

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 713

Session of
1983

INTRODUCED BY ROCKS, FUMO, LLOYD, WILLIAMS, HANKINS AND LYNCH,
MAY 3, 1983

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 19, 1984

AN ACT

1 ~~Amending the act of May 12, 1943 (P.L.259, No.120), entitled, as~~ <—
2 ~~reenacted and amended, "An act providing for the payment by~~
3 ~~the State Treasurer, of the amount of the tax on premiums~~
4 ~~paid by foreign casualty insurance companies, to the~~
5 ~~treasurers of the several cities, boroughs, towns, townships,~~
6 ~~and certain counties, and for the payment thereof into police~~
7 ~~pension funds, and in certain cases into the Municipal~~
8 ~~Employees' Retirement System, and for Pension Annuity~~
9 ~~Contracts, and in certain other cases into the State~~
10 ~~Employees' Retirement Fund, for certain purposes," requiring~~
11 ~~treasurers to make payments within 60 days of receipt of~~
12 ~~State moneys to the pension or retirement fund.~~
13 MANDATING ACTUARIAL FUNDING STANDARDS FOR ALL MUNICIPAL PENSION <—
14 SYSTEMS; ESTABLISHING A RECOVERY PROGRAM FOR MUNICIPAL
15 PENSION SYSTEMS DETERMINED TO BE FINANCIALLY DISTRESSED;
16 PROVIDING FOR THE DISTRIBUTION OF THE TAX ON THE PREMIUMS OF
17 FOREIGN FIRE INSURANCE COMPANIES; AND MAKING REPEALS.

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

8 ~~Section 1. Section 2(d) of the act of May 12, 1943 (P.L.259, <—~~
9 ~~No.120), referred to as the Foreign Casualty Insurance Premium~~
10 ~~Tax Allocation Law, reenacted and amended May 10, 1951 (P.L.250,~~
11 ~~No.39), is amended to read:~~

12 ~~Section 2. * * *~~

13 ~~(d) All moneys paid to the treasurer of any municipality or~~
14 ~~county shall, within sixty days of receipt, be forthwith paid,~~
15 ~~or credited, to the pension or retirement fund, or the premium~~
16 ~~on the pension annuity contract, as the case may be, to provide~~
17 ~~pension retirement or disability benefits for the policemen of~~
18 ~~such municipality or county, or the dependents of such~~
19 ~~policemen. All moneys paid into the State Employees' Retirement~~
20 ~~Fund shall be credited, in equal proportions, to the State~~
21 ~~Annuity accounts of the members of the State Police who are~~
22 ~~contributing members to such fund.~~

23 ~~* * *~~

24 ~~Section 2. This act shall take effect immediately.~~

25 CHAPTER 1 <—

26 PRELIMINARY PROVISIONS

27 SECTION 101. SHORT TITLE.

28 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE MUNICIPAL
29 PENSION PLAN FUNDING STANDARD AND RECOVERY ACT.

30 SECTION 102. DEFINITIONS.

1 EXCEPT AS PROVIDED IN CHAPTER 7, THE FOLLOWING WORDS AND
2 PHRASES WHEN USED IN THIS ACT SHALL HAVE THE MEANINGS GIVEN TO
3 THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES
4 OTHERWISE:

5 "ACTUARIAL ACCRUED LIABILITY." THAT PORTION OF THE ACTUARIAL
6 PRESENT VALUE OF THE PENSION PLANS BENEFITS AND EXPENSES WHICH
7 IS ALLOCATED TO THE PERIOD ENDING AT THE BEGINNING DAY OF THE
8 CURRENT PLAN YEAR BY THE ACTUARIAL COST METHOD.

9 "ACTUARIAL ASSUMPTIONS." THE DEMOGRAPHIC ACTUARIAL
10 ASSUMPTIONS AND THE ECONOMIC ACTUARIAL ASSUMPTIONS WHEN
11 CONSIDERED TOGETHER.

12 "ACTUARIAL COST METHOD." THE PROCEDURE FOR DETERMINING THE
13 ACTUARIAL PRESENT VALUE OF THE BENEFITS AND EXPENSES OF THE
14 PENSION PLAN AND FOR DEVELOPING AN ACTUARIALLY EQUIVALENT
15 ALLOCATION OF THAT VALUE TO VARIOUS TIME PERIODS, USUALLY IN THE
16 FORM OF A NORMAL COST AND AN ACTUARIAL ACCRUED LIABILITY.

17 "ACTUARIAL PRESENT VALUE." THE VALUE OF AN AMOUNT OR SERIES
18 OF AMOUNTS PAYABLE OR RECEIVABLE AT VARIOUS TIMES, DETERMINED AS
19 OF A GIVEN DATE BY THE APPLICATION OF A PARTICULAR SET OF
20 ACTUARIAL ASSUMPTIONS.

21 "ACTUARIAL VALUATION REPORT." A REPORT WHICH SUMMARIZES THE
22 CALCULATIONS USED TO DETERMINE THE NORMAL COST AND ACTUARIAL
23 ACCRUED LIABILITIES OF A BENEFIT PLAN ACCORDING TO A STATED
24 ACTUARIAL COST METHOD AND BASED UPON STATED DEMOGRAPHIC AND
25 ECONOMIC ACTUARIAL ASSUMPTIONS, THE PAYMENT NECESSARY TO
26 AMORTIZE OVER A STATED PERIOD ANY UNFUNDED ACTUARIAL ACCRUED
27 LIABILITY DISCLOSED, THE PAYMENT NECESSARY TO PREVENT ANY
28 INCREASE IN ANY DISCLOSED UNFUNDED ACTUARIAL ACCRUED LIABILITY,
29 THE ACTUARIAL BALANCE SHEET OF THE PENSION PLAN AND ANY OTHER
30 RELEVANT FINANCIAL AND DEMOGRAPHIC DATA.

1 "ACTUARIAL VALUE OF ASSETS." THE VALUE OF CASH, INVESTMENTS
2 AND OTHER PROPERTY BELONGING TO A PENSION PLAN, AS USED BY AN
3 APPROVED ACTUARY FOR THE PURPOSE OF PREPARING AN ACTUARIAL
4 VALUATION REPORT.

5 "APPROVED ACTUARY." A PERSON WHO HAS AT LEAST FIVE YEARS OF
6 ACTUARIAL EXPERIENCE WITH PUBLIC PENSION PLANS AND WHO IS EITHER
7 ENROLLED AS A MEMBER OF THE AMERICAN ACADEMY OF ACTUARIES OR
8 ENROLLED AS AN ACTUARY PURSUANT TO THE FEDERAL EMPLOYEE
9 RETIREMENT INCOME SECURITY ACT OF 1974.

10 "BENEFIT PLAN." THAT PORTION OF A PENSION PLAN WHICH DEALS
11 SPECIFICALLY WITH THE RETIREMENT ANNUITY AND BENEFIT COVERAGE
12 PROVIDED BY THE PENSION PLAN, INCLUDING, BUT NOT LIMITED TO, THE
13 TYPES OF COVERAGE, THE ELIGIBILITY FOR AND ENTITLEMENT TO
14 RETIREMENT ANNUITIES AND BENEFITS, AND THE AMOUNT OF RETIREMENT
15 ANNUITIES AND BENEFITS.

16 "CHIEF ADMINISTRATIVE OFFICER." THE PERSON WHO HAS PRIMARY
17 RESPONSIBILITY FOR THE EXECUTION OF THE ADMINISTRATIVE AFFAIRS
18 OF THE MUNICIPALITY IN THE CASE OF A MUNICIPALITY, OR OF THE
19 PENSION PLAN IN THE CASE OF A PENSION PLAN, OR THE DESIGNEE OF
20 THAT PERSON.

21 "COMMISSION." THE PUBLIC EMPLOYEE RETIREMENT STUDY
22 COMMISSION ESTABLISHED PURSUANT TO THE ACT OF JULY 9, 1981
23 (P.L.208, NO.66), KNOWN AS THE PUBLIC EMPLOYEE RETIREMENT STUDY
24 COMMISSION ACT.

25 "DEFINED BENEFIT PENSION PLAN." A TYPE OF PENSION BENEFIT
26 PLAN WHICH PROVIDES FOR PERIODIC BENEFIT PAYMENTS AT RETIREMENT
27 WHICH ARE PREDETERMINABLE AND WHICH HAVE A VARIABLE FINANCING
28 REQUIREMENT DEPENDENT UPON THE ACTUARIAL CALCULATION OF
29 ACTUARIAL PRESENT VALUE REQUIREMENTS FOR PROJECTED BENEFITS.

30 "DEFINED CONTRIBUTION PENSION PLAN." A TYPE OF PENSION

1 BENEFIT PLAN WHICH PROVIDES FOR A FIXED CONTRIBUTION RATE OR
2 AMOUNT AND WHICH PROVIDES FOR PERIODIC BENEFIT PAYMENTS
3 CALCULABLE AT RETIREMENT DEPENDENT ON THE ACCUMULATED
4 CONTRIBUTIONS, INVESTMENT INCOME, EXPERIENCE GAINS AND LOSSES
5 CREDITED TO THE MEMBER AND THE EXPECTED MORTALITY OF THE MEMBER.

6 "DEMOGRAPHIC ACTUARIAL ASSUMPTIONS." ESTIMATES OF RATES OF
7 FUTURE OCCURRENCES CONCERNING, BUT NOT NECESSARILY LIMITED TO,
8 MORTALITY, TERMINATIONS, DISABLEMENTS AND AGES AT RETIREMENT
9 USED IN THE PREPARATION OF ACTUARIAL VALUATIONS OF THE PENSION
10 PLAN AND OTHER ACTUARIAL CALCULATIONS.

11 "ECONOMIC ACTUARIAL ASSUMPTIONS." ESTIMATES OF RATES OF
12 FUTURE OCCURRENCES CONCERNING, BUT NOT NECESSARILY LIMITED TO,
13 INCREASES IN SALARY, POST RETIREMENT ADJUSTMENTS, INCREASES IN
14 BENEFITS PAYABLE FROM THE FEDERAL OLD AGE, SURVIVORS, DISABILITY
15 AND HEALTH INSURANCE PROGRAM AND INVESTMENT EARNINGS, ASSET
16 APPRECIATION OR DEPRECIATION AND PROCEDURES TO DETERMINE THE
17 ACTUARIAL VALUE OF ASSETS USED IN THE PREPARATION OF ACTUARIAL
18 VALUATIONS OF THE PENSION PLAN AND OTHER ACTUARIAL CALCULATIONS.

19 "ESTABLISHMENT AND MAINTENANCE OF PENSION PLAN." ANY OF THE
20 FOLLOWING RELATIONSHIPS BETWEEN A MUNICIPALITY AND A PUBLIC
21 EMPLOYEE PENSION PLAN:

22 (1) SPECIFICATION OF THE PROVISIONS WHICH COMPRISE THE
23 BENEFIT PLAN OF THE PENSION PLAN IN AN ORDINANCE OR
24 RESOLUTION OF THE MUNICIPALITY OR CONTRACT TO WHICH THE
25 MUNICIPALITY IS A PARTY.

26 (2) PROVISION BY THE MUNICIPALITY OF THE PRINCIPAL
27 AMOUNT OF THE FINANCING OF A PENSION PLAN RECEIVED FROM ANY
28 MUNICIPALITY.

29 (3) EMPLOYMENT BY THE MUNICIPALITY OF THE LARGEST NUMBER
30 OF PERSONS WHO ARE MEMBERS OF THE PENSION PLAN.

1 (4) ANY COMBINATION OF PARAGRAPHS (1), (2) AND (3).

2 "EXPERIENCE INVESTIGATION." A REPORT WHICH FURNISHES DATA ON
3 THE EXPERIENCE OF THE PENSION PLAN AND AN ANALYSIS WHICH
4 SUBSTANTIATES THE ACTUARIAL ASSUMPTIONS ON WHICH ACTUARIAL
5 VALUATIONS ARE BASED.

6 "FIREFIGHTER." A MUNICIPAL EMPLOYEE WHO HOLDS A POSITION OR
7 AN OFFICE IN THE FIRE DEPARTMENT OF THE MUNICIPALITY AND HAS
8 RETIREMENT COVERAGE PROVIDED BY THE FIREFIGHTERS PENSION PLAN.

9 "FOREIGN FIRE INSURANCE TAX DISTRIBUTION LAW." CHAPTER 7 OF
10 THIS ACT, KNOWN AS THE FOREIGN FIRE INSURANCE TAX DISTRIBUTION
11 LAW, RELATING TO THE DISTRIBUTION TO MUNICIPALITIES OF THE TAX
12 ON THE PREMIUMS OF FOREIGN FIRE INSURANCE COMPANIES.

13 "FULLY INSURED PENSION PLAN." A PENSION PLAN FOR WHICH AN
14 INSURANCE CARRIER HAS, OR A NUMBER OF INSURANCE CARRIERS HAVE,
15 UNDERWRITTEN THE TOTAL ACTUARIAL ACCRUED LIABILITY OF THE
16 BENEFIT PLAN.

17 "GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM." THE
18 STATE AID PROGRAM ESTABLISHED PURSUANT TO SECTION 402.

19 "INSURANCE CARRIER." ANY COMPANY WHICH IS IN THE BUSINESS OF
20 ASSUMING THE RISK OF VARIOUS TYPES OF OCCURRENCES PURSUANT TO
21 CONTRACT OR AGREEMENT AND WHICH IS LICENSED TO DO BUSINESS BY
22 THE COMMONWEALTH.

23 "MULTIEMPLOYER PENSION PLAN OR SYSTEM." A PENSION PLAN WHICH
24 PROVIDES RETIREMENT COVERAGE FOR EMPLOYEES OF MORE THAN ONE
25 MUNICIPALITY.

26 "MUNICIPAL EMPLOYEE." ANY PERSON OTHER THAN AN INDEPENDENT
27 CONTRACTOR WHO PROVIDES REGULAR SERVICES FOR A MUNICIPALITY IN
28 RETURN FOR COMPENSATION FROM THE MUNICIPALITY.

29 "MUNICIPALITY." ANY CITY, BOROUGH, INCORPORATED TOWN,
30 TOWNSHIP, HOME RULE MUNICIPALITY, ASSOCIATION OF MUNICIPALITIES

1 COOPERATING PURSUANT TO THE ACT OF JULY 12, 1972 (P.L.762,
2 NO.180), REFERRED TO AS THE INTERGOVERNMENTAL COOPERATION LAW,
3 OR AUTHORITY ESTABLISHED BY THE ACTIONS OF ANY COUNTY, CITY,
4 BOROUGH, TOWN OR TOWNSHIP OR JOINTLY BY ANY SUCH POLITICAL
5 SUBDIVISIONS.

6 "NORMAL COST." THAT PORTION OF THE ACTUARIAL PRESENT VALUE
7 OF THE PENSION PLAN BENEFITS AND EXPENSES WHICH IS ALLOCATED TO
8 THE PLAN YEAR BY THE ACTUARIAL COST METHOD.

9 "PARTIALLY INSURED PENSION PLAN." A PENSION PLAN FOR WHICH
10 AN INSURANCE CARRIER HAS, OR A NUMBER OF INSURANCE CARRIERS
11 HAVE, UNDERWRITTEN A PORTION OF THE ACTUARIAL ACCRUED LIABILITY
12 OF THE BENEFIT PLAN, BUT LESS THAN THE TOTAL ACTUARIAL ACCRUED
13 LIABILITY.

14 "PENSION FUND." THE ENTITY WHICH IS THE REPOSITORY FOR THE
15 ASSETS AMASSED BY A PENSION PLAN AS RESERVES FOR PRESENT AND
16 FUTURE PERIODIC RETIREMENT PAYMENTS AND BENEFITS OF ACTIVE AND
17 RETIRED MEMBERS OF THE PENSION PLAN.

18 "PENSION PLAN OR SYSTEM." THE VARIOUS ASPECTS OF THE
19 RELATIONSHIP BETWEEN A MUNICIPALITY AND ITS EMPLOYEES WITH
20 RESPECT TO THE RETIREMENT COVERAGE PROVIDED BY A MUNICIPALITY TO
21 THE EMPLOYEES.

22 "PLAN DOCUMENT." THE LAW, ORDINANCE, RESOLUTION OR RELATED
23 DOCUMENT OR DOCUMENTS WHICH GOVERNS THE VARIOUS ASPECTS OF THE
24 RETIREMENT COVERAGE PROVIDED BY A MUNICIPALITY TO ITS EMPLOYEES,
25 INCLUDING PERIODIC RETIREMENT PAYMENTS AND BENEFITS,
26 ADMINISTRATION AND FUNDING.

27 "PLAN YEAR." THE 12 CONSECUTIVE MONTH PERIOD APPLICABLE TO
28 PENSION PLAN WHICH IS UTILIZED FOR VARIOUS ACTUARIAL AND
29 FINANCIAL PURPOSES AND WHICH, UNLESS OTHERWISE SPECIFIED IN THE
30 PLAN DOCUMENT PRIOR TO DECEMBER 31, 1982, SHALL BE A CALENDAR

1 YEAR COMMENCING ON JANUARY 1 AND ENDING ON DECEMBER 31.

2 "POLICE OFFICER." A MUNICIPAL EMPLOYEE WHO HOLDS A POSITION
3 OR AN OFFICE IN THE POLICE DEPARTMENT OF THE MUNICIPALITY AND
4 HAS RETIREMENT COVERAGE PROVIDED BY THE POLICE PENSION PLAN.

5 "SELF-INSURED PENSION PLAN." A PENSION PLAN FOR WHICH ALL OR
6 A PORTION OF THE ACCRUED ACTUARIAL LIABILITY OF THE BENEFIT PLAN
7 IS UNDERWRITTEN BY CURRENT OR FUTURE ACCUMULATIONS OF PENSION
8 PLAN ASSETS.

9 "UNFUNDED ACTUARIAL ACCRUED LIABILITY." THE EXCESS OF THE
10 ACTUARIAL ACCRUED LIABILITY OVER THE ACTUARIAL VALUE OF ASSETS.

11 CHAPTER 2

12 MUNICIPAL PENSION PLAN ACTUARIAL REPORTING

13 SECTION 201. REQUIREMENT TO FILE ACTUARIAL VALUATION REPORT OR
14 EXPERIENCE INVESTIGATION.

15 (A) ACTUARIAL VALUATION REPORT REQUIRED.--EACH MUNICIPALITY
16 WHICH HAS ESTABLISHED OR MAINTAINS A PENSION PLAN FOR ITS
17 EMPLOYEES, INCLUDING ANY MUNICIPALITY WHICH PARTICIPATES IN THE
18 PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM, SHALL CAUSE TO BE MADE
19 ACTUARIAL VALUATION REPORTS. ACTUARIAL VALUATION REPORTS SHALL
20 BE MADE BIENNIALY, UNLESS THE APPLICABLE MUNICIPALITY IS
21 APPLYING OR HAS PREVIOUSLY APPLIED FOR SUPPLEMENTAL STATE
22 ASSISTANCE PURSUANT TO SECTION 603, WHEREUPON ACTUARIAL
23 VALUATION REPORTS SHALL BE MADE ANNUALLY. EACH MUNICIPALITY
24 WHICH HAS ESTABLISHED OR MAINTAINS A PENSION PLAN FOR ITS
25 EMPLOYEES AND HAS AN ACTIVE, VESTED INACTIVE AND BENEFIT
26 RECIPIENT MEMBERSHIP EQUAL TO OR GREATER THAN 1,000 SHALL ALSO
27 CAUSE EXPERIENCE INVESTIGATIONS TO BE MADE. EXPERIENCE
28 INVESTIGATIONS SHALL BE MADE QUADRENNIALLY.

29 (B) FILING DATE FOR ACTUARIAL VALUATION REPORT.--THE
30 BIENNIAL ACTUARIAL VALUATION REPORT REQUIRED PURSUANT TO

1 SUBSECTION (A) SHALL BE MADE AS OF THE BEGINNING OF EACH PLAN
2 YEAR OCCURRING IN AN ODD-NUMBERED CALENDAR YEAR AND SHALL BE
3 FILED WITH THE EXECUTIVE DIRECTOR OF THE COMMISSION NO LATER
4 THAN THE LAST BUSINESS DAY OF MARCH OCCURRING IN THE FOLLOWING
5 CALENDAR YEAR. FOR THE INITIAL FILING PURSUANT TO THIS CHAPTER,
6 THE ACTUARIAL VALUATION REPORT SHALL BE MADE AS OF THE BEGINNING
7 OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR 1985.

8 (C) FILING DATE FOR EXPERIENCE INVESTIGATION.--THE
9 QUADRENNIAL EXPERIENCE INVESTIGATION REQUIRED PURSUANT TO
10 SUBSECTION (A) SHALL ACCOMPANY EVERY OTHER ACTUARIAL VALUATION
11 REPORT AND SHALL COVER THE FIVE-YEAR PERIOD ENDING AS OF THE END
12 OF THE PLAN YEAR PRECEDING THE PLAN YEAR FOR WHICH THE ACTUARIAL
13 VALUATION REPORT IS FILED. FOR THE INITIAL FILING PURSUANT TO
14 THIS CHAPTER, THE EXPERIENCE INVESTIGATION SHALL BE MADE FOR THE
15 FIVE-YEAR PERIOD ENDING AS OF THE END OF THE PLAN YEAR OCCURRING
16 ON OR AFTER DECEMBER 31, 1984, AND BEFORE DECEMBER 31, 1985. THE
17 EXPERIENCE INVESTIGATION SHALL BE FILED WITH THE EXECUTIVE
18 DIRECTOR OF THE COMMISSION.

19 (D) RESPONSIBILITY FOR PREPARATION AND FILING OF REPORTS AND
20 INVESTIGATIONS.--THE ACTUARIAL VALUATION REPORT OR EXPERIENCE
21 INVESTIGATION REQUIRED PURSUANT TO SUBSECTION (A) SHALL BE
22 PREPARED UNDER THE SUPERVISION AND AT THE DIRECTION OF THE CHIEF
23 ADMINISTRATIVE OFFICER OF THE MUNICIPALITY, WHO SHALL ALSO BE
24 RESPONSIBLE FOR THE FILING OF THE DOCUMENT. THE ACTUARIAL
25 VALUATION REPORT OR EXPERIENCE INVESTIGATION SHALL BE SIGNED BY
26 THE CHIEF ADMINISTRATIVE OFFICER, INDICATING THAT TO THE EXTENT
27 OF THE UNDERSTANDING AND KNOWLEDGE OF THE OFFICER, THE REPORT OR
28 INVESTIGATION REPRESENTS A TRUE AND ACCURATE PORTRAYAL OF THE
29 ACTUARIAL, FINANCIAL AND DEMOGRAPHIC CONDITION OF THE PENSION
30 PLAN OF THE MUNICIPALITY.

1 (E) ACTUARIAL VALUATION REPORT AND EXPERIENCE INVESTIGATION
2 AS PUBLIC RECORD.--EACH ACTUARIAL VALUATION REPORT AND
3 EXPERIENCE INVESTIGATION IS A PUBLIC RECORD. THE CHIEF
4 ADMINISTRATIVE OFFICER OF THE MUNICIPALITY TO WHICH THE PENSION
5 PLAN IS ASSOCIATED SHALL TAKE WHATEVER STEPS ARE DEEMED
6 NECESSARY TO INSURE THAT THE INFORMATION CONTAINED IN THE
7 ACTUARIAL VALUATION REPORT OR EXPERIENCE INVESTIGATION IS MADE
8 AVAILABLE TO ACTIVE MEMBERS OR BENEFIT RECIPIENTS OF THE PENSION
9 PLAN.

10 SECTION 202. CONTENTS OF ACTUARIAL VALUATION REPORT.

11 (A) GENERALLY.--THE ACTUARIAL VALUATION REPORT SHALL CONTAIN
12 ACTUARIAL EXHIBITS, FINANCIAL EXHIBITS AND DEMOGRAPHIC EXHIBITS.
13 THE ACTUARIAL EXHIBITS SHALL BE PREPARED AND CERTIFIED BY AN
14 APPROVED ACTUARY. THE REMAINING EXHIBITS MAY BE PREPARED BY A
15 QUALIFIED PERSON OTHER THAN AN APPROVED ACTUARY. THE FINANCIAL
16 AND DEMOGRAPHIC EXHIBITS SHALL BE PREPARED AS OF THE END OF THE
17 PRIOR YEAR. THE SUBMISSION BY A MUNICIPALITY OF A SINGLE REPORT
18 SETTING FORTH THE VARIOUS REQUIRED CONTENTS ITEMS IN TOTAL FOR
19 THE VARIOUS PENSION PLANS ASSOCIATED WITH THE PENNSYLVANIA
20 MUNICIPAL RETIREMENT SYSTEM SHALL BE DEEMED TO BE COMPLIANCE BY
21 THAT MUNICIPALITY WITH THE REQUIREMENTS OF THIS CHAPTER ONLY IF
22 THE REPORT ALSO SEPARATELY SETS FORTH THE VARIOUS REQUIRED
23 CONTENTS ITEMS FOR THE MUNICIPALITY.

