
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1360

Session of
2001

INTRODUCED BY S. H. SMITH, NICKOL, HENNESSEY, SCHULER, FICHTER,
GEORGE, CAPPELLI, MANN, PERZEL, SAINATO, LAUGHLIN, WILT,
CREIGHTON, T. STEVENSON, SOLOBAY, DALEY, WOJNAROSKI, GEIST,
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THOMAS, LEWIS, MARSICO, GRUCELA, BUNT, CURRY, J. TAYLOR,
JAMES, TRELLO, HUTCHINSON, GABIG, COLAFELLA, DIVEN, COLEMAN,
HERMAN, NAILOR, RAYMOND, TANGRETTI, M. BAKER AND BELFANTI,
APRIL 25, 2001

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JUNE 11, 2002

AN ACT

1 Amending the act of December 14, 1988 (P.L.1192, No.147),
2 entitled "An act requiring municipal retirement systems to
3 pay special ad hoc postretirement adjustments to certain
4 retired police officers and firefighters; providing for the
5 financing of these adjustments; providing for the
6 administration of the Commonwealth's reimbursements for these
7 adjustments; and making repeals," further providing for
8 definitions, for special ad hoc postretirement adjustments
9 and for the administration of the Commonwealth's
10 reimbursements for these adjustments; and making editorial
11 changes.

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

14 Section 1. The definitions of "special ad hoc adjustment"
15 and "special ad hoc municipal police and firefighter
16 postretirement adjustment" in section 102 of the act of December
17 14, 1988 (P.L.1192, No.147), known as the Special Ad Hoc
18 Municipal Police and Firefighter Postretirement Adjustment Act,

1 are amended and the section is amended by adding definitions to
2 read:

3 Section 102. Definitions.

4 The following words and phrases when used in this act shall
5 have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 * * *

8 "Retirement benefit." The amount paid on a regular basis to
9 a retired or disabled police officer or firefighter by a
10 municipal retirement system established for police officers or
11 firefighters.

12 * * *

13 ["Special ad hoc adjustment." A special ad hoc municipal
14 police and firefighter postretirement adjustment.]

15 "Special ad hoc municipal police and firefighter
16 postretirement adjustment[.]," "special ad hoc adjustment" or
17 "special ad hoc postretirement adjustment." An increase in [or
18 change in] the amount of a [retirement annuity, retirement
19 benefit, service pension or disability pension benefit granted
20 or effective after active employment ceases,] retirement benefit
21 as provided for [on a one-time basis] under this [statute.] act.

22 "Years of service." The number of whole years of active,
23 full-time employment as a police officer or firefighter credited
24 under the retirement system.

25 "Years on retirement." The number of whole years that a
26 police officer or firefighter has been retired as of January 1,
27 2001.

28 Section 2. Chapter 3 heading of the act is amended to read:

29 CHAPTER 3

30 1989 SPECIAL AD HOC MUNICIPAL POLICE AND

1 FIREFIGHTER POSTRETIREMENT ADJUSTMENT

2 Section 3. Section 301 of the act is amended to read:

3 Section 301. Entitlement to 1989 special ad hoc adjustment.

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

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

10 (2) The retiree is receiving a retirement annuity,
11 retirement benefit, service pension or disability pension
12 benefit from a municipal retirement system on the basis of
13 active employment with a municipality as a police officer or
14 firefighter.

15 (3) The retiree began receiving the retirement annuity,
16 retirement benefit, service pension or disability pension
17 benefit before January 1, 1985.

18 Section 4. Section 302 of the act, amended December 18, 1996
19 (P.L.993, No. 152), is amended to read:

20 Section 302. Amount of 1989 special ad hoc adjustment.

21 (a) General rule.--Except as provided in [subsections (b)
22 and (c)] subsection (b), a municipal retirement system shall pay
23 a retired police officer or firefighter a special ad hoc
24 municipal police and firefighter postretirement adjustment under
25 section 301, as follows:

26 (1) The sum of \$25 a month, if on January 1, 1989, the
27 retiree has been retired at least five years but less than
28 ten years.

