

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1524 Session of
1993

INTRODUCED BY TRICH, MICHLOVIC, LAUGHLIN, WOZNIAK, MIHALICH,
VEON, LEVDANSKY, OLASZ, STURLA AND DEMPSEY, MAY 5, 1993

REFERRED TO COMMITTEE ON APPROPRIATIONS, MAY 5, 1993

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),
2 entitled "An act mandating actuarial funding standards for
3 all municipal pension systems; establishing a recovery
4 program for municipal pension systems determined to be
5 financially distressed; providing for the distribution of the
6 tax on the premiums of foreign fire insurance companies; and
7 making repeals," providing for the determination of funding
8 options.

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

11 Section 1. Section 607(g) and (h) of the act of December 18,
12 1984 (P.L.1005, No.205), known as the Municipal Pension Plan
13 Funding Standard and Recovery Act, amended February 14, 1986
14 (P.L.23, No.9), are amended to read:

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

17 * * *

18 (g) Delayed implementation of funding standard over ten
19 years.--The municipality may delay full implementation of the
20 actuarial funding standard specified in section 302 or 303,

1 whichever is applicable, over a period not to exceed ten years
2 in duration, and may calculate that actuarial funding standard
3 on the basis of a 30-year amortization period for the increment
4 of unfunded actuarial accrued liability in existence as of the
5 beginning of the plan year occurring in calendar year 1985.
6 During the delayed implementation period, the municipality shall
7 make a municipal contribution to each municipal pension plan of
8 an amount equal to [not less than] the lesser of the municipal
9 contribution to the municipal pension plan made in the immediate
10 prior year [and] plus the following percentage of the difference
11 between that amount and the full minimum municipal obligation
12 with respect to the pension plan pursuant to section 302 or 303,
13 or the full minimum municipal obligation with respect to the
14 pension plan determined pursuant to section 302 or 303,
15 whichever is applicable:

16	Year	Percentage of Difference
17	1985	10%
18	1986	20%
19	1987	30%
20	1988	40%
21	1989	50%
22	1990	60%
23	1991	70%
24	1992	80%
25	1993	90%
26	1994 and thereafter	100%

27 The municipality may calculate the annual amortization
28 contribution on the basis of a level percentage of future
29 increasing covered payroll amortization contribution rather than
30 on the basis of the level annual dollar amortization

1 contribution specified in section 202. If a municipality has
2 utilized this subsection to determine its municipal contribution
3 to any plan, it may elect to utilize the funding standard in
4 section 302 or 303 in subsequent years. Any municipality which
5 has so elected after January 1, 1987, may elect to revert to
6 this subsection to determine its municipal contribution. Such a
7 municipality shall calculate its contribution using the
8 percentage of difference for the year for which it elects to
9 revert. After January 1, 1994, all elections to revert shall be
10 approved by the commission prior to the last business day of
11 September coincident with or next following the date for
12 calculating the minimum municipal obligation or shall be deemed
13 to be approved if the commission takes no action as of such
14 date.

15 (h) Delayed implementation of funding standard over 15
16 years; 40-year amortization period.--The municipality may delay
17 full implementation of the actuarial funding standard specified
18 in section 302 or 303, whichever is applicable, over a period
19 not to exceed 15 years in duration and may calculate that
20 actuarial funding standard on the basis of a 40-year
21 amortization period for the increment of unfunded actuarial
22 accrued liability in existence as of the beginning of the plan
23 year occurring in calendar year 1985. During the delayed
24 implementation period, the municipality shall make a municipal
25 contribution to each municipal pension plan of an amount equal
26 to [not less than] the lesser of the municipal contribution to
27 the municipal pension plan made in the immediate prior year
28 [and] plus the following percentage of the difference between
29 that amount and the full minimum municipal obligation with
30 respect to the pension plan pursuant to section 302 or 303, or

1 the full minimum municipal obligation with respect to the
2 pension plan determined pursuant to section 302 or 303,
3 whichever is applicable, calculated using the applicable 40-year
4 amortization period:

5	Year	Percentage of Difference
6	1985	6.7%
7	1986	13.4%
8	1987	20.1%
9	1988	26.8%
10	1989	33.5%
11	1990	40.2%
12	1991	46.9%
13	1992	53.6%
14	1993	60.3%
15	1994	67.0%
16	1995	73.7%
17	1996	80.4%
18	1997	87.1%
19	1998	93.8%
20	1999	100.0%

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. If a municipality has
26 utilized this subsection to determine its municipal contribution
27 to any plan, it may elect to utilize the funding standard in
28 section 302 or 303 in subsequent years. Any municipality which
29 has so elected after January 1, 1987, may elect to revert to
30 this subsection to determine its municipal contribution. Such a

1 municipality shall calculate its contribution using the
2 percentage of difference for the year for which it elects to
3 revert. After January 1, 1994, all elections to revert shall be
4 approved by the commission prior to the last business day of
5 September coincident with or next following the date for
6 calculating the minimum municipal obligation or shall be deemed
7 to be approved if the commission takes no action as of such
8 date.

9 * * *

10 Section 2. This act shall apply to any funding determination
11 by a municipality after January 1, 1987.

12 Section 3. This act shall take effect immediately.