24 (B) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED BENEFIT PLANS
25 SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN WHICH IS
26 A DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN WHOLE OR IN
27 PART, ALL APPLICABLE ACTUARIAL EXHIBITS SHALL BE PREPARED IN
28 ACCORDANCE WITH THE ENTRY AGE NORMAL ACTUARIAL COST METHOD WITH
29 ENTRY AGE ESTABLISHED AS THE ACTUAL ENTRY AGE FOR ALL PLAN
30 MEMBERS UNLESS THE MUNICIPALITY APPLIES FOR AND IS GRANTED

1 AUTHORIZATION BY THE COMMISSION TO USE AN ALTERNATIVE ACTUARIAL
2 COST METHOD. AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY
3 DEMONSTRATES ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE
4 COMPELLING REASONS OF AN ACTUARIAL NATURE FOR THE USE OF AN
5 ALTERNATIVE ACTUARIAL COST METHOD. THE COMMISSION SHALL ISSUE
6 RULES AND REGULATIONS SPECIFYING THE CRITERIA WHICH THE
7 COMMISSION WILL USE TO DETERMINE THE QUESTION OF THE EXISTENCE
8 OF COMPELLING REASONS FOR THE USE OF AN ALTERNATIVE ACTUARIAL
9 COST METHOD, THE DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE
10 AUTHORIZATION WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE
11 ALTERNATIVE ACTUARIAL COST METHODS WHICH THE COMMISSION MAY
12 AUTHORIZE. THE ACTUARIAL COST METHOD SHALL BE USED TO VALUE ALL
13 ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION PLAN UNLESS
14 THE MUNICIPALITY APPLIES FOR AND IS GRANTED AUTHORIZATION BY THE
15 COMMISSION TO USE APPROXIMATION TECHNIQUES OTHER THAN THE
16 ACTUARIAL COST METHOD FOR ASPECTS OF THE BENEFIT PLAN OR PLANS
17 OF THE PENSION PLAN OTHER THAN THE RETIREMENT BENEFIT.
18 AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY DEMONSTRATES
19 ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE COMPELLING
20 REASONS OF AN ACTUARIAL NATURE FOR THE USE OF THESE
21 APPROXIMATION TECHNIQUES. THE COMMISSION SHALL ISSUE RULES AND
22 REGULATIONS SPECIFYING THE CRITERIA WHICH THE COMMISSION WILL
23 USE TO DETERMINE THE QUESTION OF THE EXISTENCE OF COMPELLING
24 REASONS FOR THE USE OF APPROXIMATION TECHNIQUES, THE
25 DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE AUTHORIZATION
26 WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE APPROXIMATION
27 TECHNIQUE WHICH THE COMMISSION MAY AUTHORIZE. THE ACTUARIAL
28 EXHIBITS SHALL USE ACTUARIAL ASSUMPTIONS WHICH ARE, IN THE
29 JUDGMENT OF THE ACTUARY AND THE GOVERNING BODY OF THE PLAN, THE
30 BEST AVAILABLE ESTIMATE OF FUTURE OCCURRENCES IN THE CASE OF

1 EACH ASSUMPTION. WITH RESPECT TO ECONOMIC ACTUARIAL ASSUMPTIONS,
2 THE ASSUMPTIONS SHALL EITHER BE WITHIN THE RANGE SPECIFIED IN
3 RULES AND REGULATIONS ISSUED BY THE COMMISSION OR DOCUMENTATION
4 EXPLAINING AND JUSTIFYING THE CHOICE OF ASSUMPTIONS OUTSIDE THE
5 RANGE SHALL ACCOMPANY THE REPORT. THE ACTUARIAL EXHIBITS SHALL
6 MEASURE ALL ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION
7 PLAN IN ACCORDANCE WITH MODIFICATIONS IN THE BENEFIT PLAN OR
8 PLANS, IF ANY, AND SALARIES WHICH AS OF THE VALUATION DATE ARE
9 KNOWN OR CAN REASONABLY BE EXPECTED TO BE IN FORCE DURING THE
10 ENSUING PLAN YEAR. THE ACTUARIAL VALUATION REPORT SHALL CONTAIN
11 THE FOLLOWING ACTUARIAL EXHIBITS:

12 (1) AN EXHIBIT OF THE NORMAL COST OF THE BENEFITS
13 PROVIDED BY THE BENEFIT PLAN AS OF THE DATE OF THE ACTUARIAL
14 VALUATION, EXPRESSED AS A PERCENTAGE OF THE FUTURE COVERED
15 PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN AS OF
16 THE DATE OF THE ACTUARIAL VALUATION.

17 (2) AN EXHIBIT OF THE ACTUARIAL ACCRUED LIABILITY OF THE
18 BENEFIT PLAN AS OF THE DATE OF THE ACTUARIAL VALUATION IN
19 TOTAL WHICH SHALL BE THE ACTUARIAL PRESENT VALUE OF ALL
20 PROJECTED BENEFITS PROVIDED BY THE BENEFIT PLAN REDUCED BY
21 THE ACTUARIAL PRESENT VALUE OF FUTURE NORMAL COSTS, AND IN
22 PARTICULAR, WHICH SHALL INCLUDE THE FOLLOWING REQUIRED
23 ACTUARIAL PRESENT VALUES FOR PENSION PLAN BENEFITS OF RELATED
24 ITEMS:

25 (I) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT OF
26 ACTIVE MEMBERS:

27 (A) RETIREMENT BENEFITS.

28 (B) DISABILITY BENEFITS.

29 (C) SURVIVOR BENEFITS.

30 (D) REFUND LIABILITY DUE TO WITHDRAWAL FROM

1 ACTIVE SERVICE OR DEATH.

2 (E) OTHER BENEFITS, SPECIFYING THE NATURE OF
3 EACH TYPE.

4 THIS ITEM SHALL INCLUDE A FOOTNOTE INDICATING THE AMOUNT
5 OF ACCUMULATED MEMBER CONTRIBUTIONS WITHOUT ACCRUED
6 INTEREST.

7 (II) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT OF
8 FORMER MEMBERS WITH A DEFERRED, VESTED OR OTHERWISE
9 NONFORFEITABLE RIGHT TO A RETIREMENT BENEFIT.

10 (III) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT
11 OF FORMER MEMBERS WHO DO NOT HAVE A DEFERRED, VESTED OR
12 OTHERWISE NONFORFEITABLE RIGHT TO THE RETIREMENT BENEFIT
13 AND WHO HAVE NOT WITHDRAWN ANY ACCUMULATED MEMBER
14 CONTRIBUTIONS.

15 (IV) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT OF
16 BENEFIT RECIPIENTS:

17 (A) RETIREMENT BENEFITS.

18 (B) DISABILITY BENEFITS.

19 (C) SURVIVING SPOUSE BENEFITS.

20 (D) SURVIVING CHILD BENEFITS.

21 (E) OTHER BENEFITS, SPECIFYING THE NATURE OF
22 EACH TYPE.

23 (V) REQUIRED ACTUARIAL PRESENT VALUES FOR OTHER
24 BENEFITS PROVIDED BY THE BENEFIT PLAN, SPECIFYING THE
25 NATURE OF EACH TYPE.

26 (VI) ACTUARIAL PRESENT VALUE OF FUTURE NORMAL COST.

27 (3) AN EXHIBIT OF THE UNFUNDED ACTUARIAL ACCRUED
28 LIABILITY OF THE PENSION PLAN IN TOTAL, WHICH SHALL BE THE
29 ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN CALCULATED
30 PURSUANT TO PARAGRAPH (2) LESS THE ACTUARIAL VALUE OF ASSETS

1 OF THE PENSION PLAN CALCULATED PURSUANT TO SUBSECTION (E)(1),
2 AND WHICH, IN PARTICULAR, SHALL INCLUDE THE FOLLOWING:

3 (I) THE REMAINING BALANCE OF THE UNFUNDED ACTUARIAL
4 ACCRUED LIABILITY IN EXISTENCE AS OF THE FIRST ACTUARIAL
5 VALUATION REPORT REQUIRED BY THIS SECTION OCCURRING NEXT
6 FOLLOWING THE DATE OF ENACTMENT OF THIS SECTION.

7 (II) THE REMAINING BALANCE OF EACH INCREMENT OF
8 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO
9 MODIFICATIONS IN THE BENEFIT PLAN GOVERNING THE PENSION
10 PLAN WHICH WERE APPLICABLE TO ACTIVE MEMBERS, SEPARATELY
11 INDICATING EACH AND DESIGNATING EACH BY THE PLAN YEAR IN
12 WHICH THE BENEFIT PLAN MODIFICATION WAS MADE EFFECTIVE.

13 (III) THE REMAINING BALANCE OF EACH INCREMENT OF
14 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO
15 MODIFICATIONS IN THE BENEFIT PLAN GOVERNING THE PENSION
16 PLAN WHICH WERE APPLICABLE TO RETIRED MEMBERS AND OTHER
17 BENEFIT RECIPIENTS, SEPARATELY INDICATING EACH AND
18 DESIGNATING EACH BY THE PLAN YEAR IN WHICH THE BENEFIT
19 PLAN MODIFICATION WAS MADE EFFECTIVE.

20 (IV) THE REMAINING BALANCE OF EACH INCREMENT OF NET
21 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO
22 MODIFICATIONS IN THE ACTUARIAL ASSUMPTIONS USED TO
23 CALCULATE THE ACTUARIAL ACCRUED LIABILITY OF THE PENSION
24 PLAN SEPARATELY INDICATING EACH AND DESIGNATING EACH BY
25 THE PLAN YEAR IN WHICH THE ACTUARIAL ASSUMPTION
26 MODIFICATION WAS MADE EFFECTIVE.

27 (V) THE REMAINING BALANCE OF EACH INCREMENT OR
28 DECREMENT OF NET UNFUNDED ACTUARIAL ACCRUED LIABILITY
29 ATTRIBUTABLE TO NET ACTUARIAL EXPERIENCE LOSSES OR GAINS,
30 SEPARATELY INDICATING EACH AND DESIGNATING EACH BY THE

1 PLAN YEAR IN WHICH THE ACTUARIAL EXPERIENCE LOSS OR GAIN
2 WAS RECOGNIZED.

3 THE INITIAL DETERMINATION OF THE UNFUNDED ACTUARIAL ACCRUED
4 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT PLAN
5 GOVERNING THE PENSION PLAN OR TO A MODIFICATION IN THE
6 ACTUARIAL ASSUMPTIONS USED TO CALCULATE THE ACTUARIAL ACCRUED
7 LIABILITY OF THE PENSION PLAN SHALL BE MADE BY CALCULATING
8 THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN
9 IN ACCORDANCE WITH THE BENEFIT PLAN PROVISIONS AND ACTUARIAL
10 ASSUMPTIONS WHICH WERE IN EFFECT PRIOR TO THE MODIFICATION
11 AND BY CALCULATING THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
12 OF THE PENSION PLAN IN ACCORDANCE WITH THE MODIFICATION IN
13 THE PROVISIONS OF THE BENEFIT PLAN GOVERNING THE PENSION PLAN
14 OR THE ACTUARIAL ASSUMPTIONS USED TO CALCULATE THE ACTUARIAL
15 ACCRUED LIABILITY OF THE PENSION PLAN, WHICHEVER IS
16 APPLICABLE, AND THE REMAINING BENEFIT PLAN PROVISIONS AND
17 ACTUARIAL ASSUMPTIONS. THE INITIAL DETERMINATION OF THE
18 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO AN
19 ACTUARIAL LOSS SHALL BE MADE IN CONJUNCTION WITH THE ANALYSIS
20 OF INCREASES OR DECREASES IN THE UNFUNDED ACTUARIAL ACCRUED
21 LIABILITY OF THE PENSION PLAN REQUIRED PURSUANT TO PARAGRAPH
22 (6).

23 (4) AN EXHIBIT OF ANY ADDITIONAL FUNDING COSTS
24 ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL
25 ACCRUED LIABILITY OF THE PENSION PLAN, INDICATING FOR EACH
26 INCREMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY SPECIFIED
27 IN PARAGRAPH (3), THE LEVEL ANNUAL DOLLAR CONTRIBUTION
28 REQUIRED TO PAY AN AMOUNT EQUAL TO THE ACTUARIAL ASSUMPTION
29 AS TO INVESTMENT EARNINGS APPLIED TO THE PRINCIPAL AMOUNT OF
30 THE REMAINING BALANCE OF THE INCREMENT OF UNFUNDED ACTUARIAL

1 ACCRUED LIABILITY AND TO RETIRE BY THE APPLICABLE
2 AMORTIZATION TARGET DATE SPECIFIED IN THIS PARAGRAPH THE
3 PRINCIPAL AMOUNT OF THE REMAINING BALANCE OF THE INCREMENT OF
4 UNFUNDED ACTUARIAL ACCRUED LIABILITY. THE AMORTIZATION TARGET
5 DATE APPLICABLE FOR EACH TYPE OF INCREMENT OF UNFUNDED
6 ACTUARIAL ACCRUED LIABILITY SHALL BE AS FOLLOWS:

7 (I) (A) IN THE CASE OF A PENSION PLAN ESTABLISHED
8 ON OR PRIOR TO JANUARY 1, 1985 FOR THE UNFUNDED
9 ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE
10 BEGINNING OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR
11 1985, AT THE END OF THE PLAN YEAR OCCURRING IN
12 CALENDAR YEAR 2015; OR

13 (B) IN THE CASE OF A PENSION PLAN ESTABLISHED
14 AFTER JANUARY 1, 1985, FOR THE UNFUNDED ACTUARIAL
15 ACCRUED LIABILITY THEN OR SUBSEQUENTLY DETERMINED TO
16 BE OR TO HAVE BEEN IN EXISTENCE AS OF THE DATE OF THE
17 ESTABLISHMENT OF THE PLAN, AT THE END OF THE PLAN
18 YEAR OCCURRING 30 YEARS AFTER THE CALENDAR YEAR IN
19 WHICH THE PENSION PLAN WAS ESTABLISHED.

20 (II) INCREMENT OR DECREMENT OF NET UNFUNDED
21 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO A CHANGE IN
22 ACTUARIAL ASSUMPTIONS, AT THE END OF THE PLAN YEAR
23 OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
24 ACTUARIAL ASSUMPTION MODIFICATION WAS EFFECTIVE.

25 (III) INCREMENT OF NET UNFUNDED ACTUARIAL ACCRUED
26 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT
27 PLAN APPLICABLE TO ACTIVE MEMBERS, AT THE END OF THE PLAN
28 YEAR OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
29 THE BENEFIT PLAN MODIFICATION WAS EFFECTIVE.

30 (IV) INCREMENT OF UNFUNDED ACTUARIAL ACCRUED

1 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT
2 PLAN APPLICABLE TO RETIRED MEMBERS AND OTHER BENEFIT
3 RECIPIENTS, AT THE END OF THE PLAN YEAR OCCURRING 10
4 YEARS AFTER THE CALENDAR YEAR IN WHICH THE BENEFIT PLAN
5 MODIFICATION WAS EFFECTIVE.

6 (V) INCREMENT OR DECREMENT OF NET UNFUNDED ACTUARIAL
7 ACCRUED LIABILITY ATTRIBUTABLE TO AN ACTUARIAL EXPERIENCE
8 LOSS OR GAIN, AT THE END OF PLAN YEAR OCCURRING 15 YEARS
9 AFTER THE CALENDAR YEAR IN WHICH THE ACTUARIAL EXPERIENCE
10 LOSS OR GAIN WAS RECOGNIZED.

11 WITH RESPECT TO ANY APPLICABLE PENSION PLAN OTHER THAN A PLAN
12 WHICH COMPRISES ALL OR PART OF A SEVERELY DISTRESSED
13 MUNICIPAL PENSION SYSTEM, IF THE REMAINING AVERAGE PERIOD
14 BETWEEN THE CURRENT AVERAGE ATTAINED AGE OF ACTIVE MEMBERS AS
15 OF THE VALUATION DATE AND THE LATER OF THEIR EARLIEST AVERAGE
16 NORMAL RETIREMENT AGE OR THEIR AVERAGE ASSUMED RETIREMENT AGE
17 IS LESS THAN THE APPLICABLE PERIOD OR PERIODS ENDING WITH THE
18 AMORTIZATION TARGET DATE OR DATES SPECIFIED IN SUBPARAGRAPH
19 (I), (II), (III) OR (V), THE APPROPRIATE AMORTIZATION TARGET
20 DATE FOR THE APPLICABLE SUBPARAGRAPH DETERMINED WITH
21 REFERENCE TO THE LONGEST APPLICABLE REMAINING AVERAGE PERIOD
22 ROUNDED TO THE NEXT LARGEST WHOLE NUMBER SHALL BE USED. THE
23 EXHIBIT SHALL INDICATE THE TOTAL DOLLAR AMOUNT OF ADDITIONAL
24 FUNDING COSTS ASSOCIATED WITH THE AMORTIZATION OF ANY
25 UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN
26 APPLICABLE FOR THAT PLAN YEAR AND ANY SUBSEQUENT PLAN YEAR
27 OCCURRING PRIOR TO THE PREPARATION OF THE NEXT REQUIRED
28 ACTUARIAL VALUATION REPORT, WHICH SHALL BE THE TOTAL OF THE
29 ADDITIONAL FUNDING COSTS ASSOCIATED WITH THE AMORTIZATION OF
30 EACH INCREMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY. THE

1 EXHIBIT SHALL ALSO INDICATE THE PLAN YEAR IN WHICH ANY
2 UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN
3 WOULD BE FULLY AMORTIZED IF THE TOTAL ANNUAL ADDITIONAL
4 FUNDING COST CALCULATED PURSUANT TO THIS PARAGRAPH WERE MET
5 CONTINUOUSLY WITHOUT INCREASE OR DECREASE IN AMOUNT UNTIL THE
6 TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY CURRENTLY EXISTING
7 WAS FULLY AMORTIZED. IN CALCULATING THE ADDITIONAL FUNDING
8 COSTS ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED
9 ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN IN ANY PLAN
10 YEAR, ANY AMORTIZATION CONTRIBUTION MADE IN THE INTERVAL
11 SINCE THE LAST ACTUARIAL VALUATION REPORT SHALL BE ALLOCATED
12 TO EACH TYPE OF INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
13 LIABILITY IN PROPORTION TO THE REMAINING DOLLAR AMOUNT OF
14 EACH TYPE.

15 (5) AN EXHIBIT OF THE TOTAL ADMINISTRATIVE COST OF THE
16 PENSION PLAN FOR THE PLAN YEAR OCCURRING IMMEDIATELY PRIOR TO
17 THE PLAN YEAR FOR WHICH THE ACTUARIAL VALUATION REPORT IS
18 MADE.

19 (6) AN EXHIBIT CONTAINING AN ANALYSIS OF THE INCREASE OR
20 DECREASE IN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE
21 PENSION PLAN SINCE THE MOST RECENT PRIOR ACTUARIAL VALUATION
22 REPORT, INCLUDING SPECIFICALLY AN INDICATION OF INCREASES OR
23 DECREASES DUE TO THE FOLLOWING:

24 (I) MODIFICATIONS IN THE BENEFIT PLAN OR PLANS OF
25 THE PENSION PLAN.

26 (II) CHANGES IN ACTUARIAL ASSUMPTIONS.

27 (III) DEVIATIONS IN THE ACTUAL EXPERIENCE OF THE
28 PENSION PLAN FROM THE EXPERIENCE EXPECTED BY VIRTUE OF
29 THE ACTUARIAL ASSUMPTIONS.

30 (IV) PRESENCE OR ABSENCE OF PAYMENTS TO AMORTIZE THE

1 UNFUNDED ACCRUED LIABILITY OF THE PENSION PLAN.

2 (V) OTHER REASONS.

3 THE ANALYSIS SHALL BE BASED ON THE BEST PROFESSIONAL JUDGMENT
4 OF THE APPROVED ACTUARY REACHED AFTER PREPARING THE VARIOUS
5 APPLICABLE ACTUARIAL EXHIBITS OF THE ACTUARIAL VALUATION
6 REPORT. IF, IN THE OPINION OF THE APPROVED ACTUARY, THE
7 INCLUSION OF ANY PORTION OF THIS INFORMATION IS NOT
8 APPROPRIATE, THAT PORTION OF THE ANALYSIS MAY BE OMITTED WITH
9 THE PROVISION OF ADEQUATE EXPLANATION OR JUSTIFICATION OF THE
10 APPROPRIATENESS OF THE OMISSION.

11 (7) AN EXHIBIT SUMMARIZING THE ECONOMIC AND DEMOGRAPHIC
12 ACTUARIAL ASSUMPTIONS USED IN THE PREPARATION OF THE
13 ACTUARIAL EXHIBITS.

14 (8) A SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BENEFIT
15 PLAN OF THE PENSION PLAN UPON WHICH THE ACTUARIAL EXHIBITS
16 ARE BASED.

17 (C) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED CONTRIBUTION
18 PLANS SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN
19 WHICH IS A DEFINED CONTRIBUTION PLAN AND WHICH IS SELF-INSURED,
20 IN WHOLE OR IN PART, FOR THE LIABILITY ATTRIBUTABLE TO BENEFIT
21 RECIPIENTS AND ANNUITANTS, THE ACTUARIAL VALUATION REPORT SHALL
22 CONTAIN THE FOLLOWING ACTUARIAL EXHIBITS:

23 (1) AN EXHIBIT OF THE REQUIRED ACTUARIAL PRESENT VALUES
24 ON ACCOUNT OF BENEFIT RECIPIENTS AND ANNUITANTS, WHICH SHALL
25 INCLUDE THE FOLLOWING REQUIRED ACTUARIAL PRESENT VALUES:

26 (I) RETIREMENT BENEFITS.

27 (II) DISABILITY BENEFITS.

28 (III) SURVIVING SPOUSE BENEFITS.

29 (IV) SURVIVING CHILD BENEFITS.

30 (V) OTHER BENEFITS, SPECIFYING THE NATURE OF EACH

1 TYPE.

2 (2) AN EXHIBIT INDICATING THE MEMBER CONTRIBUTIONS
3 ACCUMULATED AT INTEREST AS APPORTIONED TO MEMBER ACCOUNTS TO
4 THE DATE OF THE VALUATION REPORT, WHICH SHALL BE ITEMIZED AS
5 FOLLOWS:

6 (I) BALANCE OF MEMBER CONTRIBUTIONS AND INTEREST
7 ATTRIBUTABLE TO BENEFITS RECIPIENTS.

8 (II) MEMBER CONTRIBUTIONS AND INTEREST ATTRIBUTABLE
9 TO ACTIVE MEMBERS.

10 (III) MEMBER CONTRIBUTIONS AND INTEREST ATTRIBUTABLE
11 TO FORMER MEMBERS WITH A DEFERRED, VESTED OR OTHERWISE
12 NONFORFEITABLE RIGHT TO A RETIREMENT BENEFIT.

13 (IV) MEMBER CONTRIBUTIONS AND INTEREST ATTRIBUTABLE
14 TO FORMER MEMBERS WITHOUT A DEFERRED, VESTED OR OTHERWISE
15 NONFORFEITABLE RIGHT TO A RETIREMENT BENEFIT.

16 THE ACCUMULATIONS SHALL BE SEPARATED IN A MANNER WHICH
17 PROPERLY REFLECTS ANY DIFFERENCES IN RETIREMENT BENEFIT
18 PURCHASE OR CALCULATION RATES WHICH MAY APPLY.

19 (3) AN EXHIBIT OF THE TOTAL ADMINISTRATIVE COST OF THE
20 PENSION PLAN FOR THE PLAN YEAR OCCURRING IMMEDIATELY PRIOR TO
21 THE PLAN YEAR FOR WHICH THE ACTUARIAL VALUATION REPORT IS
22 MADE.

23 (4) AN EXHIBIT SUMMARIZING THE ACTUARIAL ASSUMPTIONS AS
24 TO PRERETIREMENT MORTALITY, POST RETIREMENT MORTALITY,
25 DISABLEMENT AND INVESTMENT INCOME USED IN THE PREPARATION OF
26 THE ACTUARIAL EXHIBITS.

27 (5) A SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BENEFIT
28 PLAN OF THE PENSION PLAN UPON WHICH THE ACTUARIAL EXHIBITS
29 ARE BASED.

30 (D) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED BENEFIT OR

1 DEFINED CONTRIBUTION PLANS INSURED IN WHOLE BY AN INSURANCE
2 CARRIER.--FOR ANY PENSION PLAN WHICH IS A DEFINED BENEFIT PLAN
3 OR A DEFINED CONTRIBUTION PLAN AND WHICH IS INSURED IN WHOLE BY
4 AN INSURANCE CARRIER AUTHORIZED TO DO BUSINESS IN THE
5 COMMONWEALTH, THE ACTUARIAL VALUATION REPORT SHALL CONTAIN THE
6 FOLLOWING ACTUARIAL EXHIBITS:

7 (1) AN EXHIBIT INDICATING THE TYPE, NATURE AND ISSUER OF
8 THE INSURANCE COVERAGE, AS FOLLOWS:

9 (I) TYPE OF INSURANCE COVERAGE.

10 (A) INDIVIDUAL POLICIES.

11 (B) GROUP MASTER CONTRACT.

12 (II) NATURE OF INSURANCE COVERAGE.

13 (A) RETIREMENT ANNUITY.

14 (B) RETIREMENT INCOME ENDOWMENT.

15 (C) COMBINATION OF RETIREMENT ANNUITIES AND
16 ENDOWMENT.

17 (III) ISSUER OF INSURANCE COVERAGE FOR EACH POLICY
18 OR CONTRACT.

19 (2) AN EXHIBIT INDICATING THE FOLLOWING:

20 (I) ACTUARIAL PRESENT VALUE OF ALL BENEFITS PROVIDED
21 BY THE BENEFIT PLAN.

22 (II) ACTUARIAL VALUE OF THE CURRENT INSURANCE
23 COVERAGE.

24 (III) ACTUARIAL PRESENT VALUE OF FUTURE INSURANCE
25 PREMIUM PAYMENTS.

26 (IV) ADMINISTRATIVE COST INCLUDED IN CURRENT
27 INSURANCE PREMIUM PAYMENTS.

28 (3) A CERTIFICATION BY AN APPROVED ACTUARY THAT THE
29 AGGREGATE INSURANCE AND ANNUITY COVERAGE APPLICABLE TO THE
30 PENSION PLAN IS IN THE OPINION OF THE ACTUARY SUFFICIENT TO

1 FULLY ASSUME THE RISK OF THE PROVISION OF ALL RETIREMENT
2 ANNUITIES AND OTHER RETIREMENT BENEFITS APPLICABLE TO THE
3 BENEFIT PLAN OF THE PENSION PLAN.

4 (4) A SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BENEFIT
5 PLAN OF THE PENSION PLAN UPON WHICH THE CERTIFICATION OF
6 SUFFICIENCY IS BASED.

7 (5) AN EXHIBIT SUMMARIZING ANY RELEVANT SIGNIFICANT
8 ACTUARIAL ASSUMPTIONS AND METHODS USED BY THE ACTUARY IN
9 FORMULATING THE OPINION OF SUFFICIENCY.

