

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1097 Session of
2007

INTRODUCED BY BUXTON, BELFANTI, CALTAGIRONE, CAPPELLI, CARROLL,
FABRIZIO, GEORGE, GIBBONS, GOODMAN, GRELL, GRUCELA, HARHAI,
HENNESSEY, W. KELLER, KORTZ, KOTIK, KULA, LEVDANSKY,
MANDERINO, MANN, MYERS, M. O'BRIEN, PETRONE, PHILLIPS,
PICKETT, K. SMITH, STABACK, WANSACZ AND WOJNAROSKI,
APRIL 18, 2007

REFERRED TO COMMITTEE ON FINANCE, APRIL 18, 2007

AN ACT

1 Amending Title 71 (State Government) of the Pennsylvania
2 Consolidated Statutes, further providing for taxation,
3 attachment and assignment of funds.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Section 5953 of Title 71 of the Pennsylvania
7 Consolidated Statutes is amended to read:

8 § 5953. Taxation, attachment and assignment of funds.

9 (a) General rule.--

10 (1) Except as provided in paragraphs (2), (3) and (4),
11 the right of a person to any benefit or right accrued or
12 accruing under the provisions of this part and the moneys in
13 the fund are hereby exempt from any State or municipal tax,
14 levy and sale, garnishment, attachment, spouse's election, or
15 any other process whatsoever except for a set-off by the
16 Commonwealth in the case provided in subparagraph (i), and

1 shall be unassignable except:

2 (i) To the Commonwealth in the case of a member who
3 is terminating State service and has been determined to
4 be obligated to the Commonwealth for the repayment of
5 money owed on account of his employment or to the fund on
6 account of a loan from a credit union which has been
7 satisfied by the board from the fund.

8 (ii) To a credit union as security for a loan not to
9 exceed \$750 and interest not to exceed 6% per annum
10 discounted and/or fines thereon if the credit union is
11 now or hereafter organized and incorporated under the
12 laws of this Commonwealth and the membership of such
13 credit union is limited solely to officials and employees
14 of the Commonwealth and if such credit union has paid to
15 the fund \$3 for each such assignment.

16 (iii) To a retiree organization affiliated with an
17 employee organization certified or recognized as the
18 collective bargaining representative of any unit of
19 employees employed by the Commonwealth.

20 (2) Rights under this part shall be subject to
21 forfeiture as provided by the act of July 8, 1978 (P.L.752,
22 No.140), known as the Public Employee Pension Forfeiture Act,
23 and by or pursuant to section 16(b) of Article V of the
24 Constitution of Pennsylvania. Forfeitures under this
25 subsection or under any other provision of law may not be
26 applied to increase the benefits that any member would
27 otherwise receive under this part.

28 (3) Rights under this part shall be subject to
29 attachment in favor of an alternate payee as set forth in an
30 approved domestic relations order.

1 (4) Effective with distributions made on or after
2 January 1, 1993, and notwithstanding any other provision of
3 this part to the contrary, a distributee may elect, at the
4 time and in the manner prescribed by the board, to have any
5 portion of an eligible rollover distribution paid directly to
6 an eligible retirement plan by way of a direct rollover. For
7 purposes of this paragraph, a "distributee" includes a member
8 and a member's surviving spouse and a member's former spouse
9 who is an alternate payee under an approved domestic
10 relations order. For purposes of this paragraph, the term
11 "eligible rollover distribution" has the meaning given such
12 term by IRC § 402(f)(2)(A), and "eligible retirement plan"
13 has the meaning given such term by IRC § 402(c)(8)(B), except
14 that a qualified trust shall be considered an eligible
15 retirement plan only if it accepts the distributee's eligible
16 rollover distribution; however, in the case of an eligible
17 rollover distribution to a surviving spouse, an eligible
18 retirement plan is an "individual retirement account" or an
19 "individual retirement annuity" as those terms are defined in
20 IRC § 408(a) and (b).

21 (b) Authorized payments from fund.--The board shall be
22 authorized to pay from the fund:

23 (1) In the case of a member who is terminating service,
24 the amount determined after certification by the head of the
25 department that the member is so obligated, and after review
26 and approval by the department or agency's legal
27 representative or upon receipt of an assignment from the
28 member in the amount so certified.

29 (2) In the case of a loan the amount of the loan and any
30 fine or interest due thereon to the credit union except 5% of

1 the total amount due which is to be retained in the fund as a
2 collection fee:

3 (i) if the member obtaining the loan shall have been
4 in default in required payments for a period of not less
5 than two years; or

6 (ii) at such time as the Department of Banking shall
7 require the credit union to charge the amount of the loan
8 against the reserve fund of such credit union.

9 Any member who shall have pledged such rights as security for
10 a loan from a credit union and, on whose behalf the board
11 shall have made any payment by reason of that member's
12 default, may not thereafter pledge or assign such rights to a
13 credit union.

14 (3) In the case of a retiree organization, the amount
15 authorized pursuant to a deduction authorization card
16 executed by the member and filed with the secretary of the
17 board.

18 Section 2. This act shall take effect in 60 days.