

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1828 Session of 2009

INTRODUCED BY WILLIAMS AND D. EVANS, JULY 3, 2009

SENATOR BROWNE, FINANCE, IN SENATE, AS AMENDED, AUGUST 24, 2009

AN ACT

~~Amending the act of December 18, 1984 (P.L.1005, No.205),~~
~~entitled "An act mandating actuarial funding standards for~~
~~all municipal pension systems; establishing a recovery~~
~~program for municipal pension systems determined to be~~
~~financially distressed; providing for the distribution of the~~
~~tax on the premiums of foreign fire insurance companies; and~~
~~making repeals," adding special provisions for amortization~~
~~of unfunded actuarial accrued liability and minimum municipal~~
~~obligation in cities of the first class; and providing for~~
~~special taxing authority for cities of the first class.~~
AMENDING THE ACT OF DECEMBER 18, 1984 (P.L.1005, NO.205),
ENTITLED "AN ACT MANDATING ACTUARIAL FUNDING STANDARDS FOR
ALL MUNICIPAL PENSION SYSTEMS; ESTABLISHING A RECOVERY
PROGRAM FOR MUNICIPAL PENSION SYSTEMS DETERMINED TO BE
FINANCIALLY DISTRESSED; PROVIDING FOR THE DISTRIBUTION OF THE
TAX ON THE PREMIUMS OF FOREIGN FIRE INSURANCE COMPANIES; AND
MAKING REPEALS," AMENDING THE TITLE OF THE ACT; IN
PRELIMINARY PROVISIONS, FURTHER PROVIDING FOR DEFINITIONS; IN
PRELIMINARY PROVISIONS, PROVIDING FOR METHODOLOGY; IN
MUNICIPAL PENSION PLAN ACTUARIAL REPORTING, FURTHER PROVIDING
FOR CONTENTS OF ACTUARIAL VALUATION REPORT AND PROVIDING FOR
ACTUARIAL ASSET VALUATION AND FOR REVISED ACTUARIAL VALUATION
REPORT; IN MINIMUM FUNDING STANDARD FOR MUNICIPAL PENSION
PLANS, FURTHER PROVIDING FOR MINIMUM FUNDING STANDARD AND
DEFINED BENEFIT PLANS SELF-INSURED IN WHOLE OR IN PART; IN
REVISIONS APPLICABLE TO MUNICIPAL PENSION FUND FINANCING,
FURTHER PROVIDING FOR REVISION OF FINANCING FROM STATE
REVENUE SOURCES AND GENERAL MUNICIPAL PENSION SYSTEM STATE
AID PROGRAM; IN FINANCIALLY DISTRESSED MUNICIPAL PENSION PLAN
DETERMINATION PROCEDURE, FURTHER PROVIDING FOR INITIATION OF
DISTRESS DETERMINATION, FOR PENSION PLANS TO BE INCLUDED IN
DETERMINATION AND FOR DETERMINATION PROCEDURE; IN FINANCIALLY
DISTRESSED MUNICIPAL PENSION SYSTEM RECOVERY PROGRAM, FURTHER
PROVIDING FOR APPLICATION, FOR ELECTION DETERMINATION

1 PROCEDURE, FOR RECOVERY PROGRAM LEVEL I, FOR RECOVERY PROGRAM
2 LEVEL II, FOR RECOVERY PROGRAM LEVEL III, FOR REMEDIES
3 APPLICABLE TO VARIOUS RECOVERY PROGRAM LEVELS, FOR
4 SUPPLEMENTAL STATE ASSISTANCE PROGRAM AND FUND AND FOR
5 MUNICIPAL EMPLOYEE RETIREMENT PROGRAM; IN FINANCIALLY
6 DISTRESSED MUNICIPAL PENSION SYSTEM RECOVERY PROGRAM,
7 ESTABLISHING PROGRAMS FOR MUNICIPAL PENSION RECOVERY AND
8 MUNICIPAL EMPLOYEE RETIREMENT; IN FINANCIALLY DISTRESSED
9 MUNICIPAL PENSION SYSTEM RECOVERY PROGRAM, FURTHER PROVIDING
10 FOR RULES AND REGULATIONS; PROVIDING FOR STANDARDS FOR
11 MUNICIPAL PENSION SYSTEMS; IN ALTERNATIVE FUNDING MECHANISM,
12 PROVIDING SPECIAL PROVISIONS RELATING TO CERTAIN CITIES AND
13 COUNTIES; FURTHER PROVIDING FOR ALTERNATIVE FUNDING
14 MECHANISM; PROVIDING FOR CITIES OF THE FIRST AND SECOND
15 CLASSES, FOR SPECIAL TAXING AUTHORITY, FOR CITIES OF THE
16 SECOND CLASS AND FOR MUNICIPAL EXCESS PAYMENTS; AUTHORIZING
17 CERTAIN DEFERRED RETIREMENT OPTION PLANS; AND MAKING A
18 RELATED REPEAL.

19 The General Assembly of the Commonwealth of Pennsylvania
20 hereby enacts as follows:

21 ~~Section 1. Chapter 10 heading of the act of December 18,~~
22 ~~1984 (P.L.1005, No.205), known as the Municipal Pension Plan~~
23 ~~Funding Standard and Recovery Act, added June 18, 1998 (P.L.626,~~
24 ~~No.82), is amended to read:~~

25 ~~CHAPTER 10~~

26 ~~[ALTERNATIVE FUNDING MECHANISM]~~

27 ~~PROVISIONS RELATING TO CITIES OF THE FIRST CLASS~~

28 ~~Section 2. Section 1001(b) of the act, added June 18, 1998~~
29 ~~(P.L.626, No.82), is amended and the section is amended by~~
30 ~~adding a subsection to read:~~

31 ~~Section 1001. Alternative funding mechanism.~~

32 ~~* * *~~

33 ~~(b) Period of payment requirements prior to July 1, 2009.~~
34 ~~The period of the city's payment requirements under an~~
35 ~~alternative funding mechanism implemented prior to December 31,~~
36 ~~2002, shall be the greater of:~~

37 ~~(1) the remaining period not exceeding 30 years during~~
38 ~~which the city would have amortized the unfunded actuarial~~
39 ~~accrued liability reported in its last actuarial valuation~~

~~report filed under Chapter 2 using the total amortization payment and interest assumption, reported in that actuarial valuation report; or~~

~~(2) 30 years.~~

~~If an alternative funding mechanism is implemented after December 31, 2002, but before July 1, 2009, the period described in paragraph (1) shall be the period of the city's payment requirements.~~

~~(b.1) Period of payment requirements beginning July 1, 2009. The period of the city's payment requirements under an alternative funding mechanism implemented or refinanced in whole or in part on or after July 1, 2009, and prior to the beginning of the plan year that commences in 2019, shall be the greater of:~~

~~(1) the remaining period not exceeding 30 years during which the city would have amortized the unfunded actuarial accrued liability reported in its last actuarial valuation report filed under Chapter 2 using the total amortization payment and interest assumption, reported in that actuarial valuation report; or~~

~~(2) 30 years.~~

~~If an alternative funding mechanism is implemented after July 1, 2019, the period described in paragraph (1) shall be the period of the city's payment requirements.~~

~~* * *~~

~~Section 3. The act is amended by adding sections to read:~~
~~Section 1002. Special provisions for amortization of unfunded actuarial accrued liability and minimum municipal obligation.~~

~~(a) Amortization of unfunded actuarial accrued liability.~~

1 ~~(1) Notwithstanding any other provision of this act or~~
2 ~~other law, a city of the first class, in its sole discretion,~~
3 ~~may amortize its entire unfunded actuarial accrued liability,~~
4 ~~as measured on a valuation date selected by the city of the~~
5 ~~first class and occurring in the plan year commencing after~~
6 ~~January 1, 2009, and ending before December 31, 2010, as a~~
7 ~~level dollar amount with the amortization target date being~~
8 ~~the end of the plan year occurring 30 years after the plan~~
9 ~~year commencing on July 1, 2009, with payments to commence in~~
10 ~~the next plan year.~~

11 ~~(2) In order for a city of the first class to extend the~~
12 ~~applicable amortization period pursuant to this subsection,~~
13 ~~the city of the first class must file a revised actuarial~~
14 ~~valuation report reflecting the amortization period extension~~
15 ~~provided for under this section and the actuarial assumed~~
16 ~~rate in effect on the valuation date with the commission no~~
17 ~~later than March 31, 2010.~~

18 ~~(3) Any such revised actuarial valuation report may not~~
19 ~~be filed in lieu of the actuarial valuation report prepared~~
20 ~~in compliance with section 202(b)(4)(v)(A) and required to be~~
21 ~~filed on or before March 31, 2009, and may be used only for~~
22 ~~the purposes of recalculating the minimum municipal~~
23 ~~obligation of the city of the first class for the plan year~~
24 ~~commencing on July 1, 2009, and calculating the minimum~~
25 ~~municipal obligation of the city of the first class for the~~
26 ~~plan year commencing on July 1, 2010, to reflect the~~
27 ~~amortization period extension. The revised report shall~~
28 ~~supersede the original report to the extent of the revisions.~~

29 ~~(4) Any such revised actuarial valuation report shall~~
30 ~~not affect distributions under the General Municipal Pension~~

~~System State Aid Program under Chapter 4.~~

~~(b) Revised minimum municipal obligation for certain plan years.~~

~~(1) Notwithstanding any other provision of this act or other law, a city of the first class is authorized to defer a portion of the minimum municipal obligation provided for section 302:~~

~~(i) for the plan year ending June 30, 2010, in an amount not to exceed \$155,000,000; and~~

~~(ii) for the plan year ending June 30, 2011, in an amount not to exceed \$80,000,000.~~

~~(2) The amounts deferred shall bear interest at the rate of 8.25%, which shall be calculated from the beginning of the plan year in which the deferral was made. Accrued interest on any amounts deferred shall be paid yearly on or before June 30, 2010, June 30, 2011, and June 30, 2012.~~

~~(3) On or before June 30, 2013, the city of the first class shall repay:~~

~~(i) at least \$90,000,000 of any amounts deferred, plus interest accrued on all amounts deferred; or~~

~~(ii) if the total amount deferred is less than \$90,000,000, the total amount deferred, plus interest accrued on that amount.~~

~~(4) The balance of all amounts deferred, including interest accrued and unpaid on amounts deferred, shall be repaid by June 30, 2014.~~

~~(5) Any of the amounts deferred, including interest accrued on deferred amounts, which remain unpaid at the end of the plan year ending June 30, 2014, shall be added to the minimum municipal obligation of the city of the first class~~

~~for the following plan year, with interest calculated and due until the date that the amounts due are paid.~~

~~(6) The calculation of the unfunded actuarial accrued liability made by and certified by an approved actuary under section 202 shall not include any amounts deferred pursuant to this subsection, so long as the city of the first class is paying interest accrued on such deferred amounts and repaying such deferred amounts in accordance with the terms of this subsection.~~

~~(7) The repayment of any amounts deferred, including interest accrued on deferred amounts, as and when required in this subsection, shall constitute a commitment and obligation, binding and absolute, on the city of the first class; and the city of the first class shall include all amounts due to be paid under this subsection in the budget of the city, and all amounts due to be paid shall be appropriated and paid in order to make timely repayment of any amounts deferred, including interest accrued on deferred amounts, with such payment being unconditional and without setoff.~~

~~(8) (i) Any person who is beneficially interested in the city of the first class paying its minimum municipal obligation under this subsection shall have standing to institute a legal proceeding for mandamus to enforce the obligation of the city of the first class to make payments under this subsection in the same manner as payment requirements of an alternative funding mechanism may be enforced under section 1001.~~

~~(ii) For purposes of this paragraph, a person is beneficially interested under this subsection if the~~

~~person is a beneficially interested person under section
1001(f).~~

~~(9) The city of the first class shall be required to pay
the balance of its minimum municipal obligation in full when
due in each plan year.~~

~~Section 1003. Special taxing authority.~~

~~(a) Imposition of special tax.~~

~~(1) Solely for the purposes set forth in subsection (b),
a city of the first class is authorized to impose a tax on
the sale at retail of tangible personal property or services
or use of tangible personal property or services purchased at
retail, as those terms are defined in Article II of the act
of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
of 1971, which tax shall be in addition to the tax authorized
under the provisions of section 503(a) and (b) of the act of
June 5, 1991 (P.L.9, No.6), known as the Pennsylvania
Intergovernmental Cooperation Authority Act for Cities of the
First Class. The tax authorized by this subsection shall not
be levied, assessed and collected upon the occupancy of a
room or rooms in a hotel in the city.~~

~~(2) The tax authorized under this subsection shall be
imposed and collected at the rate of 1%, and shall be
computed as set forth at section 503(e)(2) of the
Pennsylvania Intergovernmental Cooperation Authority Act for
Cities of the First Class.~~

~~(3) The tax authorized under this subsection shall be
administered, collected, deposited and disbursed in the same
manner as the tax imposed under Chapter 5 of the Pennsylvania
Intergovernmental Cooperation Authority Act for Cities of the
First Class and the situs of the tax authorized under this~~

~~subsection shall be determined in accordance with that act and Article II A of the Tax Reform Code of 1971. The department shall use the money received by the department to cover its costs of administration of the tax authorized by the provisions of Chapter 5 of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class to cover the costs of administration of the tax authorized by this section; and the department shall not retain any additional amounts for the costs of collection of the tax authorized by this section. No additional fee shall be charged for either a license or any renewal in addition to a license or renewal fee otherwise authorized and imposed pursuant to Article II of the Tax Reform Code of 1971.~~

~~(b) Municipal action.~~

~~(1) If a city of the first class determines to impose the tax authorized by subsection (a), the governing body of the city shall adopt or shall previously have adopted an ordinance which shall state the tax rate.~~

~~(2) The city ordinance, including an ordinance adopted prior to the effective date of this article, may take effect no earlier than 20 days after the adoption of the ordinance or 20 days after the effective date of this section, whichever is later.~~

~~(3) A certified copy of a city ordinance imposing the tax authorized by subsection (a) shall be delivered to the department within ten days prior to or after the effective date of that ordinance.~~

~~(4) A certified copy of a repeal ordinance shall be delivered to the department at least 30 days prior to the effective date of the repeal.~~

~~(c) Use of tax receipts. Any moneys received by the city from the levy, assessment and collection of the tax authorized under subsection (a) may only be used to:~~

~~(1) pay as and when due in any plan year any amounts of the city's minimum municipal obligation provided for in section 302, including, but not limited to, amounts deferred pursuant to section 1002(b) and interest accrued on deferred amounts; and~~

~~(2) reimburse the city for payments made by the city, from sources other than the tax authorized in subsection (a), of the city's minimum municipal obligation for that year, including, but not limited to, amounts deferred pursuant to section 1002(b) and interest accrued on deferred amounts.~~

~~(d) Expiration.~~

~~(1) This section shall expire July 1, 2014.~~

~~(2) Notwithstanding the expiration of this section, any tax imposed pursuant to subsection (a) on sales or uses occurring before July 1, 2014, shall be paid to and received by the department and, along with interest and penalties, less any refunds and credits paid, shall be credited to the Local Sales and Use Tax Fund created pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class as if this section had not expired. Such moneys shall be disbursed to the city imposing the tax in the manner provided by section 509 of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class.~~

~~(e) Effect of imposition, expiration or repeal of tax. The imposition, termination or repeal of the tax authorized under subsection (a) shall not affect in any way the amount of~~

~~supplemental State assistance allocable to the city imposing the
tax.~~

~~Section 1004. Additional assistance.~~

~~Notwithstanding any other provision of this act or other law,
a city of the first class shall continue to receive State
supplemental assistance and any other assistance available under
this act.~~

~~Section 4. This act shall take effect immediately.~~

SECTION 1. THE TITLE OF THE ACT OF DECEMBER 18, 1984
(P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN FUNDING
STANDARD AND RECOVERY ACT, IS AMENDED TO READ:

AN ACT
MANDATING ACTUARIAL FUNDING STANDARDS FOR ALL MUNICIPAL PENSION
SYSTEMS; ESTABLISHING A RECOVERY PROGRAM FOR MUNICIPAL
PENSION SYSTEMS DETERMINED TO BE FINANCIALLY DISTRESSED;
PROVIDING FOR THE DISTRIBUTION OF THE TAX ON THE PREMIUMS OF
FOREIGN FIRE INSURANCE COMPANIES; PROVIDING FOR THE
ESTABLISHMENT AND ADMINISTRATION OF DEFERRED RETIREMENT
OPTION PLANS IN LOCAL GOVERNMENTS AND FOR LOCAL TAX; AND
MAKING REPEALS.

SECTION 2. THE DEFINITION OF "MUNICIPAL EMPLOYEE" IN SECTION
102 OF THE ACT IS AMENDED AND THE SECTION IS AMENDED BY ADDING
DEFINITIONS TO READ:

SECTION 102. DEFINITIONS.

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

* * *

"DROP." A DEFERRED RETIREMENT OPTION PLAN CREATED AND

1 OPERATED BY A LOCAL GOVERNMENT OR THE PENNSYLVANIA MUNICIPAL
2 RETIREMENT SYSTEM UNDER CHAPTER 11 OR ANY DEFERRED RETIREMENT
3 OPTION PLAN OR SIMILAR PROGRAM ESTABLISHED BY A LOCAL GOVERNMENT
4 THAT PROVIDES FOR THE COMMENCEMENT AND ACCUMULATION OF
5 RETIREMENT BENEFIT PAYMENTS FOR ACTIVE EMPLOYEES WITH
6 DISBURSEMENT OF THE ACCUMULATED PAYMENTS AND INTEREST EARNINGS
7 AS A LUMP SUM UPON TERMINATION OF EMPLOYMENT.

8 "DROP PARTICIPANT." A RETIRED MEMBER OF A LOCAL GOVERNMENT-
9 DEFINED BENEFIT PENSION PLAN WHO IS ELIGIBLE TO PARTICIPATE IN A
10 DROP UNDER SECTION 1112, WHO HAS ELECTED TO PARTICIPATE IN A
11 DROP UNDER SECTION 1113 AND WHO IS NOT AN ELECTED OFFICIAL.

12 "DROP PARTICIPANT ACCOUNT." A PENSION TRUST FUND LEDGER
13 ACCOUNT ESTABLISHED UNDER SECTION 1121(A).

14 * * *

15 "LOCAL GOVERNMENT." A MUNICIPALITY OR ANY COUNTY.

16 * * *

17 "MUNICIPAL EMPLOYEE." ANY PERSON [OTHER THAN AN INDEPENDENT
18 CONTRACTOR] WHO PROVIDES REGULAR SERVICES FOR A MUNICIPALITY IN
19 RETURN FOR COMPENSATION FROM THE MUNICIPALITY. THE TERM DOES NOT
20 INCLUDE AN INDEPENDENT CONTRACTOR OR A DROP PARTICIPANT.

21 * * *

22 SECTION 2.1. THE ACT IS AMENDED BY ADDING A SECTION TO READ:
23 SECTION 103. METHODOLOGY.

24 IN PERFORMING AN ACTUARIAL STUDY UNDER THIS ACT OR THE ACT OF
25 DECEMBER 6, 1972 (P.L.1383, NO.293), ENTITLED "AN ACT REQUIRING
26 MUNICIPAL PENSION SYSTEMS TO HAVE AN ACTUARIAL INVESTIGATION OF
27 THE FUND MADE BY AN ACTUARY WHO SHALL REPORT HIS FINDINGS TO THE
28 DEPARTMENT OF COMMUNITY AFFAIRS," MUNICIPALITIES AND COUNTIES
29 MAY UTILIZE ANY REASONABLE ACTUARIAL ASSUMPTIONS OR
30 METHODOLOGIES PROVIDED FOR IN THIS ACT.

SECTION 3. SECTION 202 (B) (4) (I), (II), (III), (IV) AND (V)
OF THE ACT, AMENDED JULY 15, 2004 (P.L.715, NO.81), ARE AMENDED
TO READ:

SECTION 202. CONTENTS OF ACTUARIAL VALUATION REPORT.

* * *

(B) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED BENEFIT PLANS
SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN WHICH IS
A DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN WHOLE OR IN
PART, ALL APPLICABLE ACTUARIAL EXHIBITS SHALL BE PREPARED IN
ACCORDANCE WITH THE ENTRY AGE NORMAL ACTUARIAL COST METHOD WITH
ENTRY AGE ESTABLISHED AS THE ACTUAL ENTRY AGE FOR ALL PLAN
MEMBERS UNLESS THE MUNICIPALITY APPLIES FOR AND IS GRANTED
AUTHORIZATION BY THE COMMISSION TO USE AN ALTERNATIVE ACTUARIAL
COST METHOD. AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY
DEMONSTRATES ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE
COMPELLING REASONS OF AN ACTUARIAL NATURE FOR THE USE OF AN
ALTERNATIVE ACTUARIAL COST METHOD. THE COMMISSION SHALL ISSUE
RULES AND REGULATIONS SPECIFYING THE CRITERIA WHICH THE
COMMISSION WILL USE TO DETERMINE THE QUESTION OF THE EXISTENCE
OF COMPELLING REASONS FOR THE USE OF AN ALTERNATIVE ACTUARIAL
COST METHOD, THE DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE
AUTHORIZATION WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE
ALTERNATIVE ACTUARIAL COST METHODS WHICH THE COMMISSION MAY
AUTHORIZE. THE ACTUARIAL COST METHOD SHALL BE USED TO VALUE ALL
ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION PLAN UNLESS
THE MUNICIPALITY APPLIES FOR AND IS GRANTED AUTHORIZATION BY THE
COMMISSION TO USE APPROXIMATION TECHNIQUES OTHER THAN THE
ACTUARIAL COST METHOD FOR ASPECTS OF THE BENEFIT PLAN OR PLANS
OF THE PENSION PLAN OTHER THAN THE RETIREMENT BENEFIT.
AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY DEMONSTRATES

1 ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE COMPELLING
2 REASONS OF AN ACTUARIAL NATURE FOR THE USE OF THESE
3 APPROXIMATION TECHNIQUES. THE COMMISSION SHALL ISSUE RULES AND
4 REGULATIONS SPECIFYING THE CRITERIA WHICH THE COMMISSION WILL
5 USE TO DETERMINE THE QUESTION OF THE EXISTENCE OF COMPELLING
6 REASONS FOR THE USE OF APPROXIMATION TECHNIQUES, THE
7 DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE AUTHORIZATION
8 WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE APPROXIMATION
9 TECHNIQUE WHICH THE COMMISSION MAY AUTHORIZE. THE ACTUARIAL
10 EXHIBITS SHALL USE ACTUARIAL ASSUMPTIONS WHICH ARE, IN THE
11 JUDGMENT OF THE ACTUARY AND THE GOVERNING BODY OF THE PLAN, THE
12 BEST AVAILABLE ESTIMATE OF FUTURE OCCURRENCES IN THE CASE OF
13 EACH ASSUMPTION. WITH RESPECT TO ECONOMIC ACTUARIAL ASSUMPTIONS,
14 THE ASSUMPTIONS SHALL EITHER BE WITHIN THE RANGE SPECIFIED IN
15 RULES AND REGULATIONS ISSUED BY THE COMMISSION OR DOCUMENTATION
16 EXPLAINING AND JUSTIFYING THE CHOICE OF ASSUMPTIONS OUTSIDE THE
17 RANGE SHALL ACCOMPANY THE REPORT. THE ACTUARIAL EXHIBITS SHALL
18 MEASURE ALL ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION
19 PLAN IN ACCORDANCE WITH MODIFICATIONS IN THE BENEFIT PLAN OR
20 PLANS, IF ANY, AND SALARIES WHICH AS OF THE VALUATION DATE ARE
21 KNOWN OR CAN REASONABLY BE EXPECTED TO BE IN FORCE DURING THE
22 ENSUING PLAN YEAR. IN PREPARING THE ACTUARIAL EXHIBITS OR ANY
23 ACTUARIAL VALUATION REPORT, THE MUNICIPALITY SHALL EXCLUDE THE
24 COMPENSATION OF ALL DROP PARTICIPANTS FROM THE ACTIVE MEMBER
25 PAYROLL AND ALL DROP PARTICIPANTS FROM ACTIVE MEMBER DATA. THE
26 ACTUARIAL VALUATION REPORT SHALL CONTAIN THE FOLLOWING ACTUARIAL
27 EXHIBITS:

28 * * *

29 (4) AN EXHIBIT OF ANY ADDITIONAL FUNDING COSTS
30 ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL

1 ACCRUED LIABILITY OF THE PENSION PLAN, INDICATING FOR EACH
2 INCREMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY SPECIFIED
3 IN PARAGRAPH (3), THE LEVEL ANNUAL DOLLAR CONTRIBUTION
4 REQUIRED TO PAY AN AMOUNT EQUAL TO THE ACTUARIAL ASSUMPTION
5 AS TO INVESTMENT EARNINGS APPLIED TO THE PRINCIPAL AMOUNT OF
6 THE REMAINING BALANCE OF THE INCREMENT OF UNFUNDED ACTUARIAL
7 ACCRUED LIABILITY AND TO RETIRE BY THE APPLICABLE
8 AMORTIZATION TARGET DATE SPECIFIED IN THIS PARAGRAPH THE
9 PRINCIPAL AMOUNT OF THE REMAINING BALANCE OF THE INCREMENT OF
10 UNFUNDED ACTUARIAL ACCRUED LIABILITY. THE AMORTIZATION TARGET
11 DATE APPLICABLE FOR EACH TYPE OF INCREMENT OF UNFUNDED
12 ACTUARIAL ACCRUED LIABILITY SHALL BE AS FOLLOWS:

13 (I) THE FOLLOWING APPLY:

14 (A) IN THE CASE OF A PENSION PLAN ESTABLISHED ON
15 OR PRIOR TO JANUARY 1, 1985 FOR THE UNFUNDED
16 ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE
17 BEGINNING OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR
18 1985, AT THE END OF THE PLAN YEAR OCCURRING IN
19 CALENDAR YEAR 2015; OR

20 (B) IN THE CASE OF A PENSION PLAN ESTABLISHED
21 AFTER JANUARY 1, 1985, FOR THE UNFUNDED ACTUARIAL
22 ACCRUED LIABILITY THEN OR SUBSEQUENTLY DETERMINED TO
23 BE OR TO HAVE BEEN IN EXISTENCE AS OF THE DATE OF THE
24 ESTABLISHMENT OF THE PLAN, AT THE END OF THE PLAN
25 YEAR OCCURRING 30 YEARS AFTER THE CALENDAR YEAR IN
26 WHICH THE PENSION PLAN WAS ESTABLISHED.

