

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1828 Session of
2009

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

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, AUGUST 26, 2009

AN ACT

1 ~~Amending the act of December 18, 1984 (P.L.1005, No.205),~~ ←
2 ~~entitled "An act mandating actuarial funding standards for~~
3 ~~all municipal pension systems; establishing a recovery~~
4 ~~program for municipal pension systems determined to be~~
5 ~~financially distressed; providing for the distribution of the~~
6 ~~tax on the premiums of foreign fire insurance companies; and~~
7 ~~making repeals," adding special provisions for amortization~~
8 ~~of unfunded actuarial accrued liability and minimum municipal~~
9 ~~obligation in cities of the first class; and providing for~~
10 ~~special taxing authority for cities of the first class.~~

11 AMENDING THE ACT OF DECEMBER 18, 1984 (P.L.1005, NO.205), ←
12 ENTITLED "AN ACT MANDATING ACTUARIAL FUNDING STANDARDS FOR
13 ALL MUNICIPAL PENSION SYSTEMS; ESTABLISHING A RECOVERY
14 PROGRAM FOR MUNICIPAL PENSION SYSTEMS DETERMINED TO BE
15 FINANCIALLY DISTRESSED; PROVIDING FOR THE DISTRIBUTION OF THE
16 TAX ON THE PREMIUMS OF FOREIGN FIRE INSURANCE COMPANIES; AND
17 MAKING REPEALS," AMENDING THE TITLE OF THE ACT; IN
18 PRELIMINARY PROVISIONS, FURTHER PROVIDING FOR DEFINITIONS; IN
19 PRELIMINARY PROVISIONS, PROVIDING FOR METHODOLOGY; IN
20 MUNICIPAL PENSION PLAN ACTUARIAL REPORTING, FURTHER PROVIDING
21 FOR CONTENTS OF ACTUARIAL VALUATION REPORT AND PROVIDING FOR
22 ACTUARIAL ASSET VALUATION AND FOR REVISED ACTUARIAL VALUATION
23 REPORT; IN MINIMUM FUNDING STANDARD FOR MUNICIPAL PENSION
24 PLANS, FURTHER PROVIDING FOR MINIMUM FUNDING STANDARD AND
25 DEFINED BENEFIT PLANS SELF-INSURED IN WHOLE OR IN PART; IN
26 REVISIONS APPLICABLE TO MUNICIPAL PENSION FUND FINANCING,
27 FURTHER PROVIDING FOR REVISION OF FINANCING FROM STATE
28 REVENUE SOURCES AND GENERAL MUNICIPAL PENSION SYSTEM STATE
29 AID PROGRAM; IN FINANCIALLY DISTRESSED MUNICIPAL PENSION PLAN
30 DETERMINATION PROCEDURE, FURTHER PROVIDING FOR INITIATION OF
31 DISTRESS DETERMINATION, FOR PENSION PLANS TO BE INCLUDED IN
32 DETERMINATION AND FOR DETERMINATION PROCEDURE; IN FINANCIALLY
33 DISTRESSED MUNICIPAL PENSION SYSTEM RECOVERY PROGRAM, FURTHER
34 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 FOR SECOND CLASS CITIES AND FOR
12 LEVEL III ADMINISTRATION IN CITIES OF THE SECOND CLASS; IN
13 ALTERNATIVE FUNDING MECHANISM, PROVIDING SPECIAL PROVISIONS
14 RELATING TO CERTAIN CITIES AND COUNTIES; FURTHER PROVIDING
15 FOR ALTERNATIVE FUNDING MECHANISM; PROVIDING FOR CITIES OF
16 THE FIRST AND SECOND CLASSES, FOR SPECIAL TAXING AUTHORITY,
17 FOR CITIES OF THE SECOND CLASS AND FOR MUNICIPAL EXCESS
18 PAYMENTS; AUTHORIZING CERTAIN DEFERRED RETIREMENT OPTION
19 PLANS; AND MAKING A RELATED REPEAL.

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

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

26 ~~CHAPTER 10~~

27 ~~{ALTERNATIVE FUNDING MECHANISM}~~

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

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

32 ~~Section 1001. Alternative funding mechanism.~~

33 ~~* * *~~

34 ~~(b) Period of payment requirements prior to July 1, 2009.~~
35 ~~The period of the city's payment requirements under an~~
36 ~~alternative funding mechanism implemented prior to December 31,~~
37 ~~2002, shall be the greater of:~~

38 ~~(1) the remaining period not exceeding 30 years during~~
39 ~~which the city would have amortized the unfunded actuarial~~

1 ~~accrued liability reported in its last actuarial valuation~~
2 ~~report filed under Chapter 2 using the total amortization~~
3 ~~payment and interest assumption, reported in that actuarial~~
4 ~~valuation report; or~~

5 ~~(2) 30 years.~~

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

10 ~~(b.1) Period of payment requirements beginning July 1,~~
11 ~~2009. The period of the city's payment requirements under an~~
12 ~~alternative funding mechanism implemented or refinanced in whole~~
13 ~~or in part on or after July 1, 2009, and prior to the beginning~~
14 ~~of the plan year that commences in 2019, shall be the greater~~
15 ~~of:~~

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

22 ~~(2) 30 years.~~

23 ~~If an alternative funding mechanism is implemented after July 1,~~
24 ~~2019, the period described in paragraph (1) shall be the period~~
25 ~~of the city's payment requirements.~~

26 ~~* * *~~

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

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

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

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

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

~~(4) Any such revised actuarial valuation report shall~~

~~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:

* * *

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

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

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

15 * * *

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

17 * * *

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

22 * * *

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

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

1 METHODOLOGIES PROVIDED FOR IN THIS ACT.

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

5 SECTION 202. CONTENTS OF ACTUARIAL VALUATION REPORT.

6 * * *

7 (B) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED BENEFIT PLANS
8 SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN WHICH IS
9 A DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN WHOLE OR IN
10 PART, ALL APPLICABLE ACTUARIAL EXHIBITS SHALL BE PREPARED IN
11 ACCORDANCE WITH THE ENTRY AGE NORMAL ACTUARIAL COST METHOD WITH
12 ENTRY AGE ESTABLISHED AS THE ACTUAL ENTRY AGE FOR ALL PLAN
13 MEMBERS UNLESS THE MUNICIPALITY APPLIES FOR AND IS GRANTED
14 AUTHORIZATION BY THE COMMISSION TO USE AN ALTERNATIVE ACTUARIAL
15 COST METHOD. AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY
16 DEMONSTRATES ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE
17 COMPELLING REASONS OF AN ACTUARIAL NATURE FOR THE USE OF AN
18 ALTERNATIVE ACTUARIAL COST METHOD. THE COMMISSION SHALL ISSUE
19 RULES AND REGULATIONS SPECIFYING THE CRITERIA WHICH THE
20 COMMISSION WILL USE TO DETERMINE THE QUESTION OF THE EXISTENCE
21 OF COMPELLING REASONS FOR THE USE OF AN ALTERNATIVE ACTUARIAL
22 COST METHOD, THE DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE
23 AUTHORIZATION WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE
24 ALTERNATIVE ACTUARIAL COST METHODS WHICH THE COMMISSION MAY
25 AUTHORIZE. THE ACTUARIAL COST METHOD SHALL BE USED TO VALUE ALL
26 ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION PLAN UNLESS
27 THE MUNICIPALITY APPLIES FOR AND IS GRANTED AUTHORIZATION BY THE
28 COMMISSION TO USE APPROXIMATION TECHNIQUES OTHER THAN THE
29 ACTUARIAL COST METHOD FOR ASPECTS OF THE BENEFIT PLAN OR PLANS
30 OF THE PENSION PLAN OTHER THAN THE RETIREMENT BENEFIT.

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

29 * * *

30 (4) AN EXHIBIT OF ANY ADDITIONAL FUNDING COSTS

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

14 (I) THE FOLLOWING APPLY:

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

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

28 (II) THE FOLLOWING APPLY:

29 (A) INCREMENT OR DECREMENT OF NET UNFUNDED
30 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO A CHANGE

1 IN ACTUARIAL ASSUMPTIONS, AT THE END OF THE PLAN YEAR
2 OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
3 ACTUARIAL ASSUMPTION MODIFICATION WAS EFFECTIVE.

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

11 (III) THE FOLLOWING APPLY:

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

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

25 (IV) THE FOLLOWING APPLY:

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

1 THE BENEFIT PLAN MODIFICATION WAS EFFECTIVE.

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

10 (C) AN INCREMENT OF UNFUNDED ACTUARIAL ACCRUED ←
11 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE
12 BENEFIT PLAN APPLICABLE TO RETIRED MEMBERS AND OTHER
13 BENEFIT RECIPIENTS NOT MANDATED BY NEW LEGISLATION,
14 AT THE END OF THE PLAN YEAR FOLLOWING THE YEAR IN
15 WHICH THE MODIFICATION WAS EFFECTIVE.

16 (V) THE FOLLOWING APPLY:

17 (A) INCREMENT OR DECREMENT OF NET UNFUNDED
18 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO AN
19 ACTUARIAL EXPERIENCE LOSS OR GAIN, AT THE END OF PLAN
20 YEAR OCCURRING [15] 20 YEARS AFTER THE CALENDAR YEAR
21 IN WHICH THE ACTUARIAL EXPERIENCE LOSS OR GAIN WAS
22 RECOGNIZED.

23 (B) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
24 ACT OR OTHER LAW, AS OF THE BEGINNING OF THE PLAN
25 YEAR OCCURRING IN CALENDAR YEAR 2003, THE OUTSTANDING
26 BALANCE OF THE INCREMENT OF UNFUNDED ACTUARIAL
27 ACCRUED LIABILITY ATTRIBUTABLE TO THE NET ACTUARIAL
28 INVESTMENT LOSSES INCURRED IN CALENDAR YEARS 2001 AND
29 2002 MAY, AT THE SOLE DISCRETION OF THE MUNICIPALITY,
30 BE AMORTIZED WITH THE AMORTIZATION TARGET DATE BEING

1 THE END OF THE PLAN YEAR OCCURRING 30 YEARS AFTER
2 JANUARY 1, 2003. IN ORDER FOR A MUNICIPALITY TO
3 EXTEND THE APPLICABLE AMORTIZATION PERIOD PURSUANT TO
4 THIS CLAUSE, THE MUNICIPALITY MUST FILE A REVISED
5 ACTUARIAL VALUATION REPORT REFLECTING THE
6 AMORTIZATION PERIOD EXTENSION PROVIDED FOR UNDER THIS
7 CLAUSE WITH THE EXECUTIVE DIRECTOR OF THE COMMISSION
8 NO LATER THAN SEPTEMBER 30, 2004. ANY SUCH REVISED
9 ACTUARIAL VALUATION REPORT MAY NOT BE FILED IN LIEU
10 OF THE ACTUARIAL VALUATION REPORT PREPARED IN
11 COMPLIANCE WITH CLAUSE (A) AND REQUIRED TO BE FILED
12 ON OR BEFORE MARCH 31, 2004, AND MAY BE USED ONLY FOR
13 THE PURPOSES OF RECALCULATING THE 2004 MINIMUM
14 MUNICIPAL OBLIGATION OF THE MUNICIPALITY AND
15 CALCULATING THE 2005 MINIMUM MUNICIPAL OBLIGATION OF
16 THE MUNICIPALITY TO REFLECT THE AMORTIZATION PERIOD
17 EXTENSION. ANY SUCH REVISED ACTUARIAL VALUATION
18 REPORT SHALL NOT AFFECT DISTRIBUTIONS UNDER THE
19 GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM
20 UNDER CHAPTER 4.

21 * * *

22 SECTION 4. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

23 SECTION 210. ACTUARIAL ASSET VALUATION.

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

26 (1) THE ACTUARIAL VALUE OF ASSETS FROM THE MOST RECENT
27 BIENNIAL ACTUARIAL VALUATION REPORT ACCEPTED BY THE
28 COMMISSION:

29 (I) INCREASED BY CONTRIBUTIONS AND OTHER DEPOSITS
30 EXCEPT INVESTMENT INCOME;

1 (II) DECREASED BY BENEFIT PAYMENTS AND
2 ADMINISTRATIVE EXPENSES OR OTHER PAYMENTS; AND
3 (III) CREDITED WITH INTEREST AT 1% LESS THAN THE
4 PLAN'S ASSUMED RATE, TO THE DATE OF THE ACTUARIAL
5 VALUATION; OR
6 (2) THE MARKET VALUE OF ASSETS ON THE VALUATION DATE.

7 (B) METHODOLOGY.--

8 (1) THE ACTUARIAL VALUE OF PENSION PLAN ASSETS IS THE
9 VALUE OF CASH, INVESTMENT SECURITIES AND OTHER PROPERTY
10 BELONGING TO THE MUNICIPAL PENSION PLAN ACCORDING TO A METHOD
11 FOR VALUING ASSETS ADOPTED BY THE GOVERNING BODY OF THE
12 MUNICIPAL PENSION PLAN UPON THE RECOMMENDATION OF THE
13 ACTUARY.

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

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

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

22 (C) TEMPORARY VALUATION.--

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

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

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

1 (2) UPON THE EXPIRATION OF THAT TWO-YEAR ACTUARIAL
2 VALUATION REPORTING PERIOD, SUBSECTION (B) APPLIES.
3 SECTION 211. REVISED ACTUARIAL VALUATION REPORT.

4 UPON ENACTMENT OF LEGISLATION WHICH WOULD ALTER THE ACTUARIAL
5 VALUATION OF A PENSION PLAN, A REVISED ACTUARIAL VALUATION
6 REPORT SHALL BE FILED WITH THE COMMISSION AS THE COMMISSION
7 DIRECTS.

8 SECTION 5. SECTION 302(B) (2) OF THE ACT, AMENDED DECEMBER
9 18, 1990 (P.L.753, NO.189), IS AMENDED ~~AND THE SECTION IS~~
10 ~~AMENDED BY ADDING A SUBSECTION TO READ:~~

11 SECTION 302. MINIMUM FUNDING STANDARD; DEFINED BENEFIT PLANS
12 SELF-INSURED IN WHOLE OR IN PART.

13 * * *

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

15 * * *

16 (2) THE NORMAL COST AND ADMINISTRATIVE EXPENSE
17 REQUIREMENTS FOR THE FOLLOWING PLAN YEAR SHALL BE EXPRESSED
18 AS A DOLLAR AMOUNT AND SHALL BE DETERMINED BY APPLYING THE
19 NORMAL COST OF THE BENEFIT PLAN AND THE ADMINISTRATIVE
20 EXPENSE PAYABLE FROM THE ASSETS ATTRIBUTABLE TO THE BENEFIT
21 PLAN, AS REPORTED IN THE ACTUARIAL VALUATION REPORT OF THE
22 PENSION PLAN AND EXPRESSED AS A PERCENTAGE OF PAYROLL, TO THE
23 PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN AS OF
24 THE DATE THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN ARE
25 DETERMINED. IN EXPRESSING THE NORMAL COST AND ADMINISTRATIVE
26 EXPENSE REQUIREMENTS AS A DOLLAR AMOUNT, THE MUNICIPALITY
27 SHALL EXCLUDE THE COMPENSATION OF ALL DROP PARTICIPANTS FROM
28 THE PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN.

29 * * *

30 ~~(F) COST OF LIVING ADJUSTMENTS. A COST OF LIVING ADJUSTMENT~~

~~FOR AN INACTIVE MEMBER SHALL BE FULLY AMORTIZED WITHIN ONE YEAR
OF THE DATE OF THE IMPLEMENTATION OF THE ADJUSTMENT.~~

SECTION 6. SECTIONS 402(E)(2), 501 AND 502 OF THE ACT ARE
AMENDED TO READ:

SECTION 402. REVISION OF FINANCING FROM STATE REVENUE SOURCES;
GENERAL MUNICIPAL PENSION SYSTEM STATE AID PROGRAM.

* * *

(E) ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE
AID.--

* * *

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

(I) POLICE OFFICER - TWO UNITS.

(II) FIREFIGHTER - TWO UNITS.

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

* * *

SECTION 501. INITIATION OF DISTRESS DETERMINATION.

[EACH MUNICIPALITY WHICH WISHES TO AVAIL ITSELF OF ANY OF THE
PROVISIONS OF SECTIONS 604, 605 AND 606 SHALL APPLY TO THE
COMMISSION FOR A DETERMINATION OF ITS STATUS PURSUANT TO THIS
CHAPTER. THE APPLICATION SHALL BE IN THE FORM AND SHALL CONTAIN
THE REQUIRED INFORMATION AS PRESCRIBED IN RULES AND REGULATIONS
ISSUED BY THE COMMISSION. DETERMINATIONS PURSUANT TO THIS
CHAPTER SHALL BE MADE ANNUALLY.] THE COMMISSION SHALL REVIEW THE
BIENNIAL ACTUARIAL VALUATION REPORTS FILED ON BEHALF OF EACH
MUNICIPAL PENSION PLAN TO DETERMINE THE MUNICIPALITY'S
ELIGIBILITY TO AVAIL ITSELF OF SECTIONS 604, 605 AND 606.

SECTION 502. PENSION PLANS FOR INCLUSION IN DETERMINATION.

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

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

1 SECTION 503. DETERMINATION PROCEDURE.

2 (A) GENERALLY.--THE DETERMINATION PROVIDED FOR IN THIS
3 CHAPTER SHALL BE MADE BY THE COMMISSION USING THE ACTUARIAL
4 [INDICATORS] INDICATOR SPECIFIED IN SUBSECTION (B) [AND THE
5 MUNICIPAL FINANCE INDICATORS SPECIFIED IN SUBSECTION (C), AND
6 THE SCORING SYSTEM ASSOCIATED WITH EACH].

