

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2255 Session of
2003

INTRODUCED BY STERN, SATHER, R. MILLER, GOOD, HERMAN, RUBLEY AND
SAYLOR, DECEMBER 11, 2003

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 11, 2003

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),
2 entitled "An act mandating actuarial funding standards for
3 all municipal pension systems; establishing a recovery
4 program for municipal pension systems determined to be
5 financially distressed; providing for the distribution of the
6 tax on the premiums of foreign fire insurance companies; and
7 making repeals," further providing for the certification of
8 municipal pension costs, for the administration of the
9 General Municipal Pension System State Aid Program and for
10 the continuation of the financially distressed municipal
11 pension system recovery program; and repealing the
12 financially distressed municipal pension plan determination
13 procedure.

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

16 Section 1. The act of December 18, 1984 (P.L.1005, No.205),
17 known as the Municipal Pension Plan Funding Standard and
18 Recovery Act, is amended by adding a section to read:

19 Section 209. Certification of municipal pension costs.

20 The commission shall determine annually the actual financial
21 requirement for each municipal pension plan based on the data
22 contained in the most recent complete report required to be
23 filed by the municipality pursuant to this chapter and shall

certify annually to the Auditor General the actual financial requirements for each municipal pension plan based on the data contained in the most recent actuarial valuation report required to be filed by the municipality pursuant to this chapter. The Auditor General shall use the data certified by the commission to implement the provisions of section 402(f)(2).

Section 2. Chapter 5 of the act is repealed.

Section 3. Sections 602, 603, 604, 605 and 606 of the act are repealed.

Section 4. Section 607(a) and (f) of the act are amended to read:

Section 607. Remedies applicable to various recovery program levels.

(a) Generally.--Notwithstanding any provision of law, municipal charter, municipal ordinance, municipal resolution, or pension plan agreement, document or instrument to the contrary, the remedies specified in this section shall be available to the applicable municipalities. After December 31, 2003, a municipality may continue to utilize any of the remedies specified in this section that it elected, implemented and used on December 31, 2003.

* * *

(f) Special municipal taxing authority.--If the tax rates set by the municipality on earned income or on real property are at the maximum provided by applicable law, the municipality may increase its tax on either earned income or real property above those maximum rates. An increase in the earned income tax shall not be applicable to nonresidents who are subject to the earned income tax. The proceeds of this special municipal tax increase shall be used solely to defray the additional costs required to

1 be paid pursuant to this act which are directly related to the
2 pension plans of the municipality. The municipality utilizing
3 this special municipal taxing authority shall not reduce the
4 level of municipal contributions to the pension plans prior to
5 the implementation of the special municipal taxing authority.
6 The average level of municipal contributions to the pension
7 plans from all revenue sources for the three years immediately
8 prior to the implementation of the special municipal taxing
9 authority shall be expressed as a percentage of the average
10 covered payroll for that same three-year period: Provided,
11 however, That any supplemental contributions made to the plans
12 pursuant to any pension recovery legislation enacted by the
13 municipalities shall be excluded for purposes of determining the
14 level of municipal contribution to the pension plans prior to
15 the implementation of the special municipal taxing authority. In
16 each year subsequent to the implementation of the special
17 municipal taxing authority, the municipal contributions to the
18 pension plan from all revenue sources existing prior to the
19 implementation of the special existing municipal taxing
20 authority, reduced by any supplemental pension recovery
21 contributions, shall equal or exceed this average percentage of
22 the current covered payroll. A municipality utilizing the
23 provisions of section 404 may levy or continue to levy the
24 special municipal tax increase under this subsection provided
25 that the municipality does not reduce the level of municipal
26 contributions to the pension plans prior to the implementation
27 of the special municipal taxing authority. In executing the
28 procedure prescribed in this subsection to determine the level
29 of municipal contributions, the debt service payments for bonds
30 or notes issued under section 404 shall be considered municipal

1 contributions.

2 * * *

3 Section 5. Section 608 of the act is repealed.

4 Section 6. This act shall take effect January 1, 2004, or
5 immediately, whichever occurs sooner.