27 (II) THE FOLLOWING APPLY:

28 (A) INCREMENT OR DECREMENT OF NET UNFUNDED
29 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO A CHANGE
30 IN ACTUARIAL ASSUMPTIONS, AT THE END OF THE PLAN YEAR

1 OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
2 ACTUARIAL ASSUMPTION MODIFICATION WAS EFFECTIVE.

3 (B) INCREMENT OR DECREMENT OF NET UNFUNDED
4 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO A CHANGE
5 IN ACTUARIAL ASSUMPTIONS MADE ON OR AFTER THE
6 EFFECTIVE DATE OF THIS CLAUSE, AT THE END OF THE PLAN
7 YEAR OCCURRING 15 YEARS AFTER THE CALENDAR YEAR IN
8 WHICH THE ACTUARIAL ASSUMPTION MODIFICATION WAS
9 EFFECTIVE.

10 (III) THE FOLLOWING APPLY:

11 (A) INCREMENT OF NET UNFUNDED ACTUARIAL ACCRUED
12 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE
13 BENEFIT PLAN APPLICABLE TO ACTIVE MEMBERS, AT THE END
14 OF THE PLAN YEAR OCCURRING 20 YEARS AFTER THE
15 CALENDAR YEAR IN WHICH THE BENEFIT PLAN MODIFICATION
16 WAS EFFECTIVE.

17 (B) FROM AND AFTER THE EFFECTIVE DATE OF THIS
18 CLAUSE, THE INCREMENT OF NET UNFUNDED ACTUARIAL
19 ACCRUED LIABILITY ATTRIBUTABLE TO A MODIFICATION IN
20 THE BENEFIT PLAN MANDATED BY NEW LEGISLATION, AT THE
21 END OF THE PLAN YEAR OCCURRING 20 YEARS AFTER THE
22 CALENDAR YEAR IN WHICH THE BENEFIT PLAN MODIFICATION
23 WAS EFFECTIVE.

24 (IV) THE FOLLOWING APPLY:

25 (A) INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
26 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE
27 BENEFIT PLAN APPLICABLE TO RETIRED MEMBERS AND OTHER
28 BENEFIT RECIPIENTS, AT THE END OF THE PLAN YEAR
29 OCCURRING 10 YEARS AFTER THE CALENDAR YEAR IN WHICH
30 THE BENEFIT PLAN MODIFICATION WAS EFFECTIVE.

1 (B) INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
2 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE
3 BENEFIT PLAN ADOPTED ON OR AFTER THE EFFECTIVE DATE
4 OF THIS CLAUSE AND NOT MANDATED BY NEW LEGISLATION,
5 AT THE END OF THE PLAN YEAR OCCURRING TEN YEARS AFTER
6 THE CALENDAR YEAR IN WHICH THE BENEFIT PLAN
7 MODIFICATION WAS EFFECTIVE.

8 (V) THE FOLLOWING APPLY:

9 (A) INCREMENT OR DECREMENT OF NET UNFUNDED
10 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO AN
11 ACTUARIAL EXPERIENCE LOSS OR GAIN, AT THE END OF PLAN
12 YEAR OCCURRING [15] 20 YEARS AFTER THE CALENDAR YEAR
13 IN WHICH THE ACTUARIAL EXPERIENCE LOSS OR GAIN WAS
14 RECOGNIZED.

15 (B) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
16 ACT OR OTHER LAW, AS OF THE BEGINNING OF THE PLAN
17 YEAR OCCURRING IN CALENDAR YEAR 2003, THE OUTSTANDING
18 BALANCE OF THE INCREMENT OF UNFUNDED ACTUARIAL
19 ACCRUED LIABILITY ATTRIBUTABLE TO THE NET ACTUARIAL
20 INVESTMENT LOSSES INCURRED IN CALENDAR YEARS 2001 AND
21 2002 MAY, AT THE SOLE DISCRETION OF THE MUNICIPALITY,
22 BE AMORTIZED WITH THE AMORTIZATION TARGET DATE BEING
23 THE END OF THE PLAN YEAR OCCURRING 30 YEARS AFTER
24 JANUARY 1, 2003. IN ORDER FOR A MUNICIPALITY TO
25 EXTEND THE APPLICABLE AMORTIZATION PERIOD PURSUANT TO
26 THIS CLAUSE, THE MUNICIPALITY MUST FILE A REVISED
27 ACTUARIAL VALUATION REPORT REFLECTING THE
28 AMORTIZATION PERIOD EXTENSION PROVIDED FOR UNDER THIS
29 CLAUSE WITH THE EXECUTIVE DIRECTOR OF THE COMMISSION
30 NO LATER THAN SEPTEMBER 30, 2004. ANY SUCH REVISED

1 ACTUARIAL VALUATION REPORT MAY NOT BE FILED IN LIEU
2 OF THE ACTUARIAL VALUATION REPORT PREPARED IN
3 COMPLIANCE WITH CLAUSE (A) AND REQUIRED TO BE FILED
4 ON OR BEFORE MARCH 31, 2004, AND MAY BE USED ONLY FOR
5 THE PURPOSES OF RECALCULATING THE 2004 MINIMUM
6 MUNICIPAL OBLIGATION OF THE MUNICIPALITY AND
7 CALCULATING THE 2005 MINIMUM MUNICIPAL OBLIGATION OF
8 THE MUNICIPALITY TO REFLECT THE AMORTIZATION PERIOD
9 EXTENSION. ANY SUCH REVISED ACTUARIAL VALUATION
10 REPORT SHALL NOT AFFECT DISTRIBUTIONS UNDER THE
11 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM
12 UNDER CHAPTER 4.

13 * * *

14 SECTION 4. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
15 SECTION 210. ACTUARIAL ASSET VALUATION.

16 (A) GENERAL RULE.--A MUNICIPALITY MAY VALUE THE ASSETS IN
17 EACH OF ITS PENSION PLANS TO EQUAL THE GREATER OF :

18 (1) THE ACTUARIAL VALUE OF ASSETS FROM THE MOST RECENT
19 BIENNIAL ACTUARIAL VALUATION REPORT ACCEPTED BY THE
20 COMMISSION:

21 (I) INCREASED BY CONTRIBUTIONS AND OTHER DEPOSITS
22 EXCEPT INVESTMENT INCOME;

23 (II) DECREASED BY BENEFIT PAYMENTS AND
24 ADMINISTRATIVE EXPENSES OR OTHER PAYMENTS; AND

25 (III) CREDITED WITH INTEREST AT 1% LESS THAN THE
26 PLAN'S ASSUMED RATE, TO THE DATE OF THE ACTUARIAL
27 VALUATION; OR

28 (2) THE MARKET VALUE OF ASSETS ON THE VALUATION DATE.

29 (B) METHODOLOGY.--

30 (1) THE ACTUARIAL VALUE OF PENSION PLAN ASSETS IS THE

1 VALUE OF CASH, INVESTMENT SECURITIES AND OTHER PROPERTY
2 BELONGING TO THE MUNICIPAL PENSION PLAN ACCORDING TO A METHOD
3 FOR VALUING ASSETS ADOPTED BY THE GOVERNING BODY OF THE
4 MUNICIPAL PENSION PLAN UPON THE RECOMMENDATION OF THE
5 ACTUARY.

6 (2) THE METHOD FOR VALUING ASSETS SHALL BE ADEQUATELY
7 DISCLOSED IN THE ACCOMPANYING DOCUMENTATION OR EXHIBITS AND,
8 EXCEPT AS SET FORTH IN SUBSECTION (C) OR CHAPTER 6, MAY NOT
9 PRODUCE A RESULT THAT IN TOTAL IS:

10 (I) GREATER THAN 120% OF THE FAIR MARKET VALUE OF
11 THE ASSETS OF THE MUNICIPAL PENSION PLAN; OR

12 (II) LESS THAN 80% OF THE FAIR MARKET VALUE OF THE
13 ASSETS OF THE MUNICIPAL PENSION PLAN.

14 (C) TEMPORARY VALUATION.--

15 (1) FOR THE TWO-YEAR ACTUARIAL VALUATION REPORTING
16 PERIOD BEGINNING IN 2009, A MUNICIPALITY MAY UTILIZE A METHOD
17 FOR VALUING ASSETS WHICH DOES NOT PRODUCE A RESULT THAT IN
18 TOTAL IS:

19 (I) GREATER THAN 130% OF THE FAIR MARKET VALUE OF
20 THE ASSETS OF THE MUNICIPAL PENSION PLAN; OR

21 (II) LESS THAN 70% OF THE FAIR MARKET VALUE OF THE
22 ASSETS OF THE MUNICIPAL PENSION PLAN.

23 (2) UPON THE EXPIRATION OF THAT TWO-YEAR ACTUARIAL
24 VALUATION REPORTING PERIOD, SUBSECTION (B) APPLIES.

25 SECTION 211. REVISED ACTUARIAL VALUATION REPORT.

26 UPON ENACTMENT OF LEGISLATION WHICH WOULD ALTER THE ACTUARIAL
27 VALUATION OF A PENSION PLAN, A REVISED ACTUARIAL VALUATION
28 REPORT SHALL BE FILED WITH THE COMMISSION AS THE COMMISSION
29 DIRECTS.

30 SECTION 5. SECTION 302 (B) (2) OF THE ACT, AMENDED DECEMBER

1 18, 1990 (P.L.753, NO.189), IS AMENDED AND THE SECTION IS
2 AMENDED BY ADDING A SUBSECTION TO READ:
3 SECTION 302. MINIMUM FUNDING STANDARD; DEFINED BENEFIT PLANS
4 SELF-INSURED IN WHOLE OR IN PART.

5 * * *

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

7 * * *

8 (2) THE NORMAL COST AND ADMINISTRATIVE EXPENSE
9 REQUIREMENTS FOR THE FOLLOWING PLAN YEAR SHALL BE EXPRESSED
10 AS A DOLLAR AMOUNT AND SHALL BE DETERMINED BY APPLYING THE
11 NORMAL COST OF THE BENEFIT PLAN AND THE ADMINISTRATIVE
12 EXPENSE PAYABLE FROM THE ASSETS ATTRIBUTABLE TO THE BENEFIT
13 PLAN, AS REPORTED IN THE ACTUARIAL VALUATION REPORT OF THE
14 PENSION PLAN AND EXPRESSED AS A PERCENTAGE OF PAYROLL, TO THE
15 PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN AS OF
16 THE DATE THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN ARE
17 DETERMINED. IN EXPRESSING THE NORMAL COST AND ADMINISTRATIVE
18 EXPENSE REQUIREMENTS AS A DOLLAR AMOUNT, THE MUNICIPALITY
19 SHALL EXCLUDE THE COMPENSATION OF ALL DROP PARTICIPANTS FROM
20 THE PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN.

21 * * *

22 (F) COST-OF-LIVING ADJUSTMENTS.--A COST-OF-LIVING ADJUSTMENT
23 FOR AN INACTIVE MEMBER SHALL BE FULLY AMORTIZED WITHIN ONE YEAR
24 OF THE DATE OF THE IMPLEMENTATION OF THE ADJUSTMENT.

25 SECTION 6. SECTIONS 402(E)(2), 501 AND 502 OF THE ACT ARE
26 AMENDED TO READ:
27 SECTION 402. REVISION OF FINANCING FROM STATE REVENUE SOURCES;
28 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM.

29 * * *

30 (E) ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE

1 AID.--

2 * * *

3 (2) THE APPLICABLE NUMBER OF UNITS SHALL BE ATTRIBUTABLE
4 TO EACH ACTIVE EMPLOYEE WHO WAS EMPLOYED ON A FULL-TIME BASIS
5 FOR A MINIMUM OF SIX CONSECUTIVE MONTHS PRIOR TO DECEMBER 31
6 PRECEDING THE DATE OF CERTIFICATION AND WHO WAS PARTICIPATING
7 IN A PENSION PLAN MAINTAINED BY THAT MUNICIPALITY, PROVIDED
8 THAT THE MUNICIPALITY MAINTAINS A GENERALLY APPLICABLE
9 PENSION PLAN FOR THAT TYPE OF EMPLOYEE WHICH WAS EITHER
10 ESTABLISHED ON OR PRIOR TO DECEMBER 31, 1984, OR, IF
11 ESTABLISHED AFTER DECEMBER 31, 1984, HAS BEEN MAINTAINED BY
12 THAT MUNICIPALITY FOR AT LEAST THREE PLAN YEARS. FOR THE
13 PURPOSE OF COMPUTING AND REPORTING THE APPLICABLE NUMBER OF
14 UNITS, A DROP PARTICIPANT SHALL NOT BE REPORTED TO THE
15 AUDITOR GENERAL AS AN ACTIVE EMPLOYEE. THE APPLICABLE NUMBER
16 OF UNITS PER EMPLOYEE ATTRIBUTABLE TO EACH ELIGIBLE RECIPIENT
17 COUNTY OF THE SECOND CLASS SHALL BE TWO UNITS FOR EACH POLICE
18 OFFICER. THE APPLICABLE NUMBER OF UNITS ATTRIBUTABLE TO EACH
19 ELIGIBLE RECIPIENT CITY, BOROUGH, INCORPORATED TOWN AND
20 TOWNSHIP SHALL BE AS FOLLOWS:

21 (I) POLICE OFFICER - TWO UNITS.

22 (II) FIREFIGHTER - TWO UNITS.

23 (III) EMPLOYEE OTHER THAN POLICE OFFICER OR
24 FIREFIGHTER - ONE UNIT.

25 * * *

26 SECTION 501. INITIATION OF DISTRESS DETERMINATION.

27 [EACH MUNICIPALITY WHICH WISHES TO AVAIL ITSELF OF ANY OF THE
28 PROVISIONS OF SECTIONS 604, 605 AND 606 SHALL APPLY TO THE
29 COMMISSION FOR A DETERMINATION OF ITS STATUS PURSUANT TO THIS
30 CHAPTER. THE APPLICATION SHALL BE IN THE FORM AND SHALL CONTAIN

1 THE REQUIRED INFORMATION AS PRESCRIBED IN RULES AND REGULATIONS
2 ISSUED BY THE COMMISSION. DETERMINATIONS PURSUANT TO THIS
3 CHAPTER SHALL BE MADE ANNUALLY.] THE COMMISSION SHALL REVIEW THE
4 BIENNIAL ACTUARIAL VALUATION REPORTS FILED ON BEHALF OF EACH
5 MUNICIPAL PENSION PLAN TO DETERMINE THE MUNICIPALITY'S
6 ELIGIBILITY TO AVAIL ITSELF OF SECTIONS 604, 605 AND 606.
7 SECTION 502. PENSION PLANS FOR INCLUSION IN DETERMINATION.

8 THE DETERMINATION PROVIDED FOR IN THIS CHAPTER SHALL BE MADE
9 FOR A MUNICIPALITY TAKING INTO ACCOUNT ALL PENSION PLANS WHICH
10 THE MUNICIPALITY HAS ESTABLISHED AND MAINTAINS[.], EXCEPT THOSE
11 CREATED AFTER THE LAST BIENNIAL ACTUARIAL VALUATION DATE. THE
12 INITIAL ACTUARIAL VALUATION REPORT FOR ANY PLAN SHALL NOT BE
13 RECOGNIZED IN THE DETERMINATION OF A MUNICIPALITY'S DISTRESS
14 LEVEL. IF THE MUNICIPALITY FILED AN ACTUARIAL VALUATION REPORT
15 FOR ANY PENSION PLAN IN THE PRIOR REPORTING PERIOD, THAT
16 VALUATION REPORT SHALL CONTROL THE DETERMINATION OF DISTRESS
17 WITHOUT REGARD TO THE FUNDING STATUS OF ANY NEWLY ESTABLISHED
18 PLAN. IF NO OTHER PLAN WAS PREVIOUSLY MAINTAINED BY A
19 MUNICIPALITY, THE NEWLY ESTABLISHED PLAN SHALL BE ASSIGNED A
20 DISTRESS SCORE OF 0.

21 SECTION 7. SECTIONS 503 AND 602 OF THE ACT, AMENDED DECEMBER
22 10, 1996 (P.L.934, NO.150), ARE AMENDED TO READ:

23 SECTION 503. DETERMINATION PROCEDURE.

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

29 (B) ACTUARIAL [INDICATORS] INDICATOR.--THE ACTUARIAL
30 [INDICATORS] INDICATOR SHALL BE BASED ON THE MOST CURRENT

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

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

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

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

26	ASSETS AS PERCENTAGE	
27	OF ACCRUED ACTUARIAL	
28	LIABILITY	SCORING
29	50.0% OR GREATER	0
30	40.0 - 49.0%	10

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

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

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

30 (4) THE AGGREGATE REQUIREMENT TO AMORTIZE THE UNFUNDED

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

5 AMORTIZATION REQUIREMENT

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

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

28 DIFFERENCE BETWEEN
29 FULL ACTUARIAL
30 REQUIREMENT AND

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

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

19	COMPOUND RATE	
20	OF INCREASE IN	
21	UNFUNDED ACCRUED	
22	ACTUARIAL LIABILITY	SCORING
23	0.0 - 9.9%	0
24	10.0 - 12.4%	10
25	12.5 - 14.9%	20
26	15.0 - 17.4%	30
27	17.5 - 19.9%	40
28	20.0 - 22.4%	50
29	22.5 - 24.9%	60
30	25% OR OVER	70

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

COMPOUND RATE OF INCREASE IN MUNICIPAL CONTRIBUTIONS	SCORING
20% OR OVER	0
15 - 19.9%	10
10 - 14.9%	20
0 - 9.9%	30]

THE ACTUARIAL INDICATOR SHALL BE THE RATIO OF THE ACTUARIAL VALUE OF ASSETS TO THE ACTUARIAL ACCRUED LIABILITY, EXPRESSED AS A PERCENTAGE KNOWN AS THE FUNDING RATIO, AND SHALL BE APPLIED IN ACCORDANCE WITH THE FOLLOWING ACTUARIAL DISTRESS SCORING SYSTEM:

<u>FUNDING RATIO</u>	<u>SCORE</u>
<u>90% OR OVER</u>	<u>0</u>
<u>70 - 89%</u>	<u>1</u>
<u>50 - 69%</u>	<u>2</u>
<u>LESS THAN 50%</u>	<u>3</u>

[(C) MUNICIPAL FINANCE INDICATORS.--THE MUNICIPAL FINANCE INDICATORS SHALL BE BASED ON THE MOST RECENT FINANCIAL REPORT OR REPORTS FILED BY THE APPLICABLE MUNICIPALITY WITH THE DEPARTMENT OF COMMUNITY AFFAIRS AND CERTIFIED BY THE SECRETARY OR BY THE DESIGNEE OF THE SECRETARY. BEFORE CERTIFICATION FOR A MUNICIPALITY THAT HAS ISSUED BONDS OR NOTES TO FUND AN UNFUNDED ACTUARIAL ACCRUED LIABILITY UNDER THE ACT OF JULY 12, 1972 (P.L.781, NO.185), KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, OR UNDER THE LAWS APPLICABLE TO THE MUNICIPALITY, THE MUNICIPAL FINANCE DATA EXTRACTED FROM THE MOST RECENT FINANCIAL REPORT OR REPORTS SHALL BE ADJUSTED AS DIRECTED BY THE COMMISSION TO HOLD

1 HARMLESS THE MUNICIPALITY UNDER SECTION 404(C) BY EXCLUDING THE
 2 MUNICIPAL DEBT ISSUED TO FUND AN UNFUNDED ACTUARIAL ACCRUED
 3 LIABILITY AND THE DEBT SERVICE ON THAT DEBT. THE MUNICIPAL
 4 FINANCE INDICATORS AND THE ASSOCIATED SCORING SYSTEM FOR EACH
 5 SHALL BE AS FOLLOWS:

6 (1) THE TOTAL AMOUNT OF TAXES COLLECTED BY THE
 7 MUNICIPALITY FOR THE CURRENT YEAR ARE DIVIDED BY THE
 8 POPULATION OF THE MUNICIPALITY AS OF THE LAST FEDERAL CENSUS,
 9 AND THE PERCENTAGE INCREASE IN THE AMOUNT OF MUNICIPAL TAXES
 10 COLLECTED PER CAPITA IN THE MOST RECENT FIVE-YEAR PERIOD:

TAXES COLLECTED		GROSS PERCENTAGE INCREASE IN TAXES	
PER CAPITA	SCORING	PER CAPITA	SCORING
\$ 0.00 - 79.99	0	0.00 - 19.99%	0
80.00 - 84.99	5	20.00 - 29.99%	3
85.00 - 89.99	10	30.00 - 34.99%	6
90.00 - 99.99	15	35.00 - 39.99%	9
100.00 - 109.99	20	40.00 - 44.99%	12
110.00 - 124.99	25	45.00 - 49.99%	15
125.00 - 139.99	30	50.00 - 54.99%	18
140.00 - 159.99	35	55.00 - 59.99%	21
160.00 - 179.99	40	60.00 - 64.99%	24
180.00 - 199.99	45	65.00 - 69.99%	27
200.00 OR GREATER	50	70.00% OR GREATER	30

25 (2) THE MUNICIPAL TAX RATE ON THE MARKET VALUE OF REAL
 26 PROPERTY (ADJUSTED MILL RATE) IN THE MUNICIPALITY FOR THE
 27 MOST RECENT YEAR AND THE PERCENTAGE INCREASE IN THE AMOUNT OF
 28 THAT ADJUSTED MILL RATE IN THE MOST RECENT FIVE-YEAR PERIOD:

29 GROSS PERCENTAGE
 30 INCREASE IN

1	ADJUSTED		ADJUSTED MILL	
2	MILL RATE	SCORING	RATE	SCORING
3	0.00 - 5.99	0	0.00 - 3.99%	0
4	6.00 - 7.99	5	4.00 - 6.99%	3
5	8.00 - 9.99	10	7.00 - 9.99%	6
6	10.00 - 11.99	15	10.00 - 12.99%	9
7	12.00 - 12.99	20	13.00 - 15.99%	12
8	13.00 - 13.99	25	16.00 - 18.99%	15
9	14.00 - 14.99	30	19.00 - 21.99%	18
10	15.00 - 15.99	35	22.00 - 24.99%	21
11	16.00 - 16.99	40	25.00 - 27.99%	24
12	17.00 - 17.99	45	28.00 - 30.99%	27
13	18.00 OR GREATER	50	31.00% OR GREATER	30

14 (3) FOR THE MOST RECENT YEAR, THE RESULT OF THE TOTAL
15 MUNICIPAL BONDED DEBT PLUS THE TOTAL MUNICIPAL FLOATING DEBT
16 LESS THE TOTAL MUNICIPAL CREDITS AGAINST MUNICIPAL DEBT IS
17 DIVIDED BY THE POPULATION OF THE MUNICIPALITY AS OF THE LAST
18 FEDERAL CENSUS:

19	NET DEBT	SCORING
20	PER CAPITA	
21	\$ 0.00 - 9.99	0
22	10.00 - 19.99	8
23	20.00 - 29.99	16
24	30.00 - 39.99	24
25	40.00 - 49.99	32
26	50.00 - 59.99	40
27	60.00 - 69.99	48
28	70.00 - 79.99	56
29	80.00 - 89.99	64
30	90.00 - 99.99	72

