

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1708 Session of 2013

INTRODUCED BY TOBASH, MILLARD, GROVE AND KNOWLES, SEPTEMBER 26, 2013

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 11, 2014

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),
2 entitled, as amended, "An act mandating actuarial funding
3 standards for all municipal pension systems; establishing a
4 recovery program for municipal pension systems determined to
5 be financially distressed; providing for the distribution of
6 the tax on the premiums of foreign fire insurance companies;
7 and making repeals," in municipal pension plan actuarial
8 reporting, further providing for requirement to file
9 actuarial valuation report or experience investigation and
10 for contents of actuarial valuation report; in minimum
11 funding standard for municipal pension plans, further
12 providing for municipal pension plan minimum funding standard
13 and application and general provisions; in revisions
14 applicable to municipal pension fund financing, further
15 providing for revision of financing from State revenue
16 sources and General Municipal Pension System State Aid
17 Program; and, in standards for municipal pension systems,
18 further providing for procurement for professional services
19 contracts.

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

22 Section 1. Sections 201(a), 202(e)(1), 301(b) and 402(b) of
23 the act of December 18, 1984 (P.L.1005, No.205), known as the
24 Municipal Pension Plan Funding Standard and Recovery Act, are
25 amended to read:

26 Section 201. Requirement to file actuarial valuation report or

1           experience investigation.

2           (a) Actuarial valuation report required.--Each municipality  
3 which has established or maintains a pension plan for its  
4 employees, including any municipality which participates in the  
5 Pennsylvania Municipal Retirement System, shall cause to be made  
6 actuarial valuation reports. Actuarial valuation reports shall  
7 be made biennially[, unless the applicable municipality is  
8 applying or has previously applied for supplemental State  
9 assistance pursuant to section 603, whereupon actuarial  
10 valuation reports shall be made annually]. Each municipality  
11 which has established or maintains a pension plan for its  
12 employees and has an active, vested inactive and benefit  
13 recipient membership equal to or greater than 1,000 shall also  
14 cause experience investigations to be made. Experience  
15 investigations shall be made quadrennially.

16           \* \* \*

17 Section 202. Contents of actuarial valuation report.

18           \* \* \*

19           (e) Contents of financial exhibits.--Each financial exhibit  
20 shall be prepared in a manner which is consistent with the other  
21 financial exhibits contained in the actuarial valuation report  
22 and the financial exhibits contained in the most recent prior  
23 actuarial report. The accounting basis for the financial  
24 exhibits shall be disclosed. The financial exhibits shall be  
25 prepared in a fashion which is reasonably calculated to fairly  
26 and accurately disclose the financial condition and affairs of  
27 the pension plan. In the event that there is implemented a  
28 change in the manner in which the financial exhibits are  
29 prepared, the financial exhibits prepared for inclusion in the  
30 actuarial valuation report for the year in which the change is

1 implemented shall be prepared in accordance with both the change  
2 and the manner previously employed. The actuarial valuation  
3 report shall include the following financial exhibits:

4 (1) An exhibit of the assets of the pension plan at  
5 their fair market value and valued pursuant to rules and  
6 regulations issued by the commission, which shall reflect  
7 variations in asset mix and reduce the impact of market  
8 fluctuations. Any municipality that submits an actuarial  
9 valuation report that reflects the initiation of a new method  
10 for determining the actuarial value of the assets of a  
11 pension plan under this subsection shall use that method in  
12 at least the next two required actuarial reports.

13 \* \* \*

14 Section 301. Municipal pension plan minimum funding standard;  
15 application and general provisions.

16 \* \* \*

17 (b) Disclosure of noncompliance.--In the event that any  
18 municipality or pension plan fails in a material way to comply  
19 with any applicable provision of this chapter, the commission  
20 shall notify the Governor and the General Assembly of that  
21 noncompliance in a public report issued [annually] biennially  
22 for this purpose.

23 Section 402. Revision of financing from State revenue sources;  
24 General Municipal Pension System State Aid Program.

25 \* \* \*

26 (b) Financing of the General Municipal Pension System State  
27 Aid Program.--Except as otherwise provided in this section, the  
28 General Municipal Pension System State Aid Program shall  
29 allocate the entire proceeds of the insurance premium tax on  
30 foreign casualty insurance companies, which shall be placed into

1 a revenue account, and any investment income earned on those  
2 proceeds, and the portion of the proceeds of the insurance  
3 premium tax on foreign fire insurance companies which represents  
4 the amount of the distributions applicable to paid firefighters  
5 pursuant to section 706 and any investment income earned on the  
6 amount of those distributions. Beginning fiscal year 2013-2014 <--  
7 2014-2015 and each fiscal year thereafter, up to 0.25% of the <--  
8 amount allocated and deposited into the revenue account may be  
9 paid to the Public Employee Retirement Commission as  
10 specifically appropriated by the General Assembly to provide for  
11 the costs and expenses directly related to the commission's  
12 duties pursuant to this act.

13 \* \* \*

14 Section 2. Section 702-A(a) of the act, added September 18,  
15 2009 (P.L.396, No.44), is amended to read:

16 Section 702-A. Procurement for professional services contracts.

17 ~~(a) Procedures. Each municipal pension system having no~~ <--  
18 (A) PROCEDURES.-- <--

19 (1) EACH MUNICIPAL PENSION SYSTEM HAVING NO fewer than  
20 100 active members, including the Pennsylvania Municipal  
21 Retirement System, shall develop procedures to select the  
22 most qualified person to enter into a professional services  
23 contract. The procedures shall ensure that the availability  
24 of a professional services contract is advertised to  
25 potential participants in a timely and efficient manner.  
26 Procedures shall include applications and disclosure forms to  
27 be used to submit a proposal for review and to receive the  
28 award of a professional services contract.

29 (2) EACH MUNICIPAL PENSION SYSTEM HAVING FEWER THAN 100 <--  
30 ACTIVE MEMBERS SHALL USE A REQUEST FOR PROPOSAL PROCESS TO

1 SELECT THE MOST QUALIFIED PERSON TO ENTER INTO A PROFESSIONAL  
2 SERVICES CONTRACT. THE PROCESS SHALL ENSURE THAT THE  
3 AVAILABILITY OF A PROFESSIONAL SERVICES CONTRACT IS PROVIDED  
4 TO POTENTIAL PARTICIPANTS IN A TIMELY AND EFFICIENT MANNER,  
5 INCLUDING POSTING ON THE MUNICIPALITY'S INTERNET WEBSITE, IF  
6 ANY.

7 \* \* \*

8 Section 3. This act shall take effect immediately.