

No. 168

AN ACT

HB 790

Amending the act of March 30, 1811 (P.L.145, Chapter XCIX.), entitled "An act to amend and consolidate the several acts relating to the settlement of the public accounts and the payment of the public monies, and for other purposes," authorizing the deferring of compensation and the establishment of a deferred compensation program for certain employes.

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

Section 1. Section VIII, act of March 30, 1811 (P.L.145, Chapter XCIX.), entitled "An act to amend and consolidate the several acts relating to the settlement of the public accounts and the payment of the public monies, and for other purposes," is amended to read:

Section VIII. And be it further enacted by the authority aforesaid, That the state treasurer shall pay all grants, salaries, annuities, gratuities, and pensions established by law, and make all other payments which are or shall be so fixed by law, that the sum to be paid cannot be affected by the settlement of any account, nor increased nor diminished by the discretionary powers of the auditor-general and state treasurer; Provided however, That in relation to pensions payable under decrees of courts, the state treasurer may, if he deems it proper, refer the said decrees or certificates back to the court for revision, stating his reasons therefor: ***And also provided, That the treasurer or other officer in charge of payrolls for any county, city, town or other political subdivision may make systematic investments in mutual funds, savings accounts or government bonds or make premium payments on life insurance or annuity contracts to any institution or company licensed and authorized in accordance with the rules and regulations promulgated by the appropriate State agencies to accept deposits or sell such products in this State for the purpose of funding a deferred compensation program for employes.***

Section 2. The act is amended by adding a section to read:

***Section VIII.1.—(a) The governing body of any county, city, town or other political subdivision may, by contract, agree with any employe to defer, a portion of that employe's compensation and may subsequently, with the consent of the employe, purchase government bonds or purchase life insurance contracts, annuity contracts, or mutual fund shares from any life underwriter or mutual fund salesman duly licensed by the State who represents any company licensed to contract such business in this State or make deposits on behalf of the employe in savings accounts in institutions authorized to accept such deposits.***

***The auditor, controller, or other fiscal officer of any county, city, town or other political subdivision that funds a deferred compensation program for its employes under the provisions of this act shall have the***

*power and it shall be his duty to audit any such program.*

*The municipal auditor, controller or other fiscal officer shall have the power and it shall be his duty to audit the scope and effectiveness of any program and any fund created under the provisions of this act.*

*(b) Notwithstanding the provisions of the act of April 25, 1929 (P.L.723, No.315), entitled "An act regulating the investment of funds by administrative departments, boards, commissions, and officers of the State Government," for the purpose of funding a deferred compensation program for employes authorized by section VIII, the treasurer or officer in charge of payrolls for any county, city, town or other political subdivision may, with the consent of the employe whose compensation is being deferred, purchase government bonds or purchase life insurance contracts, annuity contracts, or mutual fund shares from any life underwriter or mutual fund salesman duly licensed by the State who represents any company licensed to contract such business in this State or make deposits on behalf of the employe in savings accounts in institutions authorized to accept such deposits.*

*(c) As used in this section, "employe" means anyone who renders service for the county, city, town or other political subdivision, including appointive or elective service or services rendered by an independent contractor for which compensation is paid: Provided however, That any county, city, town or other political subdivision may limit participation in its deferred compensation program to ~~only~~ those employes who are subject to routine payroll deductions.*

*(d) Each county, city, town or other political subdivision shall designate an officer to administer the deferred compensation program. Payroll reductions shall be made, in each instance, by the appropriate payroll officer. The administrator of the deferred compensation program may contract with a private corporation or institution for providing consolidated billing and other administrative services.*

*(e) Such deferred compensation program shall be in addition to, and not a part of, any other retirement benefit program provided by law for employes of the county, city, town, or other political subdivision. Income deferred under programs authorized by this act shall ~~continue to~~ be included as regular compensation for the purpose of computing deductions for employe contributions to retirement and pension programs and for the purpose of computing retirement and pension benefits earned by any employe. Income deferred under programs authorized by this act shall be currently subject to taxes imposed on income and/or wages by this Commonwealth and its local taxing authorities and such income shall be included as regular compensation for the purpose of computing the amount of such taxes to be withheld and/or paid.*

*(f) For purposes of this section, an employe cannot defer more than twenty per cent of annual gross income.*

*(g) Nothing herein contained shall be construed to prohibit any county, city, town or other political subdivision from self-administering a deferred compensation program.*

Section 3. This act shall take effect immediately.

APPROVED—The 18th day of July, A. D. 1974.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 168.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive, flowing style.

*Secretary of the Commonwealth.*