1	100.00 OR GREATER	80
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(4) 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 ASSESSED VALUE OF REAL PROPERTY IN THE MUNICIPALITY:

7 MUNICIPAL DEBT
8 AS PERCENTAGE
9 OF MUNICIPAL PROPERTY

10	TAX BASE	SCORING
11	0.00 - 0.49%	0
12	0.50 - 0.99%	6
13	1.00 - 1.99%	12
14	2.00 - 2.99%	18
15	3.00 - 4.49%	24
16	4.50 - 5.99%	30
17	6.00 - 6.99%	36
18	7.00 - 7.99%	42
19	8.00 - 8.99%	48
20	9.00 - 9.99%	54
21	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:

27	MUNICIPAL DEBT AS	
28	PERCENTAGE OF	
29	POTENTIAL MUNICIPAL	
30	PROPERTY TAX BASE	SCORING

1	0.00 - 0.24%	0
2	0.25 - 0.49%	6
3	0.50 - 0.99%	12
4	1.00 - 1.49%	18
5	1.50 - 1.99%	24
6	2.00 - 2.99%	30
7	3.00 - 3.49%	36
8	3.50 - 3.99%	42
9	4.00 - 4.49%	48
10	4.50 - 4.99%	54
11	5.00% OR GREATER	60

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

20	REVENUE	SCORING
21	0.00 - 4.49%	0
22	4.50 - 5.49%	8
23	4.50 - 5.49%	16
24	6.50 - 7.49%	24
25	7.50 - 8.49%	32
26	8.50 - 9.49%	40
27	9.50 - 10.49%	48
28	10.50 - 11.49%	56
29	11.50 - 12.49%	64
30	12.50 - 13.49%	72

13.50% OR GREATER

80

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

		GROSS PERCENTAGE	
		INCREASE IN	
MARKET VALUE		MARKET VALUE	
PER CAPITA	SCORING	PER CAPITA	SCORING
\$8,000 OR GREATER	0	41.00% OR GREATER	0
7,500 - 7,999	5	39.00 - 40.99%	3
7,000 - 7,499	10	35.00 - 38.99%	6
6,500 - 6,999	15	31.00 - 34.99%	9
6,000 - 6,499	20	27.00 - 30.99%	12
5,500 - 5,999	25	23.00 - 26.99%	15
5,000 - 5,499	30	19.00 - 22.99%	18
4,500 - 4,999	35	15.00 - 18.99%	21
4,000 - 4,499	40	11.00 - 14.99%	24
3,500 - 3,999	45	7.00 - 10.99%	27
0 - 3,499	50	0.00 - 6.99%	30

(8) FOR THE MOST RECENT YEAR, ADJUSTED TOTAL MUNICIPAL
EXPENDITURES (TOTAL MUNICIPAL EXPENDITURES LESS ANY MUNICIPAL
URBAN RENEWAL EXPENDITURES AND LESS ANY MUNICIPAL ENTERPRISE
EXPENDITURES) DIVIDED BY THE POPULATION OF THE MUNICIPALITY
AS OF THE LAST FEDERAL CENSUS AND THE PERCENTAGE INCREASE IN
THE AMOUNT OF ADJUSTED TOTAL MUNICIPAL EXPENDITURES PER
CAPITA IN THE MOST RECENT YEAR OVER THE AMOUNT OF ADJUSTED
TOTAL MUNICIPAL EXPENDITURES PER CAPITA IN THE MOST RECENT

FIVE-YEAR PERIOD:

GROSS PERCENTAGE

INCREASE IN

ADJUSTED TOTAL

ADJUSTED TOTAL

MUNICIPAL EXPENDITURE	SCORING	MUNICIPAL EXPENDITURES	SCORING
-----------------------	---------	------------------------	---------

PER CAPITA

PER CAPITA

\$ 0.00 - 149.99	0	0.00 - 13.99%	0
150.00 - 164.99	5	14.00 - 17.99%	3
165.00 - 179.99	10	18.00 - 21.99%	6
180.00 - 194.99	15	22.00 - 25.99%	9
195.00 - 209.99	20	26.00 - 29.99%	12
210.00 - 224.99	25	30.00 - 33.99%	15
225.00 - 239.99	30	34.00 - 37.99%	18
240.00 - 254.99	35	38.00 - 41.99%	21
255.00 - 269.99	40	42.00 - 45.99%	24
270.00 - 284.99	45	46.00 - 48.99%	27
285.00 OR GREATER	50	49.00% OR GREATER	30]

(D) LEVELS OF DISTRESS.--THE THREE LEVELS OF MUNICIPAL

PENSION SYSTEM FINANCIAL DISTRESS SHALL BE AS FOLLOWS:

(1) MINIMAL [FINANCIAL] DISTRESS, WHICH SHALL INCLUDE ANY MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING [GREATER THAN ZERO BUT NOT GREATER THAN 299] EQUAL TO ONE.

(2) MODERATE [FINANCIAL] DISTRESS, WHICH SHALL INCLUDE ANY MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING EQUAL TO [OR GREATER THAN 300 BUT NOT GREATER THAN 499] TWO OR GREATER THAN TWO BUT WITH AN UNFUNDED ACTUARIAL ACCRUED LIABILITY OF LESS THAN \$50,000.

(3) SEVERE [FINANCIAL] DISTRESS, WHICH SHALL INCLUDE ANY MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING EQUAL TO [OR GREATER THAN 500] THREE AND AN UNFUNDED ACTUARIAL

1 ACCRUED LIABILITY OF NOT LESS THAN \$50,000.

2 SECTION 602. APPLICATION.

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

7 (B) MINIMALLY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
8 REMEDIES CONTAINED IN LEVEL I OF THE RECOVERY PROGRAM AS
9 SPECIFIED IN SECTION 604 SHALL APPLY TO ANY MUNICIPALITY WHICH
10 [SEEKS TO UTILIZE THEM, WHETHER THE MUNICIPALITY] IS MINIMALLY
11 DISTRESSED, AS THAT STATUS IS DEFINED BASED UPON THE ACTUARIAL
12 CONSIDERATIONS [AND MUNICIPAL FINANCE CONSIDERATIONS] OF THE
13 DETERMINATION PROCEDURE PURSUANT TO SECTION 503 [IS NOT
14 DETERMINED TO BE DISTRESSED OR IS DETERMINED TO BE DISTRESSED
15 BUT ELECTS NOT TO PARTICIPATE IN LEVEL II OF SECTION 605 OR
16 LEVEL III OF SECTION 606 OF THE RECOVERY PROGRAM, WHICHEVER IS
17 APPLICABLE].

18 (C) MODERATELY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
19 REMEDIES CONTAINED IN LEVEL II OF THE RECOVERY PROGRAM AS
20 SPECIFIED IN SECTION 605 SHALL APPLY TO ANY MUNICIPALITY WHICH
21 IS DETERMINED TO BE MODERATELY DISTRESSED, AS THAT STATUS IS
22 DEFINED BASED ON THE ACTUARIAL CONSIDERATIONS [AND MUNICIPAL
23 FINANCE CONSIDERATIONS] OF THE DETERMINATION PROCEDURE IN RULES
24 AND REGULATIONS ISSUED BY THE COMMISSION PURSUANT TO SECTION
25 503[, WHICH COMPLIES WITH ANY APPLICABLE PRECONDITIONS FOR
26 PARTICIPATION IN THIS LEVEL OF THE RECOVERY PROGRAM AND WHICH
27 ELECTS TO PARTICIPATE IN THIS LEVEL OF THE RECOVERY PROGRAM].

28 (D) SEVERELY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
29 REMEDIES CONTAINED IN LEVEL III OF THE RECOVERY PROGRAM AS
30 SPECIFIED IN SECTION 606 SHALL APPLY TO ANY MUNICIPALITY WHICH

1 IS DETERMINED TO BE SEVERELY DISTRESSED, AS THAT STATUS IS
2 DEFINED BASED ON THE ACTUARIAL CONSIDERATIONS [AND MUNICIPAL
3 FINANCE CONSIDERATIONS] OF THE DETERMINATION PROCEDURE IN RULES
4 AND REGULATIONS ISSUED BY THE COMMISSION PURSUANT TO SECTION
5 503[, WHICH COMPLIES WITH ANY APPLICABLE PRECONDITIONS FOR
6 PARTICIPATION IN THIS LEVEL OF THE RECOVERY PROGRAM AND WHICH
7 ELECTS TO PARTICIPATE IN THIS LEVEL OF THE RECOVERY PROGRAM].

8 (E) CONTINUATION OF ELECTED REMEDIES.--[IN THE EVENT THAT
9 THE EXTENT OF FINANCIAL DISTRESS OF A MUNICIPAL PENSION SYSTEM
10 DETERMINED BY THE COMMISSION SUBSEQUENT TO THE INITIAL
11 DETERMINATION IS LOWER THAN THE MINIMUM PRESCRIBED IN SECTION
12 503(D) FOR A RECOVERY PROGRAM LEVEL PREVIOUSLY ELECTED BY A
13 MUNICIPALITY, THE] A MUNICIPALITY MAY CONTINUE TO UTILIZE ANY OF
14 THE REMEDIES ELECTED AND IMPLEMENTED WHILE IT WAS ELIGIBLE TO
15 PARTICIPATE IN [A HIGHER RECOVERY PROGRAM LEVEL, PROVIDED THAT
16 THE MUNICIPALITY CONTINUES TO COMPLY WITH THE PRECONDITIONS FOR
17 PARTICIPATION IN THE HIGHER RECOVERY PROGRAM LEVEL AND TO
18 UTILIZE THE MANDATORY REMEDIES APPLICABLE TO THE HIGHER RECOVERY
19 PROGRAM LEVEL.] ANY RECOVERY PROGRAM AUTHORIZED BY THIS ACT AT
20 THE TIME OF COMMENCEMENT AND IMPLEMENTATION. ANY CHANGE OR
21 AMENDMENT OF RECOVERY REMEDIES IN THIS ACT SUBSEQUENT TO
22 ELECTION AND IMPLEMENTATION SHALL BE DEEMED TO BE CUMULATIVE AND
23 NOT IN LIEU OF PREVIOUSLY ADOPTED REMEDIES.

24 SECTION 8. SECTION 603 OF THE ACT IS AMENDED TO READ:
25 SECTION 603. [ELECTION] DETERMINATION PROCEDURE.

26 THE [ELECTION TO UTILIZE THE VARIOUS REMEDIES CONTAINED IN
27 ONE OF THE LEVELS OF THE RECOVERY PROGRAM SHALL BE MADE BY THE
28 GOVERNING BODY OF THE MUNICIPALITY. THE ELECTION] DETERMINATION
29 PROCESS SHALL BE INITIATED BY [AN APPLICATION FILED WITH] THE
30 COMMISSION FOR THE DETERMINATION OF FINANCIAL DISTRESS WITH

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

10 SECTION 9. SECTION 604 OF THE ACT, AMENDED FEBRUARY 14, 1986
11 (P.L.23, NO.9), IS AMENDED TO READ:

12 SECTION 604. RECOVERY PROGRAM LEVEL I.

13 (A) LEVEL I.--ANY MUNICIPALITY TO WHICH LEVEL I OF THE
14 RECOVERY PROGRAM APPLIES MAY UTILIZE THE FOLLOWING REMEDIES:

15 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
16 607(B) .

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

19 (3) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
20 LIMITATIONS PURSUANT TO SECTION 607(D) .

21 (4) THE SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO
22 SECTION 607(F) .

23 [(B) IMPLEMENTATION.--ANY MUNICIPALITY WHICH RECEIVES AN
24 INITIAL DISTRESS DETERMINATION SCORING IN 1985 WHICH IS EQUAL TO
25 OR GREATER THAN 200, BUT NOT GREATER THAN 299, AND CANNOT MEET
26 THE MINIMUM MUNICIPAL OBLIGATION FOR THE YEAR 1986 BECAUSE THE
27 PAYMENT OF THE MINIMUM MUNICIPAL OBLIGATION WOULD RESULT IN THE
28 MUNICIPALITY EXCEEDING THE MAXIMUM CONTRIBUTION LIMITATION FOR
29 THAT MUNICIPALITY AS SET FORTH IN THE PERTINENT LAWS FOR THAT
30 CLASS OF MUNICIPALITY, MAY DELAY THE IMPLEMENTATION OF THE FULL

FUNDING OF THE MINIMUM MUNICIPAL OBLIGATION UNTIL 1987. ANY MUNICIPALITY ELECTING TO DELAY FULL IMPLEMENTATION OF THE MINIMUM MUNICIPAL OBLIGATION SHALL MAKE A MUNICIPAL CONTRIBUTION FOR 1986 AS SET FORTH IN SECTION 607(G). IN ADDITION TO THE ONE-YEAR DELAY OF THE FULL ACTUARIAL FUNDING STANDARD, THE MUNICIPALITY MAY UTILIZE THE FOLLOWING ADDITIONAL REMEDIES:

(1) THE DEVIATION FROM MUNICIPAL CONTRIBUTION LIMITATIONS PURSUANT TO SECTION 607(D).

(2) THE SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO SECTION 607(F).]

(C) REDUCTION FOR LEVEL I MUNICIPALITIES.--

(1) A LEVEL I MUNICIPALITY MAY ELECT TO PAY A REDUCED MINIMUM MUNICIPAL OBLIGATION CONSISTING OF THE NORMAL COST AND ADMINISTRATIVE EXPENSES OF THE PENSION PLANS PLUS:

(I) 75% OF THE AMORTIZATION CONTRIBUTION REQUIREMENT, CALCULATED ACCORDING TO SECTION 202(B)(4); MINUS

(II) ANTICIPATED MEMBER CONTRIBUTIONS.

(2) THIS REDUCTION OF PAYMENTS TO AMORTIZE THE ACTUARIAL ACCRUED LIABILITY SHALL BE AUTHORIZED FOR A PERIOD OF ONE BIENNIAL ACTUARIAL VALUATION REPORTING PERIOD (TOTAL OF TWO YEARS) UNDER SECTION 607(H.1). AT THE END OF THIS PERIOD, SECTION 302(C) SHALL APPLY TO THE MINIMUM MUNICIPAL OBLIGATION CALCULATION.

(D) ASSET VALUATION.--

(1) UPON THE EXPIRATION OF THE PERIOD APPLICABLE TO ASSET VALUATION UNDER SECTION 210(C), FOR AN ADDITIONAL PERIOD OF ONE BIENNIAL ACTUARIAL VALUATION REPORTING PERIOD (ALLOWING AN ADDITIONAL TWO YEARS FOR A TOTAL OF FOUR YEARS), A LEVEL I MUNICIPALITY MAY UTILIZE A METHOD FOR VALUING

1 ASSETS THAT MAY NOT PRODUCE A RESULT THAT, IN TOTAL, IS:

2 (I) GREATER THAN 130% OF THE FAIR MARKET VALUE OF
3 THE ASSETS OF THE MUNICIPAL PENSION PLAN; OR

4 (II) LESS THAN 70% OF THE FAIR MARKET VALUE OF THE
5 ASSETS OF THE MUNICIPAL PENSION PLAN.

6 (2) AT THE END OF THE ADDITIONAL PERIOD UNDER PARAGRAPH
7 (1), SECTION 210 SHALL APPLY TO THE ACTUARIAL VALUATION OF
8 ASSETS.

9 SECTION 10. SECTIONS 605 AND 606 OF THE ACT ARE AMENDED TO
10 READ:

11 SECTION 605. RECOVERY PROGRAM LEVEL II.

12 (A) MANDATORY REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL II
13 OF THE RECOVERY PROGRAM APPLIES SHALL UTILIZE THE FOLLOWING
14 REMEDIES:

15 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
16 607(B).

17 (2) THE SUBMISSION OF A PLAN FOR ADMINISTRATIVE
18 IMPROVEMENT PURSUANT TO SECTION 607(I).

19 (B) DISCRETIONARY REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL
20 II OF THE RECOVERY PROGRAM APPLIES MAY UTILIZE THE FOLLOWING
21 REMEDIES:

22 (1) [THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
23 607(B).

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

26 [(3)] (2) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
27 LIMITATIONS PURSUANT TO SECTION 607(D).

28 [(4)] (3) THE ESTABLISHMENT OF A REVISED BENEFIT PLAN
29 FOR NEWLY HIRED MUNICIPAL EMPLOYEES PURSUANT TO SECTION
30 607(E).

1 [(5)] (4) THE SPECIAL MUNICIPAL TAXING AUTHORITY
2 PURSUANT TO SECTION 607(F).

3 [(6) THE DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER
4 TEN YEARS PURSUANT TO SECTION 607(G).

5 (7) SUPPLEMENTAL STATE ASSISTANCE PURSUANT TO SECTION
6 607(J).]

7 (8) (I) A LEVEL II MUNICIPALITY MAY ELECT TO PAY A
8 REDUCED MINIMUM MUNICIPAL OBLIGATION CONSISTING OF THE
9 NORMAL COST AND ADMINISTRATIVE EXPENSES OF THE PENSION
10 PLAN PLUS:

11 (A) 75% OF THE AMORTIZATION CONTRIBUTION
12 REQUIREMENT, CALCULATED ACCORDING TO SECTION 202(B)
13 (4); MINUS

14 (B) ANTICIPATED MEMBER CONTRIBUTIONS.

15 (II) THIS REDUCTION OF PAYMENTS TO AMORTIZE THE
16 ACTUARIAL ACCRUED LIABILITY SHALL BE AUTHORIZED FOR A
17 PERIOD OF TWO CONSECUTIVE ACTUARIAL VALUATION REPORTING
18 PERIODS (TOTAL OF FOUR YEARS) UNDER SECTION 607(H.1). AT
19 THE END OF THIS PERIOD, SECTION 302(C) SHALL APPLY TO THE
20 MINIMUM MUNICIPAL OBLIGATION CALCULATION.

21 (9) (I) UPON THE EXPIRATION OF THE PERIOD APPLICABLE TO
22 THE ASSET VALUATION PROVISIONS OF SECTION 210(C), FOR AN
23 ADDITIONAL PERIOD OF TWO BIENNIAL ACTUARIAL VALUATION
24 REPORTING PERIODS (ALLOWING AN ADDITIONAL FOUR YEARS FOR
25 A TOTAL OF SIX YEARS), A LEVEL II MUNICIPALITY MAY
26 UTILIZE A METHOD FOR VALUING ASSETS THAT MAY NOT PRODUCE
27 A RESULT THAT IN TOTAL IS:

28 (A) GREATER THAN 130% OF A PERIOD OF TWO
29 CONSECUTIVE ACTUARIAL VALUATION REPORTING PERIODS
30 (TOTAL OF FOUR YEARS); OR

1 (B) LESS THAN 70% OF THE FAIR MARKET VALUE OF
2 THE ASSETS OF THE MUNICIPAL PENSION PLAN.

3 (II) AT THE END OF THE ADDITIONAL PERIOD UNDER
4 SUBPARAGRAPH (I), SECTION 210 SHALL APPLY TO THE
5 ACTUARIAL VALUATION OF ASSETS.

6 (C) BENEFIT MODIFICATION.--NO BENEFIT PLAN MODIFICATION
7 SHALL BE ADOPTED UNLESS THE ACTUARIAL VALUE OF THE ASSETS OF THE
8 PENSION PLAN ARE:

9 (1) AT LEAST EQUAL TO 100% OF THE ACTUARIAL VALUE OF
10 LIABILITIES PRIOR TO ADOPTION; AND

11 (2) AT LEAST 90% OF THE ACTUARIAL VALUE OF LIABILITIES
12 AFTER ADOPTION.

13 SECTION 606. RECOVERY PROGRAM LEVEL III.

14 (A) OPTIONAL [REMEDIES] REMEDY.--ANY MUNICIPALITY TO WHICH
15 LEVEL III OF THE RECOVERY PROGRAM APPLIES MAY UTILIZE THE
16 [FOLLOWING REMEDIES:

17 (1) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTIONS
18 PURSUANT TO SECTION 607(C).

19 (2) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
20 LIMITATIONS PURSUANT TO SECTION 607(D).

21 (3) THE] SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO
22 SECTION 607(F).

23 [(4) THE DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER
24 TEN YEARS PURSUANT TO SECTION 607(G) OR THE DELAYED
25 IMPLEMENTATION OF FUNDING STANDARD OVER 15 YEARS WITH 40-YEAR
26 AMORTIZATION PURSUANT TO SECTION 607(H).

27 (5) SUPPLEMENTAL STATE ASSISTANCE PURSUANT TO SECTION
28 607(J).]

29 (B) MANDATORY REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL III
30 OF THE RECOVERY PROGRAM APPLIES SHALL UTILIZE THE FOLLOWING

1 REMEDIES:

2 [(1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
3 607(B) .

4 (2) THE ESTABLISHMENT OF A REVISED BENEFIT PLAN FOR
5 NEWLY HIRED MUNICIPAL EMPLOYEES PURSUANT TO SECTION 607(E) .
6 THE REVISED BENEFIT PLAN SHALL HAVE A NORMAL COST WHICH IS
7 LESS THAN THE NORMAL COST OF THE BENEFIT PLAN APPLICABLE TO
8 CURRENT MUNICIPAL EMPLOYEES AS REPORTED IN THE MOST RECENT
9 PRIOR ACTUARIAL VALUATION REPORT FOR THE PENSION PLAN. IN
10 MAKING THIS DETERMINATION, THE NORMAL COST FOR THE REVISED
11 BENEFIT PLAN SHALL BE CALCULATED BY APPLYING THE REVISED
12 BENEFIT PLAN TO THE CURRENT ACTIVE MEMBERSHIP DEMOGRAPHICS .

13 (3) THE PREPARATION, SUBMISSION AND IMPLEMENTATION OF A
14 PLAN FOR IMPROVEMENT OF THE ADMINISTRATION OF THE PENSION
15 PLAN OR PLANS PURSUANT TO SECTION 607(I) .]

16 (1) PARTICIPATION IN THE MUNICIPAL PENSION RECOVERY
17 PROGRAM FOR ACTIVE, VESTED AND RETIRED MUNICIPAL EMPLOYEES
18 UNDER SECTION 608.1.

19 (I) THE AMORTIZATION TARGET DATE FOR THE UNFUNDED
20 ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE FIRST
21 DAY OF THE VALUATION YEAR IN WHICH A MUNICIPALITY IS
22 DETERMINED TO BE SEVERELY DISTRESSED SHALL BE 30 YEARS.
23 THE ANNUAL AMORTIZATION CONTRIBUTION SHALL BE CALCULATED
24 ON THE BASIS OF A LEVEL ANNUAL DOLLAR AMORTIZATION
25 CONTRIBUTION SPECIFIED IN SECTION 202.

26 (II) THE BIENNIAL ACTUARIAL VALUATION REPORT FILED
27 ON BEHALF OF EACH LEVEL III MUNICIPALITY SHALL UTILIZE AN
28 ACTUARIAL ASSUMPTION AS TO INVESTMENT EARNINGS THAT IS
29 EQUAL TO THE REGULAR INTEREST RATE FIXED BY THE
30 PENNSYLVANIA MUNICIPAL RETIREMENT BOARD, FROM TIME TO

TIME, PLUS 1.5%.

(III) EACH LEVEL III MUNICIPALITY SHALL PAY A
REDUCED MINIMUM MUNICIPAL OBLIGATION CONSISTING OF AN
AMOUNT EQUAL TO:

(A) THE NORMAL COST AND ADMINISTRATIVE EXPENSES
OF THE PENSION PLAN; MINUS

(B) ANTICIPATED MEMBER CONTRIBUTIONS; PLUS

(C) A PERCENTAGE OF THE AMORTIZATION
CONTRIBUTION REQUIREMENT CALCULATED ACCORDING TO
SECTION 202(B)(4).

(IV) PAYMENT UNDER SUBPARAGRAPH (III) SHALL BE
PURSUANT TO THE FOLLOWING SCHEDULE, BEGINNING WITH THE
YEAR IN WHICH THE MUNICIPALITY IS FIRST DETERMINED TO BE
SEVERELY DISTRESSED AND SUBJECT TO LEVEL III:

<u>FIRST YEAR</u>	<u>12.5% OF AMORTIZATION CONTRIBUTION</u>
<u>SECOND YEAR</u>	<u>25% OF AMORTIZATION CONTRIBUTION</u>
<u>THIRD YEAR</u>	<u>37.5% OF AMORTIZATION CONTRIBUTION</u>
<u>FOURTH YEAR</u>	<u>50% OF AMORTIZATION CONTRIBUTION</u>
<u>FIFTH YEAR</u>	<u>62.5% OF AMORTIZATION CONTRIBUTION</u>
<u>SIXTH YEAR</u>	<u>75% OF AMORTIZATION CONTRIBUTION</u>
<u>SEVENTH YEAR</u>	<u>87.5% OF AMORTIZATION CONTRIBUTION</u>
<u>EIGHTH YEAR AND THEREAFTER</u>	<u>100% OF AMORTIZATION CONTRIBUTION</u>

(V) UPON THE EXPIRATION OF THE PERIOD APPLICABLE TO
THE ASSET VALUATION PROVISIONS OF SECTION 210(C), A LEVEL
III MUNICIPALITY MAY UTILIZE A METHOD FOR VALUING ASSETS
THAT MAY NOT PRODUCE A RESULT THAT IN TOTAL IS GREATER

1 THAN 130% OR LESS THAN 70% OF THE FAIR MARKET VALUE OF
2 THE ASSETS OF THE MUNICIPAL PENSION PLAN, FOR AN
3 ADDITIONAL PERIOD OF TWO BIENNIAL ACTUARIAL VALUATION
4 REPORTING PERIODS (ALLOWING AN ADDITIONAL FOUR YEARS FOR
5 A TOTAL OF SIX YEARS), AT THE END OF WHICH PERIOD THE
6 ACTUARIAL VALUATION OF ASSETS SHALL REVERT TO THE METHOD
7 PROVIDED BY SECTION 210.

