
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2010 Session of
2014

INTRODUCED BY TAYLOR, O'BRIEN, YOUNGBLOOD, CALTAGIRONE,
B. BOYLE, HAGGERTY, W. KELLER, THOMAS, KOTIK, K. BOYLE,
SAINATO, MURT, COHEN, DEASY AND TOOHIL, JUNE 6, 2014

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JUNE 6, 2014

AN ACT

1 Amending the act of December 14, 1988 (P.L.1192, No.147),
2 entitled "An act requiring municipal retirement systems to
3 pay special ad hoc postretirement adjustments to certain
4 retired police officers and firefighters; providing for the
5 financing of these adjustments; providing for the
6 administration of the Commonwealth's reimbursements for these
7 adjustments; and making repeals," providing for a 2015
8 special ad hoc municipal police and firefighter
9 postretirement adjustment; and further providing for
10 reimbursement by Commonwealth for special ad hoc adjustment,
11 for municipal retirement system certification of adjustments
12 paid and of reimbursable amounts, for Commonwealth
13 disbursement of reimbursement payment and for municipal
14 receipt of reimbursement payment.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. The act of December 14, 1988 (P.L.1192, No.147),
18 known as the Special Ad Hoc Municipal Police and Firefighter
19 Postretirement Adjustment Act, is amended by adding a chapter to
20 read:

21 CHAPTER 4A

22 2015 SPECIAL AD HOC MUNICIPAL POLICE

23 AND FIREFIGHTER POSTRETIREMENT ADJUSTMENT

1 Section 4A01. Entitlement to 2015 special ad hoc postretirement
2 adjustment.

3 A municipal retirement system shall pay a retired police
4 officer or firefighter a special ad hoc postretirement
5 adjustment under this chapter if all of the following apply:

6 (1) The retiree has terminated active employment with
7 the municipality as a police officer or firefighter.

8 (2) The retiree is receiving a retirement benefit from a
9 municipal retirement system on the basis of active employment
10 with the municipality as a police officer or firefighter.

11 (3) The retiree began receiving the retirement benefit
12 before January 1, 2010.

13 Section 4A02. Amount of 2015 special ad hoc postretirement
14 adjustment.

15 (a) General rule.--Except as provided in subsections (b) and
16 (c), a municipal retirement system shall pay a retired police
17 officer or firefighter a monthly special ad hoc postretirement
18 adjustment under section 4A01 that shall be calculated as
19 follows:

20 (1) The base adjustment shall be determined by
21 multiplying 20¢ by the years of service and then multiplying
22 that product by the years on retirement.

23 (2) The longevity factor shall be determined as the sum
24 of the products calculated by multiplying 0.025 by the years
25 on retirement and 0.05 by the years on retirement in excess
26 of 25 years, if any.

27 (3) The longevity adjustment shall be determined by
28 multiplying the base adjustment calculated under paragraph
29 (1) by the longevity factor calculated under paragraph (2).

30 (4) The special ad hoc postretirement adjustment payable

1 under section 4A01 shall be the sum of the base adjustment
2 calculated under paragraph (1) and the longevity adjustment
3 calculated under paragraph (3).

4 (b) Limitation.--If, under section 4A01, a retiree is
5 entitled to be paid a special ad hoc postretirement adjustment
6 by more than one municipal retirement system, the amount of the
7 special ad hoc postretirement adjustment under subsection (a)
8 shall be reduced so that the total of all these adjustments paid
9 to the retiree does not exceed the amount specified in
10 subsection (a).

11 (c) Modification in amount of 2015 special ad hoc
12 postretirement adjustment.--The amount of the special ad hoc
13 postretirement adjustment calculated under subsection (a) shall
14 be reduced annually by 65% of the total amount of any ad hoc or
15 continuous postretirement adjustment provided to the retiree
16 under the municipal retirement plan after January 1, 2004, and
17 before December 31, 2014, and paid in the immediately preceding
18 year. Lump sum payments to the retiree that do not constitute an
19 ad hoc or continuous adjustment shall be excluded from this
20 modification.

21 Section 2. Sections 502.1, 901(a)(2), 902(b)(2) and 903(b)
22 of the act, amended or added June 19, 2002 (P.L.434, No.64), are
23 amended to read:

24 Section 502.1. Reimbursement by Commonwealth for 2002 and 2015
25 special ad hoc adjustment.

26 (a) General rule.--

27 (1) Except as provided in subsection (b), beginning in
28 the year following the year in which the amortization
29 contribution requirement attributable to a special ad hoc
30 postretirement adjustment under Chapter 4 or 4A is first

1 reflected in the financial requirements of the retirement
2 system determined under Chapter 3 of the act of December 18,
3 1984 (P.L.1005, No.205), known as the Municipal Pension Plan
4 Funding Standard and Recovery Act, the Auditor General shall
5 determine the Commonwealth reimbursement payable to the
6 municipality representing the amortization contribution
7 requirement attributable to the special ad hoc postretirement
8 adjustment under Chapter 4 or 4A that was paid with revenues
9 of the municipality other than general municipal pension
10 system State aid provided under the Municipal Pension Plan
11 Funding Standard and Recovery Act.