10 (E) CONTENTS OF FINANCIAL EXHIBITS.--EACH FINANCIAL EXHIBIT
11 SHALL BE PREPARED IN A MANNER WHICH IS CONSISTENT WITH THE OTHER
12 FINANCIAL EXHIBITS CONTAINED IN THE ACTUARIAL VALUATION REPORT
13 AND THE FINANCIAL EXHIBITS CONTAINED IN MOST RECENT PRIOR
14 ACTUARIAL REPORT. THE ACCOUNTING BASIS FOR THE FINANCIAL
15 EXHIBITS SHALL BE DISCLOSED. THE FINANCIAL EXHIBITS SHALL BE
16 PREPARED IN A FASHION WHICH IS REASONABLY CALCULATED TO FAIRLY
17 AND ACCURATELY DISCLOSE THE FINANCIAL CONDITION AND AFFAIRS OF
18 THE PENSION PLAN. IN THE EVENT THAT THERE IS IMPLEMENTED A
19 CHANGE IN THE MANNER IN WHICH THE FINANCIAL EXHIBITS ARE
20 PREPARED, THE FINANCIAL EXHIBITS PREPARED FOR INCLUSION IN THE
21 ACTUARIAL VALUATION REPORT FOR THE YEAR IN WHICH THE CHANGE IS
22 IMPLEMENTED SHALL BE PREPARED IN ACCORDANCE WITH BOTH THE CHANGE
23 AND THE MANNER PREVIOUSLY EMPLOYED. THE ACTUARIAL VALUATION
24 REPORT SHALL INCLUDE THE FOLLOWING FINANCIAL EXHIBITS:

25 (1) AN EXHIBIT OF THE ASSETS OF THE PENSION PLAN AT
26 THEIR FAIR MARKET VALUE AND VALUED PURSUANT TO RULES AND
27 REGULATIONS ISSUED BY THE COMMISSION, WHICH SHALL REFLECT
28 VARIATIONS IN ASSET MIX AND REDUCE THE IMPACT OF MARKET
29 FLUCTUATIONS.

30 (2) AN EXHIBIT OF THE CURRENT LIABILITIES OF THE PENSION

1 PLAN IN TOTAL AND IN PARTICULAR, WHICH SHALL INCLUDE THE
2 FOLLOWING ITEMS:

3 (I) ACCOUNTS PAYABLE.

4 (II) RETIREMENT BENEFIT PAYMENTS.

5 (III) DISABILITY BENEFIT PAYMENTS.

6 (IV) SURVIVOR BENEFIT PAYMENTS.

7 (V) REFUNDS TO MEMBERS.

8 (VI) ACCRUED ADMINISTRATIVE EXPENSES.

9 (VII) SUSPENSE ITEMS.

10 (VIII) OUTSTANDING LOANS AGAINST INSURANCE POLICIES
11 OR CONTRACTS.

12 (IX) OTHER CURRENT LIABILITIES, IF ANY, SPECIFYING
13 THE NATURE OF EACH TYPE.

14 (3) A STATEMENT OF THE ACCUMULATED MEMBER CONTRIBUTIONS,
15 IF ANY ARE REQUIRED, WITHOUT INTEREST CREDITED TO THEM.

16 (4) AN EXHIBIT OF THE INCOME OF THE PENSION PLAN, IN
17 TOTAL AND IN PARTICULAR, WHICH SHALL INCLUDE THE FOLLOWING
18 ITEMS:

19 (I) MEMBER CONTRIBUTIONS.

20 (II) ALLOCATIONS FROM THE COMMONWEALTH DEDICATED TO
21 PENSION PLAN PURPOSES, IF ANY.

22 (III) MUNICIPAL CONTRIBUTIONS.

23 (IV) INTEREST ON DEBT SECURITIES.

24 (V) DIVIDENDS ON EQUITY SECURITIES.

25 (VI) REALIZED CAPITAL GAINS ON EQUITY SECURITIES.

26 (VII) RECOGNIZED UNREALIZED CAPITAL GAINS ON EQUITY
27 SECURITIES.

28 (VIII) DIVIDENDS ON INSURANCE POLICIES OR CONTRACTS.

29 (IX) OTHER INCOME, IF ANY, SPECIFYING THE NATURE OF
30 EACH TYPE.

1 (5) AN EXHIBIT OF THE DEDUCTIONS FROM THE INCOME OF THE
2 PENSION PLAN IN TOTAL AND IN PARTICULAR, WHICH SHALL INCLUDE
3 THE FOLLOWING ITEMS:

4 (I) PENSION PLAN BENEFIT PAYMENTS.

5 (A) RETIREMENT BENEFITS.

6 (B) DISABILITY BENEFITS.

7 (C) SURVIVING SPOUSE BENEFITS.

8 (D) SURVIVING CHILD BENEFITS.

9 (E) REFUNDS TO MEMBERS TERMINATING EMPLOYMENT.

10 (F) REFUNDS ON BEHALF OF DECEASED ACTIVE, FORMER
11 OR RETIRED MEMBERS.

12 (G) OTHER BENEFIT PAYMENTS, IF ANY.

13 (II) ADMINISTRATIVE EXPENSES INCURRED.

14 (III) REALIZED CAPITAL LOSSES ON EQUITY SECURITIES.

15 (IV) RECOGNIZED UNREALIZED CAPITAL LOSSES ON EQUITY
16 SECURITIES.

17 (V) OTHER DEDUCTIONS FROM INCOME, IF ANY, SPECIFYING
18 THE NATURE OF EACH TYPE.

19 THE EXHIBIT SHALL INDICATE THE ACCOUNTING BASIS ON WHICH THE
20 INFORMATION PRESENTED IN THE EXHIBIT WAS PREPARED.

21 (6) AN EXHIBIT INDICATING THE ADMINISTRATIVE COST
22 INCURRED BY THE PENSION PLAN IN SUCH DETAIL AS IS DEEMED
23 APPROPRIATE BY THE CHIEF ADMINISTRATIVE OFFICER OF THE
24 PENSION PLAN.

25 (F) CONTENTS OF DEMOGRAPHIC EXHIBITS.--EACH ACTUARIAL
26 VALUATION REPORT SHALL INCLUDE THE FOLLOWING DEMOGRAPHIC EXHIBIT
27 IN THE FORM OF A SUMMARY TABULATION OF NUMBERS AND AMOUNTS,
28 WHICH SHALL BE PRESENTED IN THE FOLLOWING FORM:

29 ANNUAL

30 (1) ACTIVE MEMBERS NUMBER PAYROLL

1 AS OF LAST VALUATION DATE
 2 NEW ENTRANTS
 3 TOTAL
 4 SEPARATIONS FROM ACTIVE
 5 SERVICE
 6 REFUND OF CONTRIBUTIONS
 7 SEPARATION WITH DEFERRED
 8 BENEFIT
 9 SEPARATION WITH NEITHER
 10 REFUND NOR DEFERRED
 11 BENEFIT
 12 DISABILITY
 13 DEATH
 14 RETIREMENT WITH SERVICE
 15 RETIREMENT BENEFIT
 16 TOTAL SEPARATIONS
 17 AS OF CURRENT VALUATION DATE

| | | ANNUAL |
|----|------------------------------|---------|
| | NUMBER | BENEFIT |
| 18 | | |
| 19 | (2) BENEFIT RECIPIENTS | |
| 20 | AS OF LAST VALUATION DATE | |
| 21 | NEW BENEFIT RECIPIENTS | |
| 22 | TOTAL | |
| 23 | TERMINATIONS | |
| 24 | DEATHS | |
| 25 | OTHER | |
| 26 | TOTAL TERMINATIONS | |
| 27 | AS OF CURRENT VALUATION DATE | |

28 THE TABULATION REQUIRED PURSUANT TO THIS PARAGRAPH SHALL
 29 BE MADE SEPARATELY FOR EACH OF THE FOLLOWING CLASSES OF
 30 BENEFIT RECIPIENTS:

- 1 (I) SERVICE RETIREMENT BENEFIT RECIPIENTS.
- 2 (II) DISABILITY BENEFIT RECIPIENTS.
- 3 (III) SURVIVING SPOUSE BENEFIT RECIPIENTS.
- 4 (IV) SURVIVING CHILDREN BENEFIT RECIPIENTS.
- 5 (V) DEFERRED BENEFIT RECIPIENTS.

6 SECTION 203. CONTENTS OF EXPERIENCE INVESTIGATION.

7 (A) GENERALLY.--THE EXPERIENCE INVESTIGATION SHALL CONTAIN
8 SUFFICIENT INFORMATION TO SUBSTANTIATE THE ACTUARIAL ASSUMPTIONS
9 UPON WHICH THE ACTUARIAL EXHIBITS OF THE MOST RECENT ACTUARIAL
10 REPORT SHALL BE BASED. THE EXPERIENCE INVESTIGATION SHALL BE
11 PREPARED ONLY BY AN APPROVED ACTUARY.

12 (B) CONTENTS OF EXPERIENCE INVESTIGATION; DEFINED BENEFIT
13 PLANS SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN
14 WHICH IS A DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN
15 WHOLE OR IN PART, THE EXPERIENCE INVESTIGATION SHALL CONTAIN THE
16 FOLLOWING ITEMS:

17 (1) A COMPARISON FOR EACH YEAR OF THE LAST FIVE-YEAR
18 PERIOD OF THE ACTUAL EXPERIENCE OF THE PENSION PLAN AND THE
19 EXPERIENCE OF THE PENSION PLAN EXPECTED PURSUANT TO THE
20 ACTUARIAL ASSUMPTIONS OTHER THAN THE RETIREMENT AGE
21 ASSUMPTION WHICH WERE USED IN PREPARING THE ACTUARIAL
22 EXHIBITS OF THE ACTUARIAL VALUATION REPORT OF THE PENSION
23 PLAN AND WHICH IN THE JUDGMENT OF THE APPROVED ACTUARY
24 SIGNIFICANTLY AFFECT THE RESULTS CONTAINED IN THOSE ACTUARIAL
25 EXHIBITS.

26 (2) A STATEMENT OF THE AVERAGE AGES AT WHICH RETIREMENT
27 BENEFIT RECIPIENTS HAVE TERMINATED SERVICE AS AN ACTIVE
28 MEMBER AND COMMENCED RECEIPT OF RETIREMENT BENEFITS FOR THE
29 FOLLOWING GROUPS:

30 (I) ALL PERSONS CURRENTLY RECEIVING A RETIREMENT

1 BENEFIT AS OF THE DATE OF THE EXPERIENCE STUDY.

2 (II) PERSONS NEWLY BECOMING RETIREMENT BENEFIT
3 RECIPIENTS AS A SEPARATE GROUP FOR EACH OF THE LAST FIVE
4 PLAN YEARS.

5 (3) A RECOMMENDATION BY THE APPROVED ACTUARY CONCERNING
6 THE RETENTION OR MODIFICATION OF THE ACTUARIAL ASSUMPTIONS
7 PREVIOUSLY USED TO PREPARE THE ACTUARIAL EXHIBITS OF THE
8 ACTUARIAL VALUATION REPORT OF THE PENSION PLAN.

9 (C) CONTENTS OF EXPERIENCE INVESTIGATION; DEFINED
10 CONTRIBUTION PLANS OR DEFINED BENEFIT PLANS INSURED IN WHOLE BY
11 AN INSURANCE CARRIER.--FOR ANY PENSION PLAN WHICH IS A DEFINED
12 CONTRIBUTION PLAN OR WHICH IS A DEFINED BENEFIT PLAN AND IS
13 INSURED IN WHOLE BY AN INSURANCE CARRIER, THE EXPERIENCE
14 INVESTIGATION SHALL PROVIDE SPECIFIC INFORMATION CONCERNING
15 THOSE ITEMS WHICH RELATE TO ANY ACTUARIAL ASSUMPTIONS USED IN
16 DETERMINING THE ACTUARIAL CONDITION OF THE PENSION PLAN.
17 SECTION 204. DELINQUENT ACTUARIAL VALUATION REPORTS AND
18 EXPERIENCE INVESTIGATIONS.

19 IF A COMPLETE ACTUARIAL VALUATION REPORT OR EXPERIENCE
20 INVESTIGATION IS NOT FILED IN A TIMELY FASHION, ANY AND ALL
21 FINANCING WHICH IS PROVIDED TO THE MUNICIPALITY BY THE
22 COMMONWEALTH AND IS DEDICATED FOR PENSION PLAN PURPOSES SHALL BE
23 WITHHELD UNTIL THE REPORT OR INVESTIGATION IS FILED. IF A
24 MUNICIPALITY FAILS TO FILE AN ACTUARIAL VALUATION REPORT OR
25 EXPERIENCE INVESTIGATION, THE COMMISSION SHALL HAVE THE REPORT
26 OR INVESTIGATION PREPARED AND THE MUNICIPALITY SHALL REIMBURSE
27 THE COMMISSION FOR THE ACTUAL COST OF THE PREPARATION OF THE
28 REPORT OR INVESTIGATION. THE COMMISSION SHALL ISSUE RULES AND
29 REGULATIONS SPECIFYING THE PROCEDURES WHICH THE COMMISSION SHALL
30 FOLLOW IN OBTAINING DELINQUENT ACTUARIAL VALUATION REPORTS OR

1 EXPERIENCE INVESTIGATIONS.

2 SECTION 205. MODIFICATION OF REQUIREMENTS FOR CONTENTS OF
3 ACTUARIAL VALUATION REPORTS AND EXPERIENCE
4 INVESTIGATIONS.

5 THE COMMISSION MAY ISSUE RULES AND REGULATIONS SPECIFYING
6 MODIFICATIONS IN, ADDITIONS TO OR ELIMINATION OF REQUIREMENTS
7 FOR THE CONTENTS OF ACTUARIAL VALUATION REPORTS AND EXPERIENCE
8 INVESTIGATIONS. ANY RULES AND REGULATIONS SHALL BE ISSUED IN
9 ACCORDANCE WITH ANY PROVISION OF LAW GOVERNING THE ISSUANCE OF
10 RULES AND REGULATIONS BY COMMONWEALTH AGENCIES.

11 SECTION 206. REQUIREMENT FOR ADDITIONAL INFORMATION IN CERTAIN
12 INSTANCES.

13 THE COMMISSION MAY REQUEST ANY ADDITIONAL INFORMATION, DATA
14 OR CALCULATIONS IN CONNECTION WITH ANY REQUIRED ACTUARIAL
15 VALUATION REPORT OR EXPERIENCE INVESTIGATION WHICH IT DEEMS
16 NECESSARY OR DESIRABLE. THE REQUESTED INFORMATION, DATA OR
17 CALCULATIONS SHALL BE TRANSMITTED TO THE COMMISSION AS SOON AS
18 IS PRACTICABLE FOLLOWING RECEIPT OF THE REQUEST.

19 SECTION 207. ACTUARIAL VALUATION AND EXPERIENCE INVESTIGATION
20 EXPENSES ALLOWABLE.

21 NOTWITHSTANDING ANY PROVISION OF LAW, MUNICIPAL ORDINANCE,
22 MUNICIPAL RESOLUTION, MUNICIPAL CHARTER, PENSION PLAN AGREEMENT
23 OR PENSION PLAN CONTRACT TO THE CONTRARY, THE EXPENSES
24 ATTRIBUTABLE TO THE PREPARATION OF ANY ACTUARIAL VALUATION
25 REPORT OR EXPERIENCE INVESTIGATION REQUIRED PURSUANT TO THIS
26 CHAPTER SHALL BE AN ALLOWABLE ADMINISTRATIVE EXPENSE PAYABLE
27 FROM THE ASSETS OF THE PENSION PLAN.

28 SECTION 208. MODIFICATION OF ACTUARIAL REPORTING REQUIREMENT IN
29 CERTAIN INSTANCES.

30 ANY MUNICIPALITY WHICH COMPLIES WITH THE MUNICIPAL PENSION

1 PLAN ACTUARIAL REPORTING REQUIREMENTS SPECIFIED IN THIS CHAPTER
2 SHALL BE DEEMED TO HAVE COMPLIED WITH THE ACT OF DECEMBER 6,
3 1972 (P.L.1383, NO.293), ENTITLED "AN ACT REQUIRING MUNICIPAL
4 PENSION SYSTEMS TO HAVE AN ACTUARIAL INVESTIGATION OF THE FUND
5 MADE BY AN ACTUARY WHO SHALL REPORT HIS FINDINGS TO THE
6 DEPARTMENT OF COMMUNITY AFFAIRS."

7 CHAPTER 3

8 MINIMUM FUNDING STANDARD FOR MUNICIPAL
9 PENSION PLANS

10 SECTION 301. MUNICIPAL PENSION PLAN MINIMUM FUNDING STANDARD;
11 APPLICATION AND GENERAL PROVISIONS.

12 (A) APPLICATION.--NOTWITHSTANDING ANY PROVISION OF LAW,
13 MUNICIPAL ORDINANCE, MUNICIPAL RESOLUTION, MUNICIPAL CHARTER,
14 PENSION PLAN AGREEMENT OR PENSION PLAN CONTRACT TO THE CONTRARY,
15 THE APPLICABLE PROVISIONS OF THIS CHAPTER SHALL APPLY TO ANY
16 MUNICIPALITY WHICH HAS ESTABLISHED AND MAINTAINS, DIRECTLY OR
17 INDIRECTLY, A PENSION PLAN FOR THE BENEFIT OF ITS EMPLOYEES,
18 IRRESPECTIVE OF THE MANNER IN WHICH THE PENSION PLAN IS
19 ADMINISTERED, AND TO THE RESPECTIVE PENSION PLAN.

20 (B) DISCLOSURE OF NONCOMPLIANCE.--IN THE EVENT THAT ANY
21 MUNICIPALITY OR PENSION PLAN FAILS IN A MATERIAL WAY TO COMPLY
22 WITH ANY APPLICABLE PROVISION OF THIS CHAPTER, THE COMMISSION
23 SHALL NOTIFY THE GOVERNOR AND THE GENERAL ASSEMBLY OF THAT
24 NONCOMPLIANCE IN A PUBLIC REPORT ISSUED ANNUALLY FOR THIS
25 PURPOSE.

26 SECTION 302. MINIMUM FUNDING STANDARD; DEFINED BENEFIT PLANS
27 SELF-INSURED IN WHOLE OR IN PART.

28 (A) GENERALLY.--THIS SECTION APPLIES TO ANY MUNICIPALITY
29 WHICH HAS ESTABLISHED AND MAINTAINS A PENSION PLAN WHICH IS A
30 DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN WHOLE OR IN

1 PART.

2 (B) FINANCIAL REQUIREMENTS OF THE PENSION PLAN.--

3 (1) ANNUALLY, THE CHIEF ADMINISTRATIVE OFFICER OF THE
4 PENSION PLAN SHALL DETERMINE THE FINANCIAL REQUIREMENTS OF
5 THE PENSION PLAN FOR THE FOLLOWING PLAN YEAR. THE FINANCIAL
6 REQUIREMENTS OF THE PENSION PLAN FOR THE FOLLOWING PLAN YEAR
7 SHALL BE BASED ON THE MOST RECENT ACTUARIAL VALUATION REPORT
8 OF THE PENSION PLAN PREPARED PURSUANT TO CHAPTER 2. UNLESS
9 THE ASSETS OF THE PENSION PLAN EQUAL THE PRESENT VALUE OF
10 FUTURE BENEFITS AS REPORTED PURSUANT TO SECTION 202(B)(2),
11 THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN SHALL BE THE
12 NORMAL COST AND ADMINISTRATIVE EXPENSE REQUIREMENTS FOR THE
13 FOLLOWING PLAN YEAR AND, IF THE PENSION PLAN HAS AN UNFUNDED
14 ACTUARIAL ACCRUED LIABILITY PURSUANT TO THE MOST RECENT
15 ACTUARIAL VALUATION REPORT, THE AMORTIZATION CONTRIBUTION
16 REQUIREMENT FOR THE FOLLOWING PLAN YEAR. THE FINANCIAL
17 REQUIREMENTS OF THE PENSION PLAN, HOWEVER, SHALL AT LEAST BE
18 EQUAL TO THE ANNUAL AMOUNT OF RETIREMENT AND OTHER BENEFITS
19 ANTICIPATED TO BE PAYABLE FROM THE PENSION PLAN FOR THE
20 FOLLOWING PLAN YEAR LESS THE MARKET VALUE OF THE ASSETS OF
21 THE PENSION PLAN AS OF THE DATE ON WHICH THE FINANCIAL
22 REQUIREMENTS OF THE PENSION PLAN ARE DETERMINED.

23 (2) THE NORMAL COST AND ADMINISTRATIVE EXPENSE
24 REQUIREMENTS FOR THE FOLLOWING PLAN YEARS SHALL BE EXPRESSED
25 AS A DOLLAR AMOUNT AND SHALL BE DETERMINED BY APPLYING THE
26 NORMAL COST OF THE BENEFIT PLAN AND THE ADMINISTRATIVE
27 EXPENSE PAYABLE FROM THE ASSETS ATTRIBUTABLE TO THE BENEFIT
28 PLAN, AS REPORTED IN THE ACTUARIAL VALUATION REPORT OF THE
29 PENSION PLAN AND EXPRESSED AS A PERCENTAGE OF COVERED
30 PAYROLL, TO THE ESTIMATED COVERED PAYROLL OF THE ACTIVE

1 MEMBERSHIP OF THE PENSION PLAN INCLUDING ANY PROJECTED
2 INCREASE IN ACTIVE MEMBERSHIP FOR THE FOLLOWING YEAR.

3 (3) THE AMORTIZATION CONTRIBUTION REQUIREMENT FOR THE
4 FOLLOWING PLAN YEAR SHALL BE EXPRESSED AS A DOLLAR AMOUNT AND
5 SHALL BE THE ADDITIONAL AMOUNT REPORTED IN THE ACTUARIAL
6 VALUATION REPORT OF THE PENSION PLAN AS SUFFICIENT TO
7 AMORTIZE ON A LEVEL DOLLAR BASIS THE VARIOUS INCREMENTS OF
8 THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE BENEFIT PLAN
9 BY THE APPLICABLE AMORTIZATION TARGET DATES AS ESTABLISHED IN
10 SECTION 202(B)(4).

11 (C) MINIMUM OBLIGATION OF THE MUNICIPALITY.--ANNUALLY, THE
12 CHIEF ADMINISTRATIVE OFFICER OF THE PENSION PLAN SHALL DETERMINE
13 THE MINIMUM OBLIGATION OF THE MUNICIPALITY WITH RESPECT TO THE
14 PENSION PLAN FOR THE FOLLOWING PLAN YEAR. THE MINIMUM OBLIGATION
15 OF THE MUNICIPALITY WITH RESPECT TO THE PENSION PLAN SHALL BE
16 EQUAL TO THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN REDUCED
17 BY THE FOLLOWING AMOUNTS:

18 (1) THE AMOUNT OF ANY GENERAL MUNICIPAL PENSION PLAN
19 STATE AID FROM THE COMMONWEALTH ANTICIPATED AS RECEIVABLE BY
20 THE MUNICIPALITY PURSUANT TO SECTION 402 AND TO BE ALLOCATED
21 TO THE PENSION PLAN FOR THE FOLLOWING PLAN YEAR.

22 (2) THE AMOUNT OF ANY MEMBER CONTRIBUTIONS ANTICIPATED
23 AS RECEIVABLE FOR THE FOLLOWING YEAR.

24 (3) IF THE ACTUARIAL VALUE OF THE ASSETS OF THE PENSION
25 PLAN EXCEED THE ACTUARIAL ACCRUED LIABILITY OF THE PENSION
26 PLAN, AN AMOUNT EQUAL TO ONE-TENTH OF THE AMOUNT BY WHICH THE
27 ACTUARIAL VALUE EXCEEDS THE ACTUARIAL ACCRUED LIABILITY.

28 (D) PAYMENT OF MINIMUM MUNICIPAL OBLIGATION.--ANNUALLY THE
29 MUNICIPALITY SHALL PROVIDE FOR THE FULL AMOUNT OF THE MINIMUM
30 OBLIGATION OF THE MUNICIPALITY IN THE BUDGET OF THE

1 MUNICIPALITY. THE MINIMUM OBLIGATION OF THE MUNICIPALITY SHALL
2 BE PAYABLE TO THE PENSION PLAN FROM THE REVENUE OF THE
3 MUNICIPALITY. PAYMENT OF THE MINIMUM OBLIGATION OF THE
4 MUNICIPALITY SHALL BE MADE BY THE MUNICIPALITY AND IF MADE
5 DURING THE MONTH OF JANUARY, SHALL BE PAYABLE WITHOUT ANY
6 INTEREST, AND IF MADE SUBSEQUENT TO THE MONTH OF JANUARY BUT
7 PRIOR TO DECEMBER 31, SHALL BE PAYABLE WITH INTEREST FOR THE
8 PERIOD SINCE JANUARY 1 AT A RATE EQUAL TO THE INTEREST
9 ASSUMPTION USED FOR THE ACTUARIAL VALUATION REPORT, EXPRESSED ON
10 A MONTHLY BASIS.

11 (E) INTEREST PENALTY ON OMITTED MUNICIPAL CONTRIBUTIONS.--
12 ANY AMOUNT OF THE MINIMUM OBLIGATION OF THE MUNICIPALITY WHICH
13 REMAINS UNPAID AS OF DECEMBER 31 OF THE YEAR IN WHICH THE
14 MINIMUM OBLIGATION IS DUE SHALL BE ADDED TO THE MINIMUM
15 OBLIGATION OF THE MUNICIPALITY FOR THE FOLLOWING YEAR, WITH
16 INTEREST FROM JANUARY 1 OF THE YEAR IN WHICH THE MINIMUM
17 OBLIGATION WAS FIRST DUE UNTIL THE DATE THE PAYMENT IS PAID AT A
18 RATE EQUAL TO THE INTEREST ASSUMPTION USED FOR THE ACTUARIAL
19 VALUATION REPORT OR THE DISCOUNT RATE APPLICABLE TO TREASURY
20 BILLS ISSUED BY THE DEPARTMENT OF TREASURY OF THE UNITED STATES
21 WITH A SIX MONTH MATURITY AS OF THE LAST BUSINESS DAY IN
22 DECEMBER OF THE PLAN YEAR IN WHICH THE OBLIGATION WAS DUE,
23 WHICHEVER IS GREATER, EXPRESSED AS A MONTHLY RATE AND COMPOUNDED
24 MONTHLY.

25 SECTION 303. MINIMUM FUNDING STANDARD; DEFINED BENEFIT PLANS
26 WHOLLY INSURED OR DEFINED CONTRIBUTION PLANS.

27 (A) GENERALLY.--THIS SECTION APPLIES TO ANY MUNICIPALITY
28 WHICH HAS ESTABLISHED AND MAINTAINS A PENSION PLAN WHICH IS ONE
29 OF THE FOLLOWING:

30 (1) A DEFINED BENEFIT PLAN WHICH IS FULLY INSURED BY AN

1 AUTHORIZED INSURANCE CARRIER.

2 (2) A DEFINED CONTRIBUTION PLAN WHICH IS SELF-INSURED IN
3 WHOLE OR IN PART.

