

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1837 Session of 2015

INTRODUCED BY TOBASH, FEBRUARY 9, 2016

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, FEBRUARY 9, 2016

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
 27 experience investigation.

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

15 * * *

16 Section 202. Contents of actuarial valuation report.

17 * * *

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

1 and the manner previously employed. The actuarial valuation
2 report shall include the following financial exhibits:

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

12 * * *

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

15 * * *

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

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

24 * * *

25 (b) Financing of the General Municipal Pension System State
26 Aid Program.--

27 (1) 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

1 into a revenue account, and any investment income earned on
2 those proceeds, and the portion of the proceeds of the
3 insurance premium tax on foreign fire insurance companies
4 which represents the amount of the distributions applicable
5 to paid firefighters pursuant to section 706 and any
6 investment income earned on the amount of those
7 distributions.

8 (2) Beginning fiscal year 2013-2014 and each fiscal year
9 thereafter, up to 0.25% of the amount allocated and deposited
10 into the revenue account may be paid to the Public Employee
11 Retirement Commission as specifically appropriated by the
12 General Assembly to provide for the costs and expenses
13 directly related to the commission's duties pursuant to this
14 act.

15 * * *

16 Section 2. Section 702-A(a) of the act, added September 18,
17 2009 (P.L.396, No.44), is amended to read:

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

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

29 * * *

30 Section 3. This act shall take effect immediately.