7 (B) ACTUARIAL [INDICATORS] INDICATOR.--THE ACTUARIAL
8 [INDICATORS] INDICATOR SHALL BE BASED ON THE MOST CURRENT
9 ACTUARIAL VALUATION REPORT OR REPORTS FILED BY THE APPLICABLE
10 MUNICIPALITY WITH THE COMMISSION PURSUANT TO LAW AND SHALL BE
11 MADE IN AGGREGATE FOR ALL PENSION PLANS MAINTAINED BY THE
12 APPLICABLE MUNICIPALITY. [THE ACTUARIAL INDICATORS AND THE
13 ASSOCIATED SCORING SYSTEM FOR EACH SHALL BE AS FOLLOWS:

14 (1) THE AGGREGATE AMOUNT OF CURRENT PENSION PLAN
15 BENEFITS PAYABLE SHALL BE COMPUTED AS A PERCENTAGE OF THE
16 CURRENT MARKET VALUE OF AGGREGATE PLAN ASSETS:

17	BENEFITS PAYABLE	
18	AS PERCENTAGE	
19	OF ASSETS	SCORING
20	0 - 5%	0
21	6 - 10%	10
22	11 - 15%	20
23	16 - 20%	30
24	21 - 30%	40
25	31 - 40%	50
26	41 - 50%	60
27	51 - 60%	70
28	61 - 70%	80
29	71 - 80%	90
30	81% OR GREATER	100

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

ASSETS AS PERCENTAGE
OF ACCRUED ACTUARIAL

LIABILITY	SCORING
-----------	---------

50.0% OR GREATER	0
40.0 - 49.0%	10
30.0 - 39.0%	20
25.0 - 29.0%	30
20.0 - 24.0%	40
15.0 - 19.0%	50
10.0 - 14.0%	60
7.5 - 9.0%	70
5.0 - 7.4%	80
2.5 - 4.9%	90
0 - 2.4%	100

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

TOTAL EMPLOYER

RETIREMENT COST

SCORING

0 - 9.99%	0
10.00 - 11.99%	10
12.00 - 12.99%	20
13.00 - 13.99%	30

1	14.00 - 14.99%	40
2	15.00 - 15.99%	50
3	16.00 - 16.99%	60
4	17.00 - 17.99%	70
5	18.00 - 18.99%	80
6	19.00 - 19.99%	90
7	20.00% OR GREATER	100

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

AMORTIZATION REQUIREMENT

DIVIDED BY NORMAL	SCORING
COST RESULT	
0 - 0.39	0
0.40 - 0.79	10
0.80 - 1.19	20
1.20 - 1.39	30
1.40 - 1.59	40
1.60 - 1.79	50
1.80 - 1.99	60
2.00 - 2.19	70
2.20 - 2.39	80
2.40 - 2.59	90
2.60 OR OVER	100

(5) THE DIFFERENCE BETWEEN THE AGGREGATE AMOUNT OF NORMAL COST PLUS THE REQUIREMENT TO AMORTIZE THE UNFUNDED ACCRUED ACTUARIAL LIABILITY ON A LEVEL ANNUAL DOLLAR BASIS ACCORDING TO THE APPLICABLE AMORTIZATION SCHEDULES SPECIFIED

IN SECTION 202(B)(4), AND THE TOTAL AGGREGATE AMOUNT OF
MEMBER CONTRIBUTIONS, STATE ALLOCATIONS DEDICATED FOR PENSION
PURPOSES AND MUNICIPAL CONTRIBUTIONS RECEIVED FOR THE
PREVIOUS YEAR IS COMPUTED AND EXPRESSED AS A PERCENTAGE OF
COVERED PAYROLL:

DIFFERENCE BETWEEN	
FULL ACTUARIAL	
REQUIREMENT AND	
CURRENT CONTRIBUTIONS	SCORING
0 - 2.4%	0
2.5 - 4.9%	10
5 - 9.9%	20
10 - 14.9%	30
15 - 19.9%	40
20 - 24.9%	50
25 - 29.9%	60
30 - 34.9%	70
35 - 39.9%	80
40 - 44.9%	90
45% OR OVER	100

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

COMPOUND RATE	
OF INCREASE IN	
UNFUNDED ACCRUED	
ACTUARIAL LIABILITY	SCORING

1	0.0 - 9.9%	0
2	10.0 - 12.4%	10
3	12.5 - 14.9%	20
4	15.0 - 17.4%	30
5	17.5 - 19.9%	40
6	20.0 - 22.4%	50
7	22.5 - 24.9%	60
8	25% OR OVER	70

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

12	COMPOUND RATE	
13	OF INCREASE IN	
14	MUNICIPAL CONTRIBUTIONS	SCORING
15	20% OR OVER	0
16	15 - 19.9%	10
17	10 - 14.9%	20
18	0 - 9.9%	30]

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

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

28 [(C) MUNICIPAL FINANCE INDICATORS.--THE MUNICIPAL FINANCE
29 INDICATORS SHALL BE BASED ON THE MOST RECENT FINANCIAL REPORT OR
30 REPORTS FILED BY THE APPLICABLE MUNICIPALITY WITH THE DEPARTMENT

1 OF COMMUNITY AFFAIRS AND CERTIFIED BY THE SECRETARY OR BY THE
2 DESIGNEE OF THE SECRETARY. BEFORE CERTIFICATION FOR A
3 MUNICIPALITY THAT HAS ISSUED BONDS OR NOTES TO FUND AN UNFUNDED
4 ACTUARIAL ACCRUED LIABILITY UNDER THE ACT OF JULY 12, 1972
5 (P.L.781, NO.185), KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT,
6 OR UNDER THE LAWS APPLICABLE TO THE MUNICIPALITY, THE MUNICIPAL
7 FINANCE DATA EXTRACTED FROM THE MOST RECENT FINANCIAL REPORT OR
8 REPORTS SHALL BE ADJUSTED AS DIRECTED BY THE COMMISSION TO HOLD
9 HARMLESS THE MUNICIPALITY UNDER SECTION 404(C) BY EXCLUDING THE
10 MUNICIPAL DEBT ISSUED TO FUND AN UNFUNDED ACTUARIAL ACCRUED
11 LIABILITY AND THE DEBT SERVICE ON THAT DEBT. THE MUNICIPAL
12 FINANCE INDICATORS AND THE ASSOCIATED SCORING SYSTEM FOR EACH
13 SHALL BE AS FOLLOWS:

14 (1) THE TOTAL AMOUNT OF TAXES COLLECTED BY THE
15 MUNICIPALITY FOR THE CURRENT YEAR ARE DIVIDED BY THE
16 POPULATION OF THE MUNICIPALITY AS OF THE LAST FEDERAL CENSUS,
17 AND THE PERCENTAGE INCREASE IN THE AMOUNT OF MUNICIPAL TAXES
18 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

1	180.00 - 199.99	45	65.00 - 69.99%	27
2	200.00 OR GREATER	50	70.00% OR GREATER	30

3 (2) THE MUNICIPAL TAX RATE ON THE MARKET VALUE OF REAL
4 PROPERTY (ADJUSTED MILL RATE) IN THE MUNICIPALITY FOR THE
5 MOST RECENT YEAR AND THE PERCENTAGE INCREASE IN THE AMOUNT OF
6 THAT ADJUSTED MILL RATE IN THE MOST RECENT FIVE-YEAR PERIOD:

7	GROSS PERCENTAGE			
8	INCREASE IN			
9	ADJUSTED	ADJUSTED MILL		
10	MILL RATE	SCORING	RATE	SCORING
11	0.00 - 5.99	0	0.00 - 3.99%	0
12	6.00 - 7.99	5	4.00 - 6.99%	3
13	8.00 - 9.99	10	7.00 - 9.99%	6
14	10.00 - 11.99	15	10.00 - 12.99%	9
15	12.00 - 12.99	20	13.00 - 15.99%	12
16	13.00 - 13.99	25	16.00 - 18.99%	15
17	14.00 - 14.99	30	19.00 - 21.99%	18
18	15.00 - 15.99	35	22.00 - 24.99%	21
19	16.00 - 16.99	40	25.00 - 27.99%	24
20	17.00 - 17.99	45	28.00 - 30.99%	27
21	18.00 OR GREATER	50	31.00% OR GREATER	30

22 (3) FOR THE MOST RECENT YEAR, THE RESULT OF THE TOTAL
23 MUNICIPAL BONDED DEBT PLUS THE TOTAL MUNICIPAL FLOATING DEBT
24 LESS THE TOTAL MUNICIPAL CREDITS AGAINST MUNICIPAL DEBT IS
25 DIVIDED BY THE POPULATION OF THE MUNICIPALITY AS OF THE LAST
26 FEDERAL CENSUS:

27	NET DEBT	SCORING
28	PER CAPITA	
29	\$ 0.00 - 9.99	0
30	10.00 - 19.99	8

1	20.00 - 29.99	16
2	30.00 - 39.99	24
3	40.00 - 49.99	32
4	50.00 - 59.99	40
5	60.00 - 69.99	48
6	70.00 - 79.99	56
7	80.00 - 89.99	64
8	90.00 - 99.99	72
9	100.00 OR GREATER	80

10 (4) FOR THE MOST RECENT YEAR, THE RESULT OF THE TOTAL
11 MUNICIPAL BONDED DEBT PLUS THE TOTAL MUNICIPAL FLOATING DEBT
12 LESS THE TOTAL MUNICIPAL CREDITS AGAINST MUNICIPAL DEBT IS
13 COMPUTED AS A PERCENTAGE OF THE ASSESSED VALUE OF REAL
14 PROPERTY IN THE MUNICIPALITY:

15 MUNICIPAL DEBT
16 AS PERCENTAGE
17 OF MUNICIPAL PROPERTY

18	TAX BASE	SCORING
19	0.00 - 0.49%	0
20	0.50 - 0.99%	6
21	1.00 - 1.99%	12
22	2.00 - 2.99%	18
23	3.00 - 4.49%	24
24	4.50 - 5.99%	30
25	6.00 - 6.99%	36
26	7.00 - 7.99%	42
27	8.00 - 8.99%	48
28	9.00 - 9.99%	54
29	10.00% OR GREATER	60

30 (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:

MUNICIPAL DEBT AS
PERCENTAGE OF
POTENTIAL MUNICIPAL

PROPERTY TAX BASE

SCORING

0.00 - 0.24%	0
0.25 - 0.49%	6
0.50 - 0.99%	12
1.00 - 1.49%	18
1.50 - 1.99%	24
2.00 - 2.99%	30
3.00 - 3.49%	36
3.50 - 3.99%	42
4.00 - 4.49%	48
4.50 - 4.99%	54
5.00% OR GREATER	60

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

DEBT SERVICE AS
PERCENTAGE OF
MUNICIPAL TAX

REVENUE

SCORING

0.00 - 4.49%	0
4.50 - 5.49%	8

1	4.50 - 5.49%	16
2	6.50 - 7.49%	24
3	7.50 - 8.49%	32
4	8.50 - 9.49%	40
5	9.50 - 10.49%	48
6	10.50 - 11.49%	56
7	11.50 - 12.49%	64
8	12.50 - 13.49%	72
9	13.50% OR GREATER	80

10 (7) THE MARKET VALUE OF REAL PROPERTY IN THE
11 MUNICIPALITY FOR THE CURRENT YEAR IS DIVIDED BY THE
12 POPULATION OF THE MUNICIPALITY AS OF THE LAST FEDERAL CENSUS,
13 AND THE PERCENTAGE INCREASE IN THE AMOUNT OF MARKET VALUE PER
14 CAPITA IN THE MOST RECENT YEAR OVER THE AMOUNT OF MARKET
15 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:

ADJUSTED TOTAL		GROSS PERCENTAGE INCREASE IN ADJUSTED TOTAL	
MUNICIPAL EXPENDITURE PER CAPITA	SCORING	MUNICIPAL EXPENDITURES PER CAPITA	SCORING
\$ 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.

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

6 (3) SEVERE [FINANCIAL] DISTRESS, WHICH SHALL INCLUDE ANY
7 MUNICIPALITY WHICH HAS A DISTRESS DETERMINATION SCORING EQUAL
8 TO [OR GREATER THAN 500] THREE AND AN UNFUNDED ACTUARIAL
9 ACCRUED LIABILITY OF NOT LESS THAN \$50,000.

10 SECTION 602. APPLICATION.

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

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

26 (C) MODERATELY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
27 REMEDIES CONTAINED IN LEVEL II OF THE RECOVERY PROGRAM AS
28 SPECIFIED IN SECTION 605 SHALL APPLY TO ANY MUNICIPALITY WHICH
29 IS DETERMINED TO BE MODERATELY DISTRESSED, AS THAT STATUS IS
30 DEFINED BASED ON THE ACTUARIAL CONSIDERATIONS [AND MUNICIPAL

1 FINANCE CONSIDERATIONS] OF THE DETERMINATION PROCEDURE IN RULES
2 AND REGULATIONS ISSUED BY THE COMMISSION PURSUANT TO SECTION
3 503[, WHICH COMPLIES WITH ANY APPLICABLE PRECONDITIONS FOR
4 PARTICIPATION IN THIS LEVEL OF THE RECOVERY PROGRAM AND WHICH
5 ELECTS TO PARTICIPATE IN THIS LEVEL OF THE RECOVERY PROGRAM].

6 (D) SEVERELY DISTRESSED MUNICIPAL PENSION SYSTEMS.--THE
7 REMEDIES CONTAINED IN LEVEL III OF THE RECOVERY PROGRAM AS
8 SPECIFIED IN SECTION 606 SHALL APPLY TO ANY MUNICIPALITY WHICH
9 IS DETERMINED TO BE SEVERELY DISTRESSED, AS THAT STATUS IS
10 DEFINED BASED ON THE ACTUARIAL CONSIDERATIONS [AND MUNICIPAL
11 FINANCE CONSIDERATIONS] OF THE DETERMINATION PROCEDURE IN RULES
12 AND REGULATIONS ISSUED BY THE COMMISSION PURSUANT TO SECTION
13 503[, WHICH COMPLIES WITH ANY APPLICABLE PRECONDITIONS FOR
14 PARTICIPATION IN THIS LEVEL OF THE RECOVERY PROGRAM AND WHICH
15 ELECTS TO PARTICIPATE IN THIS LEVEL OF THE RECOVERY PROGRAM].

16 (E) CONTINUATION OF ELECTED REMEDIES.--[IN THE EVENT THAT
17 THE EXTENT OF FINANCIAL DISTRESS OF A MUNICIPAL PENSION SYSTEM
18 DETERMINED BY THE COMMISSION SUBSEQUENT TO THE INITIAL
19 DETERMINATION IS LOWER THAN THE MINIMUM PRESCRIBED IN SECTION
20 503(D) FOR A RECOVERY PROGRAM LEVEL PREVIOUSLY ELECTED BY A
21 MUNICIPALITY, THE] A MUNICIPALITY MAY CONTINUE TO UTILIZE ANY OF
22 THE REMEDIES ELECTED AND IMPLEMENTED WHILE IT WAS ELIGIBLE TO
23 PARTICIPATE IN [A HIGHER RECOVERY PROGRAM LEVEL, PROVIDED THAT
24 THE MUNICIPALITY CONTINUES TO COMPLY WITH THE PRECONDITIONS FOR
25 PARTICIPATION IN THE HIGHER RECOVERY PROGRAM LEVEL AND TO
26 UTILIZE THE MANDATORY REMEDIES APPLICABLE TO THE HIGHER RECOVERY
27 PROGRAM LEVEL.] ANY RECOVERY PROGRAM AUTHORIZED BY THIS ACT AT
28 THE TIME OF COMMENCEMENT AND IMPLEMENTATION. ANY CHANGE OR
29 AMENDMENT OF RECOVERY REMEDIES IN THIS ACT SUBSEQUENT TO
30 ELECTION AND IMPLEMENTATION SHALL BE DEEMED TO BE CUMULATIVE AND

1 NOT IN LIEU OF PREVIOUSLY ADOPTED REMEDIES.

2 SECTION 8. SECTION 603 OF THE ACT IS AMENDED TO READ:

3 SECTION 603. [ELECTION] DETERMINATION PROCEDURE.

4 THE [ELECTION TO UTILIZE THE VARIOUS REMEDIES CONTAINED IN
5 ONE OF THE LEVELS OF THE RECOVERY PROGRAM SHALL BE MADE BY THE
6 GOVERNING BODY OF THE MUNICIPALITY. THE ELECTION] DETERMINATION
7 PROCESS SHALL BE INITIATED BY [AN APPLICATION FILED WITH] THE
8 COMMISSION FOR THE DETERMINATION OF FINANCIAL DISTRESS WITH
9 RESPECT TO THE MUNICIPAL PENSION SYSTEM PURSUANT TO SECTION 501.
10 UPON NOTIFICATION OF THE DETERMINATION OF FINANCIAL DISTRESS BY
11 THE COMMISSION, THE MUNICIPALITY SHALL ELECT WHETHER OR NOT TO
12 UTILIZE THE VOLUNTARY REMEDIES OF ANY LEVEL OF THE RECOVERY
13 PROGRAM WHICH MAY BE APPLICABLE TO THE MUNICIPALITY. [ANY
14 ELECTION TO UTILIZE THE REMEDIES CONTAINED IN A LEVEL OF THE
15 RECOVERY PROGRAM SHALL BE MADE ON FORMS PRESCRIBED BY THE
16 COMMISSION AND SHALL INCLUDE ANY INFORMATION REQUIRED BY THE
17 COMMISSION.]

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

20 SECTION 604. RECOVERY PROGRAM LEVEL I.

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

23 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
24 607(B) .

25 (2) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTION
26 PURSUANT TO SECTION 607(C) .

27 (3) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
28 LIMITATIONS PURSUANT TO SECTION 607(D) .

29 ~~(4) THE SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO~~
30 ~~SECTION 607(F) .~~



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

1 SECTION 302(C) SHALL APPLY TO THE MINIMUM MUNICIPAL
2 OBLIGATION CALCULATION.

3 (D) ASSET VALUATION.--

4 (1) UPON FOLLOWING THE EXPIRATION OF THE PERIOD
5 APPLICABLE TO ASSET VALUATION UNDER SECTION 210(C), FOR AN
6 ADDITIONAL PERIOD OF ONE BIENNIAL ACTUARIAL VALUATION
7 REPORTING PERIOD (ALLOWING AN ADDITIONAL TWO YEARS FOR A
8 TOTAL OF FOUR YEARS), A LEVEL I MUNICIPALITY MAY UTILIZE A
9 METHOD FOR VALUING ASSETS THAT MAY NOT PRODUCE A RESULT THAT,
10 IN TOTAL, IS:

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

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

15 (2) AT THE END OF THE ADDITIONAL PERIOD UNDER PARAGRAPH
16 (1), SECTION 210 SHALL APPLY TO THE ACTUARIAL VALUATION OF
17 ASSETS.