4 (3) A DEFINED CONTRIBUTION PLAN WHICH IS FULLY INSURED
5 BY AN AUTHORIZED INSURANCE CARRIER.

6 (B) FINANCIAL REQUIREMENTS OF THE PENSION PLAN.--ANNUALLY,
7 THE CHIEF ADMINISTRATIVE OFFICER OF THE PENSION PLAN SHALL
8 DETERMINE THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN FOR THE
9 FOLLOWING PLAN YEAR. THE FINANCIAL REQUIREMENTS OF THE PENSION
10 PLAN SHALL BE DETERMINED PURSUANT TO THE TERMS OF THE CONTRACT
11 OR POLICY WITH THE INSURANCE CARRIER OR THE PLAN DOCUMENT
12 GOVERNING THE PENSION PLAN, WHICHEVER IS APPLICABLE.

13 (C) MINIMUM OBLIGATION OF THE MUNICIPALITY.--ANNUALLY, THE
14 CHIEF ADMINISTRATIVE OFFICER OF THE PENSION PLAN SHALL DETERMINE
15 THE MINIMUM OBLIGATION OF THE MUNICIPALITY WITH RESPECT TO THE
16 PENSION PLAN FOR THE FOLLOWING PLAN YEAR. THE MINIMUM OBLIGATION
17 OF THE MUNICIPALITY WITH RESPECT TO THE PENSION PLAN SHALL BE
18 THE EMPLOYER CONTRIBUTION PORTION OF FINANCIAL REQUIREMENTS
19 DETERMINED PURSUANT TO THE TERMS OF THE CONTRACT OR POLICY WITH
20 THE INSURANCE CARRIER OR THE PLAN DOCUMENT GOVERNING THE PENSION
21 PLAN, WHICHEVER IS APPLICABLE, REDUCED BY THE AMOUNT OF ANY
22 GENERAL MUNICIPAL PENSION PLAN STATE AID FROM THE COMMONWEALTH
23 ANTICIPATED AS RECEIVABLE BY THE MUNICIPALITY PURSUANT TO
24 SECTION 402 AND TO BE ALLOCATED TO THE PENSION PLAN FOR THE
25 FOLLOWING PLAN YEAR.

26 (D) PAYMENT OF MINIMUM MUNICIPAL OBLIGATION.--ANNUALLY, THE
27 MUNICIPALITY SHALL PROVIDE FOR THE FULL AMOUNT OF THE MINIMUM
28 OBLIGATION OF THE MUNICIPALITY IN THE BUDGET OF THE
29 MUNICIPALITY. THE MINIMUM OBLIGATION OF THE MUNICIPALITY SHALL
30 BE PAYABLE TO THE PENSION PLAN FROM THE REVENUE OF THE

1 MUNICIPALITY. PAYMENT OF THE MINIMUM OBLIGATION OF THE
2 MUNICIPALITY SHALL BE MADE BY THE MUNICIPALITY.

3 (E) INTEREST PENALTY ON OMITTED MUNICIPAL CONTRIBUTION.--ANY
4 AMOUNT OF THE MINIMUM OBLIGATION OF THE MUNICIPALITY WHICH
5 REMAINS UNPAID AS OF DECEMBER 31 OF THE YEAR IN WHICH THE
6 MINIMUM OBLIGATION IS DUE SHALL BE ADDED TO THE MINIMUM
7 OBLIGATION OF THE MUNICIPALITY FOR THE FOLLOWING YEAR, WITH
8 INTEREST FROM JANUARY 1 OF THE YEAR IN WHICH THE MINIMUM
9 OBLIGATION WAS FIRST DUE UNTIL THE DATE THE PAYMENT IS PAID AT A
10 RATE EQUAL TO THE INTEREST ASSUMPTION USED FOR THE ACTUARIAL
11 VALUATION REPORT OR THE DISCOUNT RATE APPLICABLE TO TREASURY
12 BILLS ISSUED BY THE TREASURY DEPARTMENT OF THE UNITED STATES
13 WITH A SIX-MONTH MATURITY AS OF THE LAST BUSINESS DAY IN
14 DECEMBER OF THE PLAN YEAR IN WHICH THE OBLIGATION WAS DUE,
15 WHICHEVER IS GREATER, EXPRESSED AS A MONTHLY RATE AND COMPOUNDED
16 MONTHLY.

17 SECTION 304. CERTIFICATION OF PENSION PLAN FINANCIAL
18 REQUIREMENTS AND MINIMUM MUNICIPAL OBLIGATIONS.

19 THE CHIEF ADMINISTRATIVE OFFICER OF EACH PENSION PLAN SHALL
20 SUBMIT THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN AND THE
21 MINIMUM OBLIGATION OF THE MUNICIPALITY WITH RESPECT TO THE
22 PENSION PLAN, WITH APPROPRIATE DOCUMENTING DETAIL, TO THE
23 GOVERNING BODY OF THE MUNICIPALITY ON OR BEFORE THE LAST
24 BUSINESS DAY IN SEPTEMBER, ANNUALLY. THE SUBMISSION SHALL
25 INCLUDE A CERTIFICATION BY THE CHIEF ADMINISTRATIVE OFFICER AS
26 TO THE ACCURACY OF THE CALCULATIONS AND THEIR CONFORMANCE WITH
27 THE APPLICABLE PROVISIONS OF THIS CHAPTER.

28 SECTION 305. ACTUARIAL COST ESTIMATE REQUIRED FOR BENEFIT PLAN
29 MODIFICATION.

30 (A) PRESENTATION OF COST ESTIMATE.--PRIOR TO THE ADOPTION OF

1 ANY BENEFIT PLAN MODIFICATION BY THE GOVERNING BODY OF THE
2 MUNICIPALITY, THE CHIEF ADMINISTRATIVE OFFICER OF EACH PENSION
3 PLAN SHALL PROVIDE TO THE GOVERNING BODY OF THE MUNICIPALITY A
4 COST ESTIMATE OF THE EFFECT OF THE PROPOSED BENEFIT PLAN
5 MODIFICATION.

6 (B) DEFINED BENEFIT PLAN.--IF THE PENSION PLAN IS A DEFINED
7 BENEFIT PLAN WHICH IS SELF-INSURED IN WHOLE OR IN PART, THE COST
8 ESTIMATE SHALL BE PREPARED BY AN APPROVED ACTUARY AND SHALL BE
9 EITHER THE UPDATED ACTUARIAL EXHIBITS OF AN ACTUARIAL VALUATION
10 REPORT SPECIFIED IN CHAPTER 2 OR AN ESTIMATE OF THE EXPECTED
11 ACTUARIAL IMPACT ATTRIBUTABLE TO THE PROPOSED BENEFIT PLAN
12 MODIFICATION.

13 (C) INSURED DEFINED BENEFIT PLAN.--IF THE PENSION PLAN IS A
14 DEFINED BENEFIT PLAN WHICH IS FULLY INSURED BY AN AUTHORIZED
15 INSURANCE CARRIER, THE COST ESTIMATE SHALL BE PREPARED BY ANY
16 QUALIFIED PERSON AND SHALL BE A COMPARISON OF CURRENT AND FUTURE
17 INSURANCE PREMIUMS OR INSURANCE CONTRACT AMOUNTS.

18 (D) DEFINED CONTRIBUTION PLAN.--IF THE PENSION PLAN IS A
19 DEFINED CONTRIBUTION PLAN WHICH IS EITHER SELF-INSURED IN WHOLE
20 OR IN PART OR FULLY INSURED BY AN AUTHORIZED INSURANCE CARRIER,
21 THE COST ESTIMATE SHALL BE PREPARED BY ANY QUALIFIED PERSON AND
22 SHALL BE A COMPARISON OF CURRENT AND FUTURE CONTRIBUTION RATES.

23 (E) CONTENTS OF COST ESTIMATE.--ANY COST ESTIMATE OF THE
24 EFFECT OF THE PROPOSED BENEFIT PLAN MODIFICATION SHALL BE
25 COMPLETE AND ACCURATE AND SHALL BE PRESENTED IN A WAY REASONABLY
26 CALCULATED TO DISCLOSE TO THE AVERAGE PERSON COMPRISING THE
27 MEMBERSHIP OF THE GOVERNING BODY OF THE MUNICIPALITY, THE IMPACT
28 OF THE PROPOSED BENEFIT PLAN, THE MODIFICATION ON THE FUTURE
29 FINANCIAL REQUIREMENTS OF THE PENSION PLAN AND THE FUTURE
30 MINIMUM OBLIGATION OF THE MUNICIPALITY WITH RESPECT TO THE

1 PENSION PLAN.

2 SECTION 306. ENFORCEMENT OF FUNDING STANDARD BY MANDAMUS
3 ACTION.

4 (A) LEGISLATIVE FINDING AND DECLARATION.--THE GENERAL
5 ASSEMBLY FINDS AND DECLARES THAT ANY ACTUAL OR POTENTIAL FAILURE
6 BY A MUNICIPALITY TO COMPLY WITH THE APPLICABLE FUNDING STANDARD
7 ESTABLISHED BY THIS ACT THREATENS SERIOUS INJURY TO THE AFFECTED
8 MUNICIPAL PENSION PLAN, TO THE ENTIRE SYSTEM OF PUBLIC EMPLOYEE
9 PENSION PLANS IN THE COMMONWEALTH AND TO THE COMMONWEALTH
10 ITSELF. BY EXPRESSLY AUTHORIZING THE REMEDY OF MANDAMUS IN THIS
11 SECTION, THE GENERAL ASSEMBLY INTENDS TO ASSIST ALL PERSONS WITH
12 A BENEFICIAL OR SPECIAL INTEREST IN A MUNICIPAL PENSION PLAN, IN
13 ADDITION TO ALL PERSONS OR ENTITIES WITH A SPECIAL
14 RESPONSIBILITY OR DUTY IN RELATION TO MUNICIPAL PENSION PLANS,
15 IN SECURING THAT COMPLIANCE.

16 (B) GENERALLY.--IN THE EVENT THAT A MUNICIPALITY FAILS TO
17 COMPLY WITH ITS DUTY EITHER TO PROVIDE FOR IN ITS BUDGET, OR TO
18 PAY, THE FULL AMOUNT OF THE MINIMUM OBLIGATION OF THE
19 MUNICIPALITY TOWARDS THE MUNICIPAL PENSION PLAN AS SPECIFIED IN
20 THIS CHAPTER, OR AS MODIFIED PURSUANT TO SECTION 605(6) OR
21 606(A)(4) AND SECTION 607(G) OR (H), WHICHEVER DETERMINATION OF
22 THE MINIMUM OBLIGATION OF THE MUNICIPALITY TOWARDS THE MUNICIPAL
23 PENSION PLAN IS APPLICABLE, THE FAILURE MAY BE REMEDIED BY THE
24 INSTITUTION OF LEGAL PROCEEDINGS FOR MANDAMUS. EVERY
25 MUNICIPALITY IS BY THIS ACT ON NOTICE AS TO ITS DUTY TO FUND ITS
26 MUNICIPAL PENSION PLAN. THE PROVISIONS OF THIS ACT SHALL BE
27 DEEMED TO BE SUFFICIENT DEMAND TO THE MUNICIPALITY FOR IT TO
28 COMPLY WITH ITS DUTY AND THE FAILURE BY THE MUNICIPALITY FOR THE
29 YEAR OR YEARS IN QUESTION TO INCLUDE IN ITS BUDGET, OR TO PAY,
30 THE FULL AMOUNT OF THE MINIMUM OBLIGATION OF THE MUNICIPALITY

1 TOWARDS THE MUNICIPAL PENSION PLAN SHALL BE DEEMED TO BE
2 SUFFICIENT REFUSAL BY THE MUNICIPALITY TO COMPLY WITH ITS DUTY
3 ANTECEDENT TO THE COMMENCEMENT OF THE ACTION. NO OTHER REMEDY AT
4 LAW SHALL BE DEEMED TO BE SUFFICIENTLY ADEQUATE AND APPROPRIATE
5 TO BAR THE COMMENCEMENT OF THIS ACTION. ANY PERSON OR ENTITY
6 AUTHORIZED PURSUANT TO SUBSECTION (C) OR (D) TO INSTITUTE THE
7 ACTION SHALL BE DEEMED TO HAVE BEEN INJURED BY THE FAILURE OF
8 THE MUNICIPALITY TO COMPLY WITH ITS LEGAL DUTY TO FUND ITS
9 MUNICIPAL PENSION PLAN AND THAT INJURY SHALL BE DEEMED TO BE
10 IMMEDIATE. NO ISSUANCE OF MANDAMUS IN CONNECTION WITH THE LEGAL
11 DUTY OF A MUNICIPALITY TO FUND ITS MUNICIPAL PENSION PLAN SHALL
12 BE DEEMED TO THREATEN THE CREATION OF CONFUSION, DISORDER OR
13 EXCESSIVE BURDEN ON THE MUNICIPALITY OR TO THREATEN A RESULT
14 WHICH IS DETRIMENTAL TO THE PUBLIC INTEREST.

15 (C) PERSONS BENEFICIALLY INTERESTED.--ANY PERSON WHO IS
16 BENEFICIALLY INTERESTED IN THE AFFAIRS OF THE MUNICIPAL PENSION
17 PLAN SHALL HAVE STANDING TO INSTITUTE A LEGAL PROCEEDING FOR
18 MANDAMUS AS PROVIDED FOR IN THIS SECTION. A BENEFICIALLY
19 INTERESTED PERSON IS ANY PERSON WHO:

20 (1) HAS THE RELATIONSHIP WITH THE MUNICIPAL PENSION PLAN
21 OF:

22 (I) AN ACTIVE MEMBER, WHETHER OR NOT ANY MINIMUM
23 SERVICE REQUIREMENT FOR ACQUIRING A VESTED RIGHT TO A
24 RETIREMENT BENEFIT HAS BEEN MET;

25 (II) AN INACTIVE MEMBER WITH A VESTED RIGHT TO
26 DEFERRED RECEIPT OF A RETIREMENT BENEFIT;

27 (III) A RETIRED MEMBER;

28 (IV) A RECIPIENT OF RETIREMENT BENEFIT OTHER THAN A
29 RETIRED MEMBER;

30 (V) A FORMER MEMBER WITH MEMBER CONTRIBUTIONS TO THE

1 CREDIT OF THE MEMBER WITH THE MUNICIPAL PENSION PLAN; OR
2 (VI) A SPOUSE, CHILD OR OTHER POTENTIAL BENEFICIARY
3 PURSUANT TO THE TERMS OF THE PLAN DOCUMENT OF THE
4 MUNICIPAL PENSION PLAN OF ANY PERSON DESCRIBED IN
5 SUBPARAGRAPHS (I) AND (V);

6 (2) SERVES IN THE POSITION OF A FIDUCIARY WITH RESPECT
7 TO THE MUNICIPAL PENSION PLAN;

8 (3) REPRESENTS ACTIVE MEMBERS OF THE MUNICIPAL PENSION
9 PLAN AS COLLECTIVE BARGAINING AGENT; OR

10 (4) SERVES AS AN ELECTED OR APPOINTED OFFICIAL OF THE
11 MUNICIPALITY.

12 (D) OTHERS WITH STANDING TO BRING ACTION.--THE PUBLIC
13 EMPLOYEE RETIREMENT STUDY COMMISSION SHALL HAVE STANDING TO
14 INSTITUTE A LEGAL PROCEEDING FOR MANDAMUS AS PROVIDED FOR IN
15 THIS SECTION. THE ATTORNEY GENERAL, OR THE DISTRICT ATTORNEY OF
16 THE COUNTY IN WHICH THE MUNICIPALITY IS LOCATED, IN ADDITION TO
17 ANY OTHER POWERS AND DUTIES CONFERRED ON THAT OFFICE BY LAW,
18 SHALL ALSO PROCEED IN THE NAME OF THE COMMONWEALTH, UPON REQUEST
19 OF THE COMMISSION OR UPON THE PERSON'S OWN MOTION, TO INSTITUTE
20 A LEGAL PROCEEDING FOR MANDAMUS AS PROVIDED FOR IN THIS SECTION.

21 (E) SCOPE OF REMEDY.--ANY MANDAMUS PURSUANT TO THIS SECTION
22 MAY COMPEL THE ADDITION BY THE MUNICIPALITY TO THE CURRENT
23 MUNICIPAL BUDGET OF ANY OMITTED AMOUNT OF THE MINIMUM OBLIGATION
24 OF THE MUNICIPALITY AND THE SUBSEQUENT PAYMENT OF ANY BUDGETED
25 AMOUNT, OR THE IMMEDIATE OR SCHEDULED PERIODIC PAYMENT OF ANY
26 OMITTED AMOUNT OF MINIMUM OBLIGATION OF THE MUNICIPALITY WITH
27 INTEREST AT THE APPLICABLE COMPOUND RATE, WHICHEVER IS
28 APPLICABLE.

29 (F) REIMBURSEMENT FOR CERTAIN COSTS.--IN ANY ACTION PURSUANT
30 TO THIS SECTION WHICH IS INSTITUTED OR JOINED BY ANY PERSON WHO

1 IS BENEFICIALLY INTERESTED, UNLESS THE COURT OTHERWISE DIRECTS,
2 PARTY COSTS, DISBURSEMENTS, REASONABLE ATTORNEY FEES AND WITNESS
3 FEES RELATING TO THE ACTION SHALL BE ALLOWED TO THE PREVAILING
4 PARTY UPON A MOTION BY THE PREVAILING PARTY IF:

5 (1) THE PREVAILING PARTY IS A PERSON WHO IS BENEFICIALLY
6 INTERESTED AND HAS GIVEN THE OPPOSING PARTY OR PARTIES TIMELY
7 NOTICE OF INTENT TO CLAIM AN AWARD, WHICH NOTICE SHALL HAVE
8 BEEN GIVEN PRIOR TO THE ISSUANCE OF THE MANDAMUS; OR

9 (2) THE PREVAILING PARTY IS THE MUNICIPALITY AND THE
10 COMPLAINING PARTY HAS BROUGHT AN ACTION WHICH THE COMPLAINING
11 PARTY KNEW OR OUGHT TO HAVE KNOWN WAS GROUNDLESS, FRIVOLOUS,
12 WITHOUT MERIT AND WITHOUT A BASIS IN FACT.

13 SECTION 307. ENFORCEMENT PROCEEDINGS BY COMMISSION.

14 (A) ENFORCEMENT BY COMMISSION.--WHENEVER THE COMMISSION IS
15 OF THE OPINION THAT ANY MUNICIPALITY HAS FAILED, OMITTED,
16 NEGLECTED OR REFUSED TO PERFORM ANY DUTY ENJOINED UPON IT
17 PURSUANT TO THIS ACT, THE COMMISSION SHALL HAVE THE POWER AND
18 ITS DUTY SHALL BE TO ORDER COMPLIANCE BY THE MUNICIPALITY WITH
19 THAT DUTY. IF THE MUNICIPALITY FAILS, OMITTS, NEGLECTS OR REFUSES
20 TO COMPLY WITH ANY LAWFUL ORDER OF THE COMMISSION, THEN THE
21 COMMISSION MAY INSTITUTE LEGAL PROCEEDINGS FOR INJUNCTION,
22 MANDAMUS OR OTHER APPROPRIATE REMEDY AT LAW OR EQUITY TO ENFORCE
23 COMPLIANCE WITH, OR RESTRAIN VIOLATION OF, THE ORDER OF THE
24 COMMISSION.

25 (B) USE OF APPROPRIATE BASIS FOR FUNDING.--THE USE BY A
26 MUNICIPALITY IN DETERMINING THE MINIMUM MUNICIPAL OBLIGATION
27 TOWARD THE MUNICIPAL PENSION PLAN OF AN ACTUARIAL VALUATION
28 METHOD, ONE OR MORE ACTUARIAL ASSUMPTIONS, OR A COMBINATION OF
29 METHOD AND ASSUMPTION OR ASSUMPTIONS WHICH ARE DETERMINED TO BE
30 INAPPROPRIATE BY THE COMMISSION SHALL CONSTITUTE FAILURE,

1 OMISSION, NEGLECT OR REFUSAL ON THE PART OF A MUNICIPALITY TO
2 PERFORM A DUTY ENJOINED UPON IT PURSUANT TO THIS ACT. ANY
3 COMMISSION ORDER FOR COMPLIANCE BY THE MUNICIPALITY WITH THAT
4 DUTY MAY SPECIFY THE APPROPRIATE ACTUARIAL VALUATION METHOD,
5 ACTUARIAL ASSUMPTION OR ASSUMPTIONS, OR COMBINATION OF METHOD
6 AND ASSUMPTION OR ASSUMPTIONS, WHICHEVER IS APPLICABLE.

7 (C) COMPLIANCE WITH COMMISSION ORDER.--IN ANY LEGAL ACTION
8 INVOLVING ANY ALLEGED VIOLATION BY A MUNICIPALITY OF ANY LAWFUL
9 ORDER OF THE COMMISSION, THE BURDEN OF PROOF SHALL BE UPON THE
10 MUNICIPALITY COMPLAINED AGAINST TO SHOW THAT COMPLIANCE WITH THE
11 ORDER OF THE COMMISSION HAS BEEN EFFECTED.

12 CHAPTER 4

13 REVISIONS APPLICABLE TO MUNICIPAL

14 PENSION FUND FINANCING

15 SECTION 401. REVISION OF FINANCING FROM LOCAL REVENUE SOURCES.

16 (A) EVALUATION.--PRIOR TO APPLYING FOR ANY REMEDY OR
17 COMBINATION OF REMEDIES PURSUANT TO CHAPTER 6, A MUNICIPALITY
18 SHALL EVALUATE THE CURRENT SOURCES OF FINANCING FOR MUNICIPAL
19 PENSION PLANS AND SHALL IDENTIFY ANY REVENUE SOURCES FROM WHICH
20 OTHER PERSONNEL COSTS, INCLUDING, BUT NOT LIMITED TO, SALARIES,
21 EMPLOYER CONTRIBUTIONS TO THE FEDERAL OLD AGE, SURVIVORS,
22 DISABILITY AND HEALTH INSURANCE PROGRAM OR PREMIUMS FOR HEALTH
23 INSURANCE COVERAGE, ARE PAYABLE BUT FROM WHICH MUNICIPAL PENSION
24 PLAN COSTS, INCLUDING THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL
25 ACCRUED LIABILITY, ARE NOT FULLY ALLOCATED. UPON IDENTIFYING
26 THESE OMITTED OR UNDERUTILIZED MUNICIPAL REVENUE SOURCES, THE
27 MUNICIPALITY SHALL UNDERTAKE STEPS TO UTILIZE OR INCREASE
28 UTILIZATION OF THESE REVENUE SOURCES. FULL UTILIZATION OF THESE
29 REVENUE SOURCES SHALL OCCUR WITHIN ONE YEAR OF IDENTIFICATION.

30 (B) MULTIEMPLOYER PLANS.--IF A MUNICIPAL PENSION PLAN OF THE

1 MUNICIPALITY IS A MULTIEMPLOYER PENSION PLAN, THE IDENTIFICATION
2 AND UTILIZATION OF OMITTED OR UNDERUTILIZED MUNICIPAL REVENUE
3 SOURCES SHALL INCLUDE THE MUNICIPAL PENSION PLAN FINANCING
4 PROVIDED BY OTHER PARTICIPATING EMPLOYERS. FOR ANY MUNICIPALITY,
5 MUNICIPAL REVENUE SOURCES SHALL INCLUDE MUNICIPAL ENTERPRISES
6 AND FEDERAL, STATE OR PRIVATE GRANTS.

7 SECTION 402. REVISION OF FINANCING FROM STATE REVENUE SOURCES;
8 GENERAL MUNICIPAL PENSION SYSTEM STATE AID
9 PROGRAM.

10 (A) ESTABLISHMENT OF PROGRAM.--THERE IS HEREBY ESTABLISHED A
11 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM.

12 NOTWITHSTANDING ANY APPLICABLE PROVISION OF THE ACT OF JUNE 28,
13 1895 (P.L.408, NO.289), REFERRED TO AS THE FOREIGN FIRE
14 INSURANCE PREMIUM TAX ALLOCATION LAW, THE ACT OF MAY 12, 1943
15 (P.L.259, NO.120), REFERRED TO AS THE FOREIGN CASUALTY INSURANCE
16 PREMIUM TAX ALLOCATION LAW, OR THE ACT OF MARCH 4, 1971 (P.L.6,
17 NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, TO THE CONTRARY,
18 THE PROVISIONS OF THIS SECTION AND SECTIONS 607 AND 706 SHALL
19 GOVERN WITH RESPECT TO THE INSURANCE PREMIUM TAXES ON FOREIGN
20 FIRE INSURANCE COMPANIES AND FOREIGN CASUALTY INSURANCE
21 COMPANIES FOR ALLOCATION PURSUANT TO THE GENERAL MUNICIPAL
22 PENSION SYSTEM STATE AID PROGRAM.

23 (B) FINANCING OF THE GENERAL MUNICIPAL PENSION SYSTEM STATE
24 AID PROGRAM.--EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
25 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM SHALL
26 ALLOCATE THE ENTIRE PROCEEDS OF THE INSURANCE PREMIUM TAX ON
27 FOREIGN CASUALTY INSURANCE COMPANIES, WHICH SHALL BE PLACED INTO
28 A REVENUE ACCOUNT, AND ANY INVESTMENT INCOME EARNED ON THOSE
29 PROCEEDS, AND THE PORTION OF THE PROCEEDS OF THE INSURANCE
30 PREMIUM TAX ON FOREIGN FIRE INSURANCE COMPANIES WHICH REPRESENTS

1 THE AMOUNT OF THE DISTRIBUTIONS APPLICABLE TO PAID FIREFIGHTERS
2 PURSUANT TO SECTION 706 AND ANY INVESTMENT INCOME EARNED ON THE
3 AMOUNT OF THOSE DISTRIBUTIONS.