8 (2) PARTICIPATION IN THE COOPERATIVE MUNICIPAL PENSION
9 PROGRAM FOR NEWLY HIRED MUNICIPAL EMPLOYEES UNDER SECTION
10 608.2.

11 SECTION 11. SECTION 607(B), (E), (F), (G), (H), (J) AND (K)
12 OF THE ACT, AMENDED FEBRUARY 14, 1986 (P.L.23, NO.9), DECEMBER
13 10, 1996 (P.L.934, NO.150) AND JUNE 18, 1998 (P.L.626, NO.82),
14 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO
15 READ:

16 SECTION 607. REMEDIES APPLICABLE TO VARIOUS RECOVERY PROGRAM
17 LEVELS.

18 * * *

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

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

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

1 RECIPIENTS DURING THE YEAR.

2 (2) LEGAL TITLE TO ASSETS IN THE AGGREGATED PENSION
3 TRUST FUND SHALL BE IN THE MUNICIPALITY AS TRUSTEE, OR ITS
4 NOMINEES AS TRUSTEES, FOR ANY PERSON HAVING A BENEFICIAL
5 INTEREST IN A PARTICULAR PENSION PLAN WHICH IS ASSOCIATED
6 WITH THE PENSION TRUST FUND.

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

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

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

17 (6) THE AGGREGATED PENSION TRUST FUND SHALL BE MANAGED
18 BY A BOARD OF TRUSTEES. THE BOARD OF TRUSTEES SHALL INCLUDE
19 AT LEAST ONE REPRESENTATIVE OF THE ACTIVE MEMBERSHIP OF EACH
20 PENSION PLAN INCLUDED IN THE AGGREGATED PENSION TRUST FUND,
21 WHO SHALL BE ELECTED BY THE ACTIVE MEMBERSHIP OF THE
22 APPLICABLE PENSION PLAN. THE REMAINING MEMBERS OF THE BOARD
23 OF TRUSTEES SHALL BE DRAWN FROM THE MANAGING BOARDS OR
24 ENTITIES OF THE ASSOCIATED PENSION PLANS, IN A NUMBER EQUAL
25 TO THE MEMBERS ELECTED BY THE EMPLOYEES. IF THERE IS A
26 DEADLOCK, THE MEMBERS OF THE MANAGING BOARDS OR ENTITIES
27 SHALL MUTUALLY AGREE UPON A MEMBER OF THE GENERAL PUBLIC TO
28 CAST THE DECIDING VOTE.

29 * * *

30 (E) ESTABLISHMENT OF A REVISED BENEFIT PLAN FOR NEWLY HIRED

1 MUNICIPAL EMPLOYEES.--THE MUNICIPALITY MAY ESTABLISH A REVISED
2 BENEFIT PLAN OF THE PENSION PLAN APPLICABLE TO ANY EMPLOYEE
3 FIRST HIRED ON OR AFTER THE EFFECTIVE DATE OF THE INSTRUMENT
4 ESTABLISHING THE REVISED BENEFIT PLAN. AT THE OPTION OF THE
5 MUNICIPALITY, THE REVISED BENEFIT PLAN MAY BE EXTENDED TO
6 INCLUDE AN EMPLOYEE FIRST HIRED PRIOR TO THE EFFECTIVE DATE OF
7 THE INSTRUMENT ESTABLISHING THE REVISED BENEFIT WHO ELECTS THE
8 COVERAGE. THE REVISED BENEFIT PLAN MAY PROVIDE FOR DEFINED
9 BENEFITS, DEFINED CONTRIBUTIONS OR A COMBINATION OF BOTH. MEMBER
10 CONTRIBUTIONS WITH RESPECT TO [THE] A REVISED DEFINED BENEFIT
11 PLAN OF THE PENSION PLAN SHALL AT A MINIMUM BE EQUAL TO OR
12 EXCEED 30% AND AT A MAXIMUM NOT TO EXCEED 50%, OF THE NORMAL
13 COST OF THE PENSION PLAN, EXPRESSED AS A PERCENTAGE OF COVERED
14 PAYROLL, AS REPORTED IN THE MOST RECENT ACTUARIAL VALUATION
15 REPORT OF THE PENSION PLAN. A REVISED DEFINED CONTRIBUTION PLAN
16 SHALL BE CENTRALLY ADMINISTERED AND INVESTED AND SHALL PROVIDE
17 FOR MANDATORY EMPLOYEE CONTRIBUTIONS OF NOT LESS THAN 6% OF
18 COVERED PAYROLL AND A MATCHING EMPLOYER CONTRIBUTION NOT TO
19 EXCEED 6% OF COVERED PAYROLL. A REVISED BENEFIT PLAN FOR NEWLY
20 HIRED MUNICIPAL EMPLOYEES SHALL BE DEVELOPED WITH CONSULTATION
21 WITH REPRESENTATIVES OF THE COLLECTIVE BARGAINING UNIT
22 APPLICABLE TO THE AFFECTED TYPE OF MUNICIPAL EMPLOYEE, IF ANY,
23 AND SHALL BE WITHIN THE SCOPE OF COLLECTIVE BARGAINING PURSUANT
24 TO THE APPLICABLE LAW SUBSEQUENT TO THE ESTABLISHMENT OF THE
25 REVISED BENEFIT PLAN.

26 (F) SPECIAL MUNICIPAL TAXING AUTHORITY.--

27 (1) IF THE TAX RATES SET BY THE MUNICIPALITY ON EARNED
28 INCOME OR ON REAL PROPERTY ARE AT THE MAXIMUM PROVIDED BY
29 APPLICABLE LAW, THE MUNICIPALITY MAY INCREASE ITS TAX ON
30 EITHER EARNED INCOME OR REAL PROPERTY ABOVE THOSE MAXIMUM

1 RATES. THE PROCEEDS OF THIS SPECIAL MUNICIPAL TAX INCREASE
2 SHALL BE USED SOLELY TO DEFRAY THE ADDITIONAL COSTS REQUIRED
3 TO BE PAID PURSUANT TO THIS ACT WHICH ARE DIRECTLY RELATED TO
4 THE PENSION PLANS OF THE MUNICIPALITY. THE MUNICIPALITY
5 UTILIZING THIS SPECIAL MUNICIPAL TAXING AUTHORITY SHALL NOT
6 REDUCE THE LEVEL OF MUNICIPAL CONTRIBUTIONS TO THE PENSION
7 PLANS PRIOR TO THE IMPLEMENTATION OF THE SPECIAL MUNICIPAL
8 TAXING AUTHORITY.

9 (2) THE AVERAGE LEVEL OF MUNICIPAL CONTRIBUTIONS TO THE
10 PENSION PLANS FROM ALL REVENUE SOURCES FOR THE THREE YEARS
11 IMMEDIATELY PRIOR TO THE IMPLEMENTATION OF THE SPECIAL
12 MUNICIPAL TAXING AUTHORITY SHALL BE EXPRESSED AS A PERCENTAGE
13 OF THE AVERAGE COVERED PAYROLL FOR THAT SAME THREE-YEAR
14 PERIOD: PROVIDED, HOWEVER, THAT ANY SUPPLEMENTAL
15 CONTRIBUTIONS MADE TO THE PLANS PURSUANT TO ANY PENSION
16 RECOVERY LEGISLATION ENACTED BY THE MUNICIPALITIES SHALL BE
17 EXCLUDED FOR PURPOSES OF DETERMINING THE LEVEL OF MUNICIPAL
18 CONTRIBUTION TO THE PENSION PLANS PRIOR TO THE IMPLEMENTATION
19 OF THE SPECIAL MUNICIPAL TAXING AUTHORITY. IN EACH YEAR
20 SUBSEQUENT TO THE IMPLEMENTATION OF THE SPECIAL MUNICIPAL
21 TAXING AUTHORITY, THE MUNICIPAL CONTRIBUTIONS TO THE PENSION
22 PLAN FROM ALL REVENUE SOURCES EXISTING PRIOR TO THE
23 IMPLEMENTATION OF THE SPECIAL EXISTING MUNICIPAL TAXING
24 AUTHORITY, REDUCED BY ANY SUPPLEMENTAL PENSION RECOVERY
25 CONTRIBUTIONS, SHALL EQUAL OR EXCEED THIS AVERAGE PERCENTAGE
26 OF THE CURRENT COVERED PAYROLL. A MUNICIPALITY UTILIZING THE
27 PROVISIONS OF SECTION 404 MAY LEVY OR CONTINUE TO LEVY THE
28 SPECIAL MUNICIPAL TAX INCREASE UNDER THIS SUBSECTION PROVIDED
29 THAT THE MUNICIPALITY DOES NOT REDUCE THE LEVEL OF MUNICIPAL
30 CONTRIBUTIONS TO THE PENSION PLANS PRIOR TO THE

1 IMPLEMENTATION OF THE SPECIAL MUNICIPAL TAXING AUTHORITY. IN
2 EXECUTING THE PROCEDURE PRESCRIBED IN THIS SUBSECTION TO
3 DETERMINE THE LEVEL OF MUNICIPAL CONTRIBUTIONS, THE DEBT
4 SERVICE PAYMENTS FOR BONDS OR NOTES ISSUED UNDER SECTION 404
5 SHALL BE CONSIDERED MUNICIPAL CONTRIBUTIONS.

6 (F.1) LIMITATION ON SPECIAL MUNICIPAL TAXING AUTHORITY.--
7 BEGINNING JANUARY 1, 2010, AND CONTINUING FOR EACH YEAR
8 THEREAFTER, NO SPECIAL MUNICIPAL TAX INCREASE MAY BE ASSESSED OR
9 USED FOR ANY PURPOSE OTHER THAN TO DEFRAY THE ADDITIONAL COSTS
10 REQUIRED TO BE PAID PURSUANT TO THIS ACT AND WHICH ARE DIRECTLY
11 RELATED TO THE PENSION PLANS OF THE MUNICIPALITY AND WHICH ARE
12 INCLUDED IN THE CALCULATION OF THE FINANCIAL REQUIREMENTS OF THE
13 PENSION PLAN AND THE MINIMUM MUNICIPAL OBLIGATION. IF THE
14 MUNICIPALITY ASSESSES OR UTILIZES THE SPECIAL MUNICIPAL TAX
15 INCREASE TO FUND OTHER POST-EMPLOYMENT BENEFITS, THE COST OF
16 THOSE BENEFITS SHALL BE SUBJECT TO THE ACTUARIAL FUNDING AND
17 REPORTING STANDARDS OF THIS ACT.

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,
21 WHICHEVER IS APPLICABLE, OVER A PERIOD NOT TO EXCEED TEN YEARS
22 IN DURATION, AND MAY CALCULATE THAT ACTUARIAL FUNDING STANDARD
23 ON THE BASIS OF A 30-YEAR AMORTIZATION PERIOD FOR THE INCREMENT
24 OF UNFUNDED ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE
25 BEGINNING OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR 1985.
26 DURING THE DELAYED IMPLEMENTATION PERIOD, THE MUNICIPALITY SHALL
27 MAKE A MUNICIPAL CONTRIBUTION TO EACH MUNICIPAL PENSION PLAN OF
28 AN AMOUNT EQUAL TO NOT LESS THAN THE MUNICIPAL CONTRIBUTION TO
29 THE MUNICIPAL PENSION PLAN MADE IN THE IMMEDIATE PRIOR YEAR AND
30 THE FOLLOWING PERCENTAGE OF THE DIFFERENCE BETWEEN THAT AMOUNT

1 AND THE FULL MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE
2 PENSION PLAN PURSUANT TO SECTION 302 OR 303, WHICHEVER IS
3 APPLICABLE:

4	YEAR	PERCENTAGE OF DIFFERENCE
5	1985	10%
6	1986	20%
7	1987	30%
8	1988	40%
9	1989	50%
10	1990	60%
11	1991	70%
12	1992	80%
13	1993	90%
14	1994 AND THEREAFTER	100%

15 THE MUNICIPALITY MAY CALCULATE THE ANNUAL AMORTIZATION
16 CONTRIBUTION ON THE BASIS OF A LEVEL PERCENTAGE OF FUTURE
17 INCREASING COVERED PAYROLL AMORTIZATION CONTRIBUTION RATHER THAN
18 ON THE BASIS OF THE LEVEL ANNUAL DOLLAR AMORTIZATION
19 CONTRIBUTION SPECIFIED IN SECTION 202.

20 (H) DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER 15
21 YEARS; 40-YEAR AMORTIZATION PERIOD.--THE MUNICIPALITY MAY DELAY
22 FULL IMPLEMENTATION OF THE ACTUARIAL FUNDING STANDARD SPECIFIED
23 IN SECTION 302 OR 303, WHICHEVER IS APPLICABLE, OVER A PERIOD
24 NOT TO EXCEED 15 YEARS IN DURATION AND MAY CALCULATE THAT
25 ACTUARIAL FUNDING STANDARD ON THE BASIS OF A 40-YEAR
26 AMORTIZATION PERIOD FOR THE INCREMENT OF UNFUNDED ACTUARIAL
27 ACCRUED LIABILITY IN EXISTENCE AS OF THE BEGINNING OF THE PLAN
28 YEAR OCCURRING IN CALENDAR YEAR 1985. DURING THE DELAYED
29 IMPLEMENTATION PERIOD, THE MUNICIPALITY SHALL MAKE A MUNICIPAL
30 CONTRIBUTION TO EACH MUNICIPAL PENSION PLAN OF AN AMOUNT EQUAL

TO NOT LESS THAN THE MUNICIPAL CONTRIBUTION TO THE MUNICIPAL
PENSION PLAN MADE IN THE IMMEDIATE PRIOR YEAR AND THE FOLLOWING
PERCENTAGE OF THE DIFFERENCE BETWEEN THAT AMOUNT AND THE FULL
MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE PENSION PLAN
PURSUANT TO SECTION 302 OR 303, WHICHEVER IS APPLICABLE,
CALCULATED USING THE APPLICABLE 40-YEAR AMORTIZATION PERIOD:

YEAR	PERCENTAGE OF DIFFERENCE
------	--------------------------

1985	6.7%
1986	13.4%
1987	20.1%
1988	26.8%
1989	33.5%
1990	40.2%
1991	46.9%
1992	53.6%
1993	60.3%
1994	67.0%
1995	73.7%
1996	80.4%
1997	87.1%
1998	93.8%
1999	100.0%

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

(H.1) REDUCED MINIMUM MUNICIPAL OBLIGATION.--

(1) THE TIME PERIOD FOR USE OF THE REDUCED MINIMUM
MUNICIPAL OBLIGATION AND REDUCED AMORTIZATION PAYMENT SHALL

1 BE LIMITED TO THE PERIOD APPLICABLE TO THE MUNICIPALITY'S
2 LEVEL OF DISTRESS AS LAST DETERMINED BY THE COMMISSION.

3 (2) IF A MUNICIPALITY'S DISTRESS LEVEL BECOMES WORSE AS
4 OF A FUTURE FILING PERIOD, THE SPECIAL AMORTIZATION AND
5 MINIMUM MUNICIPAL CONTRIBUTION REMEDY SHALL BE EXTENDED BY
6 THE DIFFERENCE BETWEEN:

7 (I) THE PERIOD ALLOWED FOR THE PREVIOUS DISTRESS
8 LEVEL; AND

9 (II) THE PERIOD APPLICABLE TO THE NEW LEVEL OF
10 DISTRESS.

11 (3) IF A MUNICIPALITY'S DISTRESS LEVEL IMPROVES, THE
12 REDUCED MINIMUM MUNICIPAL OBLIGATION AND SPECIAL AMORTIZATION
13 PERIOD SHALL CONTINUE FOR THE DURATION OF THE PERIOD
14 APPLICABLE TO THE PREVIOUS DISTRESS LEVEL DETERMINATION.

15 * * *

16 [(J) SUPPLEMENTAL STATE ASSISTANCE.--IF EVERY PENSION PLAN
17 OF THE MUNICIPALITY WHICH IS A DEFINED BENEFIT PLAN AND WHICH IS
18 SELF-INSURED IN WHOLE OR IN PART HAS FILED AN ACTUARIAL
19 VALUATION REPORT UTILIZING THE STANDARDIZED ACTUARIAL COST
20 METHOD AND ECONOMIC ACTUARIAL ASSUMPTIONS WITHIN THE RANGE OF
21 ACTUARIAL ASSUMPTIONS SPECIFIED IN SECTION 202(B) AND IF THE
22 MUNICIPALITY HAS IMPLEMENTED THE AGGREGATION OF TRUST FUNDS
23 PURSUANT TO SUBSECTION (B), THE MUNICIPALITY MAY RECEIVE
24 SUPPLEMENTAL STATE ASSISTANCE FROM THE SUPPLEMENTAL STATE
25 ASSISTANCE FUND ESTABLISHED PURSUANT TO SECTION 608. THE AMOUNT
26 OF THE SUPPLEMENTAL STATE ASSISTANCE TO WHICH THE MUNICIPALITY
27 IS ENTITLED SHALL BE DETERMINED ANNUALLY BASED ON THE
28 DETERMINATION SCORING WHICH THE MUNICIPALITY RECEIVED FROM THE
29 COMMISSION PURSUANT TO SECTION 503, AS FOLLOWS:

30 (1) THE DETERMINATION SCORE OF THE MUNICIPALITY SHALL BE

1 REDUCED BY AN AMOUNT EQUAL TO 25% OF THE MAXIMUM POSSIBLE
2 DETERMINATION SCORE.

3 (2) THE RESULT CALCULATED PURSUANT TO PARAGRAPH (1)
4 SHALL BE EXPRESSED AS A PERCENTAGE OF THE MAXIMUM POSSIBLE
5 DETERMINATION SCORE.

6 (2.1) FOR THE SUPPLEMENTAL STATE ASSISTANCE DISTRIBUTED
7 IN DECEMBER OF 1997, THE PERCENTAGE CALCULATED PURSUANT TO
8 PARAGRAPH (2) SHALL BE APPLIED TO THE DOLLAR AMOUNT OF
9 DIFFERENCE BETWEEN THE GREATER OF THE AMOUNT OF THE MUNICIPAL
10 CONTRIBUTION OR THE AMOUNT OF THE ACTUAL MUNICIPAL DEPOSIT TO
11 ALL MUNICIPAL PENSION PLANS IN AGGREGATE AND THE FULL MINIMUM
12 MUNICIPAL OBLIGATION WITH RESPECT TO THE PENSION PLANS
13 PURSUANT TO SECTION 302 OR 303, WHICHEVER IS APPLICABLE, TO
14 DETERMINE THE AMOUNT OF SUPPLEMENTAL STATE ASSISTANCE FOR THE
15 MUNICIPALITY.

16 (3) FOR THE SUPPLEMENTAL STATE ASSISTANCE DISTRIBUTED IN
17 DECEMBER OF 1998 AND THEREAFTER, THE PERCENTAGE CALCULATED
18 PURSUANT TO PARAGRAPH (2) SHALL BE APPLIED TO THE DOLLAR
19 AMOUNT OF DIFFERENCE BETWEEN THE AMOUNT OF THE MUNICIPAL
20 CONTRIBUTION TO ALL MUNICIPAL PENSION PLANS IN AGGREGATE AND
21 THE FULL MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE
22 PENSION PLAN PURSUANT TO SECTION 302 OR 303, WHICHEVER IS
23 APPLICABLE, TO DETERMINE THE AMOUNT OF SUPPLEMENTAL STATE
24 ASSISTANCE FOR THE MUNICIPALITY. FOR THE PURPOSES OF THIS
25 PARAGRAPH, THE MUNICIPAL CONTRIBUTION OF A MUNICIPALITY THAT
26 HAS ISSUED BONDS OR NOTES TO FUND AN UNFUNDED ACTUARIAL
27 ACCRUED LIABILITY UNDER THE ACT OF JULY 12, 1972 (P.L.781,
28 NO.185), KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, OR
29 UNDER OTHER LAWS APPLICABLE TO THE MUNICIPALITY, SHALL
30 INCLUDE DEBT SERVICE ON THE BONDS OR NOTES, OR BOTH, ISSUED

1 TO FUND AN UNFUNDED ACTUARIAL ACCRUED LIABILITY.
2 IN THE EVENT THAT THE TOTAL AMOUNT OF SUPPLEMENTAL STATE
3 ASSISTANCE DETERMINED AS PAYABLE TO ALL MUNICIPALITIES ENTITLED
4 TO RECEIVE SUPPLEMENTAL STATE ASSISTANCE EXCEEDS THE MAXIMUM
5 APPROPRIATION PROVIDED FOR IN SECTION 608(B), THE AMOUNT OF
6 SUPPLEMENTAL STATE ASSISTANCE WHICH SHALL BE PAYABLE TO EACH
7 MUNICIPALITY SHALL BE PROPORTIONATELY REDUCED. THE SUPPLEMENTAL
8 STATE ASSISTANCE SHALL BE DISTRIBUTED ANNUALLY ON THE FIRST
9 BUSINESS DAY OCCURRING IN DECEMBER. FOR THE PURPOSES OF THIS
10 SUBSECTION, THE TERM "MUNICIPAL CONTRIBUTION" SHALL MEAN THE SUM
11 OF THE CURRENT YEAR'S MINIMUM MUNICIPAL OBLIGATION, THE ANNUAL
12 INTEREST PAYABLE ON ANY CURRENT OR PRIOR PERIOD FUNDING
13 DEFICIENCIES AND THE TOTAL AMOUNT OF ANY DISCRETIONARY DEPOSITS
14 TO THE PENSION FUND IN THE CURRENT YEAR.

15 (K) EMERGENCY LOAN PROCEDURES.--THE MUNICIPALITY MAY RECEIVE
16 A LOAN FROM THE SUPPLEMENTAL STATE ASSISTANCE FUND IN ANY YEAR
17 DURING THE EXISTENCE OF THE FUND IN AN AMOUNT CERTIFIED BY THE
18 COMMISSION. THE LOAN AMOUNT SHALL BE SUFFICIENT TO ELIMINATE THE
19 POSSIBILITY OF IMMINENT DEFAULT DURING THE NEXT 12 CONSECUTIVE
20 CALENDAR MONTHS IN THE PAYMENT OF RETIREMENT AND OTHER BENEFITS
21 BY ONE OR MORE OF THE PENSION PLANS MAINTAINED BY THE
22 MUNICIPALITY. TERMS FOR THE REPAYMENT OF ANY LOAN SHALL BE
23 ESTABLISHED BY AGREEMENT BETWEEN THE MUNICIPALITY AND THE
24 COMMISSION PRIOR TO THE LOAN.]

25 SECTION 12. SECTION 608 OF THE ACT IS AMENDED TO READ:
26 [SECTION 608. SUPPLEMENTAL STATE ASSISTANCE PROGRAM AND FUND.

27 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A
28 SUPPLEMENTAL STATE ASSISTANCE PROGRAM AND FUND. THE SUPPLEMENTAL
29 STATE ASSISTANCE FUND SHALL BE COMPRISED OF A SUPPLEMENTAL STATE
30 ASSISTANCE ACCOUNT. THE SUPPLEMENTAL STATE ASSISTANCE PROGRAM

1 AND FUND SHALL BE ADMINISTERED BY THE AUDITOR GENERAL.

2 (B) SUPPLEMENTAL STATE ASSISTANCE ACCOUNT.--SUPPLEMENTAL
3 STATE ASSISTANCE PAYABLE PURSUANT TO SECTION 607(J) SHALL BE
4 PAID FROM THE SUPPLEMENTAL STATE ASSISTANCE ACCOUNT. THE
5 SUPPLEMENTAL STATE ASSISTANCE ACCOUNT SHALL BE FUNDED FROM AN
6 APPROPRIATION BY THE COMMONWEALTH FROM THE GENERAL FUND OF THE
7 COMMONWEALTH. ANNUALLY THE COMMISSION SHALL CALCULATE THE AMOUNT
8 OF SUPPLEMENTAL STATE ASSISTANCE PAYABLE TO ALL ELIGIBLE
9 MUNICIPALITIES AND SHALL CERTIFY THE REQUIRED AMOUNT TO THE
10 GENERAL ASSEMBLY. THE AMOUNT OF ANY ANNUAL CERTIFICATION OF AN
11 APPROPRIATION BY THE COMMISSION SHALL NOT EXCEED \$35,000,000.
12 THE GENERAL ASSEMBLY SHALL MAKE AN APPROPRIATION TO THE
13 SUPPLEMENTAL STATE ASSISTANCE ACCOUNT SUFFICIENT TO PROVIDE FOR
14 THE AMOUNT CERTIFIED BY THE COMMISSION. THE APPROPRIATION SHALL
15 BE DEPOSITED ON THE LAST BUSINESS DAY IN NOVEMBER ANNUALLY.