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

20 SECTION 605. RECOVERY PROGRAM LEVEL II.

21 (A) MANDATORY REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL II
22 OF THE RECOVERY PROGRAM APPLIES SHALL UTILIZE THE FOLLOWING
23 REMEDIES:

24 (1) THE AGGREGATION OF TRUST FUNDS PURSUANT TO SECTION
25 607(B).

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

28 (B) DISCRETIONARY REMEDIES.--ANY MUNICIPALITY TO WHICH LEVEL
29 II OF THE RECOVERY PROGRAM APPLIES MAY UTILIZE THE FOLLOWING
30 REMEDIES:

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

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

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

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

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

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

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

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

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

(B) ANTICIPATED MEMBER CONTRIBUTIONS.

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

(9) (I) ~~UPON~~ FOLLOWING THE EXPIRATION OF THE PERIOD



1 APPLICABLE TO THE ASSET VALUATION PROVISIONS OF SECTION
2 210(C), FOR AN ADDITIONAL PERIOD OF TWO BIENNIAL
3 ACTUARIAL VALUATION REPORTING PERIODS (ALLOWING AN
4 ADDITIONAL FOUR YEARS FOR A TOTAL OF SIX YEARS), A LEVEL
5 II MUNICIPALITY MAY UTILIZE A METHOD FOR VALUING ASSETS
6 THAT MAY NOT PRODUCE A RESULT THAT IN TOTAL IS:

7 (A) GREATER THAN 130% OF A PERIOD OF TWO
8 CONSECUTIVE ACTUARIAL VALUATION REPORTING PERIODS
9 (TOTAL OF FOUR YEARS); OR

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

12 (II) AT THE END OF THE ADDITIONAL PERIOD UNDER
13 SUBPARAGRAPH (I), SECTION 210 SHALL APPLY TO THE
14 ACTUARIAL VALUATION OF ASSETS.

15 (C) BENEFIT MODIFICATION.--NO BENEFIT PLAN MODIFICATION
16 SHALL BE ADOPTED UNLESS THE ACTUARIAL VALUE OF THE ASSETS OF THE
17 PENSION PLAN ARE:

18 (1) AT LEAST EQUAL TO ~~100%~~ 90% OF THE ACTUARIAL VALUE OF ←
19 LIABILITIES PRIOR TO ADOPTION; AND

20 (2) AT LEAST ~~90%~~ 80% OF THE ACTUARIAL VALUE OF ←
21 LIABILITIES AFTER ADOPTION.

22 SECTION 606. RECOVERY PROGRAM LEVEL III.

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

26 (1) THE ESTABLISHMENT OF TOTAL MEMBER CONTRIBUTIONS
27 PURSUANT TO SECTION 607(C) .

28 (2) THE DEVIATION FROM MUNICIPAL CONTRIBUTION
29 LIMITATIONS PURSUANT TO SECTION 607(D) .

30 (3) THE] SPECIAL MUNICIPAL TAXING AUTHORITY PURSUANT TO

SECTION 607(F) .

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

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

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

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

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

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

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

(I) THE AMORTIZATION TARGET DATE FOR THE UNFUNDED
ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE FIRST
DAY OF THE VALUATION YEAR IN WHICH A MUNICIPALITY IS

DETERMINED TO BE SEVERELY DISTRESSED SHALL BE 30 YEARS.
THE ANNUAL AMORTIZATION CONTRIBUTION SHALL BE CALCULATED
ON THE BASIS OF A LEVEL ANNUAL DOLLAR AMORTIZATION
CONTRIBUTION SPECIFIED IN SECTION 202.

(II) THE BIENNIAL ACTUARIAL VALUATION REPORT FILED
ON BEHALF OF EACH LEVEL III MUNICIPALITY SHALL UTILIZE AN
ACTUARIAL ASSUMPTION AS TO INVESTMENT EARNINGS THAT IS
EQUAL TO THE REGULAR INTEREST RATE FIXED BY THE
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</u>
	<u>CONTRIBUTION</u>
<u>SECOND YEAR</u>	<u>25% OF AMORTIZATION CONTRIBUTION</u>
<u>THIRD YEAR</u>	<u>37.5% OF AMORTIZATION</u>
	<u>CONTRIBUTION</u>
<u>FOURTH YEAR</u>	<u>50% OF AMORTIZATION CONTRIBUTION</u>
<u>FIFTH YEAR</u>	<u>62.5% OF AMORTIZATION</u>

CONTRIBUTION
SIXTH YEAR 75% OF AMORTIZATION CONTRIBUTION
SEVENTH YEAR 87.5% OF AMORTIZATION
CONTRIBUTION
EIGHTH YEAR AND THEREAFTER 100% OF AMORTIZATION CONTRIBUTION

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

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

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

SECTION 607. REMEDIES APPLICABLE TO VARIOUS RECOVERY PROGRAM
LEVELS.

* * *

(B) AGGREGATION OF TRUST FUNDS.--IF THE MUNICIPALITY HAS
ESTABLISHED AND MAINTAINED MORE THAN ONE PENSION PLAN FOR ITS
EMPLOYEES AND THERE ARE PENSION FUNDS ASSOCIATED WITH THOSE

1 PENSION PLANS, THE MUNICIPALITY MAY AGGREGATE THE ASSETS TO THE
2 CREDIT OF THE VARIOUS PENSION FUNDS INTO A SINGLE PENSION TRUST
3 FUND. SUBSEQUENT TO THE AGGREGATION, THE PENSION TRUST FUND
4 SHALL BE THE FUNDING MECHANISM FOR ALL PENSION PLANS CONNECTED
5 WITH THE AGGREGATION.

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

1 TRUST FUND WITH RESPECT TO THAT PENSION PLAN DURING THE YEAR
2 AND REDUCED BY THE AMOUNT OF RETIREMENT ANNUITIES AND
3 BENEFITS PAID FROM THE PENSION TRUST FUND FOR ANNUITANTS AND
4 BENEFIT RECIPIENTS OF THAT PENSION PLAN DURING THE YEAR,
5 BEARS TO THE TOTAL VALUE OF ALL PARTICIPATION IN THE PENSION
6 TRUST FUND AS OF THE CLOSE OF THE PRECEDING YEAR PLUS THE
7 TOTAL CONTRIBUTIONS RECEIVED BY THE PENSION TRUST FUND DURING
8 THE YEAR AND REDUCED BY THE TOTAL AMOUNT OF RETIREMENT
9 ANNUITIES AND BENEFITS PAID FOR ALL ANNUITANTS AND BENEFIT
10 RECIPIENTS DURING THE YEAR.

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

16 (3) THE ASSETS OF THE AGGREGATED PENSION TRUST FUND
17 SHALL BE INVESTED IN INVESTMENT SECURITIES WHICH ARE
18 AUTHORIZED INVESTMENTS PURSUANT TO ANY APPLICABLE LAW FOR ANY
19 OF THE ASSOCIATED PENSION PLANS.

20 (4) INVESTMENT EARNINGS SHALL BE ALLOCATED TO EACH
21 ASSOCIATED PENSION PLAN IN PROPORTION TO THE MOST RECENTLY
22 DETERMINED PARTICIPATION VALUE.

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

26 (6) THE AGGREGATED PENSION TRUST FUND SHALL BE MANAGED
27 BY A BOARD OF TRUSTEES. THE BOARD OF TRUSTEES SHALL INCLUDE
28 AT LEAST ONE REPRESENTATIVE OF THE ACTIVE MEMBERSHIP OF EACH
29 PENSION PLAN INCLUDED IN THE AGGREGATED PENSION TRUST FUND,
30 WHO SHALL BE ELECTED BY THE ACTIVE MEMBERSHIP OF THE

1 APPLICABLE PENSION PLAN. THE REMAINING MEMBERS OF THE BOARD
2 OF TRUSTEES SHALL BE DRAWN FROM THE MANAGING BOARDS OR
3 ENTITIES OF THE ASSOCIATED PENSION PLANS, IN A NUMBER EQUAL
4 TO THE MEMBERS ELECTED BY THE EMPLOYEES. IF THERE IS A
5 DEADLOCK, THE MEMBERS OF THE MANAGING BOARDS OR ENTITIES
6 SHALL MUTUALLY AGREE UPON A MEMBER OF THE GENERAL PUBLIC TO
7 CAST THE DECIDING VOTE.

8 * * *

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

1 APPLICABLE TO THE AFFECTED TYPE OF MUNICIPAL EMPLOYEE, IF ANY,
2 AND SHALL BE WITHIN THE SCOPE OF COLLECTIVE BARGAINING PURSUANT
3 TO THE APPLICABLE LAW SUBSEQUENT TO THE ESTABLISHMENT OF THE
4 REVISED BENEFIT PLAN.

5 (F) SPECIAL MUNICIPAL TAXING AUTHORITY.--

6 (1) IF THE TAX RATES SET BY THE MUNICIPALITY ON EARNED
7 INCOME OR ON REAL PROPERTY ARE AT THE MAXIMUM PROVIDED BY
8 APPLICABLE LAW, THE MUNICIPALITY MAY INCREASE ITS TAX ON
9 EITHER EARNED INCOME OR REAL PROPERTY ABOVE THOSE MAXIMUM
10 RATES. THE PROCEEDS OF THIS SPECIAL MUNICIPAL TAX INCREASE
11 SHALL BE USED SOLELY TO DEFRAY THE ADDITIONAL COSTS REQUIRED
12 TO BE PAID PURSUANT TO THIS ACT WHICH ARE DIRECTLY RELATED TO
13 THE PENSION PLANS OF THE MUNICIPALITY. THE MUNICIPALITY
14 UTILIZING THIS SPECIAL MUNICIPAL TAXING AUTHORITY SHALL NOT
15 REDUCE THE LEVEL OF MUNICIPAL CONTRIBUTIONS TO THE PENSION
16 PLANS PRIOR TO THE IMPLEMENTATION OF THE SPECIAL MUNICIPAL
17 TAXING AUTHORITY.

18 (2) THE AVERAGE LEVEL OF MUNICIPAL CONTRIBUTIONS TO THE
19 PENSION PLANS FROM ALL REVENUE SOURCES FOR THE THREE YEARS
20 IMMEDIATELY PRIOR TO THE IMPLEMENTATION OF THE SPECIAL
21 MUNICIPAL TAXING AUTHORITY SHALL BE EXPRESSED AS A PERCENTAGE
22 OF THE AVERAGE COVERED PAYROLL FOR THAT SAME THREE-YEAR
23 PERIOD: PROVIDED, HOWEVER, THAT ANY SUPPLEMENTAL
24 CONTRIBUTIONS MADE TO THE PLANS PURSUANT TO ANY PENSION
25 RECOVERY LEGISLATION ENACTED BY THE MUNICIPALITIES SHALL BE
26 EXCLUDED FOR PURPOSES OF DETERMINING THE LEVEL OF MUNICIPAL
27 CONTRIBUTION TO THE PENSION PLANS PRIOR TO THE IMPLEMENTATION
28 OF THE SPECIAL MUNICIPAL TAXING AUTHORITY. IN EACH YEAR
29 SUBSEQUENT TO THE IMPLEMENTATION OF THE SPECIAL MUNICIPAL
30 TAXING AUTHORITY, THE MUNICIPAL CONTRIBUTIONS TO THE PENSION

1 PLAN FROM ALL REVENUE SOURCES EXISTING PRIOR TO THE
2 IMPLEMENTATION OF THE SPECIAL EXISTING MUNICIPAL TAXING
3 AUTHORITY, REDUCED BY ANY SUPPLEMENTAL PENSION RECOVERY
4 CONTRIBUTIONS, SHALL EQUAL OR EXCEED THIS AVERAGE PERCENTAGE
5 OF THE CURRENT COVERED PAYROLL. A MUNICIPALITY UTILIZING THE
6 PROVISIONS OF SECTION 404 MAY LEVY OR CONTINUE TO LEVY THE
7 SPECIAL MUNICIPAL TAX INCREASE UNDER THIS SUBSECTION PROVIDED
8 THAT THE MUNICIPALITY DOES NOT REDUCE THE LEVEL OF MUNICIPAL
9 CONTRIBUTIONS TO THE PENSION PLANS PRIOR TO THE
10 IMPLEMENTATION OF THE SPECIAL MUNICIPAL TAXING AUTHORITY. IN
11 EXECUTING THE PROCEDURE PRESCRIBED IN THIS SUBSECTION TO
12 DETERMINE THE LEVEL OF MUNICIPAL CONTRIBUTIONS, THE DEBT
13 SERVICE PAYMENTS FOR BONDS OR NOTES ISSUED UNDER SECTION 404
14 SHALL BE CONSIDERED MUNICIPAL CONTRIBUTIONS.

15 (F.1) LIMITATION ON SPECIAL MUNICIPAL TAXING AUTHORITY.--
16 BEGINNING JANUARY 1, 2010, AND CONTINUING FOR EACH YEAR
17 THEREAFTER, NO SPECIAL MUNICIPAL TAX INCREASE MAY THE SPECIAL ←
18 MUNICIPAL TAX AUTHORIZED IN SUBSECTION (F) MAY NO LONGER BE
19 ASSESSED OR USED FOR ANY PURPOSE OTHER THAN TO DEFRAY THE
20 ADDITIONAL COSTS REQUIRED TO BE PAID PURSUANT TO THIS ACT AND
21 WHICH ARE DIRECTLY RELATED TO THE PENSION PLANS OF THE
22 MUNICIPALITY AND WHICH ARE INCLUDED IN THE CALCULATION OF THE
23 FINANCIAL REQUIREMENTS OF THE PENSION PLAN AND THE MINIMUM
24 MUNICIPAL OBLIGATION. IF THE MUNICIPALITY ASSESSES OR UTILIZES
25 THE SPECIAL MUNICIPAL TAX INCREASE TO FUND OTHER POST-EMPLOYMENT
26 BENEFITS, THE COST OF THOSE BENEFITS SHALL BE SUBJECT TO THE
27 ACTUARIAL FUNDING AND REPORTING STANDARDS OF THIS ACT.

28 [(G) DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER TEN
29 YEARS.--THE MUNICIPALITY MAY DELAY FULL IMPLEMENTATION OF THE
30 ACTUARIAL FUNDING STANDARD SPECIFIED IN SECTION 302 OR 303,

1 WHICHEVER IS APPLICABLE, OVER A PERIOD NOT TO EXCEED TEN YEARS
2 IN DURATION, AND MAY CALCULATE THAT ACTUARIAL FUNDING STANDARD
3 ON THE BASIS OF A 30-YEAR AMORTIZATION PERIOD FOR THE INCREMENT
4 OF UNFUNDED ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE
5 BEGINNING OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR 1985.
6 DURING THE DELAYED IMPLEMENTATION PERIOD, THE MUNICIPALITY SHALL
7 MAKE A MUNICIPAL CONTRIBUTION TO EACH MUNICIPAL PENSION PLAN OF
8 AN AMOUNT EQUAL TO NOT LESS THAN THE MUNICIPAL CONTRIBUTION TO
9 THE MUNICIPAL PENSION PLAN MADE IN THE IMMEDIATE PRIOR YEAR AND
10 THE FOLLOWING PERCENTAGE OF THE DIFFERENCE BETWEEN THAT AMOUNT
11 AND THE FULL MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE
12 PENSION PLAN PURSUANT TO SECTION 302 OR 303, WHICHEVER IS
13 APPLICABLE:

14	YEAR	PERCENTAGE OF DIFFERENCE
15	1985	10%
16	1986	20%
17	1987	30%
18	1988	40%
19	1989	50%
20	1990	60%
21	1991	70%
22	1992	80%
23	1993	90%
24	1994 AND THEREAFTER	100%

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

30 (H) DELAYED IMPLEMENTATION OF FUNDING STANDARD OVER 15

1 YEARS; 40-YEAR AMORTIZATION PERIOD.--THE MUNICIPALITY MAY DELAY
2 FULL IMPLEMENTATION OF THE ACTUARIAL FUNDING STANDARD SPECIFIED
3 IN SECTION 302 OR 303, WHICHEVER IS APPLICABLE, OVER A PERIOD
4 NOT TO EXCEED 15 YEARS IN DURATION AND MAY CALCULATE THAT
5 ACTUARIAL FUNDING STANDARD ON THE BASIS OF A 40-YEAR
6 AMORTIZATION PERIOD FOR THE INCREMENT OF UNFUNDED ACTUARIAL
7 ACCRUED LIABILITY IN EXISTENCE AS OF THE BEGINNING OF THE PLAN
8 YEAR OCCURRING IN CALENDAR YEAR 1985. DURING THE DELAYED
9 IMPLEMENTATION PERIOD, THE MUNICIPALITY SHALL MAKE A MUNICIPAL
10 CONTRIBUTION TO EACH MUNICIPAL PENSION PLAN OF AN AMOUNT EQUAL
11 TO NOT LESS THAN THE MUNICIPAL CONTRIBUTION TO THE MUNICIPAL
12 PENSION PLAN MADE IN THE IMMEDIATE PRIOR YEAR AND THE FOLLOWING
13 PERCENTAGE OF THE DIFFERENCE BETWEEN THAT AMOUNT AND THE FULL
14 MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE PENSION PLAN
15 PURSUANT TO SECTION 302 OR 303, WHICHEVER IS APPLICABLE,
16 CALCULATED USING THE APPLICABLE 40-YEAR AMORTIZATION PERIOD:

17	YEAR	PERCENTAGE OF DIFFERENCE
18	1985	6.7%
19	1986	13.4%
20	1987	20.1%
21	1988	26.8%
22	1989	33.5%
23	1990	40.2%
24	1991	46.9%
25	1992	53.6%
26	1993	60.3%
27	1994	67.0%
28	1995	73.7%
29	1996	80.4%
30	1997	87.1%

1	1998	93.8%
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2	1999	100.0%
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3 THE MUNICIPALITY MAY CALCULATE THE ANNUAL AMORTIZATION
4 CONTRIBUTION ON THE BASIS OF A LEVEL PERCENTAGE OF FUTURE
5 INCREASING COVERED PAYROLL AMORTIZATION CONTRIBUTION RATHER THAN
6 ON THE BASIS OF THE LEVEL ANNUAL DOLLAR AMORTIZATION
7 CONTRIBUTION SPECIFIED IN SECTION 202.]