4 (C) AMOUNT OF AID AVAILABLE FOR ALLOCATION.--DURING THE
5 PERIOD JULY 1, 1985 TO DECEMBER 31, 1988, A PORTION OF THE TOTAL
6 AMOUNT SPECIFIED AS PAYABLE TO THE STATE EMPLOYEES' RETIREMENT
7 FUND PURSUANT TO SECTION 1 OF THE ACT OF MAY 12, 1943 (P.L.259,
8 NO.120), REFERRED TO AS THE FOREIGN CASUALTY INSURANCE PREMIUM
9 TAX ALLOCATION LAW, SHALL BE DEPOSITED FOR SUBSEQUENT
10 DISTRIBUTION IN THE SUPPLEMENTAL ASSISTANCE ACCOUNT OF THE
11 SUPPLEMENTAL STATE ASSISTANCE FUND PURSUANT TO SECTION 607
12 INSTEAD OF DEPOSITED FOR SUBSEQUENT DISTRIBUTION IN THE GENERAL
13 MUNICIPAL PENSION SYSTEM STATE AID PROGRAM, AS FOLLOWS:

| 14 | DEPOSITED IN | | DEPOSITED IN |
|----|-------------------|------|--------------------|
| 15 | GENERAL MUNICIPAL | | SUPPLEMENTAL STATE |
| 16 | PENSION SYSTEM | | ASSISTANCE FUND |
| 17 | STATE AID PROGRAM | | |
| 18 | 1985 | 25% | 75% |
| 19 | 1986 | 50% | 50% |
| 20 | 1987 | 75% | 25% |
| 21 | 1988 | 100% | 0% |

22 (D) ELIGIBLE RECIPIENTS OF GENERAL MUNICIPAL PENSION SYSTEM
23 STATE AID.--ANY COUNTY OF THE SECOND CLASS WHICH, PRIOR TO THE
24 EFFECTIVE DATE OF THIS CHAPTER, RECEIVED ALLOCATIONS FOR ITS
25 POLICE PENSION FUND PURSUANT TO THE ACT OF MAY 12, 1943
26 (P.L.259, NO.120), OR ANY CITY, BOROUGH, INCORPORATED TOWN OR
27 TOWNSHIP OR ANY HOME RULE MUNICIPALITY FORMERLY CLASSIFIED AS A
28 CITY, BOROUGH, INCORPORATED TOWN OR TOWNSHIP WHICH EMPLOYS ONE
29 OR MORE FULL-TIME MUNICIPAL EMPLOYEE AND PROVIDES PENSION COVER-
30 AGE FOR THAT EMPLOYEE OR THOSE EMPLOYEES BY A PENSION PLAN WHICH

1 WAS ESTABLISHED AND MAINTAINED ON THE EFFECTIVE DATE OF THIS ACT
2 OR WHICH WAS ESTABLISHED SUBSEQUENT TO THE EFFECTIVE DATE OF
3 THIS ACT AND HAS BEEN MAINTAINED FOR AT LEAST THREE PLAN YEARS,
4 SHALL BE ENTITLED TO RECEIVE GENERAL MUNICIPAL PENSION SYSTEM
5 STATE AID.

6 (E) ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE
7 AID.--

8 (1) GENERAL MUNICIPAL PENSION SYSTEM STATE AID SHALL BE
9 DISTRIBUTED ANNUALLY TO EACH ELIGIBLE RECIPIENT MUNICIPALITY
10 NO LATER THAN THE FIRST BUSINESS DAY OCCURRING IN THE MONTH
11 OF OCTOBER. FOR THE PERIOD ENDING WITH THE DISTRIBUTION MADE
12 DURING CALENDAR YEAR 1995, THE ALLOCATION OF AID FOR
13 DISTRIBUTION SHALL BE PURSUANT TO PARAGRAPH (4). FOR THE
14 PERIOD COMMENCING WITH THE DISTRIBUTION MADE DURING CALENDAR
15 YEAR 1996, THE ALLOCATION OF AID FOR DISTRIBUTION SHALL BE
16 PURSUANT TO PARAGRAPH (5). ANY ALLOCATION OF AID PER UNIT
17 SHALL BE BASED ON THE NUMBER OF UNITS PURSUANT TO PARAGRAPH
18 (2) AS CERTIFIED BY THE APPLICABLE ELIGIBLE MUNICIPALITIES.
19 ANY ALLOCATION OF AID SHALL BE PURSUANT TO THE MAXIMUMS
20 SPECIFIED IN SUBSECTION (F).

21 (2) THE APPLICABLE NUMBER OF UNITS SHALL BE ATTRIBUTABLE
22 TO EACH ACTIVE EMPLOYEE WHO WAS EMPLOYED ON A FULL-TIME BASIS
23 FOR A MINIMUM OF SIX CONSECUTIVE MONTHS PRIOR TO DECEMBER 31
24 PRECEDING THE DATE OF CERTIFICATION AND WHO WAS PARTICIPATING
25 IN A PENSION PLAN MAINTAINED BY THAT MUNICIPALITY, PROVIDED
26 THAT THE MUNICIPALITY MAINTAINS A GENERALLY APPLICABLE
27 PENSION PLAN FOR THAT TYPE OF EMPLOYEE WHICH WAS EITHER
28 ESTABLISHED ON OR PRIOR TO DECEMBER 31, 1984, OR, IF
29 ESTABLISHED AFTER DECEMBER 31, 1984, HAS BEEN MAINTAINED BY
30 THAT MUNICIPALITY FOR AT LEAST THREE PLAN YEARS. THE

1 APPLICABLE NUMBER OF UNITS PER EMPLOYEE ATTRIBUTABLE TO EACH
2 ELIGIBLE RECIPIENT COUNTY OF THE SECOND CLASS SHALL BE TWO
3 UNITS FOR EACH POLICE OFFICER. THE APPLICABLE NUMBER OF UNITS
4 ATTRIBUTABLE TO EACH ELIGIBLE RECIPIENT CITY, BOROUGH,
5 INCORPORATED TOWN AND TOWNSHIP SHALL BE AS FOLLOWS:

6 (I) POLICE OFFICER - TWO UNITS.

7 (II) FIREFIGHTER - TWO UNITS.

8 (III) EMPLOYEE OTHER THAN POLICE OFFICER OR
9 FIREFIGHTER - ONE UNIT.

10 (3) THE AMOUNT OF GENERAL MUNICIPAL PENSION SYSTEM STATE
11 AID PER UNIT SHALL BE INITIALLY DETERMINED BY DIVIDING THE
12 TOTAL AMOUNT OF THE GENERAL MUNICIPAL PENSION SYSTEM STATE
13 AID AVAILABLE BY THE TOTAL NUMBER OF UNITS CERTIFIED BY ALL
14 ELIGIBLE MUNICIPALITIES. IF THE MAXIMUM SPECIFIED IN
15 SUBSECTION (F)(1) IS APPLICABLE, THE AMOUNT OF GENERAL
16 MUNICIPAL PENSION SYSTEM STATE AID PER UNIT APPLICABLE TO ALL
17 MUNICIPALITIES OTHER THAN THE MUNICIPALITY OR MUNICIPALITIES
18 SUBJECT TO THE MAXIMUM AID AMOUNT SPECIFIED IN SUBSECTION
19 (F)(1) SHALL BE ADJUSTED. THE ADJUSTED AMOUNT OF GENERAL
20 MUNICIPAL PENSION SYSTEM STATE AID PER UNIT ATTRIBUTABLE TO
21 MUNICIPALITIES UNAFFECTED BY THE AID MAXIMUM SPECIFIED IN
22 SUBSECTION (F)(1) SHALL BE DETERMINED BY DIVIDING THE TOTAL
23 AMOUNT OF THE GENERAL MUNICIPAL PENSION SYSTEM STATE AID
24 AVAILABLE, AFTER EXCLUDING 25% OF THE TOTAL FOR EACH
25 MUNICIPALITY TO WHICH THE MAXIMUM AID AMOUNT IS APPLICABLE,
26 BY THE TOTAL NUMBER OF UNITS CERTIFIED BY ALL ELIGIBLE
27 MUNICIPALITIES UNAFFECTED BY THE AID MAXIMUM SPECIFIED IN
28 SUBSECTION (F)(1).

29 (4) FOR THE PERIOD ENDING WITH THE DISTRIBUTION MADE
30 DURING CALENDAR YEAR 1995, EACH ELIGIBLE MUNICIPALITY SHALL

1 BE ENTITLED TO RECEIVE AS GENERAL MUNICIPAL PENSION SYSTEM
2 STATE AID THE GREATER OF THE FOLLOWING AMOUNTS:

3 (I) THE ADJUSTED AMOUNT OF GENERAL MUNICIPAL PENSION
4 SYSTEM STATE AID PER UNIT MULTIPLIED BY THE NUMBER OF
5 UNITS CERTIFIED BY THAT MUNICIPALITY AND AN ADDITIONAL
6 AMOUNT NECESSARY FOR THE TOTAL TO EQUAL THE LESSER OF THE
7 TOTAL AMOUNT OF ANY FOREIGN CASUALTY INSURANCE PREMIUM
8 TAX ALLOCATION AND ANY FOREIGN FIRE INSURANCE PREMIUM TAX
9 ALLOCATION ATTRIBUTABLE TO PAID FIREFIGHTERS WHICH THE
10 MUNICIPALITY WAS ENTITLED TO RECEIVE DURING THE REGULAR
11 ALLOCATION OCCURRING IN CALENDAR YEAR 1982, OR THE
12 AGGREGATE ACTUAL FINANCIAL REQUIREMENT OF ANY POLICE OR
13 PAID FIRE PENSION PLANS MAINTAINED BY THE MUNICIPALITY
14 LESS THE AMOUNT OF AGGREGATE ANNUAL MEMBER OF EMPLOYEE
15 CONTRIBUTIONS DURING THE PLAN YEAR AS REPORTED IN THE
16 MOST RECENT COMPLETE ACTUARIAL REPORT FILED WITH THE
17 COMMISSION.

18 (II) THE REVISED AMOUNT OF GENERAL MUNICIPAL PENSION
19 SYSTEM STATE AID PER UNIT MULTIPLIED BY THE NUMBER OF
20 UNITS CERTIFIED BY THAT MUNICIPALITY, WHICH REVISED
21 AMOUNT SHALL BE DETERMINED PURSUANT TO PARAGRAPH (6).

22 (5) FOR THE PERIOD COMMENCING WITH THE DISTRIBUTION MADE
23 DURING CALENDAR YEAR 1996, EACH ELIGIBLE MUNICIPALITY SHALL
24 BE ENTITLED TO RECEIVE AS GENERAL MUNICIPAL PENSION SYSTEM
25 STATE AID THE LESSER OF THE FOLLOWING AMOUNTS:

26 (I) THE ADJUSTED AMOUNT OF GENERAL MUNICIPAL PENSION
27 SYSTEM STATE AID PER UNIT MULTIPLIED BY THE NUMBER OF
28 UNITS CERTIFIED BY THAT MUNICIPALITY LESS ANY AMOUNT BY
29 WHICH THE ADJUSTED AMOUNT EXCEEDS THE MAXIMUM AID AMOUNT
30 APPLICABLE TO THE MUNICIPALITY PURSUANT TO SUBSECTION

1 (F)(2); OR

2 (II) THE REVISED AMOUNT OF GENERAL MUNICIPAL PENSION
3 SYSTEM STATE AID PER UNIT MULTIPLIED BY THE NUMBER OF
4 UNITS CERTIFIED BY THAT MUNICIPALITY, WHICH REVISED
5 AMOUNT SHALL BE DETERMINED PURSUANT TO PARAGRAPH (6).

6 (6) THE REVISED AMOUNT OF GENERAL MUNICIPAL PENSION
7 SYSTEM STATE AID PER UNIT SHALL BE DETERMINED BY THE
8 FOLLOWING PROCEDURE:

9 (I) THE AMOUNT OF THE TOTAL DISTRIBUTION MADE
10 PURSUANT TO PARAGRAPH (4)(I) OR (5)(I), WHICHEVER IS
11 APPLICABLE, THE AMOUNT OF THE GENERAL MUNICIPAL PENSION
12 SYSTEM STATE AID PAYABLE TO ANY MUNICIPALITY OR
13 MUNICIPALITIES TO WHICH THE LIMITATION PROVIDED IN
14 SUBSECTION (F)(1) IS APPLICABLE AND THE AMOUNT OF THE
15 TOTAL POTENTIAL DISTRIBUTION PURSUANT TO PARAGRAPH (7)
16 SHALL BE TOTALED.

17 (II) THE TOTAL CALCULATED PURSUANT TO SUBPARAGRAPH
18 (I) SHALL BE SUBTRACTED FROM THE TOTAL AMOUNT OF THE
19 GENERAL MUNICIPAL PENSION SYSTEM STATE AID AVAILABLE.

20 (III) THE NUMBER OF UNITS ATTRIBUTABLE TO THE
21 MUNICIPALITIES WHICH ARE ENTITLED TO RECEIVE AN AID
22 AMOUNT CALCULATED PURSUANT TO PARAGRAPH (4)(I) OR (5)(I),
23 WHICHEVER IS APPLICABLE, THE NUMBER OF UNITS ATTRIBUTABLE
24 TO THE MUNICIPALITIES OR MUNICIPALITY TO WHICH THE
25 LIMITATION PROVIDED IN SUBSECTION (F)(1) APPLIES AND THE
26 NUMBER OF UNITS ATTRIBUTABLE TO THE MUNICIPALITIES
27 INCLUDED IN THE POTENTIAL DISTRIBUTION PURSUANT TO
28 PARAGRAPH (7) SHALL BE TOTALED.

29 (IV) THE TOTAL CALCULATED PURSUANT TO SUBPARAGRAPH
30 (III) SHALL BE SUBTRACTED FROM THE TOTAL NUMBER OF UNITS

1 CERTIFIED BY ALL ELIGIBLE MUNICIPALITIES.

2 (V) THE NUMBER RESULTING FROM THE CALCULATION
3 PURSUANT TO SUBPARAGRAPH (II) SHALL BE DIVIDED BY THE
4 NUMBER RESULTING FROM THE CALCULATION PURSUANT TO
5 SUBPARAGRAPH (IV), WHICH SHALL BE THE REVISED AMOUNT OF
6 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PER UNIT.

7 (7) ANY MUNICIPALITY WHICH HAS NOT FILED WITH THE
8 COMMISSION ON A TIMELY BASIS PURSUANT TO THE APPLICABLE
9 MUNICIPAL PENSION PLAN ACTUARIAL REPORTING LAW AN ACTUARIAL
10 REPORT FOR EACH OF THE MUNICIPAL PENSION PLANS WHICH IT HAS
11 ESTABLISHED OR MAINTAINS SHALL BE ENTITLED TO RECEIVE AS
12 GENERAL MUNICIPAL PENSION SYSTEM STATE AID, AT SUCH TIME AS
13 COMPLIANCE WITH THE ACTUARIAL REPORTING REQUIREMENT OCCURS,
14 THE ADJUSTED AMOUNT OF GENERAL MUNICIPAL PENSION SYSTEM STATE
15 AID PER UNIT PURSUANT TO PARAGRAPH (3) MULTIPLIED BY THE
16 NUMBER OF UNITS CERTIFIED BY THAT MUNICIPALITY, BUT NOT TO
17 EXCEED THE MAXIMUM AID AMOUNT APPLICABLE TO THE MUNICIPALITY
18 PURSUANT TO SUBSECTION (F). THE AMOUNT OF ANY DIFFERENCE
19 BETWEEN THE ADJUSTED AMOUNT OF GENERAL MUNICIPAL PENSION
20 SYSTEM STATE AID PER UNIT MULTIPLIED BY THE NUMBER OF UNITS
21 CERTIFIED BY A MUNICIPALITY AND THE MAXIMUM AID AMOUNT
22 APPLICABLE TO THE MUNICIPALITY PURSUANT TO SUBSECTION (F) FOR
23 THAT MUNICIPALITY SHALL BE ADDED TO THE AMOUNT OF THE GENERAL
24 MUNICIPAL PENSION SYSTEM STATE AID AVAILABLE FOR DISTRIBUTION
25 IN THE SUCCEEDING CALENDAR YEAR.

26 (F) MAXIMUM GENERAL MUNICIPAL PENSION SYSTEM STATE AID
27 AMOUNT.--

28 (1) NO MUNICIPALITY SHALL BE ENTITLED TO RECEIVE AN
29 ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE AID IN
30 AN AMOUNT GREATER THAN 25% OF THE TOTAL AMOUNT OF THE GENERAL

1 MUNICIPAL PENSION SYSTEM STATE AID AVAILABLE.

2 (2) NO MUNICIPALITY SHALL BE ENTITLED TO RECEIVE AN
3 ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE AID IN
4 AN AMOUNT WHICH EXCEEDS THE AGGREGATE ACTUAL FINANCIAL
5 REQUIREMENTS OF ANY MUNICIPAL PENSION PLANS FOR POLICE
6 OFFICERS, PAID FIREFIGHTERS OR EMPLOYEES OTHER THAN POLICE
7 OFFICERS OR PAID FIREFIGHTERS MAINTAINED BY THAT
8 MUNICIPALITY, LESS THE AMOUNT OF ANY AGGREGATE ANNUAL MEMBER
9 OR EMPLOYEE CONTRIBUTIONS DURING THE NEXT SUCCEEDING PLAN
10 YEAR, AS REPORTED IN THE MOST RECENT COMPLETE ACTUARIAL
11 REPORT FILED WITH THE COMMISSION.

12 (3) IN THE CASE OF ANY MUNICIPAL PENSION PLAN WHICH IS
13 NOT A DEFINED BENEFIT PLAN IN WHOLE OR IN PART AND FOR WHICH
14 NO PROVISION OF LAW, MUNICIPAL ORDINANCE OR MUNICIPAL
15 RESOLUTION REQUIRES A PARTICULAR ANNUAL CONTRIBUTION ON THE
16 PART OF THE MUNICIPALITY OF A SPECIFIC IDENTIFIABLE PER
17 EMPLOYEE DOLLAR OR PERCENTAGE AMOUNT WHICH IS OR WILL BE
18 APPLICABLE FOR A PERIOD LONGER THAN 12 CALENDAR MONTHS, THE
19 AGGREGATE FINANCIAL REQUIREMENT OF THE PLAN SHALL BE EQUAL TO
20 THE AVERAGE NORMAL COST REQUIREMENT FOR ALL POLICE AND PAID
21 FIREFIGHTERS PENSION PLANS OF THE SAME CLASS OF MUNICIPALITY
22 IF THE MUNICIPAL PENSION PLAN IS EITHER A POLICE OR A PAID
23 FIREFIGHTERS PENSION PLAN OR FOR ALL PENSION PLANS FOR
24 EMPLOYEES OTHER THAN POLICE OFFICERS AND PAID FIREFIGHTERS OF
25 THE SAME CLASS OF MUNICIPALITY IF THE MUNICIPAL PENSION PLAN
26 IS OTHER THAN A POLICE OR A PAID FIREFIGHTERS PENSION PLAN.
27 THE AVERAGE NORMAL COST REQUIREMENT SHALL BE DETERMINED BY
28 THE COMMISSION, EXPRESSED AS A PERCENTAGE OF PAYROLL AND
29 APPLIED TO THE COVERED PAYROLL APPLICABLE TO THE MUNICIPAL
30 PENSION PLAN.

1 (G) AUTHORIZED EXPENDITURES OF GENERAL MUNICIPAL PENSION
2 SYSTEM STATE AID.--ANY GENERAL MUNICIPAL PENSION SYSTEM STATE
3 AID RECEIVED BY A MUNICIPALITY SHALL ONLY BE USED TO DEFRAY THE
4 COST OF THE PENSION PLAN OR PENSION PLANS MAINTAINED BY THE
5 MUNICIPALITY. IF ONLY ONE PENSION PLAN IS MAINTAINED BY THE
6 MUNICIPALITY, THEN THE TOTAL AMOUNT OF THE GENERAL MUNICIPAL
7 PENSION SYSTEM STATE AID RECEIVED BY THE MUNICIPALITY SHALL,
8 WITHIN 30 DAYS OF RECEIPT BY THE TREASURER OF THE MUNICIPALITY,
9 BE DEPOSITED IN THE PENSION FUND OR THE ALTERNATE FUNDING
10 MECHANISM APPLICABLE TO THE PENSION PLAN. IF MORE THAN ONE
11 PENSION PLAN IS MAINTAINED BY THE MUNICIPALITY, THEN THE
12 GOVERNING BODY OF THE MUNICIPALITY SHALL ANNUALLY DETERMINE THE
13 PROPORTION OF THE TOTAL AMOUNT OF THE GENERAL MUNICIPAL PENSION
14 SYSTEM STATE AID RECEIVED BY THE MUNICIPALITY WHICH SHALL BE
15 CREDITED TO EACH PENSION PLAN AND THE TOTAL AMOUNT OF THE
16 GENERAL MUNICIPAL PENSION SYSTEM STATE AID RECEIVED BY THE
17 MUNICIPALITY SHALL, WITHIN 30 DAYS OF RECEIPT BY THE TREASURER
18 OF THE MUNICIPALITY, BE DEPOSITED IN THE PENSION FUNDS OR
19 ALTERNATE FUNDING MECHANISMS APPLICABLE TO THE RESPECTIVE
20 PENSION PLANS IN ACCORDANCE WITH THAT DETERMINATION.

21 (H) CERTIFICATION OF EMPLOYEES BY ELIGIBLE RECIPIENT
22 MUNICIPALITIES.--EACH ELIGIBLE RECIPIENT COUNTY OF THE SECOND
23 CLASS SHALL CERTIFY ANNUALLY TO THE AUDITOR GENERAL THE NUMBER
24 OF POLICE OFFICERS AND EACH OTHER ELIGIBLE RECIPIENT
25 MUNICIPALITY SHALL CERTIFY ANNUALLY TO THE AUDITOR GENERAL THE
26 NUMBER OF POLICE OFFICERS, FIREFIGHTERS AND MUNICIPAL EMPLOYEES
27 OTHER THAN POLICE OFFICERS AND FIREFIGHTERS WHO MEET THE
28 QUALIFICATION REQUIREMENTS SPECIFIED IN SUBSECTION (E)(2), AND
29 WHATEVER ADDITIONAL INFORMATION THE AUDITOR GENERAL REQUIRES TO
30 VERIFY THE NUMBER OF UNITS ATTRIBUTABLE TO THE MUNICIPALITY. NO

1 UNIT OR UNITS SHALL BE ATTRIBUTABLE TO ANY MUNICIPAL EMPLOYEE
2 WHO IS NOT CERTIFIED TO THE AUDITOR GENERAL IN A TIMELY MANNER.

3 (I) WARRANTS.--WARRANTS FOR PURPOSES OF MAKING THE
4 ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE AID SHALL
5 BE DRAWN BY THE AUDITOR GENERAL, PAYABLE TO THE TREASURERS OF
6 THE ELIGIBLE RECIPIENT MUNICIPALITIES IN ACCORDANCE WITH THIS
7 SECTION.

8 (J) ADMINISTRATION.--THE AUDITOR GENERAL SHALL HAVE THE DUTY
9 OF ADMINISTERING THE GENERAL MUNICIPAL PENSION SYSTEM STATE AID
10 PROGRAM. THE AUDITOR GENERAL MAY PROMULGATE RULES AND
11 REGULATIONS NECESSARY FOR THE EFFICIENT ADMINISTRATION OF THIS
12 PROGRAM AND MAY SPECIFY THE FORM AND CONTENT OF ANY FORMS
13 APPLICABLE TO THE PROGRAM. THE AUDITOR GENERAL, AS DEEMED
14 NECESSARY, SHALL MAKE AN AUDIT OF EVERY MUNICIPALITY WHICH
15 RECEIVES GENERAL MUNICIPAL PENSION SYSTEM STATE AID AND OF EVERY
16 MUNICIPAL PENSION PLAN AND FUND IN WHICH GENERAL MUNICIPAL
17 PENSION SYSTEM STATE AID IS DEPOSITED.

18 SECTION 403. GENERAL MUNICIPAL PENSION SYSTEM STATE AID MONEYS.

19 (A) MONEYS PAID.--ANY FUNDS PAID TO A MUNICIPALITY PURSUANT
20 TO THE ACT OF MAY 12, 1943 (P.L.259, NO.120), REFERRED TO AS THE
21 FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, PRIOR TO
22 THE EFFECTIVE DATE OF THIS ACT, AND WHICH HAVE BEEN EITHER
23 ACTUALLY EXPENDED OR, BY ACTION OF THE MUNICIPALITY, ARE
24 IRREVOCABLY COMMITTED TO BE EXPENDED ONLY IN ACCORDANCE WITH THE
25 FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, SHALL NOT
26 BE RETURNED FOR REDISTRIBUTION PURSUANT TO SECTION 1.2 OF THE
27 FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW.

28 (B) MONEYS WITHHELD.--ANY FUNDS PAYABLE TO A MUNICIPALITY,
29 THE PAYMENT OF WHICH HAS BEEN WITHHELD OR PREVENTED BY ACTION OF
30 THE AUDITOR GENERAL PURSUANT TO SECTION 1.2 OF THE FOREIGN

1 CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, TAKEN SINCE
2 JANUARY 1, 1982, SHALL BE PAID TO THE RESPECTIVE MUNICIPALITY.
3 FURTHER, IF THE FUNDS ARE EITHER ACTUALLY EXPENDED, OR, BY
4 ACTION OF THE MUNICIPALITY, IRREVOCABLY COMMITTED TO BE EXPENDED
5 ONLY IN ACCORDANCE WITH THE FOREIGN CASUALTY INSURANCE PREMIUM
6 TAX ALLOCATION LAW, THEN THE FUNDS SHALL NOT BE RETURNED FOR
7 REDISTRIBUTION PURSUANT TO SECTION 1.2 OF THE FOREIGN CASUALTY
8 INSURANCE PREMIUM TAX ALLOCATION LAW.

9 CHAPTER 5

10 FINANCIALLY DISTRESSED MUNICIPAL PENSION

11 PLAN DETERMINATION PROCEDURE

12 SECTION 501. INITIATION OF DISTRESS DETERMINATION.

13 EACH MUNICIPALITY WHICH WISHES TO AVAIL ITSELF OF ANY OF THE
14 PROVISIONS OF SECTIONS 604, 605 AND 606 SHALL APPLY TO THE
15 COMMISSION FOR A DETERMINATION OF ITS STATUS PURSUANT TO THIS
16 CHAPTER. THE APPLICATION SHALL BE IN THE FORM AND SHALL CONTAIN
17 THE REQUIRED INFORMATION AS PRESCRIBED IN RULES AND REGULATIONS
18 ISSUED BY THE COMMISSION. DETERMINATIONS PURSUANT TO THIS
19 CHAPTER SHALL BE MADE ANNUALLY.