29 (2) The sum of \$50 a month, if on January 1, 1989, the
30 retiree is totally disabled and has been retired less than

1 ten years.

2 (3) The sum of \$75 a month, if on January 1, 1989, the
3 retiree has been retired at least ten years but less than 20
4 years.

5 (4) The sum of \$150 a month, if on January 1, 1989, the
6 retiree has been retired at least 20 years.

7 (b) Limitation.--If, under section 301, a retiree is
8 entitled to be paid a special ad hoc municipal police and
9 firefighter postretirement adjustment by more than one municipal
10 retirement system, the amount of the special ad hoc adjustment
11 under subsection (a) shall be reduced so that the total of all
12 these adjustments paid to the retiree does not exceed the amount
13 specified in subsection (a).

14 [(c) Modification in amount of postretirement adjustment.--
15 In a municipality where, as of the most recent actuarial
16 valuation prepared under the act of December 18, 1984 (P.L.1005,
17 No.205), known as the Municipal Pension Plan Funding Standard
18 and Recovery Act, the actuarial value of aggregated assets as a
19 percentage of the aggregated actuarial accrued liabilities of
20 the municipality's retirement systems is less than 50%, if a
21 retiree entitled to receive a special ad hoc municipal police
22 and firefighters postretirement adjustment will receive a
23 postretirement adjustment from the applicable municipal police
24 or paid firefighters retirement system after the effective date
25 of this act, the amount of the special ad hoc postretirement
26 adjustment under subsection (a) shall be reduced by the total
27 amount of any municipal postretirement adjustment.]

28 (d) Construction.--[Subsections (b) and (c)] Subsection (b)
29 shall not be construed to reduce the amount of any retirement
30 [annuity, retirement benefit, service pension or disability

1 pension] benefit payable to a retiree immediately prior to [the
2 effective date of this act] February 12, 1989.

3 Section 5. Section 303 of the act is amended to read:

4 Section 303. Payment of 1989 special ad hoc adjustment.

5 The special ad hoc adjustment is effective on the date of the
6 first payment of the retiree's retirement annuity, retirement
7 benefit, service pension or disability pension benefit due after
8 December 31, 1988. The municipal retirement system shall pay
9 this as soon as practicable after that and shall include in the
10 first payment any omitted amount payable between the effective
11 date of the adjustment and the date of the first payment.

12 Section 6. The act is amended by adding a chapter to read:

13 CHAPTER 4

14 ~~2001~~ 2002 SPECIAL AD HOC MUNICIPAL POLICE AND <—

15 FIREFIGHTER POSTRETIREMENT ADJUSTMENT

16 Section 401. Entitlement to ~~2001~~ 2002 special ad hoc <—
17 postretirement adjustment.

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

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

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

26 (3) The retiree began receiving the retirement benefit
27 before January 1, 1996.

28 Section 402. Amount of ~~2001~~ 2002 special ad hoc postretirement <—
29 adjustment.

30 (a) General rule.--Except as provided in subsections (b) and

(c), a municipal retirement system shall pay a retired police officer or firefighter a monthly special ad hoc postretirement adjustment under section 401 that shall be calculated as follows:

(1) The base adjustment shall be determined by multiplying 15¢ by the years of service and then multiplying that product by the years on retirement.

(2) The longevity factor shall be determined as the sum of the products calculated by multiplying 0.025 by the years on retirement and 0.05 by the years on retirement in excess of 25, if any.

(3) The longevity adjustment shall be determined by multiplying the base adjustment calculated under paragraph (1) by the longevity factor calculated under paragraph (2).

(4) The special ad hoc postretirement adjustment payable under section 401 shall be the sum of the base adjustment calculated under paragraph (1) and the longevity adjustment calculated under paragraph (3).