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

9 (1) THE TIME PERIOD FOR USE OF THE REDUCED MINIMUM
10 MUNICIPAL OBLIGATION AND REDUCED AMORTIZATION PAYMENT SHALL
11 BE LIMITED TO THE PERIOD APPLICABLE TO THE MUNICIPALITY'S
12 LEVEL OF DISTRESS AS LAST DETERMINED BY THE COMMISSION.

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

17 (I) THE PERIOD ALLOWED FOR THE PREVIOUS DISTRESS
18 LEVEL; AND

19 (II) THE PERIOD APPLICABLE TO THE NEW LEVEL OF
20 DISTRESS.

21 (3) IF A MUNICIPALITY'S DISTRESS LEVEL IMPROVES, THE
22 REDUCED MINIMUM MUNICIPAL OBLIGATION AND SPECIAL AMORTIZATION
23 PERIOD SHALL CONTINUE FOR THE DURATION OF THE PERIOD
24 APPLICABLE TO THE PREVIOUS DISTRESS LEVEL DETERMINATION.

25 * * *

26 [(J) SUPPLEMENTAL STATE ASSISTANCE.--IF EVERY PENSION PLAN
27 OF THE MUNICIPALITY WHICH IS A DEFINED BENEFIT PLAN AND WHICH IS
28 SELF-INSURED IN WHOLE OR IN PART HAS FILED AN ACTUARIAL
29 VALUATION REPORT UTILIZING THE STANDARDIZED ACTUARIAL COST
30 METHOD AND ECONOMIC ACTUARIAL ASSUMPTIONS WITHIN THE RANGE OF

1 ACTUARIAL ASSUMPTIONS SPECIFIED IN SECTION 202(B) AND IF THE
2 MUNICIPALITY HAS IMPLEMENTED THE AGGREGATION OF TRUST FUNDS
3 PURSUANT TO SUBSECTION (B), THE MUNICIPALITY MAY RECEIVE
4 SUPPLEMENTAL STATE ASSISTANCE FROM THE SUPPLEMENTAL STATE
5 ASSISTANCE FUND ESTABLISHED PURSUANT TO SECTION 608. THE AMOUNT
6 OF THE SUPPLEMENTAL STATE ASSISTANCE TO WHICH THE MUNICIPALITY
7 IS ENTITLED SHALL BE DETERMINED ANNUALLY BASED ON THE
8 DETERMINATION SCORING WHICH THE MUNICIPALITY RECEIVED FROM THE
9 COMMISSION PURSUANT TO SECTION 503, AS FOLLOWS:

10 (1) THE DETERMINATION SCORE OF THE MUNICIPALITY SHALL BE
11 REDUCED BY AN AMOUNT EQUAL TO 25% OF THE MAXIMUM POSSIBLE
12 DETERMINATION SCORE.

13 (2) THE RESULT CALCULATED PURSUANT TO PARAGRAPH (1)
14 SHALL BE EXPRESSED AS A PERCENTAGE OF THE MAXIMUM POSSIBLE
15 DETERMINATION SCORE.

16 (2.1) FOR THE SUPPLEMENTAL STATE ASSISTANCE DISTRIBUTED
17 IN DECEMBER OF 1997, THE PERCENTAGE CALCULATED PURSUANT TO
18 PARAGRAPH (2) SHALL BE APPLIED TO THE DOLLAR AMOUNT OF
19 DIFFERENCE BETWEEN THE GREATER OF THE AMOUNT OF THE MUNICIPAL
20 CONTRIBUTION OR THE AMOUNT OF THE ACTUAL MUNICIPAL DEPOSIT TO
21 ALL MUNICIPAL PENSION PLANS IN AGGREGATE AND THE FULL MINIMUM
22 MUNICIPAL OBLIGATION WITH RESPECT TO THE PENSION PLANS
23 PURSUANT TO SECTION 302 OR 303, WHICHEVER IS APPLICABLE, TO
24 DETERMINE THE AMOUNT OF SUPPLEMENTAL STATE ASSISTANCE FOR THE
25 MUNICIPALITY.

26 (3) FOR THE SUPPLEMENTAL STATE ASSISTANCE DISTRIBUTED IN
27 DECEMBER OF 1998 AND THEREAFTER, THE PERCENTAGE CALCULATED
28 PURSUANT TO PARAGRAPH (2) SHALL BE APPLIED TO THE DOLLAR
29 AMOUNT OF DIFFERENCE BETWEEN THE AMOUNT OF THE MUNICIPAL
30 CONTRIBUTION TO ALL MUNICIPAL PENSION PLANS IN AGGREGATE AND

1 THE FULL MINIMUM MUNICIPAL OBLIGATION WITH RESPECT TO THE
2 PENSION PLAN PURSUANT TO SECTION 302 OR 303, WHICHEVER IS
3 APPLICABLE, TO DETERMINE THE AMOUNT OF SUPPLEMENTAL STATE
4 ASSISTANCE FOR THE MUNICIPALITY. FOR THE PURPOSES OF THIS
5 PARAGRAPH, THE MUNICIPAL CONTRIBUTION OF A MUNICIPALITY THAT
6 HAS ISSUED BONDS OR NOTES TO FUND AN UNFUNDED ACTUARIAL
7 ACCRUED LIABILITY UNDER THE ACT OF JULY 12, 1972 (P.L.781,
8 NO.185), KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, OR
9 UNDER OTHER LAWS APPLICABLE TO THE MUNICIPALITY, SHALL
10 INCLUDE DEBT SERVICE ON THE BONDS OR NOTES, OR BOTH, ISSUED
11 TO FUND AN UNFUNDED ACTUARIAL ACCRUED LIABILITY.

12 IN THE EVENT THAT THE TOTAL AMOUNT OF SUPPLEMENTAL STATE
13 ASSISTANCE DETERMINED AS PAYABLE TO ALL MUNICIPALITIES ENTITLED
14 TO RECEIVE SUPPLEMENTAL STATE ASSISTANCE EXCEEDS THE MAXIMUM
15 APPROPRIATION PROVIDED FOR IN SECTION 608(B), THE AMOUNT OF
16 SUPPLEMENTAL STATE ASSISTANCE WHICH SHALL BE PAYABLE TO EACH
17 MUNICIPALITY SHALL BE PROPORTIONATELY REDUCED. THE SUPPLEMENTAL
18 STATE ASSISTANCE SHALL BE DISTRIBUTED ANNUALLY ON THE FIRST
19 BUSINESS DAY OCCURRING IN DECEMBER. FOR THE PURPOSES OF THIS
20 SUBSECTION, THE TERM "MUNICIPAL CONTRIBUTION" SHALL MEAN THE SUM
21 OF THE CURRENT YEAR'S MINIMUM MUNICIPAL OBLIGATION, THE ANNUAL
22 INTEREST PAYABLE ON ANY CURRENT OR PRIOR PERIOD FUNDING
23 DEFICIENCIES AND THE TOTAL AMOUNT OF ANY DISCRETIONARY DEPOSITS
24 TO THE PENSION FUND IN THE CURRENT YEAR.

25 (K) EMERGENCY LOAN PROCEDURES.--THE MUNICIPALITY MAY RECEIVE
26 A LOAN FROM THE SUPPLEMENTAL STATE ASSISTANCE FUND IN ANY YEAR
27 DURING THE EXISTENCE OF THE FUND IN AN AMOUNT CERTIFIED BY THE
28 COMMISSION. THE LOAN AMOUNT SHALL BE SUFFICIENT TO ELIMINATE THE
29 POSSIBILITY OF IMMINENT DEFAULT DURING THE NEXT 12 CONSECUTIVE
30 CALENDAR MONTHS IN THE PAYMENT OF RETIREMENT AND OTHER BENEFITS

1 BY ONE OR MORE OF THE PENSION PLANS MAINTAINED BY THE
2 MUNICIPALITY. TERMS FOR THE REPAYMENT OF ANY LOAN SHALL BE
3 ESTABLISHED BY AGREEMENT BETWEEN THE MUNICIPALITY AND THE
4 COMMISSION PRIOR TO THE LOAN.]

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

7 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A
8 SUPPLEMENTAL STATE ASSISTANCE PROGRAM AND FUND. THE SUPPLEMENTAL
9 STATE ASSISTANCE FUND SHALL BE COMPRISED OF A SUPPLEMENTAL STATE
10 ASSISTANCE ACCOUNT. THE SUPPLEMENTAL STATE ASSISTANCE PROGRAM
11 AND FUND SHALL BE ADMINISTERED BY THE AUDITOR GENERAL.

12 (B) SUPPLEMENTAL STATE ASSISTANCE ACCOUNT.--SUPPLEMENTAL
13 STATE ASSISTANCE PAYABLE PURSUANT TO SECTION 607(J) SHALL BE
14 PAID FROM THE SUPPLEMENTAL STATE ASSISTANCE ACCOUNT. THE
15 SUPPLEMENTAL STATE ASSISTANCE ACCOUNT SHALL BE FUNDED FROM AN
16 APPROPRIATION BY THE COMMONWEALTH FROM THE GENERAL FUND OF THE
17 COMMONWEALTH. ANNUALLY THE COMMISSION SHALL CALCULATE THE AMOUNT
18 OF SUPPLEMENTAL STATE ASSISTANCE PAYABLE TO ALL ELIGIBLE
19 MUNICIPALITIES AND SHALL CERTIFY THE REQUIRED AMOUNT TO THE
20 GENERAL ASSEMBLY. THE AMOUNT OF ANY ANNUAL CERTIFICATION OF AN
21 APPROPRIATION BY THE COMMISSION SHALL NOT EXCEED \$35,000,000.
22 THE GENERAL ASSEMBLY SHALL MAKE AN APPROPRIATION TO THE
23 SUPPLEMENTAL STATE ASSISTANCE ACCOUNT SUFFICIENT TO PROVIDE FOR
24 THE AMOUNT CERTIFIED BY THE COMMISSION. THE APPROPRIATION SHALL
25 BE DEPOSITED ON THE LAST BUSINESS DAY IN NOVEMBER ANNUALLY.

26 (C) PRECONDITIONS.--AS A PRECONDITION FOR THE RECEIPT OF ANY
27 SUPPLEMENTAL STATE ASSISTANCE, THE MUNICIPALITY SHALL
28 DEMONSTRATE PRIOR GOOD FAITH COMPLIANCE WITH ANY APPLICABLE
29 MUNICIPAL PENSION PLAN ACTUARIAL FUNDING STANDARD IN EFFECT. .
30 THE MUNICIPALITY SHALL ALSO IMPLEMENT ANY MANDATORY ASPECTS OF

1 THE APPLICABLE RECOVERY PROGRAM LEVEL.

2 (D) WARRANTS.--ANY SUPPLEMENTAL STATE ASSISTANCE SHALL BE
3 PAYABLE ON WARRANTS DRAWN BY THE AUDITOR GENERAL BASED ON
4 CERTIFICATIONS OF THE COMMISSION.

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

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

11 (A) ESTABLISHMENT.--THE MUNICIPAL PENSION RECOVERY PROGRAM
12 IS ESTABLISHED. THE PROGRAM SHALL BE ADMINISTERED BY THE
13 PENNSYLVANIA MUNICIPAL RETIREMENT BOARD.

14 (B) MEMBERSHIP.--ONCE A MUNICIPALITY IS DETERMINED TO
15 QUALIFY FOR THE LEVEL III RECOVERY PROGRAM UNDER SECTION 606,
16 ANY AND ALL PENSION PLANS AND ASSETS THEN MAINTAINED BY THE
17 MUNICIPALITY SHALL BE TRANSFERRED TO THE PENNSYLVANIA MUNICIPAL
18 RETIREMENT SYSTEM FOR ADMINISTRATION UNDER THE PROGRAM; AND ALL
19 PENSION RIGHTS, PRIVILEGES AND BENEFITS, EXCEPT HOSPITAL,
20 MEDICAL AND OTHER HEALTH INSURANCE COVERAGE, SHALL BE GOVERNED
21 SOLELY AND EXCLUSIVELY BY THE PROGRAM. NO OTHER STATUTE,
22 ORDINANCE, CONTRACT, ARBITRATION AWARD OR PRACTICE SHALL PERMIT
23 OR AUTHORIZE ANY DEVIATION FROM OR ALTERATION OF THE TERMS OF
24 THE LEGISLATIVE ENACTMENTS SPECIFICALLY GOVERNING THE TERMS OF
25 THE PROGRAM.

26 (C) EXCLUSIONS.--FOR PURPOSES OF THIS SECTION, MULTIEMPLOYER
27 JOINTLY TRUSTEED TAFT-HARTLEY COLLECTIVELY BARGAINED PENSION
28 PLANS SHALL NOT BE CONSIDERED AS PENSION PLANS AND ASSETS THEN
29 MAINTAINED BY THE MUNICIPALITY, AND EMPLOYEES SUBJECT TO
30 MULTIEMPLOYER COLLECTIVELY BARGAINED PENSION PLANS SHALL NOT BE

1 INCLUDED IN THE PROGRAM.

2 (D) LIABILITY.--

3 (1) THE LIABILITY TO CONTINUE PAYMENT OF PENSION
4 BENEFITS SHALL REMAIN THE EXCLUSIVE RESPONSIBILITY OF THE
5 EMPLOYING MUNICIPALITY.

6 (2) EXCEPT AS SET FORTH IN PARAGRAPH (3), THE MINIMUM
7 MUNICIPAL OBLIGATION OF EACH MUNICIPALITY QUALIFIED FOR THE
8 LEVEL III RECOVERY PROGRAM SHALL BE DETERMINED ON THE BASIS
9 OF ACTUARIAL VALUATION REPORTS UTILIZING THE ACTUARIAL
10 ASSUMPTIONS ADOPTED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT
11 BOARD.

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

17 SECTION 608.2. COOPERATIVE MUNICIPAL PENSION PROGRAM.

18 (A) ESTABLISHMENT.--THE COOPERATIVE MUNICIPAL PENSION
19 PROGRAM IS ESTABLISHED. THE PROGRAM SHALL BE ADMINISTERED BY THE
20 PENNSYLVANIA MUNICIPAL RETIREMENT BOARD.

21 (B) MEMBERSHIP.--ONCE A MUNICIPALITY IS DETERMINED TO
22 QUALIFY FOR THE LEVEL III RECOVERY PROGRAM UNDER SECTION 606,
23 ALL EMPLOYEES SUBSEQUENTLY HIRED OR RETURNING TO EMPLOYMENT
24 AFTER SEPARATION FROM SERVICE AND ALL EMPLOYEES TO WHOM PENSION
25 COVERAGE IS NEWLY EXTENDED BY THE MUNICIPALITY SHALL BE ENROLLED
26 IN THE PROGRAM; AND ALL PENSION RIGHTS, PRIVILEGES AND BENEFITS,
27 EXCEPT HOSPITAL, MEDICAL AND OTHER HEALTH INSURANCE COVERAGE,
28 SHALL BE GOVERNED SOLELY AND EXCLUSIVELY THEREBY. NO OTHER
29 STATUTE, ORDINANCE, CONTRACT, ARBITRATION AWARD OR PRACTICE
30 SHALL PERMIT OR AUTHORIZE ANY DEVIATION FROM OR ALTERATION OF

1 THE TERMS OF THE LEGISLATIVE ENACTMENTS SPECIFICALLY GOVERNING
2 THE TERMS OF THE PROGRAM.

3 (C) BENEFITS.--SUPERANNUATION RETIREMENT BENEFITS SHALL BE
4 CALCULATED AS FOLLOWS:

5 (1) IN ALL CITIES SUBJECT TO THIS SECTION, PUBLIC SAFETY
6 EMPLOYEES IN THE POLICE, FIRE OR EMERGENCY SERVICES
7 DEPARTMENTS SHALL BE ENTITLED TO SUPERANNUATION RETIREMENT
8 UPON ATTAINMENT OF AGE 50 AND COMPLETION OF NOT LESS THAN 20
9 YEARS OF SERVICE, CALCULATED AT THE RATE OF 2.25% OF FINAL
10 AVERAGE SALARY EARNED DURING THE THREE HIGHEST CONSECUTIVE
11 YEARS OF SERVICE.

12 (2) IN ALL CITIES SUBJECT TO THIS SECTION, GENERAL
13 MUNICIPAL EMPLOYEES SHALL BE ENTITLED TO SUPERANNUATION
14 RETIREMENT UPON ATTAINMENT OF AGE ~~65~~ 60 AND COMPLETION OF NOT ←
15 LESS THAN 30 YEARS OF SERVICE, CALCULATED AT THE RATE OF 2%
16 OF FINAL AVERAGE SALARY EARNED DURING THE THREE HIGHEST
17 CONSECUTIVE YEARS OF SERVICE.

18 (3) IN ALL MUNICIPALITIES OTHER THAN CITIES SUBJECT TO
19 THIS SECTION, PUBLIC SAFETY EMPLOYEES IN THE POLICE, FIRE OR
20 EMERGENCY SERVICES DEPARTMENTS SHALL BE ENTITLED TO
21 SUPERANNUATION RETIREMENT UPON ATTAINMENT OF AGE 55 AND
22 COMPLETION OF NOT LESS THAN 25 YEARS OF SERVICE, CALCULATED
23 AT THE RATE OF 2% OF FINAL AVERAGE SALARY EARNED DURING THE
24 THREE HIGHEST CONSECUTIVE YEARS OF SERVICE.