16 (C) PRECONDITIONS.--AS A PRECONDITION FOR THE RECEIPT OF ANY
17 SUPPLEMENTAL STATE ASSISTANCE, THE MUNICIPALITY SHALL
18 DEMONSTRATE PRIOR GOOD FAITH COMPLIANCE WITH ANY APPLICABLE
19 MUNICIPAL PENSION PLAN ACTUARIAL FUNDING STANDARD IN EFFECT. .
20 THE MUNICIPALITY SHALL ALSO IMPLEMENT ANY MANDATORY ASPECTS OF
21 THE APPLICABLE RECOVERY PROGRAM LEVEL.

22 (D) WARRANTS.--ANY SUPPLEMENTAL STATE ASSISTANCE SHALL BE
23 PAYABLE ON WARRANTS DRAWN BY THE AUDITOR GENERAL BASED ON
24 CERTIFICATIONS OF THE COMMISSION.

25 (E) EXPIRATION.--THE SUPPLEMENTAL STATE ASSISTANCE PROGRAM
26 AND FUND SHALL TERMINATE IN 2003 OR IN THE FIRST YEAR IN WHICH
27 THERE ARE NO MUNICIPALITIES ENTITLED TO RECEIVE SUPPLEMENTAL
28 STATE ASSISTANCE, WHICHEVER OCCURS EARLIER.]

29 SECTION 13. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
30 SECTION 608.1. MUNICIPAL PENSION RECOVERY PROGRAM.

1 (A) ESTABLISHMENT.--THE MUNICIPAL PENSION RECOVERY PROGRAM
2 IS ESTABLISHED. THE PROGRAM SHALL BE ADMINISTERED BY THE
3 PENNSYLVANIA MUNICIPAL RETIREMENT BOARD.

4 (B) MEMBERSHIP.--ONCE A MUNICIPALITY IS DETERMINED TO
5 QUALIFY FOR THE LEVEL III RECOVERY PROGRAM UNDER SECTION 606,
6 ANY AND ALL PENSION PLANS AND ASSETS THEN MAINTAINED BY THE
7 MUNICIPALITY SHALL BE TRANSFERRED TO THE PENNSYLVANIA MUNICIPAL
8 RETIREMENT SYSTEM FOR ADMINISTRATION UNDER THE PROGRAM; AND ALL
9 PENSION RIGHTS, PRIVILEGES AND BENEFITS, EXCEPT HOSPITAL,
10 MEDICAL AND OTHER HEALTH INSURANCE COVERAGE, SHALL BE GOVERNED
11 SOLELY AND EXCLUSIVELY BY THE PROGRAM. NO OTHER STATUTE,
12 ORDINANCE, CONTRACT, ARBITRATION AWARD OR PRACTICE SHALL PERMIT
13 OR AUTHORIZE ANY DEVIATION FROM OR ALTERATION OF THE TERMS OF
14 THE LEGISLATIVE ENACTMENTS SPECIFICALLY GOVERNING THE TERMS OF
15 THE PROGRAM.

16 (C) EXCLUSIONS.--FOR PURPOSES OF THIS SECTION, MULTIEMPLOYER
17 JOINTLY TRUSTEED TAFT-HARTLEY COLLECTIVELY BARGAINED PENSION
18 PLANS SHALL NOT BE CONSIDERED AS PENSION PLANS AND ASSETS THEN
19 MAINTAINED BY THE MUNICIPALITY, AND EMPLOYEES SUBJECT TO
20 MULTIEMPLOYER COLLECTIVELY BARGAINED PENSION PLANS SHALL NOT BE
21 INCLUDED IN THE PROGRAM.

22 (D) LIABILITY.--

23 (1) THE LIABILITY TO CONTINUE PAYMENT OF PENSION
24 BENEFITS SHALL REMAIN THE EXCLUSIVE RESPONSIBILITY OF THE
25 EMPLOYING MUNICIPALITY.

26 (2) EXCEPT AS SET FORTH IN PARAGRAPH (3), THE MINIMUM
27 MUNICIPAL OBLIGATION OF EACH MUNICIPALITY QUALIFIED FOR THE
28 LEVEL III RECOVERY PROGRAM SHALL BE DETERMINED ON THE BASIS
29 OF ACTUARIAL VALUATION REPORTS UTILIZING THE ACTUARIAL
30 ASSUMPTIONS ADOPTED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT

1 BOARD.

2 (3) THE INVESTMENT EARNINGS ASSUMPTION SHALL BE 1.5%
3 HIGHER THAN THE ASSUMPTION APPLICABLE TO MUNICIPALITIES
4 PARTICIPATING UNDER ARTICLE II, III OR IV OF ACT OF FEBRUARY
5 1, 1974 (P.L.34, NO.15), KNOWN AS THE PENNSYLVANIA MUNICIPAL
6 RETIREMENT LAW.

7 SECTION 608.2. COOPERATIVE MUNICIPAL PENSION PROGRAM.

8 (A) ESTABLISHMENT.--THE COOPERATIVE MUNICIPAL PENSION
9 PROGRAM IS ESTABLISHED. THE PROGRAM SHALL BE ADMINISTERED BY THE
10 PENNSYLVANIA MUNICIPAL RETIREMENT BOARD.

11 (B) MEMBERSHIP.--ONCE A MUNICIPALITY IS DETERMINED TO
12 QUALIFY FOR THE LEVEL III RECOVERY PROGRAM UNDER SECTION 606,
13 ALL EMPLOYEES SUBSEQUENTLY HIRED OR RETURNING TO EMPLOYMENT
14 AFTER SEPARATION FROM SERVICE AND ALL EMPLOYEES TO WHOM PENSION
15 COVERAGE IS NEWLY EXTENDED BY THE MUNICIPALITY SHALL BE ENROLLED
16 IN THE PROGRAM; AND ALL PENSION RIGHTS, PRIVILEGES AND BENEFITS,
17 EXCEPT HOSPITAL, MEDICAL AND OTHER HEALTH INSURANCE COVERAGE,
18 SHALL BE GOVERNED SOLELY AND EXCLUSIVELY THEREBY. NO OTHER
19 STATUTE, ORDINANCE, CONTRACT, ARBITRATION AWARD OR PRACTICE
20 SHALL PERMIT OR AUTHORIZE ANY DEVIATION FROM OR ALTERATION OF
21 THE TERMS OF THE LEGISLATIVE ENACTMENTS SPECIFICALLY GOVERNING
22 THE TERMS OF THE PROGRAM.

23 (C) BENEFITS.--SUPERANNUATION RETIREMENT BENEFITS SHALL BE
24 CALCULATED AS FOLLOWS:

25 (1) IN ALL CITIES SUBJECT TO THIS SECTION, PUBLIC SAFETY
26 EMPLOYEES IN THE POLICE, FIRE OR EMERGENCY SERVICES
27 DEPARTMENTS SHALL BE ENTITLED TO SUPERANNUATION RETIREMENT
28 UPON ATTAINMENT OF AGE 50 AND COMPLETION OF NOT LESS THAN 20
29 YEARS OF SERVICE, CALCULATED AT THE RATE OF 2.25% OF FINAL
30 AVERAGE SALARY EARNED DURING THE THREE HIGHEST CONSECUTIVE

1 YEARS OF SERVICE.

2 (2) IN ALL CITIES SUBJECT TO THIS SECTION, GENERAL
3 MUNICIPAL EMPLOYEES SHALL BE ENTITLED TO SUPERANNUATION
4 RETIREMENT UPON ATTAINMENT OF AGE 65 AND COMPLETION OF NOT
5 LESS THAN 30 YEARS OF SERVICE, CALCULATED AT THE RATE OF 2%
6 OF FINAL AVERAGE SALARY EARNED DURING THE THREE HIGHEST
7 CONSECUTIVE YEARS OF SERVICE.

8 (3) IN ALL MUNICIPALITIES OTHER THAN CITIES SUBJECT TO
9 THIS SECTION, PUBLIC SAFETY EMPLOYEES IN THE POLICE, FIRE OR
10 EMERGENCY SERVICES DEPARTMENTS SHALL BE ENTITLED TO
11 SUPERANNUATION RETIREMENT UPON ATTAINMENT OF AGE 55 AND
12 COMPLETION OF NOT LESS THAN 25 YEARS OF SERVICE, CALCULATED
13 AT THE RATE OF 2% OF FINAL AVERAGE SALARY EARNED DURING THE
14 THREE HIGHEST CONSECUTIVE YEARS OF SERVICE.

15 (4) IN ALL MUNICIPALITIES OTHER THAN CITIES SUBJECT TO
16 THESE PROVISIONS, GENERAL MUNICIPAL EMPLOYEES SHALL BE
17 ENTITLED TO SUPERANNUATION RETIREMENT UPON ATTAINMENT OF AGE
18 65 AND COMPLETION OF NOT LESS THAN 30 YEARS OF SERVICE,
19 CALCULATED AT THE RATE OF 1.5% OF FINAL AVERAGE SALARY EARNED
20 DURING THE THREE HIGHEST CONSECUTIVE YEARS OF SERVICE.

21 (5) IF POSITIONS COVERED BY THIS SECTION ARE INCLUDED IN
22 AN AGREEMENT UNDER THE SOCIAL SECURITY ACT (49 STAT. 620, 42
23 U.S.C. § 301 ET SEQ.), THE BENEFIT SET FORTH IN PARAGRAPH
24 (1), (2), (3) OR (4) SHALL, UPON THE MEMBER'S ATTAINMENT OF
25 ELIGIBILITY TO RECEIVE FULL SOCIAL SECURITY OLD-AGE BENEFITS,
26 BE OFFSET BY THE AMOUNT OF THE MEMBER'S FULL SOCIAL SECURITY
27 OLD-AGE INSURANCE BENEFIT CALCULATED IN ACCORDANCE WITH THE
28 PROVISIONS OF THE SOCIAL SECURITY ACT IN EFFECT ON THE DATE
29 OF TERMINATION OF EMPLOYMENT. ONLY COMPENSATION FOR SERVICES
30 ACTUALLY RENDERED BY THE MEMBER AND COVERED BY THE PENSION

1 SYSTEM CREATED BY THIS SECTION SHALL BE INCLUDED IN
2 CALCULATING THE OFFSET UNDER THIS PARAGRAPH.

3 (D) CONTRIBUTIONS.--

4 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), ALL MEMBERS OF
5 THE COOPERATIVE MUNICIPAL PENSION AND SECURITY PROGRAM SHALL
6 CONTRIBUTE TO THEIR PENSION, BY PAYROLL DEDUCTION, AN AMOUNT
7 EQUAL TO THREE TIMES THE ACCRUAL RATE APPROPRIATE TO THEIR
8 CLASS OF SERVICE.

9 (2) MEMBERS SUBJECT TO THE SOCIAL SECURITY OFFSET OF
10 SUBSECTION (C) (5) SHALL CONTRIBUTE TO THEIR PENSION, BY
11 PAYROLL DEDUCTION, AN AMOUNT EQUAL TO 1.5% TIMES THE ACCRUAL
12 RATE APPROPRIATE TO THEIR CLASS OF SERVICE.

13 (E) RETIREMENT OPTIONS.--AT THE TIME OF RETIREMENT, A MEMBER
14 MAY ELECT TO RECEIVE BENEFITS IN A RETIREMENT ALLOWANCE PAYABLE
15 THROUGHOUT THE MEMBER'S LIFE. THIS ELECTION IS KNOWN AS A SINGLE
16 LIFE ANNUITY. INSTEAD OF RECEIVING A SINGLE LIFE ANNUITY, THE
17 MEMBER MAY ELECT TO RECEIVE THE EQUIVALENT ACTUARIAL VALUE AT
18 THE TIME OF RETIREMENT IN A LESSER ALLOWANCE, PAYABLE THROUGHOUT
19 LIFE WITH PROVISIONS THAT, UPON THE MEMBER'S DEATH:

20 (1) THE MEMBER'S RETIREMENT ALLOWANCE SHALL BE CONTINUED
21 THROUGHOUT THE LIFE OF AND PAID TO THE MEMBER'S SURVIVOR
22 ANNUITANT, IF THEN LIVING; OR

23 (2) ONE-HALF OF THE MEMBER'S RETIREMENT ALLOWANCE SHALL
24 BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO THE MEMBER'S
25 SURVIVOR ANNUITANT, IF THEN LIVING.

26 (F) DISABILITY RETIREMENT.--

27 (1) THIS SUBSECTION APPLIES TO ALL OF THE FOLLOWING
28 MEMBERS:

29 (I) AN ACTIVE MUNICIPAL EMPLOYEE WHO HAS ACCUMULATED
30 AT LEAST FIVE YEARS OF TOTAL CREDITED SERVICE.

1 (II) AN ACTIVE MUNICIPAL POLICE OFFICER OR MUNICIPAL
2 FIREFIGHTER REGARDLESS OF CREDITED YEARS OF SERVICE.

3 (2) A MEMBER SUBJECT TO THIS SUBSECTION UNDER PARAGRAPH
4 (1) MAY, UPON APPLICATION, BE RETIRED BY THE BOARD OF
5 PENSIONS AND RETIREMENT ON A DISABILITY ALLOWANCE IF
6 DETERMINED TO BE MENTALLY OR PHYSICALLY PERMANENTLY INCAPABLE
7 OF CONTINUING TO PERFORM THE DUTIES FOR WHICH THE MEMBER IS
8 EMPLOYED. THE DISABILITY ANNUITY SHALL BE DETERMINED UNDER
9 THE FOLLOWING PARAGRAPHS.

10 (3) MULTIPLY:

11 (I) THE BENEFIT ACCRUAL RATE APPLICABLE TO THE
12 MEMBER'S RETIREMENT PLAN; BY

13 (II) THE MEMBER'S TOTAL NUMBER OF YEARS OF CREDITED
14 SERVICE.

15 (4) IF THE PRODUCT UNDER PARAGRAPH (3) IS MORE THAN
16 16.667, THE DISABILITY ANNUITY IS THE PRODUCT OF:

17 (I) A STANDARD SINGLE LIFE ANNUITY; AND

18 (II) THE BENEFIT ACCRUAL RATE APPLICABLE TO THE
19 MEMBER'S RETIREMENT PLAN.

20 (5) IF THE PRODUCT UNDER PARAGRAPH (3) IS NOT MORE THAN
21 16.667, THE DISABILITY ANNUITY IS DETERMINED AS FOLLOWS:

22 (I) MULTIPLY:

23 (A) THE ACCRUAL RATE APPLICABLE TO THE MEMBER ON
24 THE EFFECTIVE DATE OF THE DISABILITY; BY

25 (B) EITHER:

26 (I) THE TOTAL YEARS AND PARTIAL YEARS OF
27 CREDITED SERVICE THE MEMBER WOULD HAVE EARNED IF
28 THE MEMBER WERE TO CONTINUE AS AN EMPLOYEE UNTIL
29 ATTAINING ELIGIBILITY FOR A SUPERANNUATION
30 RETIREMENT ALLOWANCE; OR

1 (II) IF THE MEMBER HAS ATTAINED ELIGIBILITY
2 FOR A SUPERANNUATION RETIREMENT ALLOWANCE AT THE
3 TIME OF THE DISABILITY, THE NUMBER OF YEARS OF
4 CREDITED SERVICE.

5 (II) DIVIDE:

6 (A) THE PRODUCT UNDER SUBPARAGRAPH (I); BY

7 (B) THE NUMBER OF YEARS AND PARTIAL YEARS OF
8 CREDITED SERVICE EARNED BY THE MEMBER AS OF THE
9 EFFECTIVE DATE OF THE DISABILITY.

10 (III) DIVIDE:

11 (A) 16.667; BY

12 (B) THE NUMBER OF YEARS AND PARTIAL YEARS OF
13 CREDITED SERVICE EARNED BY THE MEMBER AS OF THE
14 EFFECTIVE DATE OF THE DISABILITY.

15 (IV) MULTIPLY THE STANDARD SINGLE LIFE ANNUITY BY
16 THE LESSER OF:

17 (A) THE QUOTIENT UNDER SUBPARAGRAPH (II); OR

18 (B) THE QUOTIENT UNDER SUBPARAGRAPH (III).

19 (G) SERVICE CONNECTED DISABILITY.--

20 (1) THIS SUBSECTION APPLIES IF:

21 (I) A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A
22 DISABILITY ANNUITY; AND

23 (II) THE DISABILITY HAS BEEN FOUND TO BE A SERVICE
24 CONNECTED DISABILITY.

25 (2) A MEMBER SUBJECT TO THIS SUBSECTION UNDER PARAGRAPH
26 (1) SHALL RECEIVE A SUPPLEMENT EQUAL TO:

27 (I) 70% OF THE MEMBER'S FINAL AVERAGE SALARY; MINUS

28 (II) THE SUM OF:

29 (A) THE ANNUITY AS DETERMINED UNDER SUBSECTION

30 (F); AND

1 (B) PAYMENTS PAID OR PAYABLE ON ACCOUNT OF THE
2 DISABILITY UNDER:

3 (I) THE ACT OF JUNE 2, 1915 (P.L.736,
4 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT;

5 (II) THE ACT OF JUNE 21, 1939 (P.L.566,
6 NO.284), KNOWN AS THE PENNSYLVANIA OCCUPATIONAL
7 DISEASE ACT; AND

8 (III) THE SOCIAL SECURITY ACT (49 STAT. 620,
9 42 U.S.C. § 301 ET SEQ.).

10 (H) VESTING.--A MEMBER WHO CEASES TO BE AN ACTIVE MEMBER FOR
11 ANY REASON AFTER HAVING COMPLETED AT LEAST TEN YEARS OF CREDITED
12 SERVICE BUT BEFORE MEETING THE SUPERANNUATION RETIREMENT SERVICE
13 REQUIREMENT SHALL BE ENTITLED TO VEST RETIREMENT BENEFITS UNTIL
14 THE MEMBER ATTAINS SUPERANNUATION RETIREMENT AGE.

15 (I) ALTERNATIVE RETIREMENT PROGRAM.--

16 (1) A MUNICIPAL EMPLOYEE MAY, WITHIN 30 DAYS OF
17 INITIATING EMPLOYMENT COVERED BY THIS SECTION, MAKE AN
18 IRREVOCABLE ELECTION TO PARTICIPATE IN AN ALTERNATIVE
19 INDEPENDENT DEFINED CONTRIBUTION RETIREMENT PROGRAM APPROVED
20 BY THE BOARD.

21 (2) TO BE APPROVED, THE ALTERNATIVE DEFINED CONTRIBUTION
22 PROGRAM MUST:

23 (I) CENTRALIZE MANAGEMENT AND INVESTMENT;

24 (II) OFFER A VARIETY OF INVESTMENT ASSET
25 ALLOCATIONS; AND

26 (III) MANDATE BOTH THE EMPLOYEE AND EMPLOYER TO
27 CONTRIBUTE 6% OF THE MEMBER'S COVERED PAYROLL.

28 (3) AN ELECTION BY AN EMPLOYEE TO PARTICIPATE SHALL BE
29 FINAL, BINDING AND IRREVOCABLE AND SHALL APPLY TO ALL FUTURE
30 EMPLOYMENT WITH ANY MUNICIPALITY SUBJECT TO THESE PROVISIONS.

1 (J) DEFINITION.--AS USED IN THIS SECTION, THE TERM "SALARY"
2 MEANS THE FIXED AMOUNT OF COMPENSATION PAID AT REGULAR, PERIODIC
3 INTERVALS BY A MUNICIPALITY TO THE MEMBER AND FROM WHICH PENSION
4 CONTRIBUTIONS HAVE BEEN DEDUCTED.

5 SECTION 14. SECTION 609 OF THE ACT IS AMENDED TO READ:
6 SECTION 609. RULES AND REGULATIONS.

7 THE COMMISSION MAY ISSUE ANY RULES [AND] REGULATIONS,
8 POLICIES AND PROCEDURES NECESSARY FOR THE EFFECTIVE
9 ADMINISTRATION AND OPERATION OF THE PROVISIONS OF THIS ACT.

10 SECTION 15. THE ACT IS AMENDED BY ADDING A CHAPTER TO READ:

11 CHAPTER 7-A

12 STANDARDS FOR MUNICIPAL PENSION SYSTEMS

13 SECTION 701-A. DEFINITIONS.

14 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
15 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
16 CONTEXT CLEARLY INDICATES OTHERWISE:

17 "AFFILIATED ENTITY." ANY OF THE FOLLOWING:

18 (1) A SUBSIDIARY OR HOLDING COMPANY OF A LOBBYING FIRM
19 OR OTHER BUSINESS ENTITY OWNED IN WHOLE OR IN PART BY A
20 LOBBYING FIRM.

21 (2) AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE
22 SERVICE AS A TAX-EXEMPT ORGANIZATION UNDER SECTION 501(C) OF
23 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
24 U.S.C. § 501(C)) ESTABLISHED BY A LOBBYIST OR LOBBYING FIRM
25 OR AN AFFILIATED ENTITY.

26 "CONTRIBUTIONS." AS DEFINED IN SECTION 1621 OF THE ACT OF
27 JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE PENNSYLVANIA
28 ELECTION CODE.

29 "EXECUTIVE LEVEL EMPLOYEE." AN EMPLOYEE OF A PERSON OR THE
30 PERSON'S AFFILIATED ENTITY WHO:

1 (1) CAN AFFECT OR INFLUENCE THE OUTCOME OF THE PERSON'S
2 OR AFFILIATED ENTITY'S ACTIONS, POLICIES OR DECISIONS; OR

3 (2) IS INVOLVED IN THE IMPLEMENTATION OR DEVELOPMENT OF
4 POLICIES RELATING TO INVESTMENTS, CONTRACTS OR PROCUREMENT.

5 "MUNICIPAL PENSION SYSTEM." INCLUDES THE PENNSYLVANIA
6 MUNICIPAL RETIREMENT SYSTEM.

7 "POLITICAL COMMITTEE." AS DEFINED IN SECTION 1621 OF THE ACT
8 OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE PENNSYLVANIA
9 ELECTION CODE.

10 "PROFESSIONAL SERVICES CONTRACT." A CONTRACT TO WHICH THE
11 MUNICIPAL PENSION SYSTEM IS A PARTY THAT IS:

12 (1) FOR THE PURCHASE OR PROVISION OF PROFESSIONAL
13 SERVICES, INCLUDING INVESTMENT SERVICES, LEGAL SERVICES, REAL
14 ESTATE SERVICES AND OTHER CONSULTING SERVICES; AND

15 (2) NOT SUBJECT TO A REQUIREMENT THAT THE LOWEST BID BE
16 ACCEPTED.

17 SECTION 702-A. PROCUREMENT FOR PROFESSIONAL SERVICES CONTRACTS.

18 (A) PROCEDURES.--EACH MUNICIPAL PENSION SYSTEM, INCLUDING
19 THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM, SHALL DEVELOP
20 PROCEDURES TO SELECT THE MOST QUALIFIED PERSON TO ENTER INTO A
21 PROFESSIONAL SERVICES CONTRACT. THE PROCEDURES SHALL ENSURE THAT
22 THE AVAILABILITY OF A PROFESSIONAL SERVICES CONTRACT IS
23 ADVERTISED TO POTENTIAL PARTICIPANTS IN A TIMELY AND EFFICIENT
24 MANNER. PROCEDURES SHALL INCLUDE APPLICATIONS AND DISCLOSURE
25 FORMS TO BE USED TO SUBMIT A PROPOSAL FOR REVIEW AND TO RECEIVE
26 THE AWARD OF A PROFESSIONAL SERVICES CONTRACT.

27 (B) ADVERTISEMENT.--AN ADVERTISEMENT OF THE AVAILABILITY OF
28 A PROPOSAL FOR A PROFESSIONAL SERVICES CONTRACT SHALL SET FORTH:

29 (1) THE SERVICES THAT ARE THE SUBJECT OF THE PROPOSED
30 CONTRACT.

1 (2) SPECIFICATIONS RELATING TO THE SERVICES.

2 (3) PROCEDURES TO COMPETE FOR THE CONTRACTS.

3 (4) REQUIRED DISCLOSURES.

4 (C) REVIEW.--PROCEDURES TO SELECT THE MOST QUALIFIED PERSON
5 SHALL INCLUDE A REVIEW OF THE PERSON'S QUALIFICATIONS,
6 EXPERIENCE AND EXPERTISE AND THE COMPENSATION TO BE CHARGED.