(b) Limitation.--If, under section 401, a retiree is entitled to be paid a special ad hoc postretirement adjustment by more than one municipal retirement system, the amount of the special ad hoc postretirement adjustment under subsection (a) shall be reduced so that the total of all these adjustments paid to the retiree does not exceed the amount specified in subsection (a).

(c) Modification in amount of ~~2001~~ 2002 special ad hoc postretirement adjustment.--The amount of the special ad hoc postretirement adjustment calculated under subsection (a) shall be reduced annually by 65% of the total amount of any postretirement adjustments provided to the retiree under the

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1 municipal retirement plan after December 31, 1988, and before
2 January 1, 2001 2002 and paid in the immediately preceding year. <—

3 Section 7. Section 502 of the act is amended to read:

4 Section 502. Reimbursement by Commonwealth for special 1989 ad
5 hoc adjustment.

6 (a) General rule.--Except as provided in subsection (b),
7 beginning January 1, 1990, the Commonwealth shall reimburse a
8 municipality, from the special account established under section
9 701, for the actual special ad hoc adjustment under Chapter 3
10 paid during the previous calendar year.

11 (b) Limitation of eligibility.--

12 (1) The Commonwealth shall not reimburse any
13 municipality if the information required under section [901]
14 901(a)(1) either was not certified to the Auditor General or
15 was certified after April 1 of the year the certification was
16 due.

17 (2) Beginning January 1, 2002, the Commonwealth shall
18 not make any payment under subsection (a) to a municipality
19 that in the immediately preceding year received an allocation
20 of general municipal pension system State aid that was
21 limited to the pension cost of the municipality under section
22 402(f)(2) of the act of December 18, 1984 (P.L.1005, No.205),
23 known as the Municipal Pension Plan Funding Standard and
24 Recovery Act.

25 Section 8. The act is amended by adding a section to read:

26 Section 502.1. Reimbursement by Commonwealth for 2001 2002 <—
27 special ad hoc adjustment.

28 (a) General rule.--

29 (1) Except as provided in subsection (b), beginning in
30 the year following the year in which the amortization

1 contribution requirement attributable to a special ad hoc
2 postretirement adjustment under Chapter 4 is first reflected
3 in the financial requirements of the retirement system
4 determined under Chapter 3 of the act of December 18, 1984
5 (P.L.1005, No.205), known as the Municipal Pension Plan
6 Funding Standard and Recovery Act, the Auditor General shall
7 determine the Commonwealth reimbursement payable to the
8 municipality representing the amortization contribution
9 requirement attributable to the special ad hoc postretirement
10 adjustment under Chapter 4 that was paid with revenues of the
11 municipality other than general municipal pension system
12 State aid provided under the Municipal Pension Plan Funding
13 Standard and Recovery Act.

14 (2) The determination of the reimbursable amount of the
15 amortization contribution requirement attributable to the
16 special ad hoc postretirement adjustment under Chapter 4 in
17 any year shall be calculated as the amortization contribution
18 requirement attributable to the special ad hoc postretirement
19 adjustments under Chapter 4 and reflected in the
20 determination of the financial requirements of the pension
21 plan under Chapter 3 of the Municipal Pension Plan Funding
22 Standard and Recovery Act for the immediate prior year less
23 the product of that amortization contribution requirement
24 multiplied by the ratio of the amount of general municipal
25 pension system State aid allocated to the retirement system
26 in the immediate prior year to the total amount of municipal
27 contributions made to the retirement system from all sources
28 other than employee contributions in the immediate prior
29 year. WHERE A MUNICIPALITY HAS ISSUED BONDS OR NOTES TO FUND
30 AN UNFUNDED ACTUARIAL ACCRUED LIABILITY UNDER 53 PA.C.S. PT.