25 (4) IN ALL MUNICIPALITIES OTHER THAN CITIES SUBJECT TO
26 THESE PROVISIONS, GENERAL MUNICIPAL EMPLOYEES SHALL BE
27 ENTITLED TO SUPERANNUATION RETIREMENT UPON ATTAINMENT OF AGE
28 ~~65~~ 60 AND COMPLETION OF NOT LESS THAN 30 YEARS OF SERVICE, ←
29 CALCULATED AT THE RATE OF 1.5% OF FINAL AVERAGE SALARY EARNED
30 DURING THE THREE HIGHEST CONSECUTIVE YEARS OF SERVICE.

1 (5) IF POSITIONS COVERED BY THIS SECTION ARE INCLUDED IN
2 AN AGREEMENT UNDER THE SOCIAL SECURITY ACT (49 STAT. 620, 42
3 U.S.C. § 301 ET SEQ.), THE BENEFIT SET FORTH IN PARAGRAPH
4 (1), (2), (3) OR (4) SHALL, UPON THE MEMBER'S ATTAINMENT OF
5 ELIGIBILITY TO RECEIVE FULL SOCIAL SECURITY OLD-AGE BENEFITS,
6 BE OFFSET BY THE AMOUNT OF THE MEMBER'S FULL 50% OF THE ←
7 MEMBER'S SOCIAL SECURITY OLD-AGE INSURANCE BENEFIT CALCULATED
8 IN ACCORDANCE WITH THE PROVISIONS OF THE SOCIAL SECURITY ACT
9 IN EFFECT ON THE DATE OF TERMINATION OF EMPLOYMENT. ONLY
10 COMPENSATION FOR SERVICES ACTUALLY RENDERED BY THE MEMBER AND
11 COVERED BY THE PENSION SYSTEM CREATED BY THIS SECTION SHALL
12 BE INCLUDED IN CALCULATING THE OFFSET UNDER THIS PARAGRAPH.

13 (6) AS USED IN THIS SUBSECTION, THE TERM "SALARY" MEANS ←
14 THE FIXED AMOUNT OF COMPENSATION PAID AT REGULAR, PERIODIC
15 INTERVALS BY A MUNICIPALITY TO THE MEMBER AND FROM WHICH
16 PENSION CONTRIBUTIONS HAVE BEEN DEDUCTED. THE TERM DOES NOT
17 INCLUDE OVERTIME.

18 (D) CONTRIBUTIONS.--

19 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), ALL MEMBERS OF
20 THE COOPERATIVE MUNICIPAL PENSION AND SECURITY PROGRAM SHALL
21 CONTRIBUTE TO THEIR PENSION, BY PAYROLL DEDUCTION, AN AMOUNT
22 EQUAL TO THREE TIMES THE ACCRUAL RATE APPROPRIATE TO THEIR
23 CLASS OF SERVICE.

24 (2) MEMBERS SUBJECT TO THE SOCIAL SECURITY OFFSET OF
25 SUBSECTION (C) (5) SHALL CONTRIBUTE TO THEIR PENSION, BY
26 PAYROLL DEDUCTION, AN AMOUNT EQUAL TO ~~1.5% TIMES~~ THE ACCRUAL ←
27 RATE APPROPRIATE TO THEIR CLASS OF SERVICE.

28 (E) RETIREMENT OPTIONS.--AT THE TIME OF RETIREMENT, A MEMBER
29 MAY ELECT TO RECEIVE BENEFITS IN A RETIREMENT ALLOWANCE PAYABLE
30 THROUGHOUT THE MEMBER'S LIFE. THIS ELECTION IS KNOWN AS A SINGLE

1 LIFE ANNUITY. INSTEAD OF RECEIVING A SINGLE LIFE ANNUITY, THE
2 MEMBER MAY ELECT TO RECEIVE THE EQUIVALENT ACTUARIAL VALUE AT
3 THE TIME OF RETIREMENT IN A LESSER ALLOWANCE, PAYABLE THROUGHOUT
4 LIFE WITH PROVISIONS THAT, UPON THE MEMBER'S DEATH:

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

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

11 (F) DISABILITY RETIREMENT.--

12 (1) THIS SUBSECTION APPLIES TO ALL OF THE FOLLOWING
13 MEMBERS:

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

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

18 (2) A MEMBER SUBJECT TO THIS SUBSECTION UNDER PARAGRAPH
19 (1) MAY, UPON APPLICATION, BE RETIRED BY THE BOARD OF
20 PENSIONS AND RETIREMENT ON A DISABILITY ALLOWANCE IF
21 DETERMINED TO BE MENTALLY OR PHYSICALLY PERMANENTLY INCAPABLE
22 OF CONTINUING TO PERFORM THE DUTIES FOR WHICH THE MEMBER IS
23 EMPLOYED. THE DISABILITY ANNUITY SHALL BE DETERMINED UNDER
24 THE FOLLOWING PARAGRAPHS.

25 (3) MULTIPLY:

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

28 (II) THE MEMBER'S TOTAL NUMBER OF YEARS OF CREDITED
29 SERVICE.

30 (4) IF THE PRODUCT UNDER PARAGRAPH (3) IS MORE THAN

1 16.667, THE DISABILITY ANNUITY IS THE PRODUCT OF:

2 (I) A STANDARD SINGLE LIFE ANNUITY; AND

3 (II) THE BENEFIT ACCRUAL RATE APPLICABLE TO THE
4 MEMBER'S RETIREMENT PLAN.

5 (5) IF THE PRODUCT UNDER PARAGRAPH (3) IS NOT MORE THAN
6 16.667, THE DISABILITY ANNUITY IS DETERMINED AS FOLLOWS:

7 (I) MULTIPLY:

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

10 (B) EITHER:

11 (I) THE TOTAL YEARS AND PARTIAL YEARS OF
12 CREDITED SERVICE THE MEMBER WOULD HAVE EARNED IF
13 THE MEMBER WERE TO CONTINUE AS AN EMPLOYEE UNTIL
14 ATTAINING ELIGIBILITY FOR A SUPERANNUATION
15 RETIREMENT ALLOWANCE; OR

16 (II) IF THE MEMBER HAS ATTAINED ELIGIBILITY
17 FOR A SUPERANNUATION RETIREMENT ALLOWANCE AT THE
18 TIME OF THE DISABILITY, THE NUMBER OF YEARS OF
19 CREDITED SERVICE.

20 (II) DIVIDE:

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

22 (B) THE NUMBER OF YEARS AND PARTIAL YEARS OF
23 CREDITED SERVICE EARNED BY THE MEMBER AS OF THE
24 EFFECTIVE DATE OF THE DISABILITY.

25 (III) DIVIDE:

26 (A) 16.667; BY

27 (B) THE NUMBER OF YEARS AND PARTIAL YEARS OF
28 CREDITED SERVICE EARNED BY THE MEMBER AS OF THE
29 EFFECTIVE DATE OF THE DISABILITY.

30 (IV) MULTIPLY THE STANDARD SINGLE LIFE ANNUITY BY

1 THE LESSER OF:

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

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

4 (G) SERVICE CONNECTED DISABILITY.--

5 (1) THIS SUBSECTION APPLIES IF:

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

8 (II) THE DISABILITY HAS BEEN FOUND TO BE A SERVICE
9 CONNECTED DISABILITY.

10 (2) A MEMBER SUBJECT TO THIS SUBSECTION UNDER PARAGRAPH

11 (1) SHALL RECEIVE A SUPPLEMENT EQUAL TO:

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

13 (II) THE SUM OF:

14 (A) THE ANNUITY AS DETERMINED UNDER SUBSECTION
15 (F); AND

16 (B) PAYMENTS PAID OR PAYABLE ON ACCOUNT OF THE
17 DISABILITY UNDER:

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

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

23 (III) THE SOCIAL SECURITY ACT (49 STAT. 620,
24 42 U.S.C. § 301 ET SEQ.).

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

30 (I) ALTERNATIVE RETIREMENT PROGRAM.--

1 (1) A MUNICIPAL EMPLOYEE MAY, WITHIN 30 DAYS OF
2 INITIATING EMPLOYMENT COVERED BY THIS SECTION, MAKE AN
3 IRREVOCABLE ELECTION TO PARTICIPATE IN AN ALTERNATIVE
4 INDEPENDENT DEFINED CONTRIBUTION RETIREMENT PROGRAM APPROVED
5 BY THE BOARD.

6 (2) TO BE APPROVED, THE ALTERNATIVE DEFINED CONTRIBUTION
7 PROGRAM MUST:

8 (I) CENTRALIZE MANAGEMENT AND INVESTMENT;

9 (II) OFFER A VARIETY OF INVESTMENT ASSET
10 ALLOCATIONS; AND ←

11 (III) MANDATE BOTH THE EMPLOYEE AND EMPLOYER TO
12 CONTRIBUTE 6% OF THE MEMBER'S COVERED PAYROLL; AND ←

13 (IV) ANNUITIZE BENEFITS OF RETIREMENT.

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

17 ~~(J) DEFINITION. AS USED IN THIS SECTION, THE TERM "SALARY"~~ ←
18 ~~MEANS THE FIXED AMOUNT OF COMPENSATION PAID AT REGULAR, PERIODIC~~
19 ~~INTERVALS BY A MUNICIPALITY TO THE MEMBER AND FROM WHICH PENSION~~
20 ~~CONTRIBUTIONS HAVE BEEN DEDUCTED.~~

21 SECTION 14. SECTION 609 OF THE ACT IS AMENDED TO READ:
22 SECTION 609. RULES AND REGULATIONS.

23 THE COMMISSION MAY ISSUE ANY RULES [AND], REGULATIONS,
24 POLICIES AND PROCEDURES NECESSARY FOR THE EFFECTIVE
25 ADMINISTRATION AND OPERATION OF THE PROVISIONS OF THIS ACT.

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

27 CHAPTER 7-A

28 STANDARDS FOR MUNICIPAL PENSION SYSTEMS

29 SECTION 701-A. DEFINITIONS.

30 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER

1 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
2 CONTEXT CLEARLY INDICATES OTHERWISE:

3 "AFFILIATED ENTITY." ANY OF THE FOLLOWING:

4 (1) A SUBSIDIARY OR HOLDING COMPANY OF A LOBBYING FIRM
5 OR OTHER BUSINESS ENTITY OWNED IN WHOLE OR IN PART BY A
6 LOBBYING FIRM.

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

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

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

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

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

21 "MUNICIPAL PENSION SYSTEM." INCLUDES THE PENNSYLVANIA
22 MUNICIPAL RETIREMENT SYSTEM.

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

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

28 (1) FOR THE PURCHASE OR PROVISION OF PROFESSIONAL
29 SERVICES, INCLUDING INVESTMENT SERVICES, LEGAL SERVICES, REAL
30 ESTATE SERVICES AND OTHER CONSULTING SERVICES; AND

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

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

4 (A) PROCEDURES.--EACH MUNICIPAL PENSION SYSTEM, INCLUDING
5 THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM, SHALL DEVELOP
6 PROCEDURES TO SELECT THE MOST QUALIFIED PERSON TO ENTER INTO A
7 PROFESSIONAL SERVICES CONTRACT. THE PROCEDURES SHALL ENSURE THAT
8 THE AVAILABILITY OF A PROFESSIONAL SERVICES CONTRACT IS
9 ADVERTISED TO POTENTIAL PARTICIPANTS IN A TIMELY AND EFFICIENT
10 MANNER. PROCEDURES SHALL INCLUDE APPLICATIONS AND DISCLOSURE
11 FORMS TO BE USED TO SUBMIT A PROPOSAL FOR REVIEW AND TO RECEIVE
12 THE AWARD OF A PROFESSIONAL SERVICES CONTRACT.

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

15 (1) THE SERVICES THAT ARE THE SUBJECT OF THE PROPOSED
16 CONTRACT.

17 (2) SPECIFICATIONS RELATING TO THE SERVICES.

18 (3) PROCEDURES TO COMPETE FOR THE CONTRACTS.

19 (4) REQUIRED DISCLOSURES.

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

23 (D) PERSONNEL.--

24 (1) PRIOR TO ENTERING INTO A PROFESSIONAL SERVICES
25 CONTRACT WITH A MUNICIPAL PENSION SYSTEM, THE CONTRACTOR
26 SHALL DISCLOSE THE NAMES AND TITLES OF EACH INDIVIDUAL WHO
27 WILL BE PROVIDING PROFESSIONAL SERVICES TO THE MUNICIPAL
28 PENSION SYSTEM, INCLUDING ADVISORS OR SUBCONTRACTORS OF THE
29 CONTRACTOR.

30 (2) DISCLOSURE UNDER THIS SUBSECTION SHALL INCLUDE ALL

1 OF THE FOLLOWING:

2 (I) WHETHER THE INDIVIDUAL IS A CURRENT OR FORMER
3 OFFICIAL OR EMPLOYEE OF THE MUNICIPALITY ENTERING INTO
4 THE CONTRACT.

5 (II) WHETHER THE INDIVIDUAL HAS BEEN A REGISTERED
6 FEDERAL OR STATE LOBBYIST.

7 (III) A DESCRIPTION OF THE RESPONSIBILITIES OF EACH
8 INDIVIDUAL WITH REGARD TO THE CONTRACT.

9 (3) THE RESUME OF AN INDIVIDUAL INCLUDED IN THE
10 DISCLOSURE SHALL BE PROVIDED TO THE MUNICIPALITY UPON
11 REQUEST.

12 (4) THE INFORMATION UNDER THIS SUBSECTION SHALL BE
13 UPDATED AS CHANGES OCCUR.

14 (E) CONFLICT OF INTEREST.--THE MUNICIPAL PENSION SYSTEM
15 SHALL ADOPT POLICIES RELATING TO POTENTIAL CONFLICTS OF INTEREST
16 IN THE REVIEW OF A PROPOSAL OR THE NEGOTIATION OF A CONTRACT.
17 THE POLICIES SHALL INCLUDE A MINIMUM ONE-YEAR RESTRICTION ON:

18 (1) PARTICIPATION BY A FORMER EMPLOYEE OF A CONTRACTOR
19 OR POTENTIAL CONTRACTOR IN THE REVIEW OF A PROPOSAL OR
20 NEGOTIATION OF A CONTRACT WITH THAT CONTRACTOR.

21 (2) PARTICIPATION BY A FORMER EMPLOYEE OF THE MUNICIPAL
22 PENSION SYSTEM IN THE SUBMISSION OF A PROPOSAL OR THE
23 PERFORMANCE OF A CONTRACT.

24 (F) PUBLIC INFORMATION.--FOLLOWING THE AWARD OF A
25 PROFESSIONAL SERVICES CONTRACT, ALL APPLICATIONS AND DISCLOSURE
26 FORMS SHALL BE PUBLIC EXCEPT FOR PROPRIETARY INFORMATION OR
27 OTHER INFORMATION PROTECTED BY LAW.

28 (G) INCREASE.--A PROFESSIONAL SERVICES CONTRACT SHALL NOT BE
29 AMENDED TO INCREASE THE COST OF THE CONTRACT BY MORE THAN 10% OR
30 \$10,000, WHICHEVER IS GREATER, UNLESS THE INCREASE AND A WRITTEN

1 JUSTIFICATION FOR THE INCREASE ARE PUBLIC AND POSTED ON THE
2 MUNICIPAL PENSION SYSTEM'S INTERNET WEBSITE, IF AN INTERNET
3 WEBSITE IS MAINTAINED, AT LEAST SEVEN DAYS PRIOR TO THE
4 EFFECTIVE DATE OF THE AMENDMENT.

5 (H) NOTICE AND SUMMARY.--THE RELEVANT FACTORS THAT RESULTED
6 IN THE AWARD OF THE PROFESSIONAL SERVICES CONTRACT MUST BE
7 SUMMARIZED IN A WRITTEN STATEMENT TO BE INCLUDED IN OR ATTACHED
8 TO THE DOCUMENTS AWARDING THE CONTRACT. WITHIN TEN DAYS OF THE
9 AWARD OF THE PROFESSIONAL SERVICES CONTRACT, THE ORIGINAL
10 APPLICATION, A SUMMARY OF THE BASIS FOR THE AWARD AND ALL
11 REQUIRED DISCLOSURE FORMS MUST BE TRANSMITTED TO ALL
12 UNSUCCESSFUL APPLICANTS AND POSTED ON THE MUNICIPAL PENSION
13 SYSTEM'S INTERNET WEBSITE, IF AN INTERNET WEBSITE IS MAINTAINED,
14 AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION OF THE PROFESSIONAL
15 SERVICES CONTRACT.

16 SECTION 703-A. AGENTS; SOLICITATION.

17 (A) PROHIBITION.--A PERSON OR AN AFFILIATED ENTITY THAT
18 INTENDS TO ENTER OR THAT ENTERS INTO A PROFESSIONAL SERVICES
19 CONTRACT MAY NOT DIRECTLY OR INDIRECTLY HIRE, ENGAGE, UTILIZE,
20 RETAIN OR COMPENSATE ANY THIRD PARTY INTERMEDIARY, AGENT OR
21 LOBBYIST TO DIRECTLY OR INDIRECTLY COMMUNICATE WITH A MUNICIPAL
22 PENSION SYSTEM OFFICIAL OR EMPLOYEE OR A MUNICIPAL OFFICIAL OR
23 EMPLOYEE IN CONNECTION WITH ANY TRANSACTION OR INVESTMENT
24 INVOLVING THE CONTRACTOR AND THE MUNICIPAL PENSION SYSTEM. THE
25 PROHIBITION SHALL INCLUDE THE SOLICITATION OF AN INVESTMENT OR
26 INVESTMENT MANAGEMENT SERVICES FROM A MUNICIPAL PENSION SYSTEM
27 OR INFLUENCING OR ATTEMPTING TO INFLUENCE THE OUTCOME OF AN
28 INVESTMENT OR OTHER FINANCIAL DECISION BY THE SYSTEM. THE
29 PROHIBITION SHALL NOT APPLY TO AN OFFICER OR EMPLOYEE OF THE
30 INVESTMENT FIRM WHO IS ACTING WITHIN THE SCOPE OF THE FIRM'S

1 STANDARD PROFESSIONAL DUTIES ON BEHALF OF THE FIRM, INCLUDING
2 THE ACTUAL PROVISION OF LEGAL, ACCOUNTING, ENGINEERING, REAL
3 ESTATE OR OTHER PROFESSIONAL ADVICE, SERVICES OR ASSISTANCE
4 PURSUANT TO A PROFESSIONAL SERVICES CONTRACT WITH THE MUNICIPAL
5 PENSION SYSTEM.