7 (D) PERSONNEL.--

8 (1) PRIOR TO ENTERING INTO A PROFESSIONAL SERVICES
9 CONTRACT WITH A MUNICIPAL PENSION SYSTEM, THE CONTRACTOR
10 SHALL DISCLOSE THE NAMES AND TITLES OF EACH INDIVIDUAL WHO
11 WILL BE PROVIDING PROFESSIONAL SERVICES TO THE MUNICIPAL
12 PENSION SYSTEM, INCLUDING ADVISORS OR SUBCONTRACTORS OF THE
13 CONTRACTOR.

14 (2) DISCLOSURE UNDER THIS SUBSECTION SHALL INCLUDE ALL
15 OF THE FOLLOWING:

16 (I) WHETHER THE INDIVIDUAL IS A CURRENT OR FORMER
17 OFFICIAL OR EMPLOYEE OF THE MUNICIPALITY ENTERING INTO
18 THE CONTRACT.

19 (II) WHETHER THE INDIVIDUAL HAS BEEN A REGISTERED
20 FEDERAL OR STATE LOBBYIST.

21 (III) A DESCRIPTION OF THE RESPONSIBILITIES OF EACH
22 INDIVIDUAL WITH REGARD TO THE CONTRACT.

23 (3) THE RESUME OF AN INDIVIDUAL INCLUDED IN THE
24 DISCLOSURE SHALL BE PROVIDED TO THE MUNICIPALITY UPON
25 REQUEST.

26 (4) THE INFORMATION UNDER THIS SUBSECTION SHALL BE
27 UPDATED AS CHANGES OCCUR.

28 (E) CONFLICT OF INTEREST.--THE MUNICIPAL PENSION SYSTEM
29 SHALL ADOPT POLICIES RELATING TO POTENTIAL CONFLICTS OF INTEREST
30 IN THE REVIEW OF A PROPOSAL OR THE NEGOTIATION OF A CONTRACT.

1 THE POLICIES SHALL INCLUDE A MINIMUM ONE-YEAR RESTRICTION ON:

2 (1) PARTICIPATION BY A FORMER EMPLOYEE OF A CONTRACTOR
3 OR POTENTIAL CONTRACTOR IN THE REVIEW OF A PROPOSAL OR
4 NEGOTIATION OF A CONTRACT WITH THAT CONTRACTOR.

5 (2) PARTICIPATION BY A FORMER EMPLOYEE OF THE MUNICIPAL
6 PENSION SYSTEM IN THE SUBMISSION OF A PROPOSAL OR THE
7 PERFORMANCE OF A CONTRACT.

8 (F) PUBLIC INFORMATION.--FOLLOWING THE AWARD OF A
9 PROFESSIONAL SERVICES CONTRACT, ALL APPLICATIONS AND DISCLOSURE
10 FORMS SHALL BE PUBLIC EXCEPT FOR PROPRIETARY INFORMATION OR
11 OTHER INFORMATION PROTECTED BY LAW.

12 (G) INCREASE.--A PROFESSIONAL SERVICES CONTRACT SHALL NOT BE
13 AMENDED TO INCREASE THE COST OF THE CONTRACT BY MORE THAN 10% OR
14 \$10,000, WHICHEVER IS GREATER, UNLESS THE INCREASE AND A WRITTEN
15 JUSTIFICATION FOR THE INCREASE ARE PUBLIC AND POSTED ON THE
16 MUNICIPAL PENSION SYSTEM'S INTERNET WEBSITE, IF AN INTERNET
17 WEBSITE IS MAINTAINED, AT LEAST SEVEN DAYS PRIOR TO THE
18 EFFECTIVE DATE OF THE AMENDMENT.

19 (H) NOTICE AND SUMMARY.--THE RELEVANT FACTORS THAT RESULTED
20 IN THE AWARD OF THE PROFESSIONAL SERVICES CONTRACT MUST BE
21 SUMMARIZED IN A WRITTEN STATEMENT TO BE INCLUDED IN OR ATTACHED
22 TO THE DOCUMENTS AWARDED THE CONTRACT. WITHIN TEN DAYS OF THE
23 AWARD OF THE PROFESSIONAL SERVICES CONTRACT, THE ORIGINAL
24 APPLICATION, A SUMMARY OF THE BASIS FOR THE AWARD AND ALL
25 REQUIRED DISCLOSURE FORMS MUST BE TRANSMITTED TO ALL
26 UNSUCCESSFUL APPLICANTS AND POSTED ON THE MUNICIPAL PENSION
27 SYSTEM'S INTERNET WEBSITE, IF AN INTERNET WEBSITE IS MAINTAINED,
28 AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION OF THE PROFESSIONAL
29 SERVICES CONTRACT.

30 SECTION 703-A. AGENTS; SOLICITATION.

1 (A) PROHIBITION.--A PERSON OR AN AFFILIATED ENTITY THAT
2 INTENDS TO ENTER OR THAT ENTERS INTO A PROFESSIONAL SERVICES
3 CONTRACT MAY NOT DIRECTLY OR INDIRECTLY HIRE, ENGAGE, UTILIZE,
4 RETAIN OR COMPENSATE ANY THIRD PARTY INTERMEDIARY, AGENT OR
5 LOBBYIST TO DIRECTLY OR INDIRECTLY COMMUNICATE WITH A MUNICIPAL
6 PENSION SYSTEM OFFICIAL OR EMPLOYEE OR A MUNICIPAL OFFICIAL OR
7 EMPLOYEE IN CONNECTION WITH ANY TRANSACTION OR INVESTMENT
8 INVOLVING THE CONTRACTOR AND THE MUNICIPAL PENSION SYSTEM. THE
9 PROHIBITION SHALL INCLUDE THE SOLICITATION OF AN INVESTMENT OR
10 INVESTMENT MANAGEMENT SERVICES FROM A MUNICIPAL PENSION SYSTEM
11 OR INFLUENCING OR ATTEMPTING TO INFLUENCE THE OUTCOME OF AN
12 INVESTMENT OR OTHER FINANCIAL DECISION BY THE SYSTEM. THE
13 PROHIBITION SHALL NOT APPLY TO AN OFFICER OR EMPLOYEE OF THE
14 INVESTMENT FIRM WHO IS ACTING WITHIN THE SCOPE OF THE FIRM'S
15 STANDARD PROFESSIONAL DUTIES ON BEHALF OF THE FIRM, INCLUDING
16 THE ACTUAL PROVISION OF LEGAL, ACCOUNTING, ENGINEERING, REAL
17 ESTATE OR OTHER PROFESSIONAL ADVICE, SERVICES OR ASSISTANCE
18 PURSUANT TO A PROFESSIONAL SERVICES CONTRACT WITH THE MUNICIPAL
19 PENSION SYSTEM.

20 (B) SOLICITATION.--A PERSON THAT ENTERS INTO, OR HAS APPLIED
21 FOR, SUBMITTED AN OFFER OR BID FOR, RESPONDED TO A REQUEST FOR
22 PROPOSAL ON OR OTHERWISE SOLICITED, A PROFESSIONAL SERVICES
23 CONTRACT WITH A MUNICIPAL PENSION SYSTEM OR AN AGENT, OFFICER,
24 DIRECTOR OR EMPLOYEE OF THAT PERSON MAY NOT SOLICIT A
25 CONTRIBUTION TO ANY MUNICIPAL OFFICIAL OR CANDIDATE FOR
26 MUNICIPAL OFFICE IN THE MUNICIPALITY WHERE THE MUNICIPAL PENSION
27 SYSTEM IS ORGANIZED OR TO THE POLITICAL PARTY OR POLITICAL
28 ACTION COMMITTEE OF THAT OFFICIAL OR CANDIDATE.

29 (C) LIMITATION ON COMMUNICATION.--UPON THE ADVERTISEMENT FOR
30 A PROFESSIONAL SERVICES CONTRACT BY THE MUNICIPAL PENSION

1 SYSTEM, THE CONTRACTOR MAY NOT CAUSE OR AGREE TO ALLOW A THIRD
2 PARTY TO COMMUNICATE WITH OFFICIALS OR EMPLOYEES OF THE
3 MUNICIPAL PENSION SYSTEM EXCEPT FOR REQUESTS FOR TECHNICAL
4 CLARIFICATION. REQUESTS FOR TECHNICAL CLARIFICATION SHALL BE
5 MADE BY A DESIGNATED EMPLOYEE OF THE MUNICIPAL PENSION SYSTEM.
6 NOTHING IN THIS SUBSECTION SHALL PRECLUDE A POTENTIAL CONTRACTOR
7 FROM RESPONDING TO REQUESTS FOR CLARIFICATION OR ADDITIONAL
8 INFORMATION FROM THE MUNICIPAL PENSION SYSTEM.

9 SECTION 704-A. DISQUALIFICATION.

10 (A) CONTRIBUTORS.--A PERSON OR AN AFFILIATED ENTITY THAT,
11 WITHIN THE PAST TWO YEARS, HAS MADE A CONTRIBUTION TO A
12 MUNICIPAL OFFICIAL OR CANDIDATE FOR MUNICIPAL OFFICE IN THE
13 MUNICIPALITY WHICH CONTROLS THE MUNICIPAL PENSION SYSTEM MAY NOT
14 ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH THE MUNICIPAL
15 PENSION SYSTEM.

16 (B) RELATIONSHIPS.--A PERSON OR AN AFFILIATED ENTITY THAT
17 ENTERS INTO A PROFESSIONAL SERVICES CONTRACT WITH A MUNICIPAL
18 PENSION SYSTEM MAY NOT HAVE A DIRECT FINANCIAL, COMMERCIAL OR
19 BUSINESS RELATIONSHIP WITH ANY OFFICIAL OF THE MUNICIPAL PENSION
20 SYSTEM OR THE MUNICIPALITY WHICH CONTROLS THE MUNICIPAL PENSION
21 SYSTEM UNLESS THE MUNICIPAL PENSION SYSTEM CONSENTS IN WRITING
22 TO THE RELATIONSHIP FOLLOWING FULL DISCLOSURE.

23 (C) GIFTS.--A PERSON WITH A PROFESSIONAL SERVICES CONTRACT
24 MAY NOT OFFER OR CONFER A GIFT HAVING MORE THAN A NOMINAL VALUE,
25 INCLUDING MONEY, SERVICES, LOANS, TRAVEL, LODGING,
26 ENTERTAINMENT, DISCOUNT OR OTHER THING OF VALUE, TO ANY
27 OFFICIAL, EMPLOYEE OR FIDUCIARY OF A MUNICIPAL PENSION SYSTEM.

28 SECTION 705-A. DISCLOSURE.

29 (A) CONTRACTORS.--

30 (1) A PERSON OR AN AFFILIATED ENTITY THAT HAS A

1 PROFESSIONAL SERVICES CONTRACT WITH A MUNICIPAL PENSION
2 SYSTEM SHALL DISCLOSE ALL CONTRIBUTIONS TO WHICH ALL OF THE
3 FOLLOWING APPLY:

4 (I) THE CONTRIBUTION WAS MADE WITHIN THE LAST FIVE
5 YEARS.

6 (II) THE CONTRIBUTION WAS MADE BY AN OFFICER,
7 DIRECTOR, EXECUTIVE-LEVEL EMPLOYEE OR OWNER OF AT LEAST
8 5% OF THE PERSON OR AFFILIATED ENTITY.

9 (III) THE AMOUNT OF THE CONTRIBUTION WAS AT LEAST
10 \$500 IN THE FORM OF:

11 (A) A SINGLE CONTRIBUTION BY A PERSON INCLUDED
12 IN SUBPARAGRAPH (II).

13 (B) THE AGGREGATE OF ALL CONTRIBUTIONS BY ALL
14 PERSONS LISTED IN SUBPARAGRAPH (II).

15 (IV) THE CONTRIBUTION WAS MADE TO:

16 (A) A CANDIDATE FOR ANY PUBLIC OFFICE IN THE
17 COMMONWEALTH OR TO AN INDIVIDUAL WHO HOLDS THAT
18 OFFICE.

19 (B) A POLITICAL COMMITTEE OF A CANDIDATE FOR
20 PUBLIC OFFICE IN THE COMMONWEALTH OR OF AN INDIVIDUAL
21 WHO HOLDS THAT OFFICE.

22 (2) THE INFORMATION PROVIDED UNDER THIS SUBSECTION SHALL
23 BE UPDATED ANNUALLY.

24 (B) ADDITIONAL DISCLOSURE.--A PERSON OR AN AFFILIATED ENTITY
25 THAT HAS A PROFESSIONAL SERVICES CONTRACT WITH A MUNICIPAL
26 PENSION SYSTEM SHALL DISCLOSE ALL OF THE FOLLOWING:

27 (1) INFORMATION RELATING TO INDIVIDUALS MAKING
28 CONTRIBUTIONS. THIS PARAGRAPH INCLUDES:

29 (I) THE NAME AND ADDRESS OF THE CONTRIBUTOR.

30 (II) THE CONTRIBUTOR'S RELATIONSHIP TO THE

1 CONTRACTOR.

2 (III) THE NAME AND OFFICE OR POSITION OF EACH PERSON
3 RECEIVING A CONTRIBUTION.

4 (IV) THE AMOUNT OF THE CONTRIBUTION.

5 (V) THE DATE OF THE CONTRIBUTION.

6 (2) GIFTS TO AN OFFICIAL OR EMPLOYEE OF THE MUNICIPAL
7 PENSION SYSTEM OR THE MUNICIPALITY WHICH CONTROLS THE
8 MUNICIPAL PENSION SYSTEM.

9 (3) THE EMPLOYMENT OR RETENTION OF ANY THIRD-PARTY
10 INTERMEDIARY, AGENT OR LOBBYIST AND THE DUTIES OF THAT
11 PERSON.

12 (4) THE EXISTENCE OF ANY FINANCIAL RELATIONSHIP UNDER
13 SECTION 704-A(B).

14 (C) APPLICABILITY.--THE PROVISIONS OF SUBSECTION (A) SHALL
15 APPLY TO A PERSON AND AN AFFILIATED ENTITY THAT HAS APPLIED FOR,
16 SUBMITTED AN OFFER OR BID FOR, RESPONDED TO A REQUEST FOR
17 PROPOSAL OR OTHERWISE SOLICITED A PROFESSIONAL SERVICES CONTRACT
18 WITH A MUNICIPAL PENSION SYSTEM.

19 (D) FORMS.--REQUIRED DISCLOSURE SHALL BE MADE ON A FORM
20 PREPARED BY THE MUNICIPAL PENSION SYSTEM. THE FORM SHALL BE
21 ATTACHED TO THE CONTRACT AND POSTED ON THE SYSTEM'S INTERNET
22 WEBSITE, IF AN INTERNET WEBSITE IS MAINTAINED. DURING THE TERM
23 OF THE CONTRACT, AN UPDATED FORM SHALL BE FILED ANNUALLY IN
24 ACCORDANCE WITH PROCEDURES ADOPTED BY THE PLAN.

25 (E) PENALTIES.--THE FOLLOWING SHALL APPLY:

26 (1) A MUNICIPAL PENSION SYSTEM SHALL VOID THE
27 PROFESSIONAL SERVICES CONTRACT OF A PERSON THAT KNOWINGLY
28 MAKES A MATERIAL MISSTATEMENT OR OMISSION IN A DISCLOSURE
29 FORM UNDER THIS CHAPTER AND SHALL PROHIBIT THE PERSON FROM
30 ENTERING INTO A CONTRACT FOR A PERIOD OF UP TO THREE YEARS.

1 (2) IF A CONTRACTOR OR PERSON THAT HAS SUBMITTED A
2 PROPOSAL OR BID IN VIOLATION OF PARAGRAPH (1) MORE THAN TWO
3 TIMES IN A 36-MONTH PERIOD, ALL CONTRACTS BETWEEN THAT
4 CONTRACTOR AND THE MUNICIPAL PENSION PLAN SHALL BE VOID, AND
5 THE PERSON SHALL BE DEBARRED FOR A PERIOD OF AT LEAST THREE
6 YEARS FROM THE DATE OF THE LAST VIOLATION.

7 SECTION 706-A. DUTY TO ACT.

8 IF A PERSON THAT ENTERS INTO, OR HAS APPLIED FOR, SUBMITTED
9 AN OFFER OR BID FOR, RESPONDED TO A REQUEST FOR PROPOSAL ON OR
10 OTHERWISE SOLICITED, A CONTRACT WITH A MUNICIPAL PENSION SYSTEM
11 OR AN OFFICER, DIRECTOR OR EMPLOYEE OF A MUNICIPAL PENSION
12 SYSTEM IS AWARE, OR REASONABLY SHOULD BE AWARE, OF AN APPARENT,
13 POTENTIAL OR ACTUAL CONFLICT OF INTEREST, THE PERSON SHALL
14 DISCLOSE THE CONFLICT AND PROMPTLY ELIMINATE THE CONFLICT.

15 SECTION 707-A. NO PREEMPTION.

16 IF A MUNICIPALITY ESTABLISHES A CODE OF ETHICS WHICH IS
17 STRICTER THAN THIS CHAPTER, THAT CODE IS NOT PREEMPTED BY THIS
18 CHAPTER.

19 SECTION 16. CHAPTER 10 HEADING OF THE ACT, ADDED JUNE 18,
20 1998 (P.L.626, NO.82), IS AMENDED TO READ:

21 CHAPTER 10

22 [ALTERNATIVE FUNDING MECHANISM]

23 PROVISIONS RELATING TO CERTAIN CITIES AND COUNTIES

24 SECTION 17. SECTION 1001(B) OF THE ACT, ADDED JUNE 18, 1998
25 (P.L.626, NO.82), IS AMENDED AND THE SECTION IS AMENDED BY
26 ADDING A SUBSECTION TO READ:

27 SECTION 1001. ALTERNATIVE FUNDING MECHANISM.

28 * * *

29 (B) PERIOD OF PAYMENT REQUIREMENTS PRIOR TO JULY 1, 2009.--
30 THE PERIOD OF THE CITY'S PAYMENT REQUIREMENTS UNDER AN

1 ALTERNATIVE FUNDING MECHANISM IMPLEMENTED PRIOR TO DECEMBER 31,
2 2002, SHALL BE THE GREATER OF:

3 (1) THE REMAINING PERIOD NOT EXCEEDING 30 YEARS DURING
4 WHICH THE CITY WOULD HAVE AMORTIZED THE UNFUNDED ACTUARIAL
5 ACCRUED LIABILITY REPORTED IN ITS LAST ACTUARIAL VALUATION
6 REPORT FILED UNDER CHAPTER 2 USING THE TOTAL AMORTIZATION
7 PAYMENT AND INTEREST ASSUMPTION, REPORTED IN THAT ACTUARIAL
8 VALUATION REPORT; OR

9 (2) 30 YEARS.

10 IF AN ALTERNATIVE FUNDING MECHANISM IS IMPLEMENTED AFTER
11 DECEMBER 31, 2002, BUT BEFORE JULY 1, 2009, THE PERIOD DESCRIBED
12 IN PARAGRAPH (1) SHALL BE THE PERIOD OF THE CITY'S PAYMENT
13 REQUIREMENTS.

14 (B.1) PERIOD OF PAYMENT REQUIREMENTS BEGINNING JULY 1,
15 2009.--THE PERIOD OF THE CITY'S PAYMENT REQUIREMENTS UNDER AN
16 ALTERNATIVE FUNDING MECHANISM IMPLEMENTED OR REFINANCED IN WHOLE
17 OR IN PART ON OR AFTER JULY 1, 2009, AND PRIOR TO THE BEGINNING
18 OF THE PLAN YEAR THAT COMMENCES JULY 1, 2019, SHALL BE THE
19 GREATER OF:

20 (1) THE REMAINING PERIOD NOT EXCEEDING 30 YEARS DURING
21 WHICH THE CITY WOULD HAVE AMORTIZED THE UNFUNDED ACTUARIAL
22 ACCRUED LIABILITY REPORTED IN ITS LATEST ACTUARIAL VALUATION
23 REPORT FILED UNDER CHAPTER 2 USING THE TOTAL AMORTIZATION
24 PAYMENT AND INTEREST ASSUMPTION, REPORTED IN THAT ACTUARIAL
25 VALUATION REPORT; OR

26 (2) 30 YEARS.

27 IF AN ALTERNATIVE FUNDING MECHANISM IS IMPLEMENTED AFTER JULY 1,
28 2019, THE PERIOD DESCRIBED IN PARAGRAPH (1) SHALL BE THE PERIOD
29 OF THE CITY'S PAYMENT REQUIREMENTS.

30 * * *

SECTION 18. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
SECTION 1002. CITIES OF THE FIRST CLASS.

(A) GENERAL RULE.--A CITY OF THE FIRST CLASS MAY ELECT TO
USE THE DEFERRALS OF REQUIRED PAYMENTS AUTHORIZED UNDER THIS
SECTION IN LIEU OF THE MANDATORY PROVISIONS OF THE FINANCIALLY
DISTRESSED MUNICIPAL PENSION SYSTEM RECOVERY PROGRAM CONTAINED
IN SECTIONS 606, 608.1 AND 608.2.

(B) LIMITATION.--THE FOLLOWING SHALL APPLY:

(1) IN ORDER TO BE ELIGIBLE TO USE THE DEFERRALS OF
REQUIRED PAYMENTS AUTHORIZED UNDER THIS SECTION, THE CITY MAY
NOT INCREASE PENSION BENEFITS FOR EXISTING EMPLOYEES. IN
ADDITION, BY JUNE 30, 2010, THE CITY SHALL ADOPT A REVISED
BENEFIT PLAN APPLICABLE TO ANY EMPLOYEE FIRST HIRED ON OR
AFTER THE EFFECTIVE DATE OF THE ESTABLISHMENT OF THE REVISED
BENEFIT PLAN. THE REVISED BENEFIT PLAN FOR NEWLY HIRED
EMPLOYEES:

(I) SHALL HAVE A NORMAL COST OF NO MORE THAN 75% OF
THE NORMAL COST OF THE PREEXISTING PLAN;

(II) MAY PROVIDE FOR DEFINED BENEFITS, DEFINED
CONTRIBUTIONS OR A COMBINATION OF BOTH;

(III) SHALL BE DEVELOPED WITH CONSULTATION WITH
REPRESENTATIVES OF THE COLLECTIVE BARGAINING UNIT
APPLICABLE TO THE AFFECTED TYPE OF MUNICIPAL EMPLOYEE, IF
ANY; AND

(IV) SHALL BE WITHIN THE SCOPE OF COLLECTIVE
BARGAINING SUBSEQUENT TO THE ESTABLISHMENT OF THE REVISED
BENEFIT PLAN.

(2) MEMBER CONTRIBUTIONS UNDER A REVISED DEFINED BENEFIT
PLAN SHALL BE EQUAL TO THREE TIMES THE EFFECTIVE ANNUAL
BENEFIT ACCRUAL RATE OF 50% OF THE NORMAL COST OF THE PENSION

1 PLAN, WHICHEVER IS HIGHER, EXPRESSED AS A PERCENTAGE OF
2 COVERED PAYROLL, AS REPORTED IN THE MOST RECENT ACTUARIAL
3 VALUATION REPORT OF THE PENSION PLAN. ANY DEFINED
4 CONTRIBUTION PLAN SHALL PROVIDE FOR MATCHING EMPLOYER
5 CONTRIBUTIONS AND MANDATORY EMPLOYEE CONTRIBUTIONS NOT TO
6 EXCEED 4% OF COMPENSATION PER EMPLOYEE.

7 (C) VERIFICATION.--IN ORDER TO IMPLEMENT SUBSECTION (B), THE
8 CITY SHALL SUBMIT EVIDENCE OF THE FREEZE ON EXISTING BENEFITS
9 AND THE REDUCED BENEFIT PLAN FOR NEWLY HIRED EMPLOYEES AND A
10 SCHEDULE OF PAYMENTS TO BE DEFERRED UNDER SUBSECTION (E) TO THE
11 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY AND TO THE
12 PUBLIC EMPLOYEE RETIREMENT COMMISSION BY SEPTEMBER 10, 2009.
13 WITHIN 14 DAYS OF THE RECEIPT OF THE INFORMATION AND PLAN FROM
14 THE CITY UNDER THIS SUBSECTION, THE AUTHORITY SHALL ISSUE A
15 WRITTEN DETERMINATION THAT THE INFORMATION AND PLAN MEET THE
16 REQUIREMENTS OF SUBSECTION (B).