12 (2) The determination of the reimbursable amount of the
13 amortization contribution requirement attributable to the
14 special ad hoc postretirement adjustment under Chapter 4 or
15 4A in any year shall be calculated as the amortization
16 contribution requirement attributable to the special ad hoc
17 postretirement adjustments under Chapter 4 or 4A and
18 reflected in the determination of the financial requirements
19 of the pension plan under Chapter 3 of the Municipal Pension
20 Plan Funding Standard and Recovery Act for the immediate
21 prior year less the product of that amortization contribution
22 requirement multiplied by the ratio of the amount of general
23 municipal pension system State aid allocated to the
24 retirement system in the immediate prior year to the total
25 amount of municipal contributions made to the retirement
26 system from all sources other than employee contributions in
27 the immediate prior year. Where a municipality has issued
28 bonds or notes to fund an unfunded actuarial accrued
29 liability under 53 Pa.C.S. Pt. V Subpt. B (relating to
30 indebtedness and borrowing) or under other laws applicable to

1 the municipality, the general municipal pension system State
2 aid and municipal contributions used by the municipality to
3 make debt service payments on the bonds or notes, or both,
4 issued to fund an unfunded actuarial accrued liability shall
5 be included in the calculation of the ratio applied to the
6 amortization contribution requirement.

7 (3) The Commonwealth shall reimburse a municipality,
8 from the special account established under section 701, for
9 the reimbursable amount determined for each year under this
10 paragraph.

11 (b) Limitation of eligibility.--

12 (1) The Commonwealth shall not reimburse any
13 municipality for a special ad hoc adjustment paid under
14 Chapter 4 or 4A if the information required under section
15 901(a) (2) either was not certified to the Auditor General or
16 was certified after April 1 of the year the certification was
17 due.

18 (2) The Commonwealth shall not reimburse a municipality
19 for the reimbursable amount of the amortization contribution
20 requirement attributable to the special ad hoc postretirement
21 adjustment under Chapter 4 or 4A if the municipality fails to
22 submit a complete certification of the reimbursable amount of
23 the amortization contribution requirement determined under
24 subsection (a) to the Auditor General before April 1 of the
25 year in which the reimbursement is payable.

26 (c) Variable definition of amortization contribution
27 requirement.--For purposes of this section, the term
28 "amortization contribution requirement" shall have the meaning
29 specified in this subsection as follows:

30 (1) In a municipal pension plan with defined benefits

1 for which the municipality determines the financial
2 requirements of the pension plan under section 302 of the
3 Municipal Pension Plan Funding Standard and Recovery Act, the
4 term "amortization contribution requirement" shall mean the
5 amortization contribution requirement attributable to the
6 special ad hoc postretirement adjustments under Chapter 4 or
7 4A that was reflected in the financial requirements of the
8 pension plan determined for the immediate prior year.

9 (2) In a municipal pension plan without defined benefits
10 for which the municipality determines the financial
11 requirements of the pension plan under section 303 of the
12 Municipal Pension Plan Funding Standard and Recovery Act, the
13 term "amortization contribution requirement" shall mean the
14 sum of the payments made to the retirement system in the
15 immediate prior year in order to provide the special ad hoc
16 postretirement adjustments under Chapter 4 or 4A in that
17 year.

18 Section 901. Municipal retirement system certification of
19 adjustments paid and of reimbursable amounts.

20 (a) Certification.--

21 * * *

22 (2) Beginning in the year 2002, a municipality with a
23 retirement system that pays a special ad hoc postretirement
24 adjustment under Chapter 4 or 4A in a year shall certify its
25 reimbursable amount under section 502.1(a) to the Auditor
26 General not later than April 1 of the following year.

27 * * *

28 Section 902. Commonwealth disbursement of reimbursement
29 payment.

30 * * *

1 (b) Disbursements.--

2 * * *

3 (2) Not later than the first business day of October of
4 the year in which the certification form is due, the State
5 Treasurer shall disburse the reimbursement payment for the
6 postretirement adjustments under Chapter 4 or 4A out of the
7 special account created in section 701.

8 Section 903. Municipal receipt of reimbursement payment.

9 * * *

10 (b) 2002 or 2015 postretirement adjustment reimbursement.--
11 Upon receipt of the reimbursement payment from the Commonwealth
12 for the postretirement adjustments under Chapter 4 or 4A, the
13 treasurer of the municipality shall deposit the reimbursement
14 payment into the municipality's general fund.

15 Section 3. The special ad hoc postretirement adjustment
16 under section 4A01 of the act is effective on the date of the
17 first retirement benefit made after January 1, 2015. If the
18 special ad hoc postretirement adjustment under section 4A01 of
19 the act is not included in the initial retirement benefit
20 payment occurring after January 1, 2015, the special ad hoc
21 postretirement adjustment shall be included as soon as
22 practicable in the retirement benefit payment of the retiree,
23 and the initial retirement benefit payment that includes the
24 special ad hoc postretirement adjustment also shall include the
25 total amount of the special ad hoc postretirement adjustments
26 previously omitted from the retirement benefit payments made
27 after January 1, 2015.

28 Section 4. This act shall take effect immediately.