6 (B) SOLICITATION.--A PERSON THAT ENTERS INTO, OR HAS APPLIED
7 FOR, SUBMITTED AN OFFER OR BID FOR, RESPONDED TO A REQUEST FOR
8 PROPOSAL ON OR OTHERWISE SOLICITED, A PROFESSIONAL SERVICES
9 CONTRACT WITH A MUNICIPAL PENSION SYSTEM OR AN AGENT, OFFICER,
10 DIRECTOR OR EMPLOYEE OF THAT PERSON MAY NOT SOLICIT A
11 CONTRIBUTION TO ANY MUNICIPAL OFFICIAL OR CANDIDATE FOR
12 MUNICIPAL OFFICE IN THE MUNICIPALITY WHERE THE MUNICIPAL PENSION
13 SYSTEM IS ORGANIZED OR TO THE POLITICAL PARTY OR POLITICAL
14 ACTION COMMITTEE OF THAT OFFICIAL OR CANDIDATE.

15 (C) LIMITATION ON COMMUNICATION.--UPON THE ADVERTISEMENT FOR
16 A PROFESSIONAL SERVICES CONTRACT BY THE MUNICIPAL PENSION
17 SYSTEM, THE CONTRACTOR MAY NOT CAUSE OR AGREE TO ALLOW A THIRD
18 PARTY TO COMMUNICATE WITH OFFICIALS OR EMPLOYEES OF THE
19 MUNICIPAL PENSION SYSTEM EXCEPT FOR REQUESTS FOR TECHNICAL
20 CLARIFICATION. REQUESTS FOR TECHNICAL CLARIFICATION SHALL BE
21 MADE BY A DESIGNATED EMPLOYEE OF THE MUNICIPAL PENSION SYSTEM.
22 NOTHING IN THIS SUBSECTION SHALL PRECLUDE A POTENTIAL CONTRACTOR
23 FROM RESPONDING TO REQUESTS FOR CLARIFICATION OR ADDITIONAL
24 INFORMATION FROM THE MUNICIPAL PENSION SYSTEM.

25 SECTION 704-A. DISQUALIFICATION.

26 (A) CONTRIBUTORS.--A PERSON OR AN AFFILIATED ENTITY THAT,
27 WITHIN THE PAST TWO YEARS, HAS MADE A CONTRIBUTION TO A
28 MUNICIPAL OFFICIAL OR CANDIDATE FOR MUNICIPAL OFFICE IN THE
29 MUNICIPALITY WHICH CONTROLS THE MUNICIPAL PENSION SYSTEM MAY NOT
30 ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH THE MUNICIPAL



PENSION SYSTEM, EXCEPT THAT THE TWO-YEAR RESTRICTION SHALL NOT
APPLY TO ANY CONTRIBUTION MADE PRIOR TO THE EFFECTIVE DATE OF
THIS SUBSECTION.

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

(C) GIFTS.--A PERSON WITH A PROFESSIONAL SERVICES CONTRACT
MAY NOT OFFER OR CONFER A GIFT HAVING MORE THAN A NOMINAL VALUE,
INCLUDING MONEY, SERVICES, LOANS, TRAVEL, LODGING,
ENTERTAINMENT, DISCOUNT OR OTHER THING OF VALUE, TO ANY
OFFICIAL, EMPLOYEE OR FIDUCIARY OF A MUNICIPAL PENSION SYSTEM.
SECTION 705-A. DISCLOSURE.

(A) CONTRACTORS.--

(1) A PERSON OR AN AFFILIATED ENTITY THAT HAS A
PROFESSIONAL SERVICES CONTRACT WITH A MUNICIPAL PENSION
SYSTEM SHALL DISCLOSE ALL CONTRIBUTIONS TO WHICH ALL OF THE
FOLLOWING APPLY:

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

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

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

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

1 (B) THE AGGREGATE OF ALL CONTRIBUTIONS BY ALL
2 PERSONS LISTED IN SUBPARAGRAPH (II).

3 (IV) THE CONTRIBUTION WAS MADE TO:

4 (A) A CANDIDATE FOR ANY PUBLIC OFFICE IN THE
5 COMMONWEALTH OR TO AN INDIVIDUAL WHO HOLDS THAT
6 OFFICE.

7 (B) A POLITICAL COMMITTEE OF A CANDIDATE FOR
8 PUBLIC OFFICE IN THE COMMONWEALTH OR OF AN INDIVIDUAL
9 WHO HOLDS THAT OFFICE.

10 (2) THE INFORMATION PROVIDED UNDER THIS SUBSECTION SHALL
11 BE UPDATED ANNUALLY.

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

15 (1) INFORMATION RELATING TO INDIVIDUALS MAKING
16 CONTRIBUTIONS. THIS PARAGRAPH INCLUDES:

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

18 (II) THE CONTRIBUTOR'S RELATIONSHIP TO THE
19 CONTRACTOR.

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

22 (IV) THE AMOUNT OF THE CONTRIBUTION.

23 (V) THE DATE OF THE CONTRIBUTION.

24 (2) GIFTS TO AN OFFICIAL OR EMPLOYEE OF THE MUNICIPAL
25 PENSION SYSTEM OR THE MUNICIPALITY WHICH CONTROLS THE
26 MUNICIPAL PENSION SYSTEM.

27 (3) THE EMPLOYMENT OR RETENTION OF ANY THIRD-PARTY
28 INTERMEDIARY, AGENT OR LOBBYIST AND THE DUTIES OF THAT
29 PERSON.

30 (4) THE EXISTENCE OF ANY FINANCIAL RELATIONSHIP UNDER

1 SECTION 704-A(B) .

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

7 (D) FORMS.--REQUIRED DISCLOSURE SHALL BE MADE ON A FORM
8 PREPARED BY THE MUNICIPAL PENSION SYSTEM. THE FORM SHALL BE
9 ATTACHED TO THE CONTRACT AND POSTED ON THE SYSTEM'S INTERNET
10 WEBSITE, IF AN INTERNET WEBSITE IS MAINTAINED. DURING THE TERM
11 OF THE CONTRACT, AN UPDATED FORM SHALL BE FILED ANNUALLY IN
12 ACCORDANCE WITH PROCEDURES ADOPTED BY THE PLAN.

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

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

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

25 SECTION 706-A. DUTY TO ACT.

26 IF A PERSON THAT ENTERS INTO, OR HAS APPLIED FOR, SUBMITTED
27 AN OFFER OR BID FOR, RESPONDED TO A REQUEST FOR PROPOSAL ON OR
28 OTHERWISE SOLICITED, A CONTRACT WITH A MUNICIPAL PENSION SYSTEM
29 OR AN OFFICER, DIRECTOR OR EMPLOYEE OF A MUNICIPAL PENSION
30 SYSTEM IS AWARE, OR REASONABLY SHOULD BE AWARE, OF AN APPARENT,

POTENTIAL OR ACTUAL CONFLICT OF INTEREST, THE PERSON SHALL
DISCLOSE THE CONFLICT AND PROMPTLY ELIMINATE THE CONFLICT.
SECTION 707-A. NO PREEMPTION.

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

SECTION 15.1. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
SECTION 902. SECOND CLASS CITIES.

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

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

(2) IF THE DEPARTMENT OF COMMUNITY AND ECONOMIC
DEVELOPMENT DETERMINES THAT THE CITY HAS LEASED OR SOLD ALL
OF ITS PARKING AUTHORITY FACILITIES AND THAT NET PROCEEDS
FROM THE LEASE OR SALE HAVE BEEN DEPOSITED INTO THE
PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM AND CREDITED TO THE
MUNICIPALITY'S ACCOUNT AND TRANSMITS NOTICE OF THE
DETERMINATION TO THE LEGISLATIVE REFERENCE BUREAU FOR
PUBLICATION IN THE PENNSYLVANIA BULLETIN, THE CITY MAY IMPOSE
ON EACH PARKING TRANSACTION IN THE CITY AN ADDITIONAL TAX AT
A RATE NOT TO EXCEED 2.5% OF THE COST OF THE TRANSACTION.

(B) USE OF REVENUE.--NOTWITHSTANDING ANY OTHER LAW TO THE
CONTRARY, 6.75% OF THE REVENUE RECEIVED UNDER SUBSECTION (A) (1)
AND 100% OF THE REVENUE RECEIVED UNDER SUBSECTION (A) (2) SHALL
BE USED TO PAY THE CITY'S MINIMUM MUNICIPAL OBLIGATION REQUIRED
UNDER SECTION 302 AND ANY INTEREST ACCRUED IN ANY PLAN YEAR.
SECTION 903. LEVEL III ADMINISTRATION IN CITIES OF THE SECOND

1 CLASS.

2 FOR A PERIOD NOT TO EXCEED 12 MONTHS FROM THE EFFECTIVE DATE
3 OF THIS SECTION, THE EMPLOYEES OF THE RESPECTIVE PENSION BOARDS
4 OF A HOME RULE MUNICIPALITY THAT IS A CITY OF THE SECOND CLASS
5 SHALL CONTINUE TO PROVIDE MEMBER BENEFIT ADMINISTRATION FOR
6 MEMBERS FROM THE HOME RULE MUNICIPALITY ON BEHALF OF THE
7 PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM. DURING THE 12-MONTH
8 PERIOD, A POOL COMPRISED OF THE EMPLOYEES OF THE RESPECTIVE
9 PENSION BOARDS SHALL BE GRANTED PRIORITY AND PREFERENCE IN
10 HIRING TO FILL POSITIONS WITH THE SYSTEM THAT THE EMPLOYEE IS
11 QUALIFIED TO FILL. NO NEW EMPLOYEE MAY BE HIRED BY THE SYSTEM
12 UNTIL THE POSITION HAS BEEN OFFERED, IN ORDER OF SENIORITY, TO
13 ALL PROPERLY CERTIFIED MEMBERS OF THE POOL.

14 SECTION 16. CHAPTER 10 HEADING OF THE ACT, ADDED JUNE 18,
15 1998 (P.L.626, NO.82), IS AMENDED TO READ:

16 CHAPTER 10

17 [ALTERNATIVE FUNDING MECHANISM]

18 PROVISIONS RELATING TO CERTAIN CITIES AND COUNTIES

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

22 SECTION 1001. ALTERNATIVE FUNDING MECHANISM.

23 * * *

24 (B) PERIOD OF PAYMENT REQUIREMENTS PRIOR TO JULY 1, 2009.--
25 THE PERIOD OF THE CITY'S PAYMENT REQUIREMENTS UNDER AN
26 ALTERNATIVE FUNDING MECHANISM IMPLEMENTED PRIOR TO DECEMBER 31,
27 2002, SHALL BE THE GREATER OF:

28 (1) THE REMAINING PERIOD NOT EXCEEDING 30 YEARS DURING
29 WHICH THE CITY WOULD HAVE AMORTIZED THE UNFUNDED ACTUARIAL
30 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 JULY 1, 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 LATEST 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 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~~ SEPTEMBER 10, 2009, THE CITY SHALL ←
~~ADOPT~~ SUBMIT 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%~~ 80% ←
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~~
~~PLAN, WHICHEVER IS HIGHER,~~ EXPRESSED AS A PERCENTAGE OF ←
COVERED PAYROLL, AS REPORTED IN THE MOST RECENT ACTUARIAL
VALUATION REPORT OF THE PENSION PLAN. ANY DEFINED
CONTRIBUTION PLAN SHALL PROVIDE FOR MATCHING EMPLOYER
CONTRIBUTIONS AND ~~MANDATORY~~ EMPLOYEE CONTRIBUTIONS NOT TO ←

1 EXCEED 4% OF COMPENSATION PER EMPLOYEE.

2 (B.1) MODIFICATION PROHIBITED.--NO OTHER STATUTE, ORDINANCE, ←
3 CONTRACT, ARBITRATION AWARD OR PRACTICE SHALL PERMIT OR
4 AUTHORIZE ANY DEVIATION FROM OR ALTERATION OF THE TERMS OF THIS
5 SECTION GOVERNING THE FREEZE OF BENEFITS FOR EXISTING EMPLOYEES
6 AND THE TERMS OF THE REVISED BENEFIT PLAN FOR NEWLY HIRED
7 EMPLOYEES.

8 (C) VERIFICATION.--IN ORDER TO IMPLEMENT SUBSECTION (B), THE
9 CITY SHALL SUBMIT EVIDENCE OF THE FREEZE ON EXISTING BENEFITS ←
10 AND THE REDUCED BENEFIT PLAN COLLECTIVE BARGAINING PROPOSALS TO
11 FREEZE EXISTING BENEFITS AND TO REVISE BENEFIT PLANS FOR NEWLY
12 HIRED EMPLOYEES AND A SCHEDULE OF PAYMENTS TO BE DEFERRED UNDER
13 SUBSECTION (E) TO THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION ←
14 AUTHORITY AND TO THE PUBLIC EMPLOYEE RETIREMENT COMMISSION
15 COMMISSION BY SEPTEMBER 10, 2009. WITHIN 14 DAYS OF THE RECEIPT ←
16 OF THE INFORMATION AND PLAN COLLECTIVE BARGAINING PROPOSALS AND ←
17 PAYMENT SCHEDULE FROM THE CITY UNDER THIS SUBSECTION, THE
18 AUTHORITY COMMISSION SHALL ISSUE A WRITTEN DETERMINATION THAT ←
19 THE INFORMATION AND PLAN COLLECTIVE BARGAINING PROPOSALS MEET ←
20 THE REQUIREMENTS OF SUBSECTION (B). A WRITTEN DETERMINATION THAT ←
21 THE FREEZE AND PROPOSAL MEET THE REQUIREMENTS OF SUBSECTION (B)
22 SHALL CONSTITUTE COMPLIANCE BY THE CITY WITH SUBSECTION (J) (1)
23 AND (2).

24 (D) AMORTIZATION.--NOTWITHSTANDING ANY OTHER LAW TO THE
25 CONTRARY, THE CITY MAY AMORTIZE ITS ENTIRE UNFUNDED ACTUARIAL
26 ACCRUED LIABILITY, AS MEASURED ON A VALUATION DATE SELECTED BY
27 THE CITY THAT OCCURS IN THE PLAN YEAR COMMENCING JULY 1, 2009,
28 AS A LEVEL DOLLAR AMOUNT WITH THE AMORTIZATION TARGET DATE BEING
29 THE END OF THE PLAN YEAR OCCURRING 30 YEARS AFTER THE PLAN YEAR
30 COMMENCING JULY 1, 2009, WITH PAYMENTS TO COMMENCE IN THE NEXT

1 PLAN YEAR. IN ORDER TO EXTEND THE AMORTIZATION SCHEDULE PROVIDED
2 UNDER THIS SUBSECTION, THE CITY MUST COMPLY WITH THE FOLLOWING:

3 (1) FILE A REVISED ACTUARIAL VALUATION REPORT REFLECTING
4 THE AMORTIZATION PERIOD EXTENSION AND THE ACTUARIAL ASSUMED
5 RATE IN EFFECT ON THE VALUATION DATE WITH THE COMMISSION NO
6 LATER THAN MARCH 31, 2010.

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

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

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

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

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

29 (F) INTEREST.--AMOUNTS DEFERRED UNDER SUBSECTION (E) SHALL
30 BEAR INTEREST AT THE RATE OF 8.25% WHICH SHALL BE CALCULATED

1 FROM THE BEGINNING OF THE PLAN YEAR IN WHICH THE DEFERRAL WAS
2 MADE. ACCRUED INTEREST ON AMOUNTS DEFERRED SHALL BE PAID
3 ANNUALLY ON OR BEFORE JUNE 30 OF THE YEARS 2010, 2011 AND 2012.

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

6 (1) IF THE AMOUNT DEFERRED IS EQUAL TO OR GREATER THAN
7 \$90,000,000, AT LEAST \$90,000,000 PLUS INTEREST ACCRUED ON
8 ALL AMOUNTS DEFERRED.

9 (2) IF THE TOTAL AMOUNT DEFERRED IS LESS THAN
10 \$90,000,000, THE TOTAL AMOUNT DEFERRED, PLUS INTEREST ACCRUED
11 ON THAT AMOUNT.

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

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

20 (J) ~~PENSION REFORMS REQUIREMENTS.~~--IN ORDER TO RETAIN THE ←
21 AUTHORITY TO UTILIZE THE ~~ALTERNATIVE FUNDING MECHANISM DEFERRALS~~ ←
22 UNDER THIS SECTION, THE CITY MUST COMPLY WITH THE FOLLOWING:

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

25 (2) ~~ADOPT~~ SUBMIT AND COLLECTIVELY BARGAIN FOR A REVISED ←
26 BENEFIT PLAN APPLICABLE TO ANY NEWLY HIRED EMPLOYEE IN
27 ACCORDANCE WITH SUBSECTION (B).