20 SECTION 502. PENSION PLANS FOR INCLUSION IN DETERMINATION.

21 THE DETERMINATION PROVIDED FOR IN THIS CHAPTER SHALL BE MADE
22 FOR A MUNICIPALITY TAKING INTO ACCOUNT ALL PENSION PLANS WHICH
23 THE MUNICIPALITY HAS ESTABLISHED AND MAINTAINS.

24 SECTION 503. DETERMINATION PROCEDURE.

25 (A) GENERALLY.--THE DETERMINATION PROVIDED FOR IN THIS
26 CHAPTER SHALL BE MADE BY THE COMMISSION USING THE ACTUARIAL
27 INDICATORS SPECIFIED IN SUBSECTION (B) AND THE MUNICIPAL FINANCE
28 INDICATORS SPECIFIED IN SUBSECTION (C), AND THE SCORING SYSTEM
29 ASSOCIATED WITH EACH.

30 (B) ACTUARIAL INDICATORS.--THE ACTUARIAL INDICATORS SHALL BE

1 BASED ON THE MOST CURRENT ACTUARIAL VALUATION REPORT OR REPORTS
2 FILED BY THE APPLICABLE MUNICIPALITY WITH THE COMMISSION
3 PURSUANT TO LAW AND SHALL BE MADE IN AGGREGATE FOR ALL PENSION
4 PLANS MAINTAINED BY THE APPLICABLE MUNICIPALITY. THE ACTUARIAL
5 INDICATORS AND THE ASSOCIATED SCORING SYSTEM FOR EACH SHALL BE
6 AS FOLLOWS:

7 (1) THE AGGREGATE AMOUNT OF CURRENT PENSION PLAN
8 BENEFITS PAYABLE SHALL BE COMPUTED AS A PERCENTAGE OF THE
9 CURRENT MARKET VALUE OF AGGREGATE PLAN ASSETS:

| 10 | BENEFITS PAYABLE | |
|----|------------------|---------|
| 11 | AS PERCENTAGE | |
| 12 | OF ASSETS | SCORING |
| 13 | 0 - 5% | 0 |
| 14 | 6 - 10% | 10 |
| 15 | 11 - 15% | 20 |
| 16 | 16 - 20% | 30 |
| 17 | 21 - 30% | 40 |
| 18 | 31 - 40% | 50 |
| 19 | 41 - 50% | 60 |
| 20 | 51 - 60% | 70 |
| 21 | 61 - 70% | 80 |
| 22 | 71 - 80% | 90 |
| 23 | 81% OR GREATER | 100 |

24 (2) THE AGGREGATE ACTUARIAL VALUE OF PLAN ASSETS SHALL
25 BE COMPUTED AS A PERCENTAGE OF THE AGGREGATE ACCRUED
26 ACTUARIAL LIABILITY:

| 27 | ASSETS AS PERCENTAGE | |
|----|----------------------|---------|
| 28 | OF ACCRUED ACTUARIAL | |
| 29 | LIABILITY | SCORING |
| 30 | 50.0% OR GREATER | 0 |

| | | |
|----|--------------|-----|
| 1 | 40.0 - 49.0% | 10 |
| 2 | 30.0 - 39.0% | 20 |
| 3 | 25.0 - 29.0% | 30 |
| 4 | 20.0 - 24.0% | 40 |
| 5 | 15.0 - 19.0% | 50 |
| 6 | 10.0 - 14.0% | 60 |
| 7 | 7.5 - 9.0% | 70 |
| 8 | 5.0 - 7.4% | 80 |
| 9 | 2.5 - 4.9% | 90 |
| 10 | 0 - 2.4% | 100 |

11 (3) THE AGGREGATE AMOUNT OF NORMAL COST EXPRESSED AS A
12 PERCENTAGE OF COVERED PAYROLL REDUCED BY THE AGGREGATE AMOUNT
13 OF ANY MEMBER CONTRIBUTIONS EXPRESSED AS A PERCENTAGE OF
14 COVERED PAYROLL IS ADDED TO THE AGGREGATE AMOUNT OF ANY
15 EMPLOYER CONTRIBUTIONS TO THE FEDERAL OLD AGE, SURVIVORS,
16 DISABILITY AND HEALTH INSURANCE PROGRAM EXPRESSED AS A
17 PERCENTAGE OF COVERED PAYROLL:

| 18 | TOTAL EMPLOYER | |
|----|-------------------|---------|
| 19 | RETIREMENT COST | SCORING |
| 20 | 0 - 9.99% | 0 |
| 21 | 10.00 - 11.99% | 10 |
| 22 | 12.00 - 12.99% | 20 |
| 23 | 13.00 - 13.99% | 30 |
| 24 | 14.00 - 14.99% | 40 |
| 25 | 15.00 - 15.99% | 50 |
| 26 | 16.00 - 16.99% | 60 |
| 27 | 17.00 - 17.99% | 70 |
| 28 | 18.00 - 18.99% | 80 |
| 29 | 19.00 - 19.99% | 90 |
| 30 | 20.00% OR GREATER | 100 |

1 (4) THE AGGREGATE REQUIREMENT TO AMORTIZE THE UNFUNDED
2 ACCRUED ACTUARIAL LIABILITY ON A LEVEL ANNUAL DOLLAR BASIS
3 ACCORDING TO THE APPLICABLE AMORTIZATION SCHEDULES SPECIFIED
4 IN SECTION 202(4) IS DIVIDED BY THE AGGREGATE NORMAL COST
5 REQUIREMENT:

6 AMORTIZATION REQUIREMENT

7 DIVIDED BY NORMAL

| 8 | COST RESULT | SCORING |
|----|--------------|---------|
| 9 | 0 - 0.39 | 0 |
| 10 | 0.40 - 0.79 | 10 |
| 11 | 0.80 - 1.19 | 20 |
| 12 | 1.20 - 1.39 | 30 |
| 13 | 1.40 - 1.59 | 40 |
| 14 | 1.60 - 1.79 | 50 |
| 15 | 1.80 - 1.99 | 60 |
| 16 | 2.00 - 2.19 | 70 |
| 17 | 2.20 - 2.39 | 80 |
| 18 | 2.40 - 2.59 | 90 |
| 19 | 2.60 OR OVER | 100 |

20 (5) THE DIFFERENCE BETWEEN THE AGGREGATE AMOUNT OF
21 NORMAL COST PLUS THE REQUIREMENT TO AMORTIZE THE UNFUNDED
22 ACCRUED ACTUARIAL LIABILITY ON A LEVEL ANNUAL DOLLAR BASIS
23 ACCORDING TO THE APPLICABLE AMORTIZATION SCHEDULES SPECIFIED
24 IN SECTION 202(4), AND THE TOTAL AGGREGATE AMOUNT OF MEMBER
25 CONTRIBUTIONS, STATE ALLOCATIONS DEDICATED FOR PENSION
26 PURPOSES AND MUNICIPAL CONTRIBUTIONS RECEIVED FOR THE
27 PREVIOUS YEAR IS COMPUTED AND EXPRESSED AS A PERCENTAGE OF
28 COVERED PAYROLL:

29 DIFFERENCE BETWEEN

30 FULL ACTUARIAL

| 1 | REQUIREMENT AND | |
|----|-----------------------|---------|
| 2 | CURRENT CONTRIBUTIONS | SCORING |
| 3 | 0 - 2.4% | 0 |
| 4 | 2.5 - 4.9% | 10 |
| 5 | 5 - 9.9% | 20 |
| 6 | 10 - 14.9% | 30 |
| 7 | 15 - 19.9% | 40 |
| 8 | 20 - 24.9% | 50 |
| 9 | 25 - 29.9% | 60 |
| 10 | 30 - 34.9% | 70 |
| 11 | 35 - 39.9% | 80 |
| 12 | 40 - 44.9% | 90 |
| 13 | 45% OR OVER | 100 |

14 (6) THE COMPOUND ANNUAL PERCENTAGE RATE OF INCREASE IN
15 THE AGGREGATE AMOUNT OF THE UNFUNDED ACCRUED ACTUARIAL
16 LIABILITY OVER THE MOST RECENT FOUR-YEAR PERIOD IS COMPUTED,
17 UNLESS THE AMOUNT OF THE UNFUNDED ACCRUED ACTUARIAL LIABILITY
18 EQUALS LESS THAN 10% OF THE AMOUNT OF ASSETS IN EITHER THE
19 FIRST OR FOURTH YEAR:

| 20 | COMPOUND RATE | |
|----|---------------------|---------|
| 21 | OF INCREASE IN | |
| 22 | UNFUNDED ACCRUED | |
| 23 | ACTUARIAL LIABILITY | SCORING |
| 24 | 0.0 - 9.9% | 0 |
| 25 | 10.0 - 12.4% | 10 |
| 26 | 12.5 - 14.9% | 20 |
| 27 | 15.0 - 17.4% | 30 |
| 28 | 17.5 - 19.9% | 40 |
| 29 | 20.0 - 22.4% | 50 |
| 30 | 22.5 - 24.9% | 60 |

1 25% OR OVER 70

2 (7) THE COMPOUND ANNUAL PERCENTAGE RATE OF INCREASE IN
 3 THE AGGREGATE AMOUNT OF MUNICIPAL CONTRIBUTIONS OVER THE MOST
 4 RECENT FOUR-YEAR PERIOD IS COMPUTED:

| 5 | COMPOUND RATE | |
|----|-------------------------|---------|
| 6 | OF INCREASE IN | |
| 7 | MUNICIPAL CONTRIBUTIONS | SCORING |
| 8 | 20% OR OVER | 0 |
| 9 | 15 - 19.9% | 10 |
| 10 | 10 - 14.9% | 20 |
| 11 | 0 - 9.9% | 30 |

12 (C) MUNICIPAL FINANCE INDICATORS.--THE MUNICIPAL FINANCE
 13 INDICATORS SHALL BE BASED ON THE MOST RECENT FINANCIAL REPORT OR
 14 REPORTS FILED BY THE APPLICABLE MUNICIPALITY WITH THE DEPARTMENT
 15 OF COMMUNITY AFFAIRS AND CERTIFIED BY THE SECRETARY OR BY THE
 16 DESIGNEE OF THE SECRETARY. THE MUNICIPAL FINANCE INDICATORS AND
 17 THE ASSOCIATED SCORING SYSTEM FOR EACH SHALL BE AS FOLLOWS:

18 (1) THE TOTAL AMOUNT OF TAXES COLLECTED BY THE
 19 MUNICIPALITY FOR THE CURRENT YEAR ARE DIVIDED BY THE
 20 POPULATION OF THE MUNICIPALITY AS OF THE LAST FEDERAL CENSUS,
 21 AND THE PERCENTAGE INCREASE IN THE AMOUNT OF MUNICIPAL TAXES
 22 COLLECTED PER CAPITA IN THE MOST RECENT FIVE-YEAR PERIOD:

| 23 | TAXES COLLECTED | | GROSS PERCENTAGE INCREASE IN TAXES | |
|----|-----------------|---------|---------------------------------------|--------------|
| 24 | PER CAPITA | SCORING | PER CAPITA | SCORING |
| 25 | \$ 0.00- | 79.99 | 0 | 0.00-19.99% |
| 26 | | | 0 | 0.00-19.99% |
| 27 | 80.00- | 84.99 | 5 | 20.00-29.99% |
| 28 | 85.00- | 89.99 | 10 | 30.00-34.99% |
| 29 | 90.00- | 99.99 | 15 | 35.00-39.99% |
| 30 | 100.00- | 109.99 | 20 | 40.00-44.99% |
| | | | | 12 |

| | | | | |
|---|-------------------|----|-------------------|----|
| 1 | 110.00-124.99 | 25 | 45.00-49.99% | 15 |
| 2 | 125.00-139.99 | 30 | 50.00-54.99% | 18 |
| 3 | 140.00-159.99 | 35 | 55.00-59.99% | 21 |
| 4 | 160.00-179.99 | 40 | 60.00-64.99% | 24 |
| 5 | 180.00-199.99 | 45 | 65.00-69.99% | 27 |
| 6 | 200.00 OR GREATER | 50 | 70.00% OR GREATER | 30 |

7 (2) THE MUNICIPAL TAX RATE ON THE MARKET VALUE OF REAL
8 PROPERTY (ADJUSTED MILL RATE) IN THE MUNICIPALITY FOR THE
9 MOST RECENT YEAR, AND WHERE THE PERCENTAGE INCREASE IN THE
10 AMOUNT OF THAT ADJUSTED MILL RATE IN THE MOST RECENT FIVE-
11 YEAR PERIOD:

| 12 | GROSS PERCENTAGE | | | |
|----|------------------|---------------|-------------------|---------|
| 13 | INCREASE IN | | | |
| 14 | ADJUSTED | ADJUSTED MILL | | |
| 15 | MILL RATE | SCORING | RATE | SCORING |
| 16 | 0.00- 5.99 | 0 | 0.00- 3.99% | 0 |
| 17 | 6.00- 7.99 | 5 | 4.00- 6.99% | 3 |
| 18 | 8.00- 9.99 | 10 | 7.00- 9.99% | 6 |
| 19 | 10.00-11.99 | 15 | 10.00-12.99% | 9 |
| 20 | 12.00-12.99 | 20 | 13.00-15.99% | 12 |
| 21 | 13.00-13.99 | 25 | 16.00-18.99% | 15 |
| 22 | 14.00-14.99 | 30 | 19.00-21.99% | 18 |
| 23 | 15.00-15.99 | 35 | 22.00-24.99% | 21 |
| 24 | 16.00-16.99 | 40 | 25.00-27.99% | 24 |
| 25 | 17.00-17.99 | 45 | 28.00-30.99% | 27 |
| 26 | 18.00 OR GREATER | 50 | 31.00% OR GREATER | 30 |

27 (3) FOR THE MOST RECENT YEAR, THE RESULT OF THE TOTAL
28 MUNICIPAL BONDED DEBT PLUS THE TOTAL MUNICIPAL FLOATING DEBT
29 LESS THE TOTAL MUNICIPAL CREDITS AGAINST MUNICIPAL DEBT IS
30 DIVIDED BY THE POPULATION OF THE MUNICIPALITY AS OF THE LAST

1 FEDERAL CENSUS:

2 NET DEBT

3 PER CAPITA

SCORING

4 \$ 0.00- 9.99

0

5 10.00-19.99

8

6 20.00-29.99

16

7 30.00-39.99

24

8 40.00-49.99

32

9 50.00-59.99

40

10 60.00-69.99

48

11 70.00-79.99

56

12 80.00-89.99

64

13 90.00-99.99

72

14 100.00 OR GREATER

80

15 (4) FOR THE MOST RECENT YEAR, THE RESULT OF THE TOTAL
16 MUNICIPAL BONDED DEBT PLUS THE TOTAL MUNICIPAL FLOATING DEBT
17 LESS THE TOTAL MUNICIPAL CREDITS AGAINST MUNICIPAL DEBT IS
18 COMPUTED AS A PERCENTAGE OF THE ASSESSED VALUE OF REAL
19 PROPERTY IN THE MUNICIPALITY:

20 MUNICIPAL DEBT

21 AS PERCENTAGE

22 OF MUNICIPAL PROPERTY

23 TAX BASE

SCORING

24 0.00-0.49%

0

25 0.50-0.99%

6

26 1.00-1.99%

12

27 2.00-2.99%

18

28 3.00-4.49%

24

29 4.50-5.99%

30

30 6.00-6.99%

36

| | | |
|---|-------------------|----|
| 1 | 7.00-7.99% | 42 |
| 2 | 8.00-8.99% | 48 |
| 3 | 9.00-9.99% | 54 |
| 4 | 10.00% OR GREATER | 60 |

(5) FOR THE MOST RECENT YEAR, THE RESULT OF THE TOTAL MUNICIPAL BONDED DEBT PLUS THE TOTAL MUNICIPAL FLOATING DEBT LESS THE TOTAL MUNICIPAL CREDITS AGAINST MUNICIPAL DEBT IS COMPUTED AS A PERCENTAGE OF THE MARKET VALUE OF REAL PROPERTY IN THE MUNICIPALITY:

| 10 | MUNICIPAL DEBT AS | |
|----|---------------------|---------|
| 11 | PERCENTAGE OF | |
| 12 | POTENTIAL MUNICIPAL | |
| 13 | PROPERTY TAX BASE | SCORING |
| 14 | 0.00-0.24% | 0 |
| 15 | 0.25-0.49% | 6 |
| 16 | 0.50-0.99% | 12 |
| 17 | 1.00-1.49% | 18 |
| 18 | 1.50-1.99% | 24 |
| 19 | 2.00-2.99% | 30 |
| 20 | 3.00-3.49% | 36 |
| 21 | 3.50-3.99% | 42 |
| 22 | 4.00-4.49% | 48 |
| 23 | 4.50-4.99% | 54 |
| 24 | 5.00% OR GREATER | 60 |

(6) FOR THE MOST RECENT YEAR, THE MUNICIPAL BONDED DEBT RETIRED DURING THE PRECEDING 12 MONTHS PLUS THE INTEREST PAID DURING THE PRECEDING 12 MONTHS ON ALL MUNICIPAL DEBT IS COMPUTED AS A PERCENTAGE OF THE TOTAL TAXES COLLECTED BY THE MUNICIPALITY FOR THE SAME PERIOD:

DEBT SERVICE AS

| | | |
|----|-------------------|---------|
| 1 | PERCENTAGE OF | |
| 2 | MUNICIPAL TAX | |
| 3 | REVENUE | SCORING |
| 4 | 0.00- 4.49% | 0 |
| 5 | 4.50- 5.49% | 8 |
| 6 | 5.50- 6.49% | 16 |
| 7 | 6.50- 7.49% | 24 |
| 8 | 7.50- 8.49% | 32 |
| 9 | 8.50- 9.49% | 40 |
| 10 | 9.50-10.49% | 48 |
| 11 | 10.50-11.49% | 56 |
| 12 | 11.50-12.49% | 64 |
| 13 | 12.50-13.49% | 72 |
| 14 | 13.50% OR GREATER | 80 |

15 (7) THE MARKET VALUE OF REAL PROPERTY IN THE
16 MUNICIPALITY FOR THE CURRENT YEAR IS DIVIDED BY THE
17 POPULATION OF THE MUNICIPALITY AS OF THE LAST FEDERAL CENSUS,
18 AND THE PERCENTAGE INCREASE IN THE AMOUNT OF MARKET VALUE PER
19 CAPITA IN THE MOST RECENT YEAR OVER THE AMOUNT OF MARKET
20 VALUE PER CAPITA IN THE MOST RECENT FIVE-YEAR PERIOD:

| | | | | |
|----|--------------------|---------|-------------------|---------|
| 21 | | | GROSS PERCENTAGE | |
| 22 | | | INCREASE IN | |
| 23 | MARKET VALUE | | MARKET VALUE | |
| 24 | PER CAPITA | SCORING | PER CAPITA | SCORING |
| 25 | \$8,000 OR GREATER | 0 | 41.00% OR GREATER | 0 |
| 26 | 7,500-7,999 | 5 | 39.00-40.99% | 3 |
| 27 | 7,000-7,499 | 10 | 35.00-38.99% | 6 |
| 28 | 6,500-6,999 | 15 | 31.00-34.99% | 9 |
| 29 | 6,000-6,499 | 20 | 27.00-30.99% | 12 |
| 30 | 5,500-5,999 | 25 | 23.00-26.99% | 15 |

| | | | | |
|---|-------------|----|--------------|----|
| 1 | 5,000-5,499 | 30 | 19.00-22.99% | 18 |
| 2 | 4,500-4,999 | 35 | 15.00-18.99% | 21 |
| 3 | 4,000-4,499 | 40 | 11.00-14.99% | 24 |
| 4 | 3,500-3,999 | 45 | 7.00-10.99% | 27 |
| 5 | 0-3,499 | 50 | 0.00- 6.99% | 30 |

6 (8) FOR THE MOST RECENT YEAR, ADJUSTED TOTAL MUNICIPAL
7 EXPENDITURES (TOTAL MUNICIPAL EXPENDITURES LESS ANY MUNICIPAL
8 URBAN RENEWAL EXPENDITURES AND LESS ANY MUNICIPAL ENTERPRISE
9 EXPENDITURES) DIVIDED BY THE POPULATION OF THE MUNICIPALITY
10 AS OF THE LAST FEDERAL CENSUS AND THE PERCENTAGE INCREASE IN
11 THE AMOUNT OF ADJUSTED TOTAL MUNICIPAL EXPENDITURES PER
12 CAPITA IN THE MOST RECENT YEAR OVER THE AMOUNT OF ADJUSTED
13 TOTAL MUNICIPAL EXPENDITURES PER CAPITA IN THE MOST RECENT
14 FIVE-YEAR PERIOD:

| 15 | GROSS PERCENTAGE | | | |
|----|------------------------|---------|------------------------|---------|
| 16 | INCREASE IN | | | |
| 17 | ADJUSTED TOTAL | | ADJUSTED TOTAL | |
| 18 | MUNICIPAL EXPENDITURES | | MUNICIPAL EXPENDITURES | |
| 19 | PER CAPITA | SCORING | PER CAPITA | SCORING |
| 20 | \$ 0.00-149.99 | 0 | 0.00-13.99% | 0 |
| 21 | 150.00-164.99 | 5 | 14.00-17.99% | 3 |
| 22 | 165.00-179.99 | 10 | 18.00-21.99% | 6 |
| 23 | 180.00-194.99 | 15 | 22.00-25.99% | 9 |
| 24 | 195.00-209.99 | 20 | 26.00-29.99% | 12 |
| 25 | 210.00-224.99 | 25 | 30.00-33.99% | 15 |
| 26 | 225.00-239.99 | 30 | 34.00-37.99% | 18 |
| 27 | 240.00-254.99 | 35 | 38.00-41.99% | 21 |
| 28 | 255.00-269.99 | 40 | 42.00-45.99% | 24 |
| 29 | 270.00-284.99 | 45 | 46.00-48.99% | 27 |
| 30 | 285.00 OR GREATER | 50 | 49.00% OR GREATER | 30 |

1 (D) LEVELS OF DISTRESS.--THE THREE LEVELS OF MUNICIPAL
2 PENSION SYSTEM FINANCIAL DISTRESS SHALL BE AS FOLLOWS:

3 (1) MINIMAL FINANCIAL DISTRESS, WHICH SHALL INCLUDE ANY
4 MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING
5 GREATER THAN ZERO BUT NOT GREATER THAN 299.

6 (2) MODERATE FINANCIAL DISTRESS, WHICH SHALL INCLUDE ANY
7 MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING EQUAL
8 TO OR GREATER THAN 300 BUT NOT GREATER THAN 499.

9 (3) SEVERE FINANCIAL DISTRESS, WHICH SHALL INCLUDE ANY
10 MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING EQUAL
11 TO OR GREATER THAN 500.

12 SECTION 504. EFFECT OF DETERMINATION.

13 THE DETERMINATION OF THE COMMISSION WITH RESPECT TO ANY
14 MUNICIPALITY SHALL BE FINAL. ANY APPEAL OF A DETERMINATION SHALL
15 BE THE SOLE JURISDICTION OF COMMONWEALTH COURT.

16 CHAPTER 6

17 FINANCIALLY DISTRESSED MUNICIPAL PENSION

18 SYSTEM RECOVERY PROGRAM

19 SECTION 601. ESTABLISHMENT.

20 THERE IS HEREBY ESTABLISHED A RECOVERY PROGRAM FOR
21 FINANCIALLY DISTRESSED MUNICIPAL PENSION SYSTEMS.

22 SECTION 602. APPLICATION.

23 (A) GENERALLY.--THE VARIOUS REMEDIES CONTAINED IN THIS
24 RECOVERY PROGRAM SHALL BE AVAILABLE TO MUNICIPALITIES BASED ON
25 THE EXTENT OF FINANCIAL DISTRESS OF THE MUNICIPAL PENSION SYSTEM
26 DETERMINED BY THE COMMISSION, AS PROVIDED IN THIS SECTION.

27 (B) MINIMALLY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
28 REMEDIES CONTAINED IN LEVEL I OF THE RECOVERY PROGRAM AS
29 SPECIFIED IN SECTION 604 SHALL APPLY TO ANY MUNICIPALITY WHICH
30 SEEKS TO UTILIZE THEM, WHETHER THE MUNICIPALITY BASED UPON THE

1 ACTUARIAL CONSIDERATIONS AND MUNICIPAL FINANCE CONSIDERATIONS OF
2 THE DETERMINATION PROCEDURE PURSUANT TO SECTION 503 IS NOT
3 DETERMINED TO BE DISTRESSED OR IS DETERMINED TO BE DISTRESSED
4 BUT ELECTS NOT TO PARTICIPATE IN LEVEL II OF SECTION 605 OR
5 LEVEL III OF SECTION 606 OF THE RECOVERY PROGRAM, WHICHEVER IS
6 APPLICABLE.

7 (C) MODERATELY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
8 REMEDIES CONTAINED IN LEVEL II OF THE RECOVERY PROGRAM AS
9 SPECIFIED IN SECTION 605 SHALL APPLY TO ANY MUNICIPALITY WHICH
10 IS DETERMINED TO BE MODERATELY DISTRESSED, AS THAT STATUS IS
11 DEFINED BASED ON THE ACTUARIAL CONSIDERATIONS AND MUNICIPAL
12 FINANCE CONSIDERATIONS OF THE DETERMINATION PROCEDURE IN RULES
13 AND REGULATIONS ISSUED BY THE COMMISSION PURSUANT TO SECTION
14 503, WHICH COMPLIES WITH ANY APPLICABLE PRECONDITIONS FOR
15 PARTICIPATION IN THIS LEVEL OF THE RECOVERY PROGRAM AND WHICH
16 ELECTS TO PARTICIPATE IN THIS LEVEL OF THE RECOVERY PROGRAM.