17 (D) AMORTIZATION.--NOTWITHSTANDING ANY OTHER LAW TO THE
18 CONTRARY, THE CITY MAY AMORTIZE ITS ENTIRE UNFUNDED ACTUARIAL
19 ACCRUED LIABILITY, AS MEASURED ON A VALUATION DATE SELECTED BY
20 THE CITY THAT OCCURS IN THE PLAN YEAR COMMENCING JULY 1, 2009,
21 AS A LEVEL DOLLAR AMOUNT WITH THE AMORTIZATION TARGET DATE BEING
22 THE END OF THE PLAN YEAR OCCURRING 30 YEARS AFTER THE PLAN YEAR
23 COMMENCING JULY 1, 2009, WITH PAYMENTS TO COMMENCE IN THE NEXT
24 PLAN YEAR. IN ORDER TO EXTEND THE AMORTIZATION SCHEDULE PROVIDED
25 UNDER THIS SUBSECTION, THE CITY MUST COMPLY WITH THE FOLLOWING:

26 (1) FILE A REVISED ACTUARIAL VALUATION REPORT REFLECTING
27 THE AMORTIZATION PERIOD EXTENSION AND THE ACTUARIAL ASSUMED
28 RATE IN EFFECT ON THE VALUATION DATE WITH THE COMMISSION NO
29 LATER THAN MARCH 31, 2010.

30 (2) THE REVISED ACTUARIAL VALUATION UNDER PARAGRAPH (1)

1 MAY NOT BE FILED IN LIEU OF THE ACTUARIAL VALUATION REPORTED
2 REQUIRED UNDER SECTION 202(B)(4)(V)(A) REQUIRED TO BE FILED
3 MAY 3, 2010, AND MAY BE USED ONLY FOR THE PURPOSES OF
4 RECALCULATING THE MINIMUM MUNICIPAL OBLIGATION OF THE CITY
5 FOR THE PLAN YEAR COMMENCING JULY 1, 2009, AND CALCULATING
6 THE MINIMUM MUNICIPAL OBLIGATION OF THE CITY FOR THE PLAN
7 YEAR COMMENCING JULY 1, 2010, TO REFLECT THE AMORTIZATION
8 PERIOD EXTENSION. THE REVISIONS IN THE REVISED REPORT SHALL
9 SUPERSEDE COMPARABLE INFORMATION IN THE ORIGINAL REPORT.

10 (3) EXCEPT AS PROVIDED IN SUBSECTION (B), A REVISED
11 ACTUARIAL VALUATION REPORT UNDER THIS SUBSECTION SHALL NOT
12 AFFECT DISTRIBUTIONS UNDER THE GENERAL MUNICIPAL PENSION
13 SYSTEM STATE AID PROGRAM UNDER CHAPTER 4.

14 (E) REVISED OBLIGATION.--NOTWITHSTANDING ANY OTHER PROVISION
15 OF LAW TO THE CONTRARY, THE CITY IS AUTHORIZED TO DEFER A
16 PORTION OF THE MINIMUM MUNICIPAL FUNDING OBLIGATION REQUIRED
17 UNDER SECTION 302 IN ACCORDANCE WITH THE FOLLOWING:

18 (1) FOR THE PLAN YEAR ENDING JUNE 30, 2010, DEFERRAL MAY
19 BE IN AN AMOUNT NOT TO EXCEED \$155,000,000.

20 (2) FOR THE PLAN YEAR ENDING JUNE 30, 2011, DEFERRAL MAY
21 BE IN AN AMOUNT NOT TO EXCEED \$80,000,000.

22 (F) INTEREST.--AMOUNTS DEFERRED UNDER SUBSECTION (E) SHALL
23 BEAR INTEREST AT THE RATE OF 8.25% WHICH SHALL BE CALCULATED
24 FROM THE BEGINNING OF THE PLAN YEAR IN WHICH THE DEFERRAL WAS
25 MADE. ACCRUED INTEREST ON AMOUNTS DEFERRED SHALL BE PAID
26 ANNUALLY ON OR BEFORE JUNE 30 OF THE YEARS 2010, 2011 AND 2012.

27 (G) REPAYMENT.--ON OR BEFORE JUNE 30, 2013, THE CITY SHALL
28 REPAY THE FOLLOWING:

29 (1) IF THE AMOUNT DEFERRED IS EQUAL TO OR GREATER THAN
30 \$90,000,000, AT LEAST \$90,000,000 PLUS INTEREST ACCRUED ON

1 ALL AMOUNTS DEFERRED.

2 (2) IF THE TOTAL AMOUNT DEFERRED IS LESS THAN
3 \$90,000,000, THE TOTAL AMOUNT DEFERRED, PLUS INTEREST ACCRUED
4 ON THAT AMOUNT.

5 (H) BALANCE.--THE BALANCE OF ALL AMOUNTS DEFERRED, INCLUDING
6 INTEREST ACCRUED AND UNPAID ON AMOUNTS DEFERRED SHALL BE REPAYED
7 BY JUNE 30, 2014.

8 (I) UNPAID AMOUNTS.--AMOUNTS DEFERRED AND INTEREST UNDER
9 SUBSECTIONS (E) AND (F) WHICH ARE NOT REPAYED UNDER SUBSECTION
10 (H) SHALL BE ADDED TO THE MINIMUM MUNICIPAL OBLIGATION OF THE
11 CITY FOR THE FOLLOWING PLAN YEAR, WITH INTEREST CALCULATED AND
12 DUE UNTIL THE DATE THE AMOUNTS DUE ARE PAID.

13 (J) PENSION REFORMS.--IN ORDER TO RETAIN THE AUTHORITY TO
14 UTILIZE THE ALTERNATIVE FUNDING MECHANISM UNDER THIS SECTION,
15 THE CITY MUST COMPLY WITH THE FOLLOWING:

16 (1) FREEZE ALL PENSION BENEFITS FOR ANY CURRENT EMPLOYEE
17 IN ACCORDANCE WITH SUBSECTION (B).

18 (2) ADOPT AND COLLECTIVELY BARGAIN FOR A REVISED BENEFIT
19 PLAN APPLICABLE TO ANY NEWLY HIRED EMPLOYEE IN ACCORDANCE
20 WITH SUBSECTION (B).

21 (3) EXHAUST THE JUDICIAL APPEAL PROCEDURE TO CHALLENGE
22 ANY ARBITRATION OR OTHER AWARD WHICH IS INCONSISTENT WITH THE
23 REVISED BENEFIT PLAN.

24 (4) REPAY THE DEFERRED AMOUNT REQUIRED UNDER SUBSECTION
25 (G) BY JUNE 30, 2013, AND THE DEFERRED AMOUNT REQUIRED UNDER
26 SUBSECTION (H) BY JUNE 30, 2014.

27 (K) EXPIRATION OF AUTHORITY.--IF THE CITY FAILS TO MEET ANY
28 OF THE REQUIREMENTS OF SUBSECTION (J), THE PUBLIC EMPLOYEE
29 RETIREMENT COMMISSION AND THE AUTHORITY SHALL CERTIFY THE
30 FAILURE TO COMPLY TO THE STATE TREASURER. UNTIL THE CITY IS IN

1 COMPLIANCE WITH SUBSECTION (J) THE STATE TREASURER SHALL
2 WITHHOLD ANY GRANT, LOAN, ENTITLEMENT, PAYMENT OR COMBINATION OF
3 GRANTS, LOANS, ENTITLEMENTS AND PAYMENTS TO THE CITY BY THE
4 COMMONWEALTH, OR ANY OF ITS AGENCIES, IN AN AMOUNT EQUAL TO THE
5 AMOUNTS AUTHORIZED TO BE DEFERRED UNDER SUBSECTION (E).

6 (L) REPORTS.--DURING A PERIOD IN WHICH DEFERRALS OF THE
7 MINIMUM MUNICIPAL OBLIGATION OR INTEREST ON THE OBLIGATION ARE
8 OUTSTANDING, THE CITY SHALL FILE ACTUARIAL VALUATION REPORTS
9 ANNUALLY WITH THE COMMISSION.

10 (M) CALCULATION.--THE CALCULATION OF THE UNFUNDED ACTUARIAL
11 ACCRUED LIABILITY MADE AND CERTIFIED BY AN APPROVED ACTUARY
12 UNDER SECTION 202 SHALL NOT INCLUDE ANY AMOUNTS DEFERRED UNDER
13 THIS SUBSECTION SO LONG AS THE CITY IS PAYING INTEREST ACCRUED
14 ON THE DEFERRED AMOUNTS AND REPAYING THE DEFERRED AMOUNTS IN
15 ACCORDANCE WITH THE TERMS OF THIS SUBSECTION.

16 (N) BINDING OBLIGATION.--THE REPAYMENT OF AMOUNTS DEFERRED,
17 INCLUDING INTEREST ACCRUED ON DEFERRED AMOUNTS, AS AND WHEN
18 REQUIRED UNDER THIS SUBSECTION SHALL CONSTITUTE A BINDING AND
19 ABSOLUTE COMMITMENT ON THE CITY. THE CITY SHALL INCLUDE ALL
20 AMOUNTS DUE TO BE PAID UNDER THIS SUBSECTION IN THE BUDGET OF
21 THE CITY AND ALL AMOUNTS DUE TO BE PAID SHALL BE APPROPRIATED
22 AND PAID IN ORDER TO MAKE TIMELY REPAYMENT OF ANY AMOUNTS
23 DEFERRED, INCLUDING INTEREST ACCRUED ON DEFERRED AMOUNTS.
24 PAYMENT SHALL BE UNCONDITIONAL AND WITHOUT SETOFF.

25 (O) STANDING.--A PERSON WHO IS BENEFICIALLY INTERESTED IN
26 THE CITY PAYING ITS MINIMUM MUNICIPAL OBLIGATION, INCLUDING
27 AMOUNTS DEFERRED, UNDER THIS SUBSECTION SHALL HAVE STANDING TO
28 INSTITUTE A LEGAL PROCEEDING FOR MANDAMUS TO ENFORCE THE
29 OBLIGATION OF THE CITY TO MAKE REQUIRED REPAYMENTS IN THE SAME
30 MANNER AS A PROCEEDING TO ENFORCE PAYMENT REQUIREMENTS OF AN

1 ALTERNATIVE FUNDING MECHANISM UNDER SECTION 1001. A BENEFICIALLY
2 INTERESTED PERSON IS A PERSON WHO MEETS THE QUALIFICATIONS SET
3 FORTH IN SECTION 1001(F).

4 (P) PAYMENT.--THE CITY SHALL BE REQUIRED TO PAY THE BALANCE
5 OF ITS MINIMUM MUNICIPAL OBLIGATION IN FULL WHEN DUE IN EACH
6 PLAN YEAR.

7 SECTION 1003. SPECIAL TAXING AUTHORITY.

8 (A) IMPOSITION OF TAX.--

9 (1) EXCEPT AS PROVIDED IN SUBSECTION (E), A CITY OF THE
10 FIRST CLASS MAY ELECT TO IMPOSE A TAX ON THE "SALE AT RETAIL"
11 OF "TANGIBLE PERSONAL PROPERTY" OR SERVICES OR "USE" OF
12 "TANGIBLE PERSONAL PROPERTY" OR SERVICES "PURCHASED AT
13 RETAIL," AS DEFINED IN SECTION 201 OF THE ACT OF MARCH 4,
14 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

15 (2) THE TAX IMPOSED UNDER THIS SECTION SHALL BE IN
16 ADDITION TO THE TAX AUTHORIZED UNDER SECTION 503(A) AND (B)
17 OF THE ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN AS THE
18 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR
19 CITIES OF THE FIRST CLASS.

20 (3) THE TAX AUTHORIZED UNDER THIS SUBSECTION SHALL NOT
21 BE LEVIED, ASSESSED AND COLLECTED UPON THE OCCUPANCY OF A
22 ROOM IN A HOTEL IN THE CITY OF THE FIRST CLASS.

23 (4) THIS SUBSECTION SHALL EXPIRE JULY 1, 2014.

24 (5) NOTWITHSTANDING PARAGRAPH (4), ALL TAX IMPOSED UNDER
25 THIS SUBSECTION ON SALES OR USES OCCURRING BEFORE JULY 1,
26 2014, SHALL BE PAID TO AND RECEIVED BY THE DEPARTMENT OF
27 REVENUE AND, ALONG WITH INTEREST AND PENALTIES, LESS ANY
28 REFUNDS AND CREDITS PAID, SHALL BE CREDITED TO THE LOCAL
29 SALES AND USE TAX FUND CREATED UNDER THE PENNSYLVANIA
30 INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR CITIES OF THE

1 FIRST CLASS. MONEY IN THE FUND SHALL BE DISBURSED AS PROVIDED
2 IN SECTION 509 OF THE PENNSYLVANIA INTERGOVERNMENTAL
3 COOPERATION AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.

4 (B) RATE.--THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL BE
5 IMPOSED AND COLLECTED AT THE RATE OF 1% AND SHALL BE COMPUTED AS
6 SET FORTH IN SECTION 503(E) (2) OF THE PENNSYLVANIA
7 INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR CITIES OF THE
8 FIRST CLASS.

9 (C) COLLECTION.--THE TAX AUTHORIZED UNDER SUBSECTION (A)
10 SHALL BE ADMINISTERED, COLLECTED, DEPOSITED AND DISBURSED IN THE
11 SAME MANNER AS THE TAX IMPOSED UNDER CHAPTER 5 OF THE
12 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR
13 CITIES OF THE FIRST CLASS AND THE SITUS OF THE TAX SHALL BE
14 DETERMINED IN ACCORDANCE WITH THE PENNSYLVANIA INTERGOVERNMENTAL
15 COOPERATION AUTHORITY ACT AND ARTICLE II-A OF ACT OF MARCH 4,
16 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971. THE
17 DEPARTMENT OF REVENUE SHALL USE THE MONEY RECEIVED BY THE
18 DEPARTMENT OF REVENUE FROM THE TAX AUTHORIZED UNDER CHAPTER 5 OF
19 THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR
20 CITIES OF THE FIRST CLASS TO COVER COSTS FOR THE ADMINISTRATION
21 OF THE TAX AUTHORIZED UNDER SUBSECTION (A). THE DEPARTMENT OF
22 REVENUE SHALL NOT RETAIN ANY ADDITIONAL AMOUNTS FOR THE COST OF
23 COLLECTING THE TAX AUTHORIZED UNDER SUBSECTION (A). NO
24 ADDITIONAL FEE SHALL BE CHARGED FOR A LICENSE OR LICENSE RENEWAL
25 OTHER THAN THE LICENSE OR RENEWAL FEE AUTHORIZED AND IMPOSED
26 UNDER ARTICLE II OF THE TAX REFORM CODE OF 1971.

27 (D) MUNICIPAL ACTION.--IN ORDER TO IMPOSE THE TAX, THE
28 GOVERNING BODY OF THE CITY SHALL ADOPT AN ORDINANCE STATING THE
29 TAX RATE. THE ORDINANCE MAY BE ADOPTED PRIOR TO THE EFFECTIVE
30 DATE OF THIS SUBSECTION. THE ORDINANCE SHALL BE EFFECTIVE NO

1 EARLIER THAN 20 DAYS AFTER THE ADOPTION OF THE ORDINANCE OR 20
2 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION, WHICHEVER IS
3 LATER. A CERTIFIED COPY OF THE CITY ORDINANCE SHALL BE DELIVERED
4 TO THE DEPARTMENT OF REVENUE WITHIN TEN DAYS PRIOR TO OR AFTER
5 THE EFFECTIVE DATE OF THE ORDINANCE. A CERTIFIED COPY OF AN
6 ORDINANCE TO REPEAL THE TAX AUTHORIZED UNDER SUBSECTION (A)
7 SHALL BE DELIVERED TO THE DEPARTMENT OF REVENUE AT LEAST 30 DAYS
8 PRIOR TO THE EFFECTIVE DATE OF REPEAL.

9 (E) RETENTION OF AUTHORITY.--IN ORDER TO RETAIN THE
10 AUTHORITY TO IMPOSE AND COLLECT THE TAX AUTHORIZED UNDER
11 SUBSECTION (A), THE CITY MUST SUBMIT PROOF OF THE FOLLOWING TO
12 THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY:

13 (1) A FREEZE ALL PENSION BENEFITS FOR ANY CURRENT
14 EMPLOYEE IN ACCORDANCE WITH SECTION 1002(B).

15 (2) ADOPTION OF A REVISED BENEFIT PLAN APPLICABLE TO ANY
16 NEWLY HIRED EMPLOYEE IN ACCORDANCE WITH SECTION 1002(B).

17 (F) EXPIRATION OF AUTHORITY.--IF THE CITY FAILS TO MEET ANY
18 OF THE REQUIREMENTS OF SUBSECTION (E), THE AUTHORITY TO IMPOSE
19 AND COLLECT THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL
20 EXPIRE.

21 (G) VERIFICATION.--THE CITY SHALL, WITHIN 14 DAYS OF THE
22 EXPIRATION OF THE 12-MONTH PERIOD UNDER SECTION 1002(D), SUBMIT
23 TO THE PUBLIC EMPLOYEE RETIREMENT COMMISSION DATA, INCLUDING
24 DATA SHOWING ANY SAVINGS IN THE CITY'S MUNICIPAL PENSION SYSTEM.
25 THE PUBLIC EMPLOYEE RETIREMENT COMMISSION SHALL PERFORM AN
26 ANALYSIS OF THE DATA WITHIN 14 DAYS OF ITS RECEIPT.

27 (H) USE OF TAX RECEIPTS.--ALL MONEY RECEIVED BY THE CITY
28 FROM THE LEVY, ASSESSMENT AND COLLECTION OF THE TAX AUTHORIZED
29 UNDER SUBSECTION (A) MAY ONLY BE USED FOR THE FOLLOWING
30 PURPOSES:

1 (1) TO PAY ANY AMOUNTS OF THE CITY'S MINIMUM MUNICIPAL
2 OBLIGATION REQUIRED UNDER SECTION 302, INCLUDING AMOUNTS
3 DEFERRED UNDER SECTION 1002(E) AND INTEREST ACCRUED ON
4 DEFERRED AMOUNTS WHEN THE AMOUNTS ARE DUE IN ANY PLAN YEAR.

5 (2) TO REIMBURSE THE CITY FOR PAYMENTS OF THE MINIMUM
6 MUNICIPAL OBLIGATION FOR FISCAL YEAR 2009-2010 AND ANY FISCAL
7 YEAR DURING WHICH THE TAX IS IMPOSED MADE BY THE CITY FROM
8 SOURCES OTHER THAN THE TAX AUTHORIZED UNDER SUBSECTION (A).
9 NO TAX RECEIPTS SHALL BE USED TO REIMBURSE THE CITY OF THE
10 FIRST CLASS FOR ANY CONTRIBUTION TO THE CITY MINIMUM
11 MUNICIPAL OBLIGATION MADE IN ANY YEAR OTHER THAN THE YEAR IN
12 WHICH THE TAX WAS COLLECTED.

13 (I) BEGINNING JANUARY 1, 2016, THE MANDATORY PROVISIONS OF
14 SECTIONS 608, 608.1 AND 608.2 SHALL APPLY TO THE CITY.
15 SECTION 1004. SECOND CLASS CITIES.

16 (A) TAXING AUTHORITY.--IN TAXABLE YEARS BEGINNING AFTER
17 DECEMBER 31, 2008, THE FOLLOWING APPLY TO A CITY OF THE SECOND
18 CLASS WHICH IS A HOME RULE MUNICIPALITY :

19 (1) THE CITY MAY IMPOSE ON EACH PARKING TRANSACTION IN
20 THE CITY A TAX AT A RATE NOT TO EXCEED 37.5% OF THE COST OF
21 THE TRANSACTION.

22 (2) IF DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
23 DETERMINES THAT THE CITY HAS LEASED OR SOLD ANY OF ITS
24 PARKING FACILITIES IN THE CITY AND THAT AT LEAST \$200,000,000
25 IN NET PROCEEDS FROM THE LEASE OR SALE HAS BEEN DEPOSITED
26 INTO THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM AND
27 CREDITED TO THE MUNICIPALITY'S ACCOUNT AND TRANSMITS NOTICE
28 OF THE DETERMINATION TO THE LEGISLATIVE REFERENCE BUREAU FOR
29 PUBLICATION IN THE PENNSYLVANIA BULLETIN, THE CITY MAY IMPOSE
30 ON EACH PARKING TRANSACTION IN THE CITY AN ADDITIONAL TAX AT

1 A RATE NOT TO EXCEED 2.5% OF THE COST OF THE TRANSACTION.

2 (B) USE OF REVENUE.--NOTWITHSTANDING ANY OTHER LAW TO THE
3 CONTRARY, 6.75% OF THE REVENUE RECEIVED UNDER SUBSECTION (A) (1)
4 AND 100% OF THE REVENUE RECEIVED UNDER SUBSECTION (A) (2) SHALL
5 BE USED TO PAY THE CITY'S MINIMUM MUNICIPAL OBLIGATION REQUIRED
6 UNDER SECTION 302 AND ANY INTEREST ACCRUED IN ANY PLAN YEAR.

7 SECTION 19. THE ACT IS AMENDED BY ADDING A CHAPTER TO READ:

8 CHAPTER 11

9 DEFERRED RETIREMENT OPTION PLANS

10 SUBCHAPTER A

11 PRELIMINARY PROVISIONS

12 SECTION 1101. SCOPE.

13 THIS CHAPTER RELATES TO DEFERRED RETIREMENT OPTION PLANS FOR
14 NEWLY HIRED EMPLOYEES.

15 SECTION 1102. DEFINITIONS.

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

19 "NORMAL RETIREMENT BENEFIT." THE RETIREMENT BENEFIT PAYABLE
20 TO A MEMBER OF A DEFINED BENEFIT PENSION PLAN ON OR AFTER THE
21 DATE ON WHICH THE MEMBER FIRST SATISFIES THE AGE AND SERVICE
22 REQUIREMENTS FOR FULL, UNREDUCED RETIREMENT BENEFITS, INCLUDING
23 SUPPLEMENTAL AMOUNTS PROVIDED TO THE MEMBER AFTER RETIREMENT AS
24 COST-OF-LIVING INCREASES.

25 "SUBSIDIARY DROP PARTICIPANT ACCOUNT." THE SEPARATE,
26 INTEREST-BEARING, SUBSIDIARY DROP PARTICIPANT ACCOUNT
27 ESTABLISHED FOR A DROP PARTICIPANT UNDER SECTION 1121.

28 SECTION 1104. EMPLOYMENT STATUS.

29 PARTICIPATION IN A DROP DOES NOT GUARANTEE THE DROP
30 PARTICIPANT'S EMPLOYMENT BY THE LOCAL GOVERNMENT DURING THE

1 SPECIFIED PERIOD OF THE DROP.

2 SUBCHAPTER B

3 GENERAL PROVISIONS

4 SECTION 1111. ESTABLISHMENT OF DROP.

5 (A) LOCAL GOVERNMENTS.--A LOCAL GOVERNMENT THAT HAS
6 ESTABLISHED OR MAINTAINS A DEFINED BENEFIT PENSION PLAN FOR A
7 GROUP OF ITS EMPLOYEES HIRED AFTER THE EFFECTIVE DATE OF THIS
8 SECTION WHICH IS SELF-INSURED IN WHOLE OR IN PART UNDER SECTION
9 202(B), EXCEPT FOR A LOCAL GOVERNMENT THAT HAS JOINED THE
10 PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM, MAY ESTABLISH BY
11 ORDINANCE A DROP FOR THOSE EMPLOYEES AS PART OF THE PENSION
12 PLAN. THE DROP MAY NOT APPLY TO ELECTED MUNICIPAL OFFICIALS
13 ELECTED AFTER THE EFFECTIVE DATE OF THIS SUBSECTION. THE
14 ORDINANCE ESTABLISHING THE DROP SHALL SPECIFY A UNIFORM
15 PARTICIPATION PERIOD OF NOT MORE THAN FIVE YEARS IN DURATION.

16 (B) PARTICIPANTS.--A LOCAL GOVERNMENT THAT HAS ESTABLISHED
17 OR MAINTAINS A DEFINED BENEFIT PLAN FOR A GROUP OF ITS EMPLOYEES
18 WHICH IS SELF-INSURED IN WHOLE OR IN PART UNDER SECTION 202(B)
19 AND HAS JOINED THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM MAY
20 ESTABLISH A DROP FOR THOSE EMPLOYEES AS A PART OF THE PENSION
21 PLAN ONLY THROUGH PARTICIPATION IN THE DROP ESTABLISHED AND
22 ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM.

23 (C) STANDARDS.--THE PENNSYLVANIA MUNICIPAL RETIREMENT BOARD
24 SHALL ESTABLISH A DROP FOR LOCAL GOVERNMENT-DEFINED BENEFIT
25 PENSION PLANS THAT HAVE JOINED THE PENNSYLVANIA MUNICIPAL
26 RETIREMENT SYSTEM. THE DROP SHALL BE UNIFORM, IN COMPLIANCE WITH
27 THE PROVISIONS OF THIS CHAPTER, OPEN TO ANY LOCAL GOVERNMENT AND
28 APPLICABLE TO ANY OF THE DEFINED BENEFIT PENSION PLANS
29 ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM.