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1 V SUBPT. B (RELATING TO INDEBTEDNESS AND BORROWING) OR UNDER
2 OTHER LAWS APPLICABLE TO THE MUNICIPALITY, THE GENERAL
3 MUNICIPAL PENSION SYSTEM STATE AID AND MUNICIPAL
4 CONTRIBUTIONS USED BY THE MUNICIPALITY TO MAKE DEBT SERVICE
5 PAYMENTS ON THE BONDS OR NOTES, OR BOTH, ISSUED TO FUND AN
6 UNFUNDED ACTUARIAL ACCRUED LIABILITY SHALL BE INCLUDED IN THE
7 CALCULATION OF THE RATIO APPLIED TO THE AMORTIZATION
8 CONTRIBUTION REQUIREMENT.

9 (3) The Commonwealth shall reimburse a municipality,
10 from the special account established under section 701, for
11 the reimbursable amount determined for each year under this
12 paragraph.

13 (b) Limitation of eligibility.--

14 (1) The Commonwealth shall not reimburse any
15 municipality for a special ad hoc adjustment paid under
16 Chapter 4 if the information required under section 901(a)(2)
17 either was not certified to the Auditor General or was
18 certified after April 1 of the year the certification was
19 due.

20 (2) The Commonwealth shall not reimburse a municipality
21 for the reimbursable amount of the amortization contribution
22 requirement attributable to the special ad hoc postretirement
23 adjustment under Chapter 4 if the municipality fails to
24 submit a complete certification of the reimbursable amount of
25 the amortization contribution requirement determined under
26 subsection (a) to the Auditor General before April 1 of the
27 year in which the reimbursement is payable.

28 (c) Variable definition of amortization contribution
29 requirement.--For purposes of this section, the term
30 "amortization contribution requirement" shall have the meaning

1 specified in this subsection as follows:

2 (1) In a municipal pension plan with defined benefits
3 for which the municipality determines the financial
4 requirements of the pension plan under section 302 of the
5 Municipal Pension Plan Funding Standard and Recovery Act, the
6 term "amortization contribution requirement" shall mean the
7 amortization contribution requirement attributable to the
8 special ad hoc postretirement adjustments under Chapter 4
9 that was reflected in the financial requirements of the
10 pension plan determined for the immediate prior year.

11 (2) In a municipal pension plan without defined benefits
12 for which the municipality determines the financial
13 requirements of the pension plan under section 303 of the
14 Municipal Pension Plan Funding Standard and Recovery Act, the
15 term "amortization contribution requirement" shall mean the
16 sum of the payments made to the retirement system in the
17 immediate prior year in order to provide the special ad hoc
18 postretirement adjustments under Chapter 4 in that year.

19 Section 9. Sections 702, 901, 902, 903 and 1101 of the act
20 are amended to read:

21 Section 702. Deposits into special account.

22 Notwithstanding any applicable provision of the act of May
23 12, 1943 (P.L.259, No.120), referred to as the Foreign Casualty
24 Insurance Premium Tax Allocation Law, or any applicable
25 provisions of the act of March 4, 1971 (P.L.6, No.2), known as
26 the Tax Reform Code of 1971, or the provisions of sections
27 402(b) and 803(c) of the act of December 18, 1984 (P.L.1005,
28 No.205), known as the Municipal Pension Plan Funding Standard
29 and Recovery Act, beginning on January 1, 1990, prior to the
30 deposit of the proceeds of the insurance premium tax on foreign

casualty insurance premiums into the General Municipal Pension System State Aid Program revenue account, an amount sufficient to provide for the Commonwealth's reimbursement payments and reimbursable amounts to municipalities for special ad hoc adjustments under this act shall be deposited in the separate account created under section 701.

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

(a) Certification.--

(1) Beginning January 1, 1989, the chief administrative officer of a municipal retirement system that pays a special ad hoc adjustment under Chapter 3 in that year shall certify the total of all adjustments under Chapter 3 paid during that year to the Auditor General not later than April 1 of the following year.

