postretirement adjustment reimbursement.--

21 Upon receipt of the reimbursement payment from the Commonwealth
22 for the postretirement adjustments under Chapter 4 or 4-A, the
23 treasurer of the municipality shall deposit the reimbursement
24 payment into the municipality's general fund.

25 Section 3. The special ad hoc postretirement adjustment
26 under section 401-A of the act shall be effective on the date of
27 the first retirement benefit payment made after December 31,
28 2023. If the special ad hoc postretirement adjustment under
29 section 401-A of the act is not included in the initial
30 retirement benefit payment occurring after December 31, 2023,

1 the special ad hoc postretirement adjustment shall be included
2 as soon as practicable in the retirement benefit payment of the
3 retiree, and the initial retirement benefit payment that
4 includes the special ad hoc postretirement adjustment also shall
5 include the total amount of the special ad hoc postretirement
6 adjustments previously omitted from the retirement benefit
7 payments made after December 31, 2023.

8 Section 4. This act shall take effect immediately.