30 SECTION 1112. ELIGIBILITY.

1 AN ACTIVE MEMBER OF A LOCAL GOVERNMENT RETIREMENT SYSTEM THAT
2 HAS A DROP AS A PART OF ITS DEFINED BENEFIT PENSION PLAN WHO IS
3 ELIGIBLE FOR A NORMAL RETIREMENT BENEFIT UNDER THE PENSION PLAN
4 OR WILL BE ELIGIBLE FOR A NORMAL RETIREMENT BENEFIT UNDER THE
5 PENSION PLAN PRIOR TO PARTICIPATION IN THE DROP AND WHO IS NOT
6 AN ELECTED OFFICIAL IS ELIGIBLE TO PARTICIPATE IN THE DROP BY
7 FILING A WRITTEN APPLICATION WITH THE RETIREMENT SYSTEM AT LEAST
8 30 DAYS BEFORE THE MEMBER'S EFFECTIVE DATE OF RETIREMENT.

9 SECTION 1113. PARTICIPATION IN DROP.

10 (A) ELECTION.--AN ELIGIBLE ACTIVE MEMBER MAY ELECT TO
11 PARTICIPATE IN A DROP FOR THE PERIOD SPECIFIED IN THE ORDINANCE
12 UNDER SECTION 1111(A).

13 (B) DROP PARTICIPATION ELECTION.--UPON DECIDING TO
14 PARTICIPATE IN A DROP, A MEMBER SHALL SUBMIT ON FORMS PROVIDED
15 AND REQUIRED BY THE RETIREMENT SYSTEM:

16 (1) A BINDING AND IRREVOCABLE LETTER OF RESIGNATION FROM
17 REGULAR EMPLOYMENT WITH THE LOCAL GOVERNMENT THAT DISCLOSES
18 THE MEMBER'S INTENT TO RETIRE AND SPECIFIES THE MEMBER'S
19 RETIREMENT DATE.

20 (2) AN IRREVOCABLE WRITTEN ELECTION TO PARTICIPATE IN
21 THE DROP THAT:

22 (I) DETAILS A DROP PARTICIPANT'S RIGHTS AND
23 OBLIGATIONS UNDER THE DROP.

24 (II) INCLUDES AN AGREEMENT TO FORGO:

25 (A) ACTIVE MEMBERSHIP IN THE RETIREMENT SYSTEM.

26 (B) ANY GROWTH IN THE SALARY BASE USED FOR
27 CALCULATING THE REGULAR RETIREMENT BENEFIT.

28 (C) ANY ADDITIONAL BENEFIT ACCRUAL FOR
29 RETIREMENT PURPOSES, INCLUDING LENGTH-OF-SERVICE
30 INCREMENTS.

1 (III) SPECIFIES THE EFFECTIVE DATE OF DROP
2 PARTICIPATION THAT SHALL BE THE DAY AFTER THE SPECIFIED
3 RETIREMENT DATE.

4 (IV) SPECIFIES THE DROP TERMINATION DATE THAT
5 SATISFIES THE LIMITATION IN SUBSECTION (A).

6 (3) ANY OTHER INFORMATION REQUIRED BY THE RETIREMENT
7 SYSTEM.

8 (C) DROP TERMINATION.--

9 (1) A DROP PARTICIPANT MAY CHANGE THE DROP TERMINATION
10 DATE TO AN EARLIER DATE WITHIN THE LIMITATIONS OF SUBSECTION
11 (A). NO PENALTY SHALL BE IMPOSED FOR EARLY TERMINATION OF
12 DROP PARTICIPATION.

13 (2) UPON EITHER EARLY OR REGULAR TERMINATION OF DROP
14 PARTICIPATION:

15 (I) THE DROP PARTICIPANT SHALL BE SEPARATED FROM
16 EMPLOYMENT BY THE LOCAL GOVERNMENT.

17 (II) THE RETIREMENT SYSTEM SHALL PAY THE BALANCE IN
18 THE DROP PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT
19 ACCOUNT TO THE TERMINATING DROP PARTICIPANT AS PROVIDED
20 IN SECTION 1114(D).

21 (III) THE DROP PARTICIPANT SHALL BE INELIGIBLE TO
22 REENROLL IN THE DROP THEREAFTER EVEN IF THE FORMER DROP
23 PARTICIPANT IS REEMPLOYED BY THE LOCAL GOVERNMENT WITH
24 RENEWED ACTIVE MEMBERSHIP IN THE RETIREMENT SYSTEM.

25 SECTION 1114. BENEFITS PAYABLE UNDER DROP.

26 (A) FIXING RETIREMENT BENEFIT, RETIREMENT DATE, RETIREMENT
27 BENEFITS AND DROP DATES.-- EFFECTIVE WITH THE DATE OF
28 RETIREMENT, WHICH SHALL BE THE DAY BEFORE THE EFFECTIVE DATE OF
29 DROP PARTICIPATION, THE MEMBER'S MONTHLY, NORMAL RETIREMENT
30 BENEFIT UNDER THE PENSION PLAN, THE MEMBER'S EFFECTIVE DATE OF

1 RETIREMENT AND THE MEMBER'S EFFECTIVE DATES OF BEGINNING AND
2 TERMINATING EMPLOYMENT AS A DROP PARTICIPANT SHALL BE FIXED.

3 (B) EFFECTIVE DATES.--

4 (1) A RETIRED MEMBER'S EFFECTIVE DATE OF PARTICIPATION
5 IN A DROP SHALL BEGIN THE DAY FOLLOWING THE EFFECTIVE DATE OF
6 THE MEMBER'S REGULAR RETIREMENT.

7 (2) A RETIRED MEMBER'S PARTICIPATION IN A DROP SHALL END
8 ON THE LAST DAY OF THE PARTICIPATION PERIOD SPECIFIED IN THE
9 ORDINANCE ESTABLISHING THE DROP THAT IS IN EFFECT ON THE
10 EFFECTIVE DATE OF THE RETIRED MEMBER'S PARTICIPATION IN THE
11 DROP.

12 (C) BENEFIT PAYMENTS AND ACCRUALS.--ALL OF THE RETIRED
13 MEMBER'S MONTHLY, NORMAL RETIREMENT BENEFIT AND INTEREST THEREON
14 AT THE ASSIGNED RATE SHALL BE CREDITED TO THE DROP PARTICIPANT'S
15 SUBSIDIARY DROP PARTICIPANT ACCOUNT IN THE PENSION TRUST FUND
16 AND A SEPARATE ACCOUNTING OF THE DROP PARTICIPANT'S ACCRUED
17 BENEFIT ACCUMULATION UNDER THE DROP SHALL BE CALCULATED ANNUALLY
18 AND PROVIDED TO THE DROP PARTICIPANT.

19 (D) PAYMENT.--ON THE EFFECTIVE DATE OF A DROP PARTICIPANT'S
20 TERMINATION OF EMPLOYMENT WITH THE LOCAL GOVERNMENT AS A DROP
21 PARTICIPANT, PARTICIPATION IN THE DROP SHALL CEASE AND THE
22 RETIREMENT SYSTEM SHALL CALCULATE AND PAY TO THE PARTICIPANT THE
23 PARTICIPANT'S TOTAL ACCUMULATED DROP BENEFITS IN THE DROP
24 PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT ACCOUNT SUBJECT TO THE
25 FOLLOWING PROVISIONS:

26 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), THE TERMINATING
27 DROP PARTICIPANT OR, IF DECEASED, THE PARTICIPANT'S SURVIVOR
28 AS PROVIDED BY THE ENABLING PENSION STATUTE APPLICABLE TO THE
29 APPROPRIATE CLASS OF EMPLOYEES OF THE MUNICIPALITY OR, IN
30 LIEU THEREOF, THE PARTICIPANT'S NAMED BENEFICIARY, SHALL

1 ELECT ON A FORM PROVIDED BY THE RETIREMENT SYSTEM TO RECEIVE
2 PAYMENT OF THE DROP BENEFITS IN ACCORDANCE WITH ONE OF THE
3 FOLLOWING OPTIONS:

4 (I) THE BALANCE IN THE DROP PARTICIPANT'S SUBSIDIARY
5 DROP PARTICIPANT ACCOUNT LESS WITHHOLDING TAXES, IF ANY,
6 REMITTED TO THE INTERNAL REVENUE SERVICE SHALL BE PAID
7 WITHIN 45 DAYS BY THE RETIREMENT SYSTEM FROM THE ACCOUNT
8 TO THE DROP PARTICIPANT OR SURVIVING BENEFICIARY.

9 (II) THE BALANCE IN THE DROP PARTICIPANT'S
10 SUBSIDIARY DROP PARTICIPANT ACCOUNT SHALL BE PAID WITHIN
11 45 DAYS BY THE RETIREMENT SYSTEM FROM THE ACCOUNT
12 DIRECTLY TO THE CUSTODIAN OF AN ELIGIBLE RETIREMENT PLAN
13 AS DEFINED IN SECTION 402(C)(8)(B) OF THE INTERNAL
14 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
15 402(C)(8)(B)), OR, IN THE CASE OF AN ELIGIBLE ROLLOVER
16 DISTRIBUTION TO THE SURVIVING SPOUSE OF A DECEASED DROP
17 PARTICIPANT, AN ELIGIBLE RETIREMENT PLAN THAT IS AN
18 INDIVIDUAL RETIREMENT ACCOUNT OR AN INDIVIDUAL RETIREMENT
19 ANNUITY AS DESCRIBED IN SECTION 402(C)(9) OF THE INTERNAL
20 REVENUE CODE OF 1986 (26 U.S.C. § 402(C)(9)).

21 (2) IF THE DROP PARTICIPANT OR BENEFICIARY FAILS TO
22 ELECT A METHOD OF PAYMENT WITHIN 60 DAYS AFTER THE
23 PARTICIPANT'S TERMINATION DATE, THE RETIREMENT SYSTEM SHALL
24 PAY THE BALANCE AS A LUMP SUM AS PROVIDED IN PARAGRAPH (1).

25 (3) THE FORM OF PAYMENT SELECTED BY THE DROP PARTICIPANT
26 OR SURVIVING BENEFICIARY SHALL COMPLY WITH THE MINIMUM
27 DISTRIBUTION REQUIREMENTS OF THE INTERNAL REVENUE CODE.

28 (E) TAXATION, ATTACHMENT AND ASSIGNMENT.--

29 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),
30 THE RIGHT OF A DROP PARTICIPANT TO ANY BENEFIT OR RIGHT

1 ACCRUED OR ACCRUING UNDER THE PROVISIONS OF THIS CHAPTER AND
2 THE MONEYS IN THE DROP PARTICIPANT'S SUBSIDIARY DROP
3 PARTICIPANT ACCOUNT ARE EXEMPT FROM ANY STATE OR MUNICIPAL
4 TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT, SPOUSE'S
5 ELECTION OR ANY OTHER PROCESS WHATSOEVER.

6 (2) RIGHTS UNDER THIS CHAPTER SHALL BE SUBJECT TO
7 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
8 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
9 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
10 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS
11 THAT ANY DROP PARTICIPANT OTHERWISE WOULD RECEIVE UNDER THIS
12 CHAPTER.

13 (3) RIGHTS UNDER THIS CHAPTER SHALL BE SUBJECT TO
14 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN A
15 QUALIFIED DOMESTIC RELATIONS ORDER.

16 (4) (I) UNDER SUBSECTION (D) (1) (II), A DISTRIBUTE MAY
17 ELECT TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID
18 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A
19 DIRECT ROLLOVER.

20 (II) FOR PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTE"
21 INCLUDES A DROP PARTICIPANT, A DROP PARTICIPANT'S
22 SURVIVOR AS PROVIDED BY THE ENABLING PENSION STATUTE
23 APPLICABLE TO THE APPROPRIATE CLASS OF EMPLOYEES OF THE
24 MUNICIPALITY OR, IN LIEU THEREOF, THE PARTICIPANT'S
25 DESIGNATED BENEFICIARY AND A DROP PARTICIPANT'S FORMER
26 SPOUSE WHO IS AN ALTERNATE PAYEE UNDER A QUALIFIED
27 DOMESTIC RELATIONS ORDER.

28 (III) FOR PURPOSES OF THIS PARAGRAPH, "ELIGIBLE
29 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN THE TERM BY
30 SECTION 402 (F) (2) (A) OF THE INTERNAL REVENUE CODE OF 1986

1 (26 U.S.C. § 402(F)(2)(A)), EXCEPT THAT A QUALIFIED TRUST
2 SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF
3 IT ACCEPTS THE DISTRIBUTEES' ELIGIBLE ROLLOVER
4 DISTRIBUTION AND, IN THE CASE OF AN ELIGIBLE ROLLOVER
5 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE
6 RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR
7 AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS ARE
8 DEFINED IN SECTION 408(A) AND (B) OF THE INTERNAL REVENUE
9 CODE OF 1986 (26 U.S.C. § 408(A) AND (B)).

10 (F) DISABILITY.--IF A DROP PARTICIPANT BECOMES ELIGIBLE FOR
11 A DISABILITY PENSION BENEFIT AND TERMINATES EMPLOYMENT, THE
12 MONTHLY NORMAL RETIREMENT BENEFIT OF THE DROP PARTICIPANT SHALL
13 TERMINATE.

14 (G) ELIGIBILITY.--EXCEPT FOR THOSE BENEFITS SPECIFIED UNDER
15 SECTION 1113(B)(2)(II) AS FORGONE BY THE MEMBER, A DROP
16 PARTICIPANT SHALL BE ELIGIBLE FOR ANY EMPLOYEE BENEFITS PROVIDED
17 TO ACTIVE EMPLOYEES BEFORE RETIREMENT AS SET FORTH IN THE
18 ORDINANCE INSTITUTING THE DROP.

19 (H) ELIGIBILITY FOR OTHER BENEFITS.--A DROP PARTICIPANT
20 SHALL BE ELIGIBLE FOR ALL PRERETIREMENT BENEFITS FOR EMPLOYEES
21 OTHERWISE PROVIDED BY LAW, INCLUDING, BUT NOT LIMITED TO,
22 BENEFITS UNDER:

23 (1) THE ACT OF JUNE 2, 1915 (P.L.736, NO.338), KNOWN AS
24 THE WORKERS' COMPENSATION ACT;

25 (2) THE ACT OF JUNE 28, 1935 (P.L.477, NO.193), REFERRED
26 TO AS THE ENFORCEMENT OFFICER DISABILITY BENEFITS LAW;

27 (3) THE ACT OF DECEMBER 5, 1936 (2ND SP.SESS., 1937 P.L.
28 2897, NO.1), KNOWN AS THE UNEMPLOYMENT COMPENSATION LAW;

29 (4) THE ACT OF JUNE 24, 1976 (P.L.424, NO.101), REFERRED
30 TO AS THE EMERGENCY AND LAW ENFORCEMENT PERSONNEL DEATH

1 BENEFITS ACT; AND

2 (5) THE PUBLIC SAFETY OFFICERS' BENEFIT ACT OF 1976
3 (PUBLIC LAW 94-430, 42 U.S.C. § 90 STAT. 1347).

4 SECTION 1115. DEATH BENEFITS UNDER DROP.

5 (A) NAMED BENEFICIARY.--IF A DROP PARTICIPANT DIES, THE DROP
6 PARTICIPANT'S NAMED BENEFICIARY SHALL BE ENTITLED TO APPLY FOR
7 AND RECEIVE THE BENEFITS ACCRUED IN THE DROP PARTICIPANT'S
8 SUBSIDIARY DROP PARTICIPANT ACCOUNT AS PROVIDED IN SECTION
9 1114 (D) .

10 (B) FINAL BENEFIT.--THE MONTHLY RETIREMENT SYSTEM BENEFIT
11 ACCRUED IN THE DROP PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT
12 ACCOUNT DURING THE MONTH OF A DROP PARTICIPANT'S DEATH SHALL BE
13 THE FINAL MONTHLY RETIREMENT SYSTEM BENEFIT CREDITED FOR DROP
14 PARTICIPATION.

15 (C) TERMINATION OF ELIGIBILITY.--A DROP PARTICIPANT'S
16 ELIGIBILITY TO PARTICIPATE IN THE DROP TERMINATES UPON THE DEATH
17 OF THE DROP PARTICIPANT. IF A DROP PARTICIPANT DIES ON OR AFTER
18 THE EFFECTIVE DATE OF PARTICIPATION IN THE DROP BUT BEFORE THE
19 MONTHLY RETIREMENT SYSTEM BENEFIT OF THE PARTICIPANT ACCRUABLE
20 FOR THE MONTH HAS ACCRUED IN THE DROP PARTICIPANT'S SUBSIDIARY
21 DROP PARTICIPANT ACCOUNT, THE LOCAL GOVERNMENT SHALL PAY THE
22 MONTHLY RETIREMENT SYSTEM BENEFITS AS THOUGH THE PARTICIPANT HAD
23 NOT ELECTED DROP PARTICIPATION AND HAD DIED AFTER THE MEMBER'S
24 EFFECTIVE DATE OF RETIREMENT BUT BEFORE RECEIPT OF THE RETIRED
25 MEMBER'S FIRST REGULAR RETIREMENT BENEFIT.

26 (D) SURVIVORS INELIGIBLE FOR DEATH BENEFIT.--EXCEPT FOR
27 THOSE BENEFITS SPECIFICALLY PAYABLE AS A RESULT OF DEATH
28 INCURRED IN THE COURSE OF PERFORMING A HAZARDOUS PUBLIC DUTY,
29 THE SURVIVORS OF A DROP PARTICIPANT WHO DIES SHALL NOT BE
30 ELIGIBLE TO RECEIVE RETIREMENT SYSTEM DEATH BENEFITS PAYABLE IN

1 THE EVENT OF THE DEATH OF AN ACTIVE MEMBER.

2 (E) SURVIVORS ELIGIBLE FOR RETIRED MEMBER'S DEATH BENEFIT.--
3 THE DROP PARTICIPANT'S SURVIVOR SHALL BE ELIGIBLE TO RECEIVE
4 RETIREMENT SYSTEM DEATH BENEFITS NORMALLY PAYABLE IN THE EVENT
5 OF THE DEATH OF A RETIRED EMPLOYEE.

6 SECTION 1116. SUBSEQUENT EMPLOYMENT.

7 AFTER BOTH THE TERMINATION OF A DROP PARTICIPANT'S EMPLOYMENT
8 AS A DROP PARTICIPANT BY THE LOCAL GOVERNMENT AND THE EXPIRATION
9 OF THE DROP PARTICIPATION PERIOD, A FORMER DROP PARTICIPANT
10 SHALL BE SUBJECT TO SUCH REEMPLOYMENT LIMITATIONS AS OTHER
11 RETIRED MEMBERS AND SHALL BE ELIGIBLE FOR RENEWED MEMBERSHIP AS
12 AN ACTIVE MEMBER IN THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT
13 SYSTEM.

14 SUBCHAPTER C

15 ADMINISTRATIVE PROVISIONS

16 SECTION 1121. DROP PARTICIPANT ACCOUNT.

17 (A) GENERAL RULE.--IF A LOCAL GOVERNMENT CREATES A DROP, IT
18 SHALL ESTABLISH A DROP PARTICIPANT ACCOUNT AS AN INTEREST-
19 BEARING LEDGER ACCOUNT IN ITS PENSION TRUST FUND. THE ACCOUNT
20 BALANCE SHALL BE ACCOUNTED FOR SEPARATELY BUT NEED NOT BE
21 PHYSICALLY SEGREGATED FROM OTHER PENSION TRUST FUND ASSETS.

22 (B) SUBSIDIARY DROP PARTICIPANT ACCOUNTS.--A SEPARATE
23 INTEREST-BEARING SUBSIDIARY DROP PARTICIPANT ACCOUNT SHALL BE
24 ESTABLISHED FOR EACH DROP PARTICIPANT. WHILE A RETIRED MEMBER IS
25 EMPLOYED AS A DROP PARTICIPANT, THE MEMBER'S MONTHLY, NORMAL
26 RETIREMENT BENEFIT AND INTEREST THEREON SHALL BE CREDITED TO THE
27 DROP PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT ACCOUNT UNDER
28 SECTION 1114(C). THE INTEREST SHALL BE COMPOUNDED AND CREDITED
29 MONTHLY AT AN ANNUAL RATE SPECIFIED IN THE ORDINANCE
30 ESTABLISHING THE DROP THAT SHALL BE NOT LESS THAN 1% NOR MORE

1 THAN 4 1/2%.

2 (C) TERMINATION OF EMPLOYMENT.--

3 (1) WHEN A DROP PARTICIPANT TERMINATES EMPLOYMENT WITH
4 THE LOCAL GOVERNMENT AS A DROP PARTICIPANT, THE DROP
5 PARTICIPANT'S TOTAL ACCUMULATED BENEFITS SHALL BE CALCULATED,
6 CHARGED TO THE DROP PARTICIPANT ACCOUNT AND PAID OUT OF THE
7 PENSION TRUST FUND UNDER SECTION 1114(D)(2).

8 (2) UNDER SECTION 202(B), THE BALANCE IN THE DROP
9 PARTICIPANT ACCOUNT SHALL BE EXCLUDED FROM ACTUARIAL
10 VALUATION REPORTS OF THE RETIREMENT SYSTEM PREPARED AND FILED
11 UNDER THIS ACT.

12 (D) ACCOUNT HELD IN TRUST.--A DROP PARTICIPANT ACCOUNT SHALL
13 BE HELD IN TRUST FOR THE EXCLUSIVE BENEFIT OF DROP RETIRED
14 MEMBERS WHO ARE OR WERE DROP PARTICIPANTS AND FOR THE
15 BENEFICIARIES OF THE MEMBERS.

16 SECTION 1122. AUDIT.

17 THE DROP ESTABLISHED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT
18 BOARD SHALL BE SUBJECT TO FINANCIAL AND COMPLIANCE AUDITS
19 CONDUCTED BY THE AUDITOR GENERAL WITH THE INITIAL AUDIT
20 CONDUCTED WITHIN ONE YEAR OF ESTABLISHMENT OF THE DROP.

21 SECTION 1123. EXISTING DROPS.

22 A LOCAL GOVERNMENT THAT ESTABLISHED A DROP PRIOR TO OR ON THE
23 EFFECTIVE DATE OF THIS SECTION THAT DOES NOT CONFORM TO THE
24 PROVISIONS OF THIS CHAPTER SHALL AMEND ITS PLAN WITHIN 180 DAYS
25 OF THE EFFECTIVE DATE OF THIS SECTION OR WHEN THE CURRENT LABOR-
26 MANAGEMENT CONTRACT CREATING THE PLAN EXPIRES, WHICHEVER IS
27 LATER, TO CONFORM WITH THE PROVISIONS OF THIS CHAPTER WITH
28 RESPECT TO FUTURE DROP PARTICIPANTS.

29 SECTION 1124. NONCOMPLIANCE.

30 (A) GENERAL RULE.--IF A LOCAL GOVERNMENT THAT ESTABLISHED A

1 DROP UNDER SECTION 1111(A) OR THE PENNSYLVANIA MUNICIPAL
2 RETIREMENT BOARD THAT ESTABLISHED A DROP UNDER SECTION 1111(C)
3 FAILS TO COMPLY WITHIN 90 DAYS WITH A FINDING BY THE AUDITOR
4 GENERAL OF NONCOMPLIANCE WITH THIS CHAPTER OR IF THE FINDING IS
5 APPEALED WITHIN 90 DAYS OF CONCLUSION OF THE APPEAL PROCESS, THE
6 FAILURE TO COMPLY SHALL BE DEEMED SUFFICIENT REFUSAL BY THE
7 LOCAL GOVERNMENT OR THE PENNSYLVANIA MUNICIPAL RETIREMENT BOARD
8 TO COMPLY WITH ITS DUTY ANTECEDENT TO THE COMMENCEMENT OF A
9 MANDAMUS ACTION AND THE AUDITOR GENERAL SHALL REFER THE FINDING
10 TO THE ATTORNEY GENERAL.

11 (B) MANDAMUS ACTION.--UPON RECEIPT OF THE FINDING FROM THE
12 AUDITOR GENERAL, THE ATTORNEY GENERAL, FOLLOWING AN
13 ADMINISTRATIVE PROCEEDING IN ACCORDANCE WITH 2 PA.C.S. (RELATING
14 TO ADMINISTRATIVE LAW AND PROCEDURE), SHALL PROCEED IN THE NAME
15 OF THE COMMONWEALTH TO INSTITUTE A LEGAL PROCEEDING FOR MANDAMUS
16 AND NO OTHER REMEDY AT LAW SHALL BE DEEMED TO BE SUFFICIENTLY
17 ADEQUATE AND APPROPRIATE TO BAR THE COMMENCEMENT OF THIS ACTION.

18 SECTION 20. REPEALS ARE AS FOLLOWS:

19 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
20 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF
21 SECTION 1004 OF THE ACT.

22 (2) SECTION 308 OF THE ACT OF DECEMBER 31, 1965
23 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT, IS
24 REPEALED.

25 SECTION 21. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.