28 (3) EXHAUST THE JUDICIAL ~~APPEAL~~ PROCEDURE APPELLATE ←
29 PROCEDURES TO CHALLENGE ANY ARBITRATION, ADJUDICATION OR ←
30 OTHER AWARD WHICH IS INCONSISTENT WITH THE FREEZE OR REVISED ←

1 BENEFIT PLAN.

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

5 ~~(K) EXPIRATION OF AUTHORITY. IF THE CITY FAILS TO MEET ANY~~ ←
6 ~~OF THE REQUIREMENTS OF SUBSECTION (J), THE PUBLIC EMPLOYEE~~
7 ~~RETIREMENT COMMISSION AND THE AUTHORITY SHALL CERTIFY THE~~
8 ~~FAILURE TO COMPLY TO THE STATE TREASURER. UNTIL THE CITY IS IN~~
9 ~~COMPLIANCE WITH SUBSECTION (J) THE STATE TREASURER SHALL~~
10 ~~WITHHOLD ANY GRANT, LOAN, ENTITLEMENT, PAYMENT OR COMBINATION OF~~
11 ~~GRANTS, LOANS, ENTITLEMENTS AND PAYMENTS TO THE CITY BY THE~~
12 ~~COMMONWEALTH, OR ANY OF ITS AGENCIES, IN AN AMOUNT EQUAL TO THE~~
13 ~~AMOUNTS AUTHORIZED TO BE DEFERRED UNDER SUBSECTION (E).~~

14 (K) WITHHOLDING.--IF THE CITY FAILS TO MEET ANY OF THE ←
15 REQUIREMENTS OF SUBSECTION (J) (4), THE FOLLOWING APPLY:

16 (1) THE COMMISSION SHALL NOTIFY THE SECRETARY OF THE
17 BUDGET AND THE STATE TREASURER OF THE CITY'S FAILURE TO
18 COMPLY WITH SUBSECTION (J) (4) AND SEND A COPY OF THE NOTICE
19 TO THE CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS
20 COMMITTEE AND THE FINANCE COMMITTEE OF THE SENATE AND THE
21 APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE
22 HOUSE OF REPRESENTATIVES.

23 (2) THE SECRETARY SHALL ASSIST THE STATE TREASURER IN
24 THE IDENTIFICATION OF GRANTS, LOANS, ENTITLEMENTS AND
25 PAYMENTS MADE TO THE CITY BY THE COMMONWEALTH.

26 (3) EXCEPT AS SET FORTH IN PARAGRAPH (4) OR (5), WITHIN
27 30 DAYS OF RECEIPT OF THE NOTICE, THE STATE TREASURER SHALL
28 WITHHOLD ANY GRANT, LOAN, ENTITLEMENT, PAYMENT OR COMBINATION
29 OF GRANTS, LOANS, ENTITLEMENTS AND PAYMENTS TO THE CITY BY
30 THE COMMONWEALTH, OR ANY OF ITS AGENCIES, IN AN AMOUNT EQUAL

1 TO DEFERRAL AMOUNTS NOT REPAID UNDER SUBSECTIONS (G) AND (H).
2 THE AMOUNT WITHHELD SHALL BE DEPOSITED INTO THE CITY'S
3 PENSION FUND.

4 (4) PARAGRAPH (3) SHALL NOT APPLY IF THE FAILURE IS DUE
5 TO COMPLIANCE FOLLOWING EXHAUSTION OF THE JUDICIAL APPELLATE
6 PROCEDURES TO CHALLENGE ANY ARBITRATION, ADJUDICATION OR
7 OTHER AWARD, WHICH IS INCONSISTENT WITH THE REQUIREMENTS OF
8 SUBSECTION (B) AS DETERMINED BY THE COMMISSION UNDER SECTION
9 1003(G).

10 (5) THE STATE TREASURER SHALL NOT WITHHOLD THE
11 FOLLOWING:

12 (I) FUNDS FOR CAPITAL PROJECTS UNDER CONTRACT.

13 (II) FUNDS GRANTED FROM THE FEDERAL GOVERNMENT OR
14 THE COMMONWEALTH RELATING TO A DECLARATION OF DISASTER.

15 (III) PENSION FUND PAYMENTS.

16 (IV) FUNDS ADMINISTERED BY THE CITY'S DEPARTMENT OF
17 HUMAN SERVICES OR DEPARTMENT OF HEALTH.

18 (V) FUNDS PLEDGED TO REPAY BONDS OR NOTES ISSUED
19 UNDER THE ACT OF OCTOBER 18, 1972 (P.L.955, NO.234),
20 KNOWN AS THE FIRST CLASS CITY REVENUE BOND ACT.

21 (L) VERIFICATION IN ORDER TO COMPLY WITH SECTION 1003(E).--
22 THE CITY SHALL SUBMIT EVIDENCE OF THE FREEZE OF EXISTING
23 BENEFITS AND OF COLLECTIVE BARGAINING PROPOSALS TO REDUCE THE
24 BENEFIT PLAN FOR NEWLY HIRED EMPLOYEES TO THE COMMISSION BY
25 SEPTEMBER 10, 2009. WITHIN 14 DAYS OF THE RECEIPT OF THE
26 INFORMATION AND PROPOSALS FROM THE CITY, THE COMMISSION SHALL
27 ISSUE A WRITTEN DETERMINATION THAT THE BARGAINING PROPOSALS MEET
28 THE REQUIREMENTS OF SUBSECTION (B). A WRITTEN DETERMINATION FROM
29 THE COMMISSION THAT CURRENT BENEFITS ARE FROZEN AND THE
30 COLLECTIVE BARGAINING PROPOSALS MEET THE REQUIREMENTS OF

SUBSECTION (B) SHALL CONSTITUTE COMPLIANCE WITH SECTION 1003(E)
(1) AND (2). THE COMMISSION SHALL ISSUE A WRITTEN DETERMINATION
REGARDING ANY ARBITRATION AWARD OR JUDICIAL DECISION AS TO
CONSISTENCY WITH THE REQUIREMENTS OF SUBSECTION (B). IF THE
COMMISSION DETERMINES THAT THE AWARD OR DECISION IS INCONSISTENT
WITH THE REQUIREMENTS OF SUBSECTION (B), THE CITY SHALL APPEAL
THE DECISION IN ORDER TO COMPLY WITH SECTION 1003(E) (3). THE
CITY SHALL PROVIDE NOTICE TO THE COMMISSION OF ALL APPEALS.

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

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

~~(N)~~ (O) BINDING OBLIGATION.--THE REPAYMENT OF AMOUNTS
DEFERRED, INCLUDING INTEREST ACCRUED ON DEFERRED AMOUNTS, AS AND
WHEN REQUIRED UNDER THIS SUBSECTION SHALL CONSTITUTE A BINDING
AND ABSOLUTE COMMITMENT ON THE CITY. THE CITY 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.
PAYMENT SHALL BE UNCONDITIONAL AND WITHOUT SETOFF.

~~(O)~~ (P) STANDING.--A PERSON WHO IS BENEFICIALLY INTERESTED
IN THE CITY PAYING ITS MINIMUM MUNICIPAL OBLIGATION, INCLUDING
AMOUNTS DEFERRED, UNDER THIS SUBSECTION SHALL HAVE STANDING TO

1 INSTITUTE A LEGAL PROCEEDING FOR MANDAMUS TO ENFORCE THE
2 OBLIGATION OF THE CITY TO MAKE REQUIRED REPAYMENTS IN THE SAME
3 MANNER AS A PROCEEDING TO ENFORCE PAYMENT REQUIREMENTS OF AN
4 ALTERNATIVE FUNDING MECHANISM UNDER SECTION 1001. A BENEFICIALLY
5 INTERESTED PERSON IS A PERSON WHO MEETS THE QUALIFICATIONS SET
6 FORTH IN SECTION 1001(F).

7 ~~(P)~~ (Q) PAYMENT.--THE CITY SHALL BE REQUIRED TO PAY THE ←
8 BALANCE OF ITS MINIMUM MUNICIPAL OBLIGATION IN FULL WHEN DUE IN
9 EACH PLAN YEAR.

10 SECTION 1003. SPECIAL TAXING AUTHORITY.

11 (A) IMPOSITION OF TAX.--

12 (1) EXCEPT AS PROVIDED IN SUBSECTION (E), A CITY OF THE
13 FIRST CLASS MAY ELECT TO IMPOSE A TAX ON THE "SALE AT RETAIL"
14 OF "TANGIBLE PERSONAL PROPERTY" OR SERVICES OR "USE" OF
15 "TANGIBLE PERSONAL PROPERTY" OR SERVICES "PURCHASED AT
16 RETAIL," AS DEFINED IN SECTION 201 OF THE ACT OF MARCH 4,
17 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

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

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

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

27 (5) NOTWITHSTANDING PARAGRAPH (4), ALL TAX IMPOSED UNDER
28 THIS SUBSECTION ON SALES OR USES OCCURRING BEFORE JULY 1,
29 2014, SHALL BE PAID TO AND RECEIVED BY THE DEPARTMENT OF
30 REVENUE AND, ALONG WITH INTEREST AND PENALTIES, LESS ANY

1 REFUNDS AND CREDITS PAID, SHALL BE CREDITED TO THE LOCAL
2 SALES AND USE TAX FUND CREATED UNDER THE PENNSYLVANIA
3 INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR CITIES OF THE
4 FIRST CLASS. MONEY IN THE FUND SHALL BE DISBURSED AS PROVIDED
5 IN SECTION 509 OF THE PENNSYLVANIA INTERGOVERNMENTAL
6 COOPERATION AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.

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

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

30 (D) MUNICIPAL ACTION.--IN ORDER TO IMPOSE THE TAX, THE

1 GOVERNING BODY OF THE CITY SHALL ADOPT AN ORDINANCE STATING THE
2 TAX RATE. THE ORDINANCE MAY BE ADOPTED PRIOR TO THE EFFECTIVE
3 DATE OF THIS SUBSECTION. THE ORDINANCE SHALL BE EFFECTIVE NO
4 EARLIER THAN 20 DAYS AFTER THE ADOPTION OF THE ORDINANCE OR 20
5 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION, WHICHEVER IS
6 LATER. A CERTIFIED COPY OF THE CITY ORDINANCE SHALL BE DELIVERED
7 TO THE DEPARTMENT OF REVENUE WITHIN TEN DAYS PRIOR TO OR AFTER
8 THE EFFECTIVE DATE OF THE ORDINANCE. A CERTIFIED COPY OF AN
9 ORDINANCE TO REPEAL THE TAX AUTHORIZED UNDER SUBSECTION (A)
10 SHALL BE DELIVERED TO THE DEPARTMENT OF REVENUE AT LEAST 30 DAYS
11 PRIOR TO THE EFFECTIVE DATE OF REPEAL.

12 (E) RETENTION OF AUTHORITY.--IN ORDER TO RETAIN THE
13 AUTHORITY TO IMPOSE AND COLLECT THE TAX AUTHORIZED UNDER
14 SUBSECTION (A), THE CITY MUST SUBMIT PROOF OF THE FOLLOWING TO ←
15 THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY SHALL
16 COMPLY WITH THE FOLLOWING:

17 (1) ~~A FREEZE~~ FREEZE ALL PENSION BENEFITS FOR ANY CURRENT ←
18 EMPLOYEE IN ACCORDANCE WITH SECTION 1002(B).

19 (2) ~~ADOPTION OF~~ SUBMIT AND BARGAIN FOR A REVISED BENEFIT ←
20 PLAN APPLICABLE TO ANY NEWLY HIRED EMPLOYEE IN ACCORDANCE
21 WITH SECTION 1002(B).

22 (3) EXHAUST THE JUDICIAL APPELLATE PROCEDURES TO ←
23 CHALLENGE ANY ARBITRATION, ADJUDICATION OR OTHER AWARD WHICH
24 IS INCONSISTENT WITH THE FREEZE OF THE REVISED BENEFIT PLAN.

25 (F) EXPIRATION OF AUTHORITY.--IF THE CITY FAILS TO MEET ANY
26 OF THE REQUIREMENTS OF SUBSECTION (E), THE AUTHORITY TO IMPOSE
27 AND COLLECT THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL
28 EXPIRE.

29 ~~(G) VERIFICATION. THE CITY SHALL, WITHIN 14 DAYS OF THE~~ ←
30 ~~EXPIRATION OF THE 12 MONTH PERIOD UNDER SECTION 1002(D), SUBMIT~~

~~TO THE PUBLIC EMPLOYEE RETIREMENT COMMISSION DATA, INCLUDING
DATA SHOWING ANY SAVINGS IN THE CITY'S MUNICIPAL PENSION SYSTEM.
THE PUBLIC EMPLOYEE RETIREMENT COMMISSION SHALL PERFORM AN
ANALYSIS OF THE DATA WITHIN 14 DAYS OF ITS RECEIPT. (G)
(RESERVED).~~

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

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

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

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

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

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



~~(2) IF DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT DETERMINES THAT THE CITY HAS LEASED OR SOLD ANY OF ITS PARKING FACILITIES IN THE CITY AND THAT AT LEAST \$200,000,000 IN NET PROCEEDS FROM THE LEASE OR SALE HAS BEEN DEPOSITED INTO THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM AND CREDITED TO THE MUNICIPALITY'S ACCOUNT AND TRANSMITS NOTICE OF THE DETERMINATION TO THE LEGISLATIVE REFERENCE BUREAU FOR PUBLICATION IN THE PENNSYLVANIA BULLETIN, THE CITY MAY IMPOSE ON EACH PARKING TRANSACTION IN THE CITY AN ADDITIONAL TAX AT A RATE NOT TO EXCEED 2.5% OF THE COST OF THE TRANSACTION.~~

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

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

CHAPTER 11

DEFERRED RETIREMENT OPTION PLANS

SUBCHAPTER A

PRELIMINARY PROVISIONS

SECTION 1101. SCOPE.

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

~~(A) APPLICABILITY.--THIS CHAPTER SHALL APPLY TO ALL OF THE FOLLOWING:~~

~~(1) A LOCAL GOVERNMENT WHICH DOES NOT HAVE A DEFERRED RETIREMENT OPTION PLAN ON THE EFFECTIVE DATE OF THIS SECTION.~~

~~(2) NEWLY HIRED EMPLOYEES ADMITTED TO A DEFERRED RETIREMENT OPTION PLAN ESTABLISHED BY A LOCAL GOVERNMENT PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.~~

1 (B) ELECTED OFFICIALS.--

2 (1) A DEFERRED RETIREMENT OPTION PLAN ESTABLISHED ON OR
3 AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH SHALL NOT BE
4 AVAILABLE TO AN ELECTED OFFICIAL.

5 (2) A DEFERRED RETIREMENT OPTION PLAN ESTABLISHED PRIOR
6 TO THE EFFECTIVE DATE OF THIS PARAGRAPH SHALL BE AVAILABLE TO
7 AN OFFICIAL ELECTED PRIOR TO THE EFFECTIVE DATE OF THIS
8 SECTION WHO RUNS FOR REELECTION.

9 SECTION 1102. DEFINITIONS.

10 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
11 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
12 CONTEXT CLEARLY INDICATES OTHERWISE:

13 "NORMAL RETIREMENT BENEFIT." THE RETIREMENT BENEFIT PAYABLE
14 TO A MEMBER OF A DEFINED BENEFIT PENSION PLAN ON OR AFTER THE
15 DATE ON WHICH THE MEMBER FIRST SATISFIES THE AGE AND SERVICE
16 REQUIREMENTS FOR FULL, UNREDUCED RETIREMENT BENEFITS, INCLUDING
17 SUPPLEMENTAL AMOUNTS PROVIDED TO THE MEMBER AFTER RETIREMENT AS
18 COST-OF-LIVING INCREASES.

19 "SUBSIDIARY DROP PARTICIPANT ACCOUNT." THE SEPARATE,
20 INTEREST-BEARING, SUBSIDIARY DROP PARTICIPANT ACCOUNT
21 ESTABLISHED FOR A DROP PARTICIPANT UNDER SECTION 1121.

22 SECTION 1104. EMPLOYMENT STATUS.

23 PARTICIPATION IN A DROP DOES NOT GUARANTEE THE DROP
24 PARTICIPANT'S EMPLOYMENT BY THE LOCAL GOVERNMENT DURING THE
25 SPECIFIED PERIOD OF THE DROP.

26 SUBCHAPTER B

27 GENERAL PROVISIONS

28 SECTION 1111. ESTABLISHMENT OF DROP.

29 (A) LOCAL GOVERNMENTS.--A LOCAL GOVERNMENT THAT HAS
30 ESTABLISHED OR MAINTAINS A DEFINED BENEFIT PENSION PLAN FOR A

~~GROUP OF ITS EMPLOYEES HIRED AFTER THE EFFECTIVE DATE OF THIS SECTION WHICH IS SELF-INSURED IN WHOLE OR IN PART UNDER SECTION 202(B), EXCEPT FOR A LOCAL GOVERNMENT THAT HAS JOINED THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM, MAY ESTABLISH BY ORDINANCE A DROP FOR THOSE EMPLOYEES AS PART OF THE PENSION PLAN. THE DROP MAY NOT APPLY TO ELECTED MUNICIPAL OFFICIALS ELECTED AFTER THE EFFECTIVE DATE OF THIS SUBSECTION. THE ORDINANCE ESTABLISHING THE DROP SHALL SPECIFY A UNIFORM PARTICIPATION PERIOD OF NOT MORE THAN FIVE YEARS IN DURATION.~~

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

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

SECTION 1112. ELIGIBILITY.

AN ACTIVE MEMBER OF A LOCAL GOVERNMENT RETIREMENT SYSTEM THAT HAS A DROP AS A PART OF ITS DEFINED BENEFIT PENSION PLAN WHO IS ELIGIBLE FOR A NORMAL RETIREMENT BENEFIT UNDER THE PENSION PLAN OR WILL BE ELIGIBLE FOR A NORMAL RETIREMENT BENEFIT UNDER THE PENSION PLAN PRIOR TO PARTICIPATION IN THE DROP AND WHO IS NOT AN ELECTED OFFICIAL IS ELIGIBLE TO PARTICIPATE IN THE DROP BY

FILING A WRITTEN APPLICATION WITH THE RETIREMENT SYSTEM AT LEAST
30 DAYS BEFORE THE MEMBER'S EFFECTIVE DATE OF RETIREMENT.

SECTION 1113. PARTICIPATION IN DROP.

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

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

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

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

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

(II) INCLUDES AN AGREEMENT TO FORGO:

(A) ACTIVE MEMBERSHIP IN THE RETIREMENT SYSTEM.