17 (D) SEVERELY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
18 REMEDIES CONTAINED IN LEVEL III OF THE RECOVERY PROGRAM AS
19 SPECIFIED IN SECTION 606 SHALL APPLY TO ANY MUNICIPALITY WHICH
20 IS DETERMINED TO BE SEVERELY DISTRESSED, AS THAT STATUS IS
21 DEFINED BASED ON THE ACTUARIAL CONSIDERATIONS AND MUNICIPAL
22 FINANCE CONSIDERATIONS OF THE DETERMINATION PROCEDURE IN RULES
23 AND REGULATIONS ISSUED BY THE COMMISSION PURSUANT TO SECTION
24 503, WHICH COMPLIES WITH ANY APPLICABLE PRECONDITIONS FOR
25 PARTICIPATION IN THIS LEVEL OF THE RECOVERY PROGRAM AND WHICH
26 ELECTS TO PARTICIPATE IN THIS LEVEL OF THE RECOVERY PROGRAM.
27 SECTION 603. ELECTION PROCEDURE.

28 THE ELECTION TO UTILIZE THE VARIOUS REMEDIES CONTAINED IN ONE
29 OF THE LEVELS OF THE RECOVERY PROGRAM SHALL BE MADE BY THE
30 GOVERNING BODY OF THE MUNICIPALITY. THE ELECTION PROCESS SHALL

1 BE INITIATED BY AN APPLICATION FILED WITH THE COMMISSION FOR THE
2 DETERMINATION OF FINANCIAL DISTRESS WITH RESPECT TO THE
3 MUNICIPAL PENSION SYSTEM PURSUANT TO SECTION 501. UPON
4 NOTIFICATION OF THE DETERMINATION OF FINANCIAL DISTRESS BY THE
5 COMMISSION, THE MUNICIPALITY SHALL ELECT WHETHER OR NOT TO
6 UTILIZE THE REMEDIES OF ANY LEVEL OF THE RECOVERY PROGRAM WHICH
7 MAY BE APPLICABLE TO THE MUNICIPALITY. ANY ELECTION TO UTILIZE
8 THE REMEDIES CONTAINED IN A LEVEL OF THE RECOVERY PROGRAM SHALL
9 BE MADE ON FORMS PRESCRIBED BY THE COMMISSION AND SHALL INCLUDE
10 ANY INFORMATION REQUIRED BY THE COMMISSION.

11 SECTION 604. RECOVERY PROGRAM LEVEL I.

12 ANY MUNICIPALITY TO WHICH LEVEL I OF THE RECOVERY PROGRAM
13 APPLIES MAY UTILIZE THE FOLLOWING REMEDIES:

14 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
15 607(B).

16 (2) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTION
17 PURSUANT TO SECTION 607(C).

18 SECTION 605. RECOVERY PROGRAM LEVEL II.

19 ANY MUNICIPALITY TO WHICH LEVEL II OF THE RECOVERY PROGRAM
20 APPLIES MAY UTILIZE THE FOLLOWING REMEDIES:

21 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
22 607(B).

23 (2) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTIONS
24 PURSUANT TO SECTION 607(C).

25 (3) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
26 LIMITATIONS PURSUANT TO SECTION 607(D).

27 (4) THE ESTABLISHMENT OF A REVISED BENEFIT PLAN FOR
28 NEWLY HIRED MUNICIPAL EMPLOYEES PURSUANT TO SECTION 607(E).

29 (5) THE SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO
30 SECTION 607(F).

1 (6) THE DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER
2 TEN YEARS PURSUANT TO SECTION 607(G).

3 (7) SUPPLEMENTAL STATE ASSISTANCE PURSUANT TO SECTION
4 607(K).

5 SECTION 606. RECOVERY PROGRAM LEVEL III.

6 (A) OPTIONAL REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL III
7 OF THE RECOVERY PROGRAM APPLIES MAY UTILIZE THE FOLLOWING
8 REMEDIES:

9 (1) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTIONS
10 PURSUANT TO SECTION 607(C).

11 (2) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
12 LIMITATIONS PURSUANT TO SECTION 607(D).

13 (3) THE SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO
14 SECTION 607(F).

15 (4) THE DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER
16 TEN YEARS PURSUANT TO SECTION 607(G) OR THE DELAYED
17 IMPLEMENTATION OF FUNDING STANDARD OVER 15 YEARS WITH 40-YEAR
18 AMORTIZATION PURSUANT TO SECTION 607(H).

19 (5) SUPPLEMENTAL STATE ASSISTANCE PURSUANT TO SECTION
20 607(K).

21 (B) MANDATORY REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL III
22 OF THE RECOVERY PROGRAM APPLIES SHALL UTILIZE THE FOLLOWING
23 REMEDIES:

24 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
25 607(B).

26 (2) THE ESTABLISHMENT OF A REVISED BENEFIT PLAN FOR
27 NEWLY HIRED MUNICIPAL EMPLOYEES PURSUANT TO SECTION 607(E).
28 THE REVISED BENEFIT PLAN SHALL HAVE A NORMAL COST WHICH IS
29 LESS THAN THE NORMAL COST OF THE BENEFIT PLAN APPLICABLE TO
30 CURRENT MUNICIPAL EMPLOYEES AS REPORTED IN THE MOST RECENT

1 PRIOR ACTUARIAL VALUATION REPORT FOR THE PENSION PLAN. IN
2 MAKING THIS DETERMINATION, THE NORMAL COST FOR THE REVISED
3 BENEFIT PLAN SHALL BE CALCULATED BY APPLYING THE REVISED
4 BENEFIT PLAN TO THE CURRENT ACTIVE MEMBERSHIP DEMOGRAPHICS.

5 (3) THE PREPARATION SUBMISSION AND IMPLEMENTATION OF A
6 PLAN FOR IMPROVEMENT OF THE ADMINISTRATION OF THE PENSION
7 PLAN OR PLANS PURSUANT TO SECTION 607(I).

8 (4) THE STABILIZATION OF PENSION PLAN COST PURSUANT TO
9 SECTION 607(J).

10 SECTION 607. REMEDIES APPLICABLE TO VARIOUS RECOVERY PROGRAM
11 LEVELS.

12 (A) GENERALLY.--NOTWITHSTANDING ANY PROVISION OF LAW,
13 MUNICIPAL CHARTER, MUNICIPAL ORDINANCE, MUNICIPAL RESOLUTION, OR
14 PENSION PLAN AGREEMENT, DOCUMENT OR INSTRUMENT TO THE CONTRARY,
15 THE REMEDIES SPECIFIED IN THIS SECTION SHALL BE AVAILABLE TO THE
16 APPLICABLE MUNICIPALITIES.

17 (B) AGGREGATION OF TRUST FUNDS.--IF THE MUNICIPALITY HAS
18 ESTABLISHED AND MAINTAINED MORE THAN ONE PENSION PLAN FOR ITS
19 EMPLOYEES AND THERE ARE PENSION FUNDS ASSOCIATED WITH THOSE
20 PENSION PLANS, THE MUNICIPALITY MAY AGGREGATE THE ASSETS TO THE
21 CREDIT OF THE VARIOUS PENSION FUNDS INTO A SINGLE PENSION TRUST
22 FUND. SUBSEQUENT TO THE AGGREGATION, THE PENSION TRUST FUND
23 SHALL BE THE FUNDING MECHANISM FOR ALL PENSION PLANS CONNECTED
24 WITH THE AGGREGATION.

25 (1) EACH PENSION PLAN SUBJECT TO THE AGGREGATION SHALL
26 HAVE AN UNDIVIDED PARTICIPATION IN THE ASSETS OF THE COMBINED
27 PENSION TRUST FUND. FOR ACCOUNTING PURPOSES, THE VALUE OF THE
28 PARTICIPATION BY EACH PLAN SHALL BE CALCULATED ANNUALLY. THE
29 VALUE FOR THE INITIAL YEAR FOLLOWING AGGREGATION SHALL BE
30 THAT PORTION OF THE TOTAL VALUE OF THE PENSION TRUST FUND

1 WHICH BEARS THE SAME RELATIONSHIP THAT THE VALUE OF THE
2 ASSETS OF THE PENSION PLAN AS OF THE DATE OF THE AGGREGATION
3 PLUS THE CONTRIBUTIONS RECEIVED BY THE PENSION TRUST FUND
4 WITH RESPECT TO THAT PENSION PLAN SINCE THE DATE OF
5 AGGREGATION AND REDUCED BY THE AMOUNT OF RETIREMENT ANNUITIES
6 AND BENEFITS PAID FROM THE PENSION TRUST FUND FOR ANNUITANTS
7 AND BENEFIT RECIPIENTS OF THAT PENSION PLAN SINCE THE DATE OF
8 AGGREGATION BEARS TO THE TOTAL VALUE OF ALL ASSETS
9 TRANSFERRED TO THE PENSION TRUST FUND AS OF THE DATE OF
10 AGGREGATION PLUS THE TOTAL CONTRIBUTIONS RECEIVED BY THE
11 PENSION TRUST FUND SINCE THE DATE OF AGGREGATION AND REDUCED
12 BY THE TOTAL AMOUNT OF RETIREMENT ANNUITIES AND BENEFITS PAID
13 FOR ALL ANNUITANTS AND BENEFIT RECIPIENTS SINCE THE DATE OF
14 AGGREGATION. THE VALUE OF THE PARTICIPATION FOR EACH YEAR
15 SUBSEQUENT TO THE INITIAL YEAR FOLLOWING AGGREGATION SHALL BE
16 THAT PORTION OF THE TOTAL VALUE OF THE PENSION TRUST FUND
17 WHICH BEARS THE SAME RELATIONSHIP THAT THE VALUE OF THE
18 PARTICIPATION OF THE PENSION PLAN AS OF THE CLOSE OF THE
19 PRECEDING YEAR PLUS THE CONTRIBUTIONS RECEIVED BY THE PENSION
20 TRUST FUND WITH RESPECT TO THAT PENSION PLAN DURING THE YEAR
21 AND REDUCED BY THE AMOUNT OF RETIREMENT ANNUITIES AND
22 BENEFITS PAID FROM THE PENSION TRUST FUND FOR ANNUITANTS AND
23 BENEFIT RECIPIENTS OF THAT PENSION PLAN DURING THE YEAR BEARS
24 TO THE TOTAL VALUE OF ALL PARTICIPATION IN THE PENSION TRUST
25 FUND AS OF THE CLOSE OF THE PRECEDING YEAR PLUS THE TOTAL
26 CONTRIBUTIONS RECEIVED BY THE PENSION TRUST FUND DURING THE
27 YEAR AND REDUCED BY THE TOTAL AMOUNT OF RETIREMENT ANNUITIES
28 AND BENEFITS PAID FOR ALL ANNUITANTS AND BENEFIT RECIPIENTS
29 DURING THE YEAR.

30 (2) LEGAL TITLE TO ASSETS IN THE AGGREGATED PENSION

1 TRUST FUND SHALL BE IN THE MUNICIPALITY AS TRUSTEE, OR ITS
2 NOMINEES AS TRUSTEES, FOR ANY PERSON HAVING A BENEFICIAL
3 INTEREST IN A PARTICULAR PENSION PLAN WHICH IS ASSOCIATED
4 WITH THE PENSION TRUST FUND.

5 (3) THE ASSETS OF THE AGGREGATED PENSION TRUST FUND
6 SHALL BE INVESTED IN INVESTMENT SECURITIES WHICH ARE
7 AUTHORIZED INVESTMENTS PURSUANT TO ANY APPLICABLE LAW FOR ANY
8 OF THE ASSOCIATED PENSION PLANS.

9 (4) INVESTMENT EARNINGS SHALL BE ALLOCATED TO EACH
10 ASSOCIATED PENSION PLAN IN PROPORTION TO THE MOST RECENTLY
11 DETERMINED PARTICIPATION VALUE.

12 (5) VALUATION OF ASSETS SHALL BE PURSUANT TO THE
13 PROVISIONS OF SECTION 202(E)(1) AND ANY APPLICABLE RULES AND
14 REGULATIONS ISSUED BY THE COMMISSION.

15 (6) THE AGGREGATED PENSION TRUST FUND SHALL BE MANAGED
16 BY A BOARD OF TRUSTEES. THE BOARD OF TRUSTEES SHALL INCLUDE
17 AT LEAST ONE REPRESENTATIVE OF THE ACTIVE MEMBERSHIP OF EACH
18 PENSION PLAN INCLUDED IN THE AGGREGATED PENSION TRUST FUND,
19 WHO SHALL BE ELECTED BY THE ACTIVE MEMBERSHIP OF THE
20 APPLICABLE PENSION PLAN. THE REMAINING MEMBERS OF THE BOARD
21 OF TRUSTEES SHALL BE DRAWN FROM THE MANAGING BOARDS OR
22 ENTITIES OF THE ASSOCIATED PENSION PLANS.

23 (C) TOTAL MEMBER CONTRIBUTION.--

24 (1) THE MUNICIPALITY MAY SPECIFY TOTAL MEMBER
25 CONTRIBUTIONS TO THE PENSION PLAN. THE MEMBER CONTRIBUTIONS
26 SHALL BE SPECIFIED AS A PERCENTAGE OF COVERED SALARY.

27 (2) FOR A DEFINED BENEFIT PLAN IN EXISTENCE ON THE
28 EFFECTIVE DATE OF THIS SUBSECTION, THE TOTAL MEMBER
29 CONTRIBUTION SHALL NOT EXCEED 50% OF THE NORMAL COST OF THE
30 PENSION PLAN, EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL,

1 AS REPORTED IN THE MOST RECENT ACTUARIAL VALUATION REPORT OF
2 THE PENSION PLAN OR THE APPLICABLE MAXIMUM PERCENTAGE RATE OF
3 COVERED SALARY SPECIFIED IN PARAGRAPH (4), WHICHEVER IS LESS.

4 (3) FOR A DEFINED BENEFIT PLAN WHICH IS IMPROVED
5 SUBSEQUENT TO THE EFFECTIVE DATE OF THIS SUBSECTION AND WHICH
6 BENEFIT PLAN IMPROVEMENT CAUSES AN INCREASE IN THE NORMAL
7 COST OF THE BENEFIT PLAN OF AN AMOUNT EQUAL TO OR GREATER
8 THAN ONE PERCENT OF COVERED PAYROLL AS REPORTED IN THE MOST
9 RECENT ACTUARIAL VALUATION REPORT OF THE IMPROVED PENSION
10 PLAN, THE MEMBER CONTRIBUTION SHALL ALSO BE INCREASED. THE
11 INCREASED TOTAL MEMBER CONTRIBUTION SHALL NOT BE LESS THAN
12 30% OF THE NORMAL COST OR MORE THAN THE LESSER OF 50% OF THE
13 NORMAL COST OR THE APPLICABLE MAXIMUM PERCENTAGE RATE OF
14 COVERED SALARY SPECIFIED IN PARAGRAPH (4). THE NORMAL COST
15 FOR USE IN ESTABLISHING THE INCREASED TOTAL MEMBER
16 CONTRIBUTION SHALL BE THE NORMAL COST OF THE IMPROVED BENEFIT
17 PLAN, EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL, AS
18 REPORTED IN THE MOST RECENT ACTUARIAL VALUATION REPORT OF THE
19 IMPROVED PENSION PLAN.

20 (4) THE MAXIMUM PERCENTAGE OF COVERED SALARY TOTAL
21 CONTRIBUTIONS SHALL BE EQUAL TO THE GREATER OF THE TOTAL
22 EMPLOYEE CONTRIBUTION RATE TO THE FEDERAL OLD AGE, SURVIVORS,
23 DISABILITY AND HEALTH INSURANCE PROGRAM PURSUANT TO THE
24 APPLICABLE FEDERAL LAW IN EFFECT ON JANUARY 1, 1984 APPLIED
25 TO TOTAL COVERED SALARY OR THE EMPLOYEE CONTRIBUTION THEN IN
26 EFFECT OR SUBSEQUENTLY NEGOTIATED IN CONJUNCTION WITH A
27 BENEFIT INCREASE.

28 (5) IF ANY INCREASE IN MEMBER CONTRIBUTIONS EQUAL TO OR
29 GREATER THAN ONE PERCENT OF COVERED SALARY IS REQUIRED
30 PURSUANT TO THE OPERATION OF THIS SUBSECTION, THE INCREASE

1 SHALL BE IMPLEMENTED OVER A PERIOD OF FOUR YEARS THROUGH AN
2 ANNUAL INCREASE EQUAL TO ONE FOURTH OF THE TOTAL REQUIRED
3 INCREASE, WHICH SUCCESSIVE INCREASES SHALL BE EFFECTIVE ON
4 THE FIRST DAY OF THE FIRST PAY PERIOD OCCURRING ON OR AFTER
5 JANUARY 1 ON EACH OF THE SUCCEEDING FOUR YEARS.

6 (6) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTIONS
7 PURSUANT TO THIS SUBSECTION SHALL BE WITHIN THE SCOPE OF
8 COLLECTIVE BARGAINING PURSUANT TO THE APPLICABLE LAW WITH
9 REPRESENTATIVES OF THE COLLECTIVE BARGAINING UNIT FOR THE
10 AFFECTED TYPE OF MUNICIPAL EMPLOYEE, IF ANY.

11 (D) DEVIATION FROM MUNICIPAL CONTRIBUTION LIMITATIONS.--THE
12 MUNICIPALITY MAY EXCEED ANY LIMITATIONS ON MUNICIPAL
13 CONTRIBUTIONS TO MUNICIPAL PENSION PLANS OTHERWISE APPLICABLE TO
14 THE MUNICIPALITY.

15 (E) ESTABLISHMENT OF A REVISED BENEFIT PLAN FOR NEWLY HIRED
16 MUNICIPAL EMPLOYEES.--THE MUNICIPALITY MAY ESTABLISH A REVISED
17 BENEFIT PLAN OF THE PENSION PLAN APPLICABLE TO ANY EMPLOYEE
18 FIRST HIRED ON OR AFTER THE EFFECTIVE DATE OF THE INSTRUMENT
19 ESTABLISHING THE REVISED BENEFIT PLAN. AT THE OPTION OF THE
20 MUNICIPALITY, THE REVISED BENEFIT PLAN MAY BE EXTENDED TO
21 INCLUDE AN EMPLOYEE FIRST HIRED PRIOR TO THE EFFECTIVE DATE OF
22 THE INSTRUMENT ESTABLISHING THE REVISED BENEFIT WHO ELECTS THE
23 COVERAGE. MEMBER CONTRIBUTIONS WITH RESPECT TO THE REVISED
24 BENEFIT PLAN OF THE PENSION PLAN SHALL AT A MINIMUM BE EQUAL TO
25 OR EXCEED 30% AND AT A MAXIMUM NOT TO EXCEED 50%, OF THE NORMAL
26 COST OF THE PENSION PLAN, EXPRESSED AS A PERCENTAGE OF COVERED
27 PAYROLL, AS REPORTED IN THE MOST RECENT ACTUARIAL VALUATION
28 REPORT OF THE PENSION PLAN. NOTWITHSTANDING ANY PROVISION OF
29 SUBSECTION (J) TO THE CONTRARY, A REVISED BENEFIT PLAN FOR NEWLY
30 HIRED MUNICIPAL EMPLOYEES SHALL BE DEVELOPED WITH CONSULTATION

1 WITH REPRESENTATIVES OF THE COLLECTIVE BARGAINING UNIT
2 APPLICABLE TO THE AFFECTED TYPE OF MUNICIPAL EMPLOYEE, IF ANY,
3 AND SHALL BE WITHIN THE SCOPE OF COLLECTIVE BARGAINING PURSUANT
4 TO THE APPLICABLE LAW SUBSEQUENT TO THE ESTABLISHMENT OF THE
5 REVISED BENEFIT PLAN.

6 (F) SPECIAL MUNICIPAL TAXING AUTHORITY.--IF THE TAX RATES
7 SET BY THE MUNICIPALITY ON EARNED INCOME AND ON REAL PROPERTY
8 ARE AT THE MAXIMUM PROVIDED BY APPLICABLE LAW, THE MUNICIPALITY
9 MAY INCREASE ITS TAX ON EITHER EARNED INCOME OR REAL PROPERTY
10 ABOVE THOSE MAXIMUM RATES. THE PROCEEDS OF THIS SPECIAL
11 MUNICIPAL TAX INCREASE SHALL BE USED SOLELY TO DEFRAY THE
12 ADDITIONAL COSTS REQUIRED TO BE PAID PURSUANT TO THIS ACT WHICH
13 ARE DIRECTLY RELATED TO THE PENSION PLANS OF THE MUNICIPALITY.
14 THE MUNICIPALITY UTILIZING THIS SPECIAL MUNICIPAL TAXING
15 AUTHORITY SHALL NOT REDUCE THE LEVEL OF MUNICIPAL CONTRIBUTIONS
16 TO THE PENSION PLANS PRIOR TO THE IMPLEMENTATION OF THE SPECIAL
17 MUNICIPAL TAXING AUTHORITY. THE AVERAGE LEVEL OF MUNICIPAL
18 CONTRIBUTIONS TO THE PENSION PLANS FROM ALL REVENUE SOURCES FOR
19 THE THREE YEARS IMMEDIATELY PRIOR TO THE IMPLEMENTATION OF THE
20 SPECIAL MUNICIPAL TAXING AUTHORITY SHALL BE EXPRESSED AS A
21 PERCENTAGE OF THE AVERAGE COVERED PAYROLL FOR THAT SAME THREE-
22 YEAR PERIOD. IN EACH YEAR SUBSEQUENT TO THE IMPLEMENTATION OF
23 THE SPECIAL MUNICIPAL TAXING AUTHORITY, THE MUNICIPAL
24 CONTRIBUTIONS TO THE PENSION PLAN FROM ALL REVENUE SOURCES
25 EXISTING PRIOR TO THE IMPLEMENTATION OF THE SPECIAL EXISTING
26 MUNICIPAL TAXING AUTHORITY SHALL EQUAL OR EXCEED THIS AVERAGE
27 PERCENTAGE OF THE CURRENT COVERED PAYROLL.

28 (G) DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER TEN
29 YEARS.--THE MUNICIPALITY MAY DELAY FULL IMPLEMENTATION OF THE
30 ACTUARIAL FUNDING STANDARD SPECIFIED IN SECTION 302 OR 303,

1 WHICHEVER IS APPLICABLE, OVER A PERIOD NOT TO EXCEED TEN YEARS
 2 IN DURATION. DURING THE DELAYED IMPLEMENTATION PERIOD, THE
 3 MUNICIPALITY SHALL MAKE A MUNICIPAL CONTRIBUTION TO EACH
 4 MUNICIPAL PENSION PLAN OF AN AMOUNT EQUAL TO NOT LESS THAN THE
 5 MUNICIPAL CONTRIBUTION TO THE MUNICIPAL PENSION PLAN MADE IN THE
 6 IMMEDIATE PRIOR YEAR AND THE FOLLOWING PERCENTAGE OF THE
 7 DIFFERENCE BETWEEN THAT AMOUNT AND THE FULL MINIMUM MUNICIPAL
 8 OBLIGATION WITH RESPECT TO THE PENSION PLAN PURSUANT TO SECTION
 9 302 OR 303, WHICHEVER IS APPLICABLE:

| 10 | YEAR | PERCENTAGE OF DIFFERENCE |
|----|---------------------|--------------------------|
| 11 | 1985 | 10% |
| 12 | 1986 | 20% |
| 13 | 1987 | 30% |
| 14 | 1988 | 40% |
| 15 | 1989 | 50% |
| 16 | 1990 | 60% |
| 17 | 1991 | 70% |
| 18 | 1992 | 80% |
| 19 | 1993 | 90% |
| 20 | 1994 AND THEREAFTER | 100% |

21 THE MUNICIPALITY MAY CALCULATE THE ANNUAL AMORTIZATION
 22 CONTRIBUTION ON THE BASIS OF A LEVEL PERCENTAGE OF FUTURE
 23 INCREASING COVERED PAYROLL AMORTIZATION CONTRIBUTION RATHER THAN
 24 ON THE BASIS OF THE LEVEL ANNUAL DOLLAR AMORTIZATION
 25 CONTRIBUTION SPECIFIED IN SECTION 202.

26 (H) DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER 15
 27 YEARS; 40-YEAR AMORTIZATION PERIOD.--THE MUNICIPALITY MAY DELAY
 28 FULL IMPLEMENTATION OF THE ACTUARIAL FUNDING STANDARD SPECIFIED
 29 IN SECTION 302 OR 303, WHICHEVER IS APPLICABLE, OVER A PERIOD
 30 NOT TO EXCEED 15 YEARS IN DURATION AND MAY CALCULATE THAT

1 ACTUARIAL FUNDING STANDARD ON THE BASIS OF A 40-YEAR
2 AMORTIZATION PERIOD FOR THE INCREMENT OF UNFUNDED ACTUARIAL
3 ACCRUED LIABILITY IN EXISTENCE AS OF THE BEGINNING OF THE PLAN
4 YEAR OCCURRING IN CALENDAR YEAR 1985. DURING THE DELAYED
5 IMPLEMENTATION PERIOD, THE MUNICIPALITY SHALL MAKE A MUNICIPAL
6 CONTRIBUTION TO EACH MUNICIPAL PENSION PLAN OF AN AMOUNT EQUAL
7 TO NOT LESS THAN THE MUNICIPAL CONTRIBUTION TO THE MUNICIPAL
8 PENSION PLAN MADE IN THE IMMEDIATE PRIOR YEAR AND THE FOLLOWING
9 PERCENTAGE OF THE DIFFERENCE BETWEEN THAT AMOUNT AND THE FULL
10 MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE PENSION PLAN
11 PURSUANT TO SECTION 302 OR 303, WHICHEVER IS APPLICABLE,
12 CALCULATED USING THE APPLICABLE 40-YEAR AMORTIZATION PERIOD:

| 13 | YEAR | PERCENTAGE OF DIFFERENCE |
|----|------|--------------------------|
| 14 | 1985 | 6.7% |
| 15 | 1986 | 13.4% |
| 16 | 1987 | 20.1% |
| 17 | 1988 | 26.8% |
| 18 | 1989 | 33.5% |
| 19 | 1990 | 40.2% |
| 20 | 1991 | 46.9% |
| 21 | 1992 | 53.6% |
| 22 | 1993 | 60.3% |
| 23 | 1994 | 67.0% |
| 24 | 1995 | 73.7% |
| 25 | 1996 | 80.4% |
| 26 | 1997 | 87.1% |
| 27 | 1998 | 93.8% |
| 28 | 1999 | 100.0% |

29 THE MUNICIPALITY MAY CALCULATE THE ANNUAL AMORTIZATION
30 CONTRIBUTION ON THE BASIS OF A LEVEL PERCENTAGE OF FUTURE

1 INCREASING COVERED PAYROLL AMORTIZATION CONTRIBUTION RATHER THAN
2 ON THE BASIS OF THE LEVEL ANNUAL DOLLAR AMORTIZATION
3 CONTRIBUTION SPECIFIED IN SECTION 202.

