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need to pass legislation to curb municipal pension benefits for future police and firefighters, the sponsor of a key House bill said Monday.

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Scranton's adoption of a 0.75 percent commuter tax shows why state lawmakers need to pass legislation to curb municipal pension benefits for future police and firefighters, the sponsor of a key House bill said Monday.

Skyrocketing municipal pension costs are prompting other cities, including York and fiscally distressed cities under Act 47, to consider levying a similar commuter tax under terms of Act 205, said Rep. Seth Grove, R-196, York County. This scenario should make municipal pension reform a pressing issue for lawmakers who represent outlying suburban and rural districts since many of their constituents who work in cities could get hit with the tax, he said.

Mr. Grove said enacting his bill can reduce pension costs and, therefore, head off the need for cities to levy a commuter tax. He said a commuter tax will have a detrimental impact on a local economy. Scranton's Act 205 earned-income tax falls on many people who work in Scranton but live in other municipalities. It doesn't apply to commuters whose home communities such as Carbondale and Wilkes-Barre already have earned-income taxes greater to or equal to Scranton's tax.

Mr. Grove's bill would put future paid police and fire employees hired after the act's effective date into a cash-balance pension plan combining elements of the traditional defined benefit plan and the defined contribution plan, similar to 401(k) investments. Under the bill, paid police and fire employees would keep existing benefits, but they would be frozen at current levels.

The bill's scope was narrowed recently to cover only those pension systems in

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statewide associations representing police officers and professional firefighters.

Ms. Harper said the municipal pension issues are very difficult to resolve, but it can be done.

Lawmakers face a tight timetable to act on pension issues this fall. The House and Senate are in session from mid-September to mid-October when the active period for passing bills ends until the next session starts in January.

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