(2) Beginning in the year ~~2001~~ 2002, a municipality with a retirement system that pays a special ad hoc postretirement adjustment under Chapter 4 in a year shall certify its reimbursable amount under section 502.1(a) to the Auditor General not later than April 1 of the following year.

(b) [Form] Certification form.--

(1) Not later than February 1 of the year in which the form is due, the Auditor General shall send the retirement system the proper form on which to make the certification under subsection [(a)] (a)(1).

(2) Not later than February 1 of each year, the Auditor General shall send each municipality maintaining a retirement system for police officers or firefighters a notice of the filing requirement for the certification of the reimbursable amount under section 502.1(a), which shall include a detailed

description of the formula for determining the reimbursable amount and the proper form on which to make the certifications under subsection (a)(2).

Section 902. Commonwealth disbursement of reimbursement payment.

(a) Payment to account.--Not later than June 1 of the year in which the form is due, the Auditor General shall certify to the State Treasurer the amount to be deposited into the special account created in section 701 and shall draw a warrant, payable to the treasurer of the municipality, on the State Treasurer from the special account created in section 701 for the amount certified under section 901(a).

(b) [Disbursement] Disbursements.--

(1) Not later than September 1 of the year in which the form is due, the State Treasurer shall disburse the reimbursement payment for the special ad hoc postretirement adjustments under Chapter 3 out of the special account created in section 701.

(2) Not later than the first business day of October of the year in which the certification form is due, the State Treasurer shall disburse the reimbursement payment for the postretirement adjustments under Chapter 4 out of the special account created in section 701.

Section 903. Municipal receipt of reimbursement payment.

(a) 1989 postretirement adjustment reimbursement.--Upon receipt of the reimbursement payment from the Commonwealth for the postretirement adjustments under Chapter 3, the treasurer of the municipality shall deposit the reimbursement payment into the municipality's general fund.

(b) 2001 2002 postretirement adjustment reimbursement.--Upon

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1 receipt of the reimbursement payment from the Commonwealth for
2 the postretirement adjustments under Chapter 4, the treasurer of
3 the municipality shall deposit the reimbursement payment into
4 the municipality's general fund.

5 Section 1101. Limitation of prior act.

6 [The provisions of section 7 of the act of July 9, 1981
7 (P.L.208, No.66), known as the Public Employee Retirement Study
8 Commission Act, shall not be applied to this act.] To the extent
9 that a special ad hoc municipal police postretirement adjustment
10 granted by the Commonwealth causes the calculation of total
11 benefits to be paid to a member of a police force receiving
12 retirement benefit to exceed the limitations contained in the
13 act of May 29, 1956 (1955 P.L.1804, No.600), referred to as the
14 Municipal Police Pension Law, the police pension fund may exceed
15 the limitations therein provided to pay the adjustment to the
16 retired or disabled member.

17 Section 10. The special ad hoc postretirement adjustment
18 under section 401 of the act is effective on the date of the
19 first retirement benefit made after ~~the effective date of this~~ <—
20 ~~act JULY 1 JUNE 30, 2002.~~ If the special ad hoc postretirement <—
21 adjustment under section 401 of the act is not included in the
22 initial retirement benefit payment occurring after ~~the effective~~ <—
23 ~~date of this act JULY 1 JUNE 30, 2002,~~ the special ad hoc <—
24 postretirement adjustment shall be included as soon as
25 practicable in the retirement benefit payment of the retiree,
26 and the initial retirement benefit payment that includes the
27 special ad hoc postretirement adjustment also shall include the
28 total amount of the special ad hoc postretirement adjustments
29 previously omitted from the retirement benefit payments made
30 after ~~the effective date of this act JULY 1 JUNE 30, 2002.~~ <—

1 Section 11. This act shall take effect ~~in 60 days~~

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2 IMMEDIATELY.

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