4 (I) PLAN FOR ADMINISTRATIVE IMPROVEMENT.--THE MUNICIPALITY
5 SHALL PREPARE AND SUBMIT TO THE COMMISSION A COMPREHENSIVE PLAN
6 FOR ADMINISTRATIVE IMPROVEMENTS IN THE PENSION PLANS, INCLUDING,
7 BUT NOT LIMITED TO, AN IMPROVEMENT IN INVESTMENT PERFORMANCE, AN
8 INCREASE IN THE LIQUIDITY OF INVESTED ASSETS, AN IMPROVED
9 PROJECTION OF FUTURE CASH FLOW REQUIREMENTS, A REDUCTION IN ANY
10 TIME DELAYS FOR THE DEPOSIT OF MEMBER DEDUCTIONS AND MUNICIPAL
11 CONTRIBUTIONS IN THE FUNDING MECHANISM FOR THE PENSION PLAN OR
12 AN IMPROVEMENT IN THE COLLECTION OF ANY OTHER ACCOUNTS
13 RECEIVABLE. UPON APPROVAL OF THE COMMISSION, THE MUNICIPALITY
14 SHALL IMPLEMENT THE PLAN FOR ADMINISTRATIVE IMPROVEMENTS.

15 (J) PENSION PLAN COST STABILIZATION.--THE MUNICIPALITY SHALL
16 NOT MODIFY ANY PROVISION OF THE BENEFIT PLAN APPLICABLE TO
17 ACTIVE MEMBERS OR RETIREMENT OR OTHER BENEFIT RECIPIENTS WHICH
18 RESULTS IN AN INCREASE IN EITHER THE NORMAL COST OR THE
19 AMORTIZATION CONTRIBUTION OF THE PENSION PLAN.

20 (K) SUPPLEMENTAL STATE ASSISTANCE.--IF EVERY PENSION PLAN OF
21 THE MUNICIPALITY WHICH IS A DEFINED BENEFIT PLAN AND WHICH IS
22 SELF-INSURED IN WHOLE OR IN PART HAS FILED AN ACTUARIAL
23 VALUATION REPORT UTILIZING THE STANDARDIZED ACTUARIAL COST
24 METHOD AND ECONOMIC ACTUARIAL ASSUMPTIONS WITHIN THE RANGE OF
25 ACTUARIAL ASSUMPTIONS SPECIFIED IN SECTION 202(B) AND IF THE
26 MUNICIPALITY HAS IMPLEMENTED THE AGGREGATION OF TRUST FUNDS
27 PURSUANT TO SUBSECTION (B), THE MUNICIPALITY MAY RECEIVE
28 SUPPLEMENTAL STATE ASSISTANCE FROM THE SUPPLEMENTAL STATE
29 ASSISTANCE FUND ESTABLISHED PURSUANT TO SECTION 608. THE AMOUNT
30 OF THE SUPPLEMENTAL STATE ASSISTANCE TO WHICH THE MUNICIPALITY

1 IS ENTITLED SHALL BE DETERMINED ANNUALLY BASED ON THE
2 DETERMINATION SCORING WHICH THE MUNICIPALITY RECEIVED FROM THE
3 COMMISSION PURSUANT TO SECTION 503, AS FOLLOWS:

4 (1) THE DETERMINATION SCORE OF THE MUNICIPALITY SHALL BE
5 REDUCED BY AN AMOUNT EQUAL TO 25% OF THE MAXIMUM POSSIBLE
6 DETERMINATION SCORE.

7 (2) THE RESULT CALCULATED PURSUANT TO PARAGRAPH (1)
8 SHALL BE EXPRESSED AS A PERCENTAGE OF THE MAXIMUM POSSIBLE
9 DETERMINATION SCORE.

10 (3) THE PERCENTAGE CALCULATED PURSUANT TO PARAGRAPH (2)
11 SHALL BE APPLIED TO THE DOLLAR AMOUNT OF DIFFERENCE BETWEEN
12 THE AMOUNT OF THE MUNICIPAL CONTRIBUTION TO ALL MUNICIPAL
13 PENSION PLANS IN AGGREGATE AND THE FULL MINIMUM MUNICIPAL
14 OBLIGATION WITH RESPECT TO THE PENSION PLAN PURSUANT TO
15 SECTION 302 OR 303, WHICHEVER IS APPLICABLE, TO DETERMINE THE
16 AMOUNT OF SUPPLEMENTAL STATE ASSISTANCE FOR THE MUNICIPALITY.
17 IN THE EVENT THAT THE TOTAL AMOUNT OF SUPPLEMENTAL STATE
18 ASSISTANCE DETERMINED AS PAYABLE TO ALL MUNICIPALITIES ENTITLED
19 TO RECEIVE SUPPLEMENTAL STATE ASSISTANCE EXCEEDS THE MAXIMUM
20 APPROPRIATION PROVIDED FOR IN SECTION 608(B), THE AMOUNT OF
21 SUPPLEMENTAL STATE ASSISTANCE WHICH SHALL BE PAYABLE TO EACH
22 MUNICIPALITY SHALL BE PROPORTIONATELY REDUCED. THE SUPPLEMENTAL
23 STATE ASSISTANCE SHALL BE DISTRIBUTED ANNUALLY ON THE FIRST
24 BUSINESS DAY OCCURRING IN DECEMBER.

25 (L) EMERGENCY LOAN PROCEDURES.--THE MUNICIPALITY MAY RECEIVE
26 A LOAN FROM THE SUPPLEMENTAL STATE ASSISTANCE FUND IN ANY YEAR
27 DURING THE EXISTENCE OF THE FUND IN AN AMOUNT CERTIFIED BY THE
28 COMMISSION. THE LOAN AMOUNT SHALL BE SUFFICIENT TO ELIMINATE THE
29 POSSIBILITY OF IMMINENT DEFAULT DURING THE NEXT 12 CONSECUTIVE
30 CALENDAR MONTHS IN THE PAYMENT OF RETIREMENT AND OTHER BENEFITS

1 BY ONE OR MORE OF THE PENSION PLANS MAINTAINED BY THE
2 MUNICIPALITY. TERMS FOR THE REPAYMENT OF ANY LOAN SHALL BE
3 ESTABLISHED BY AGREEMENT BETWEEN THE MUNICIPALITY AND THE
4 COMMISSION PRIOR TO THE LOAN.

5 SECTION 608. SUPPLEMENTAL STATE ASSISTANCE PROGRAM AND FUND.

6 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A
7 SUPPLEMENTAL STATE ASSISTANCE PROGRAM AND FUND. THE SUPPLEMENTAL
8 STATE ASSISTANCE FUND SHALL BE COMPRISED OF A SUPPLEMENTAL STATE
9 ASSISTANCE ACCOUNT. THE SUPPLEMENTAL STATE ASSISTANCE PROGRAM
10 AND FUND SHALL BE ADMINISTERED BY THE AUDITOR GENERAL.

11 (B) SUPPLEMENTAL STATE ASSISTANCE ACCOUNT.--SUPPLEMENTAL
12 STATE ASSISTANCE PAYABLE PURSUANT TO SECTION 607(K) SHALL BE
13 PAID FROM THE SUPPLEMENTAL STATE ASSISTANCE ACCOUNT. THE
14 SUPPLEMENTAL STATE ASSISTANCE ACCOUNT SHALL BE FUNDED FROM AN
15 APPROPRIATION BY THE COMMONWEALTH FROM THE GENERAL FUND OF THE
16 COMMONWEALTH. ANNUALLY THE COMMISSION SHALL CALCULATE THE AMOUNT
17 OF SUPPLEMENTAL STATE ASSISTANCE PAYABLE TO ALL ELIGIBLE
18 MUNICIPALITIES AND SHALL CERTIFY THE REQUIRED AMOUNT TO THE
19 GENERAL ASSEMBLY. THE AMOUNT OF ANY ANNUAL CERTIFICATION OF AN
20 APPROPRIATION BY THE COMMISSION SHALL NOT EXCEED \$35,000,000.
21 THE GENERAL ASSEMBLY SHALL MAKE AN APPROPRIATION TO THE
22 SUPPLEMENTAL STATE ASSISTANCE ACCOUNT SUFFICIENT TO PROVIDE FOR
23 THE AMOUNT CERTIFIED BY THE COMMISSION. THE APPROPRIATION SHALL
24 BE DEPOSITED ON THE LAST BUSINESS DAY IN NOVEMBER ANNUALLY.

25 (C) PRECONDITIONS.--AS A PRECONDITION FOR THE RECEIPT OF ANY
26 SUPPLEMENTAL STATE ASSISTANCE, THE MUNICIPALITY SHALL
27 DEMONSTRATE PRIOR GOOD FAITH COMPLIANCE WITH ANY APPLICABLE
28 MUNICIPAL PENSION PLAN ACTUARIAL FUNDING STANDARD IN EFFECT.
29 THE MUNICIPALITY SHALL ALSO IMPLEMENT ANY MANDATORY ASPECTS OF
30 THE APPLICABLE RECOVERY PROGRAM LEVEL.

1 (D) WARRANTS.--ANY SUPPLEMENTAL STATE ASSISTANCE SHALL BE
2 PAYABLE ON WARRANTS DRAWN BY THE AUDITOR GENERAL BASED ON
3 CERTIFICATIONS OF THE COMMISSION.

4 (E) EXPIRATION.--THE SUPPLEMENTAL STATE ASSISTANCE PROGRAM
5 AND FUND SHALL TERMINATE IN 2003 OR IN THE FIRST YEAR IN WHICH
6 THERE ARE NO MUNICIPALITIES ENTITLED TO RECEIVE SUPPLEMENTAL
7 STATE ASSISTANCE, WHICHEVER OCCURS EARLIER.

8 SECTION 609. RULES AND REGULATIONS.

9 THE COMMISSION MAY ISSUE ANY RULES AND REGULATIONS NECESSARY
10 FOR THE EFFECTIVE ADMINISTRATION AND OPERATION OF THE PROVISIONS
11 OF THIS ACT.

12 CHAPTER 7

13 FOREIGN FIRE INSURANCE TAX DISTRIBUTION

14 SECTION 701. SHORT TITLE.

15 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE FOREIGN
16 FIRE INSURANCE TAX DISTRIBUTION LAW.

17 SECTION 702. DEFINITIONS.

18 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
19 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
20 CONTEXT CLEARLY INDICATES OTHERWISE:

21 "FUND." THE NET AMOUNT RECEIVED BY THE COMMONWEALTH FROM THE
22 TAX ON GROSS PREMIUMS PAID BY FOREIGN FIRE INSURANCE COMPANIES
23 PURSUANT TO SECTION 902 OF THE ACT OF MARCH 4, 1971 (P.L.6,
24 NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

25 "GOVERNING BODY." THE COUNCIL OF A CITY, BOROUGH OR
26 INCORPORATED TOWN, THE COMMISSIONERS OF A TOWNSHIP OF THE FIRST
27 CLASS, THE SUPERVISORS OF A TOWNSHIP OF THE SECOND CLASS OR ANY
28 SIMILAR BODY IN HOME RULE CHARTER MUNICIPALITIES.

29 "MUNICIPALITY." ANY CITY, BOROUGH, INCORPORATED TOWN,
30 TOWNSHIP OR OTHER SIMILAR UNIT OF GOVERNMENT CREATED PURSUANT TO

1 THE ACT OF APRIL 13, 1972 (P.L.184, NO.62), KNOWN AS THE HOME
2 RULE CHARTER AND OPTIONAL PLANS LAW.

3 "TREASURER." THE ELECTED OR APPOINTED TREASURER IN ANY CITY,
4 BOROUGH, INCORPORATED TOWN, TOWNSHIP OR OTHER SIMILAR OFFICER IN
5 HOME RULE CHARTER MUNICIPALITIES.

6 SECTION 703. PAYMENT BY STATE TREASURER TO MUNICIPALITIES.

7 MONEYS IN THE FUND SHALL BE PAID BY THE STATE TREASURER TO
8 THE TREASURER OF EACH MUNICIPALITY IN THE COMMONWEALTH IN
9 ACCORDANCE WITH SECTIONS 704 AND 705.

10 SECTION 704. DISTRIBUTION FORMULA.

11 EXCEPT AS PROVIDED IN SECTION 705, THE AMOUNT TO BE PAID TO
12 EACH MUNICIPALITY SHALL BE DETERMINED AS FOLLOWS:

13 (1) FIFTY PERCENT OF THE FUND SHALL BE DISTRIBUTED BASED
14 ON THE POPULATION OF EACH MUNICIPALITY IN PROPORTION TO THE
15 POPULATION OF THE ENTIRE COMMONWEALTH, BASED UPON THE LATEST
16 NATIONAL POPULATION CENSUS AS REPORTED BY THE UNITED STATES
17 BUREAU OF CENSUS; AND

18 (2) FIFTY PERCENT OF THE FUND SHALL BE DISTRIBUTED BASED
19 ON THE MARKET VALUE OF REAL ESTATE OF EACH MUNICIPALITY IN
20 PROPORTION TO THE MARKET VALUE OF REAL ESTATE FOR THE ENTIRE
21 COMMONWEALTH, BASED UPON THE MOST RECENT STATISTICS FROM THE
22 STATE TAX EQUALIZATION BOARD.

23 SECTION 705. CONDITIONS ON FIRST FIVE PAYMENTS.

24 FOR THE FIRST FIVE YEARS OF DISTRIBUTIONS PURSUANT TO THIS
25 CHAPTER, PAYMENTS SHALL, NOTWITHSTANDING THE FORMULA CONTAINED
26 IN SECTION 704, BE SUBJECT TO THE FOLLOWING CONDITIONS:

27 (1) NO MUNICIPALITY SHALL RECEIVE LESS THAN AN AMOUNT
28 EQUAL TO THE AVERAGE OF THE DISTRIBUTION WHICH IT RECEIVED IN
29 1981, 1982 AND 1983.

30 (2) MUNICIPALITIES ENTITLED UNDER SECTION 704 TO AN

1 AMOUNT LARGER THAN THE AVERAGE REFERRED TO IN PARAGRAPH (1)
2 SHALL RECEIVE THE FORMER AMOUNT, REDUCED BY SUCH UNIFORM
3 PERCENTAGE AS IS NECESSARY TO AVOID ANY DEFICIT IN THE FUND.

4 (3) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS
5 SECTION, IF TAX REVENUES IN ANY YEAR ARE INSUFFICIENT TO FUND
6 ALL MUNICIPALITIES IN AT LEAST THE AMOUNT REFERRED TO IN
7 PARAGRAPH (1), THEN PAYMENTS TO ALL MUNICIPALITIES SHALL BE
8 REDUCED BY SUCH UNIFORM PERCENTAGE AS IS NECESSARY TO AVOID
9 ANY DEFICIT IN THE FUND.

10 SECTION 706. USE OF FOREIGN FIRE INSURANCE TAX MONEYS

11 (A) CERTIFICATION OF SERVICE TO MUNICIPALITIES BY PAID AND
12 VOLUNTEER FIREFIGHTERS.--

13 (1) EACH MUNICIPALITY SERVED SOLELY BY PAID FIREFIGHTERS
14 SHALL ANNUALLY CERTIFY THAT FACT TO THE AUDITOR GENERAL IN
15 ORDER TO DETERMINE THE ULTIMATE DISTRIBUTION OF FOREIGN FIRE
16 INSURANCE PREMIUM TAX AMOUNT APPLICABLE TO THAT MUNICIPALITY
17 PURSUANT TO SUBSECTION (B)(1).

18 (2) EACH MUNICIPALITY SERVED SOLELY BY VOLUNTEER
19 FIREFIGHTERS SHALL ANNUALLY CERTIFY THAT FACT TO THE AUDITOR
20 GENERAL IN ORDER TO DETERMINE THE DISTRIBUTION OF THE FOREIGN
21 FIRE INSURANCE PREMIUM TAX PURSUANT TO SUBSECTION (B)(2).

22 (3) EACH MUNICIPALITY SERVED BY BOTH PAID FIREFIGHTERS
23 AND VOLUNTEER FIREFIGHTERS SHALL ANNUALLY CERTIFY TO THE
24 AUDITOR GENERAL THE PROPORTION OF THE ACTUAL FIRE PROTECTION
25 SERVICE IN THE MUNICIPALITY PROVIDED BY THE PAID FIREFIGHTERS
26 AND THE PROPORTION OF THE ACTUAL FIRE PROTECTION SERVICE IN
27 THE MUNICIPALITY PROVIDED BY THE VOLUNTEER FIREFIGHTERS IN
28 ORDER TO DETERMINE THE DISTRIBUTION OF THE FOREIGN FIRE
29 INSURANCE PREMIUM TAX PURSUANT TO SUBSECTION (B)(3).

30 (4) THE CERTIFICATION TO THE AUDITOR GENERAL SHALL BE BY

1 AN ACTION INITIATED OR RATIFIED BY THE GOVERNING BODY OF THE
2 MUNICIPALITY AND SHALL BE IN A FORM PRESCRIBED BY THE AUDITOR
3 GENERAL.

4 (B) DISTRIBUTION OF FOREIGN FIRE INSURANCE TAX MONEYS.--

5 (1) THE FOREIGN FIRE INSURANCE PREMIUM TAX AMOUNT
6 APPLICABLE TO A MUNICIPALITY SERVED SOLELY BY PAID
7 FIREFIGHTERS SHALL BE ALLOCATED NO LATER THAN SEPTEMBER 30 TO
8 THE GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM
9 ESTABLISHED PURSUANT TO CHAPTER 4 FOR ULTIMATE DISTRIBUTION
10 PURSUANT TO SECTION 402.

11 (2) THE FOREIGN FIRE INSURANCE PREMIUM TAX AMOUNT
12 APPLICABLE TO A MUNICIPALITY SERVED SOLELY BY VOLUNTEER
13 FIREFIGHTERS SHALL BE PAID TO THE MUNICIPALITY, WHICH SHALL
14 WITHIN 60 DAYS OF THE DATE OF THE RECEIPT OF THE MONEYS FROM
15 THE STATE TREASURER PAY THE AMOUNT RECEIVED TO THE RELIEF
16 ASSOCIATION FUND OF THE FIRE DEPARTMENT OR DEPARTMENTS, OR
17 FIRE COMPANY OR COMPANIES, NOW EXISTING OR HEREAFTER
18 ORGANIZED, INSIDE OR OUTSIDE OF THE MUNICIPALITY, WHICH IS OR
19 ARE ACTIVELY ENGAGED IN THE SERVICE OF THE MUNICIPALITY AND
20 DULY RECOGNIZED BY THE GOVERNING BODY OF THE MUNICIPALITY.

21 (3) THE FOREIGN FIRE INSURANCE PREMIUM TAX AMOUNT
22 APPLICABLE TO A MUNICIPALITY SERVED BY BOTH PAID FIREFIGHTERS
23 AND VOLUNTEER FIREFIGHTERS SHALL BE DIVIDED INTO THE PORTION
24 APPLICABLE TO PAID FIREFIGHTERS AND THE PORTION APPLICABLE TO
25 VOLUNTEER FIREFIGHTERS. THE DIVISION OF THE AMOUNT SHALL BE
26 BASED ON THE PROPORTION OF THE ACTUAL FIRE PROTECTION SERVICE
27 IN THE MUNICIPALITY PROVIDED BY EACH TYPE OF FIREFIGHTER AS
28 CERTIFIED BY THE MUNICIPALITY, EXCEPT THAT IN NO EVENT SHALL
29 THE PORTION APPLICABLE TO PAID FIREFIGHTERS BE LESS THAN THE
30 SMALLER OF THE AMOUNT OF FOREIGN FIRE INSURANCE PREMIUM TAX

1 APPLICABLE TO THE MUNICIPALITY OR THE REVISED AMOUNT OF
2 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PER UNIT FOR THE
3 PREVIOUS YEAR DETERMINED PURSUANT TO SECTION 402, PER PAID
4 FIREFIGHTER, WHICH FOR 1985 SHALL BE DEEMED TO BE \$1,100. THE
5 ULTIMATE DISTRIBUTION OF THE PORTION APPLICABLE TO PAID
6 FIREFIGHTERS SHALL BE GOVERNED BY PARAGRAPH (1). THE
7 DISTRIBUTION OF THE PORTION APPLICABLE TO VOLUNTEER
8 FIREFIGHTERS SHALL BE GOVERNED BY PARAGRAPH (2).
9 SECTION 707. WARRANTS FOR PAYMENT.

10 WARRANTS FOR THE PURPOSES OF MAKING PAYMENTS PURSUANT TO
11 THIS CHAPTER SHALL BE DRAWN BY THE STATE TREASURER, PAYABLE TO
12 THE TREASURERS OF THE SEVERAL CITIES, INCORPORATED TOWNS,
13 TOWNSHIPS AND BOROUGHs, IN ACCORDANCE WITH THIS ACT, NO LATER
14 THAN THE FIRST BUSINESS DAY OCCURRING IN THE MONTH OF OCTOBER.

15 CHAPTER 8

16 MISCELLANEOUS PROVISIONS

17 SECTION 801. REPEALS.

18 (A) SPECIFIC REPEAL.--THE ACT OF JUNE 28, 1895 (P.L.408,
19 NO.289), ENTITLED, AS AMENDED, "A SUPPLEMENT TO THE TWENTY-
20 FOURTH SECTION OF AN ACT, ENTITLED 'AN ACT TO PROVIDE REVENUE BY
21 TAXATION, APPROVED THE SEVENTH DAY OF JUNE, ONE THOUSAND EIGHT
22 HUNDRED AND SEVENTY-NINE,' APPROVED THE FIRST DAY OF JUNE, ONE
23 THOUSAND EIGHT HUNDRED AND EIGHTY-NINE, AMENDING THE TWENTY-
24 FOURTH SECTION, BY PROVIDING FOR THE PAYMENT BY THE STATE
25 TREASURER OF THE TWO PER CENTUM TAX ON PREMIUMS PAID BY FOREIGN
26 FIRE INSURANCE COMPANIES TO THE TREASURERS OF THE SEVERAL
27 CITIES, TOWNS, TOWNSHIPS AND BOROUGHs, WITHIN THIS
28 COMMONWEALTH," IS REPEALED.

29 (B) INCONSISTENT REPEAL.--ALL ACTS AND PARTS OF ACTS ARE
30 REPEALED INSOFAR AS THEY ARE INCONSISTENT WITH THIS ACT.

1 SECTION 802. RECOMMENDATIONS.

2 THE COMMISSION SHALL WITHIN ONE YEAR OF THE DATE OF ENACTMENT
3 OF THIS ACT, FORMULATE AND RECOMMEND TO THE GENERAL ASSEMBLY AND
4 TO THE GOVERNOR THE SPECIFIC LEGISLATION AMENDING THE CURRENT
5 LAWS GOVERNING MUNICIPAL PENSION PLANS WHICH IS REQUIRED TO
6 EFFECT CONFORMITY OF THOSE LAWS WITH THE PROVISIONS OF THIS ACT.

7 SECTION 803. EFFECTIVE DATE.

8 (A) IN GENERAL.--EXCEPT AS PROVIDED IN SUBSECTIONS (B), (C)
9 AND (D), THIS ACT SHALL TAKE EFFECT IMMEDIATELY.

10 (B) CHAPTER 3.--THE PROVISIONS OF CHAPTER 3 RELATING TO THE
11 CALCULATION OF THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN
12 AND THE MINIMUM OBLIGATION OF THE MUNICIPALITY WITH RESPECT TO
13 THE PENSION PLAN SHALL TAKE EFFECT ON JULY 1 NEXT FOLLOWING THE
14 DATE OF ENACTMENT. THE PROVISIONS OF CHAPTER 3 RELATING TO THE
15 PAYMENT BY A MUNICIPALITY OF THE MINIMUM OBLIGATION OF THE
16 MUNICIPALITY WITH RESPECT TO THE PENSION PLAN SHALL TAKE EFFECT
17 JANUARY 1 NEXT FOLLOWING THE DATE ON WHICH THE PROVISIONS
18 RELATING TO THE CALCULATION OF THE FINANCIAL REQUIREMENTS OF THE
19 PENSION PLAN AND THE MINIMUM OBLIGATION OF THE MUNICIPALITY WITH
20 RESPECT TO THE PENSION PLAN ARE EFFECTIVE.

21 (C) CHAPTER 4.--THE ESTABLISHMENT OF THE REVENUE ACCOUNT FOR
22 THE ENTIRE PROCEEDS OF THE INSURANCE PREMIUM TAX ON FOREIGN
23 CASUALTY INSURANCE COMPANIES SHALL OCCUR AS SOON AS IS
24 PRACTICABLE FOLLOWING THE GENERAL EFFECTIVE DATE SPECIFIED IN
25 SUBSECTION (A), PROVIDED HOWEVER THAT THE PROVISIONS OF SECTION
26 402 RELATING TO THE TRANSFER OF FUNDS PAYABLE TO THE STATE
27 EMPLOYEES' RETIREMENT FUND, TO THE GENERAL MUNICIPAL PENSION
28 SYSTEM STATE AID PROGRAM AND THE SUPPLEMENTAL ASSISTANCE ACCOUNT
29 SHALL NOT TAKE EFFECT UNTIL JULY 1, 1985.

30 (D) CHAPTER 6.--THE EMERGENCY LOAN PROCEDURE ESTABLISHED

1 PURSUANT TO SECTION 607(M) AND THE ESTABLISHMENT OF THE
2 SUPPLEMENTAL STATE ASSISTANCE FUND PURSUANT TO SECTION 608 SHALL
3 TAKE EFFECT JULY 1, 1985. ALLOCATIONS OF SUPPLEMENTAL STATE
4 ASSISTANCE PURSUANT TO SECTION 607(K) SHALL TAKE EFFECT DECEMBER
5 1, 1988.

6 (E) CHAPTER 7.--THE PROVISIONS OF CHAPTER 7 RELATING TO THE
7 DISTRIBUTION OF THE PROCEEDS OF THE FOREIGN FIRE INSURANCE TAX
8 SHALL TAKE EFFECT ON JANUARY 1, 1985.