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

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

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

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

(3) ANY OTHER INFORMATION REQUIRED BY THE RETIREMENT

1 SYSTEM.

2 (C) DROP TERMINATION.--

3 (1) A DROP PARTICIPANT MAY CHANGE THE DROP TERMINATION
4 DATE TO AN EARLIER DATE WITHIN THE LIMITATIONS OF SUBSECTION
5 (A). NO PENALTY SHALL BE IMPOSED FOR EARLY TERMINATION OF
6 DROP PARTICIPATION.

7 (2) UPON EITHER EARLY OR REGULAR TERMINATION OF DROP
8 PARTICIPATION:

9 (I) THE DROP PARTICIPANT SHALL BE SEPARATED FROM
10 EMPLOYMENT BY THE LOCAL GOVERNMENT.

11 (II) THE RETIREMENT SYSTEM SHALL PAY THE BALANCE IN
12 THE DROP PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT
13 ACCOUNT TO THE TERMINATING DROP PARTICIPANT AS PROVIDED
14 IN SECTION 1114(D).

15 (III) THE DROP PARTICIPANT SHALL BE INELIGIBLE TO
16 REENROLL IN THE DROP THEREAFTER EVEN IF THE FORMER DROP
17 PARTICIPANT IS REEMPLOYED BY THE LOCAL GOVERNMENT WITH
18 RENEWED ACTIVE MEMBERSHIP IN THE RETIREMENT SYSTEM.

19 SECTION 1114. BENEFITS PAYABLE UNDER DROP.

20 (A) FIXING RETIREMENT BENEFIT, RETIREMENT DATE, RETIREMENT
21 BENEFITS AND DROP DATES.-- EFFECTIVE WITH THE DATE OF
22 RETIREMENT, WHICH SHALL BE THE DAY BEFORE THE EFFECTIVE DATE OF
23 DROP PARTICIPATION, THE MEMBER'S MONTHLY, NORMAL RETIREMENT
24 BENEFIT UNDER THE PENSION PLAN, THE MEMBER'S EFFECTIVE DATE OF
25 RETIREMENT AND THE MEMBER'S EFFECTIVE DATES OF BEGINNING AND
26 TERMINATING EMPLOYMENT AS A DROP PARTICIPANT SHALL BE FIXED.

27 (B) EFFECTIVE DATES.--

28 (1) A RETIRED MEMBER'S EFFECTIVE DATE OF PARTICIPATION
29 IN A DROP SHALL BEGIN THE DAY FOLLOWING THE EFFECTIVE DATE OF
30 THE MEMBER'S REGULAR RETIREMENT.

1 (2) A RETIRED MEMBER'S PARTICIPATION IN A DROP SHALL END
2 ON THE LAST DAY OF THE PARTICIPATION PERIOD SPECIFIED IN THE
3 ORDINANCE ESTABLISHING THE DROP THAT IS IN EFFECT ON THE
4 EFFECTIVE DATE OF THE RETIRED MEMBER'S PARTICIPATION IN THE
5 DROP.

6 (C) BENEFIT PAYMENTS AND ACCRUALS.--ALL OF THE RETIRED
7 MEMBER'S MONTHLY, NORMAL RETIREMENT BENEFIT AND INTEREST THEREON
8 AT THE ASSIGNED RATE SHALL BE CREDITED TO THE DROP PARTICIPANT'S
9 SUBSIDIARY DROP PARTICIPANT ACCOUNT IN THE PENSION TRUST FUND
10 AND A SEPARATE ACCOUNTING OF THE DROP PARTICIPANT'S ACCRUED
11 BENEFIT ACCUMULATION UNDER THE DROP SHALL BE CALCULATED ANNUALLY
12 AND PROVIDED TO THE DROP PARTICIPANT.

13 (D) PAYMENT.--ON THE EFFECTIVE DATE OF A DROP PARTICIPANT'S
14 TERMINATION OF EMPLOYMENT WITH THE LOCAL GOVERNMENT AS A DROP
15 PARTICIPANT, PARTICIPATION IN THE DROP SHALL CEASE AND THE
16 RETIREMENT SYSTEM SHALL CALCULATE AND PAY TO THE PARTICIPANT THE
17 PARTICIPANT'S TOTAL ACCUMULATED DROP BENEFITS IN THE DROP
18 PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT ACCOUNT SUBJECT TO THE
19 FOLLOWING PROVISIONS:

20 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), THE TERMINATING
21 DROP PARTICIPANT OR, IF DECEASED, THE PARTICIPANT'S SURVIVOR
22 AS PROVIDED BY THE ENABLING PENSION STATUTE APPLICABLE TO THE
23 APPROPRIATE CLASS OF EMPLOYEES OF THE MUNICIPALITY OR, IN
24 LIEU THEREOF, THE PARTICIPANT'S NAMED BENEFICIARY, SHALL
25 ELECT ON A FORM PROVIDED BY THE RETIREMENT SYSTEM TO RECEIVE
26 PAYMENT OF THE DROP BENEFITS IN ACCORDANCE WITH ONE OF THE
27 FOLLOWING OPTIONS:

28 (I) THE BALANCE IN THE DROP PARTICIPANT'S SUBSIDIARY
29 DROP PARTICIPANT ACCOUNT LESS WITHHOLDING TAXES, IF ANY,
30 REMITTED TO THE INTERNAL REVENUE SERVICE SHALL BE PAID

1 WITHIN 45 DAYS BY THE RETIREMENT SYSTEM FROM THE ACCOUNT
2 TO THE DROP PARTICIPANT OR SURVIVING BENEFICIARY.

3 (II) THE BALANCE IN THE DROP PARTICIPANT'S
4 SUBSIDIARY DROP PARTICIPANT ACCOUNT SHALL BE PAID WITHIN
5 45 DAYS BY THE RETIREMENT SYSTEM FROM THE ACCOUNT
6 DIRECTLY TO THE CUSTODIAN OF AN ELIGIBLE RETIREMENT PLAN
7 AS DEFINED IN SECTION 402(C)(8)(B) OF THE INTERNAL
8 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §
9 402(C)(8)(B)), OR, IN THE CASE OF AN ELIGIBLE ROLLOVER
10 DISTRIBUTION TO THE SURVIVING SPOUSE OF A DECEASED DROP
11 PARTICIPANT, AN ELIGIBLE RETIREMENT PLAN THAT IS AN
12 INDIVIDUAL RETIREMENT ACCOUNT OR AN INDIVIDUAL RETIREMENT
13 ANNUITY AS DESCRIBED IN SECTION 402(C)(9) OF THE INTERNAL
14 REVENUE CODE OF 1986 (26 U.S.C. § 402(C)(9)).

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

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

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

23 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),
24 THE RIGHT OF A DROP PARTICIPANT TO ANY BENEFIT OR RIGHT
25 ACCRUED OR ACCRUING UNDER THE PROVISIONS OF THIS CHAPTER AND
26 THE MONEYS IN THE DROP PARTICIPANT'S SUBSIDIARY DROP
27 PARTICIPANT ACCOUNT ARE EXEMPT FROM ANY STATE OR MUNICIPAL
28 TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT, SPOUSE'S
29 ELECTION OR ANY OTHER PROCESS WHATSOEVER.

30 (2) RIGHTS UNDER THIS CHAPTER SHALL BE SUBJECT TO

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

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

10 (4) (I) UNDER SUBSECTION (D) (1) (II), A DISTRIBUTE MAY
11 ELECT TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID
12 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A
13 DIRECT ROLLOVER.

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

22 (III) FOR PURPOSES OF THIS PARAGRAPH, "ELIGIBLE
23 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN THE TERM BY
24 SECTION 402(F) (2) (A) OF THE INTERNAL REVENUE CODE OF 1986
25 (26 U.S.C. § 402(F) (2) (A)), EXCEPT THAT A QUALIFIED TRUST
26 SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF
27 IT ACCEPTS THE DISTRIBUTE'S ELIGIBLE ROLLOVER
28 DISTRIBUTION AND, IN THE CASE OF AN ELIGIBLE ROLLOVER
29 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE
30 RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR

1 AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS ARE
2 DEFINED IN SECTION 408(A) AND (B) OF THE INTERNAL REVENUE
3 CODE OF 1986 (26 U.S.C. § 408(A) AND (B)).

4 (F) DISABILITY.--IF A DROP PARTICIPANT BECOMES ELIGIBLE FOR
5 A DISABILITY PENSION BENEFIT AND TERMINATES EMPLOYMENT, THE
6 MONTHLY NORMAL RETIREMENT BENEFIT OF THE DROP PARTICIPANT SHALL
7 TERMINATE.

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

13 (H) ELIGIBILITY FOR OTHER BENEFITS.--A DROP PARTICIPANT
14 SHALL BE ELIGIBLE FOR ALL PRERETIREMENT BENEFITS FOR EMPLOYEES
15 OTHERWISE PROVIDED BY LAW, INCLUDING, BUT NOT LIMITED TO,
16 BENEFITS UNDER:

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

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

21 (3) THE ACT OF DECEMBER 5, 1936 (2ND SP.SESS., 1937 P.L.
22 2897, NO.1), KNOWN AS THE UNEMPLOYMENT COMPENSATION LAW;

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

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

28 SECTION 1115. DEATH BENEFITS UNDER DROP.

29 (A) NAMED BENEFICIARY.--IF A DROP PARTICIPANT DIES, THE DROP
30 PARTICIPANT'S NAMED BENEFICIARY SHALL BE ENTITLED TO APPLY FOR

1 AND RECEIVE THE BENEFITS ACCRUED IN THE DROP PARTICIPANT'S
2 SUBSIDIARY DROP PARTICIPANT ACCOUNT AS PROVIDED IN SECTION
3 1114(D).

4 (B) FINAL BENEFIT.--THE MONTHLY RETIREMENT SYSTEM BENEFIT
5 ACCRUED IN THE DROP PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT
6 ACCOUNT DURING THE MONTH OF A DROP PARTICIPANT'S DEATH SHALL BE
7 THE FINAL MONTHLY RETIREMENT SYSTEM BENEFIT CREDITED FOR DROP
8 PARTICIPATION.

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

20 (D) SURVIVORS INELIGIBLE FOR DEATH BENEFIT.--EXCEPT FOR
21 THOSE BENEFITS SPECIFICALLY PAYABLE AS A RESULT OF DEATH
22 INCURRED IN THE COURSE OF PERFORMING A HAZARDOUS PUBLIC DUTY,
23 THE SURVIVORS OF A DROP PARTICIPANT WHO DIES SHALL NOT BE
24 ELIGIBLE TO RECEIVE RETIREMENT SYSTEM DEATH BENEFITS PAYABLE IN
25 THE EVENT OF THE DEATH OF AN ACTIVE MEMBER.

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

30 SECTION 1116. SUBSEQUENT EMPLOYMENT.

1 AFTER BOTH THE TERMINATION OF A DROP PARTICIPANT'S EMPLOYMENT
2 AS A DROP PARTICIPANT BY THE LOCAL GOVERNMENT AND THE EXPIRATION
3 OF THE DROP PARTICIPATION PERIOD, A FORMER DROP PARTICIPANT
4 SHALL BE SUBJECT TO SUCH REEMPLOYMENT LIMITATIONS AS OTHER
5 RETIRED MEMBERS AND SHALL BE ELIGIBLE FOR RENEWED MEMBERSHIP AS
6 AN ACTIVE MEMBER IN THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT
7 SYSTEM.

8 SUBCHAPTER C

9 ADMINISTRATIVE PROVISIONS

10 SECTION 1121. DROP PARTICIPANT ACCOUNT.

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

16 (B) SUBSIDIARY DROP PARTICIPANT ACCOUNTS.--A SEPARATE
17 INTEREST-BEARING SUBSIDIARY DROP PARTICIPANT ACCOUNT SHALL BE
18 ESTABLISHED FOR EACH DROP PARTICIPANT. WHILE A RETIRED MEMBER IS
19 EMPLOYED AS A DROP PARTICIPANT, THE MEMBER'S MONTHLY, NORMAL
20 RETIREMENT BENEFIT AND INTEREST THEREON SHALL BE CREDITED TO THE
21 DROP PARTICIPANT'S SUBSIDIARY DROP PARTICIPANT ACCOUNT UNDER
22 SECTION 1114(C). THE INTEREST SHALL BE COMPOUNDED AND CREDITED
23 MONTHLY AT AN ANNUAL RATE SPECIFIED IN THE ORDINANCE
24 ESTABLISHING THE DROP THAT SHALL BE NOT LESS THAN 1% NOR MORE
25 THAN 4 1/2%.

26 (C) TERMINATION OF EMPLOYMENT.--

27 (1) WHEN A DROP PARTICIPANT TERMINATES EMPLOYMENT WITH
28 THE LOCAL GOVERNMENT AS A DROP PARTICIPANT, THE DROP
29 PARTICIPANT'S TOTAL ACCUMULATED BENEFITS SHALL BE CALCULATED,
30 CHARGED TO THE DROP PARTICIPANT ACCOUNT AND PAID OUT OF THE

1 PENSION TRUST FUND UNDER SECTION 1114(D) (2) .

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

6 (D) ACCOUNT HELD IN TRUST.--A DROP PARTICIPANT ACCOUNT SHALL
7 BE HELD IN TRUST FOR THE EXCLUSIVE BENEFIT OF DROP RETIRED
8 MEMBERS WHO ARE OR WERE DROP PARTICIPANTS AND FOR THE
9 BENEFICIARIES OF THE MEMBERS.

10 SECTION 1122. AUDIT.

11 THE DROP ESTABLISHED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT
12 BOARD SHALL BE SUBJECT TO FINANCIAL AND COMPLIANCE AUDITS
13 CONDUCTED BY THE AUDITOR GENERAL WITH THE INITIAL AUDIT
14 CONDUCTED WITHIN ONE YEAR OF ESTABLISHMENT OF THE DROP.

15 SECTION 1123. EXISTING DROPS.

16 A LOCAL GOVERNMENT THAT ESTABLISHED A DROP PRIOR TO OR ON THE
17 EFFECTIVE DATE OF THIS SECTION THAT DOES NOT CONFORM TO THE
18 PROVISIONS OF THIS CHAPTER SHALL AMEND ITS PLAN WITHIN 180 DAYS
19 OF THE EFFECTIVE DATE OF THIS SECTION OR WHEN THE CURRENT LABOR-
20 MANAGEMENT CONTRACT CREATING THE PLAN EXPIRES, WHICHEVER IS
21 LATER, TO CONFORM WITH THE PROVISIONS OF THIS CHAPTER WITH
22 RESPECT TO FUTURE DROP PARTICIPANTS.

23 SECTION 1124. NONCOMPLIANCE.

24 (A) GENERAL RULE.--IF A LOCAL GOVERNMENT THAT ESTABLISHED A
25 DROP UNDER SECTION 1111(A) OR THE PENNSYLVANIA MUNICIPAL
26 RETIREMENT BOARD THAT ESTABLISHED A DROP UNDER SECTION 1111(C)
27 FAILS TO COMPLY WITHIN 90 DAYS WITH A FINDING BY THE AUDITOR
28 GENERAL OF NONCOMPLIANCE WITH THIS CHAPTER OR IF THE FINDING IS
29 APPEALED WITHIN 90 DAYS OF CONCLUSION OF THE APPEAL PROCESS, THE
30 FAILURE TO COMPLY SHALL BE DEEMED SUFFICIENT REFUSAL BY THE

1 LOCAL GOVERNMENT OR THE PENNSYLVANIA MUNICIPAL RETIREMENT BOARD
2 TO COMPLY WITH ITS DUTY ANTECEDENT TO THE COMMENCEMENT OF A
3 MANDAMUS ACTION AND THE AUDITOR GENERAL SHALL REFER THE FINDING
4 TO THE ATTORNEY GENERAL.

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

12 SUBCHAPTER D

13 DESIGNATIONS

14 SECTION 1131. SPOUSE.

15 (A) AUTHORIZATION.--NOTWITHSTANDING ANY ORDINANCE OR ANY
16 RULE, REGULATION, PROCEDURE OR POLICY OF A MUNICIPAL PENSION
17 SYSTEM TO THE CONTRARY, AN ACTIVE MEMBER OF A MUNICIPAL PENSION
18 SYSTEM MAY DESIGNATE THE MEMBER'S SPOUSE TO BE THE BENEFICIARY
19 OF THE MEMBER'S PENSION, REGARDLESS OF THE DATE OF THE MARRIAGE.

20 (B) APPLICABILITY.--THE AUTHORIZATION UNDER SUBSECTION (A)
21 SHALL APPLY RETROACTIVELY TO DESIGNATIONS MADE AFTER DECEMBER
22 31, 2006.

23 SECTION 19.1. THE ACT OF JULY 9, 1981 (P.L.208, NO.66),
24 KNOWN AS THE PUBLIC EMPLOYEE RETIREMENT COMMISSION ACT, SHALL
25 NOT APPLY TO THIS ACT. THE PENNSYLVANIA EMPLOYEE RETIREMENT
26 COMMISSION SHALL PREPARE A LETTER SUPPLEMENTING THE ACTUARIAL
27 NOTE, DATED JULY 15, 2009, RELATING TO HOUSE BILL NO. 1828,
28 PRINTER'S NO. 2384 (2009), AND THE ACTUARIAL NOTE, DATED JULY
29 28, 2009, RELATING TO HOUSE BILL NO. 1874, PRINTER'S NO. 2522
30 (2009), AND TRANSMIT THE LETTER TO THE GOVERNOR WITHIN FIVE DAYS

1 OF THIS ACT BEING SIGNED IN EITHER CHAMBER OF THE GENERAL
2 ASSEMBLY.

3 SECTION 20. REPEALS ARE AS FOLLOWS:

4 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
5 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF
6 SECTION ~~1004~~ 902 OF THE ACT. ←

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

10 SECTION 21. THIS ACT SHALL TAKE EFFECT ~~IMMEDIATELY~~. AS ←
11 FOLLOWS:

12 (1) THE ADDITION OF CHAPTER 7 OF THE ACT SHALL TAKE
13 EFFECT IN 90 DAYS.

14 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
15 IMMEDIATELY.