



Rep. Gary Hannig

Filed: 11/28/2006

09400SB0490ham002

LRB094 10306 RLC 60712 a

1 AMENDMENT TO SENATE BILL 490

2 AMENDMENT NO. _____. Amend Senate Bill 490, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Unemployment Insurance Trust Fund
6 Financing Act is amended by changing Sections 3 and 4 as
7 follows:

8 (30 ILCS 440/3)

9 Sec. 3. Definitions. For purposes of this Act:

10 A. "Act" shall mean the Illinois Unemployment Insurance
11 Trust Fund Financing Act.

12 B. "Benefits" shall have the meaning provided in the
13 Unemployment Insurance Act.

14 C. "Bond" means any type of revenue obligation, including,
15 without limitation, fixed rate, variable rate, auction rate or
16 similar bond, note, certificate, or other instrument,
17 including, without limitation, an interest rate exchange
18 agreement, an interest rate lock agreement, a currency exchange
19 agreement, a forward payment conversion agreement, an
20 agreement to provide payments based on levels of or changes in
21 interest rates or currency exchange rates, an agreement to
22 exchange cash flows or a series of payments, an option, put, or
23 call to hedge payment, currency, interest rate, or other
24 exposure, payable from and secured by a pledge of Fund Building

1 Receipts collected pursuant to the Unemployment Insurance Act,
2 and all interest and other earnings upon such amounts held in
3 the Master Bond Fund, to the extent provided in the proceedings
4 authorizing the obligation.

5 D. "Bond Administrative Expenses" means expenses and fees
6 incurred to administer and issue, upon a conversion of any of
7 the Bonds from one mode to another and from taxable to
8 tax-exempt, the Bonds issued pursuant to this Act, including
9 fees for paying agents, trustees, financial advisors,
10 underwriters, remarketing agents, attorneys and for other
11 professional services necessary to ensure compliance with
12 applicable state or federal law.

13 E. "Bond Obligations" means the principal of a Bond and any
14 premium and interest on a Bond issued pursuant to this Act,
15 together with any amount owed under a related Credit Agreement.

16 F. "Credit Agreement" means, without limitation, a loan
17 agreement, a revolving credit agreement, an agreement
18 establishing a line of credit, a letter of credit, notes,
19 municipal bond insurance, standby bond purchase agreements,
20 surety bonds, remarketing agreements and the like, by which the
21 Department may borrow funds to pay or redeem or purchase and
22 hold its bonds, agreements for the purchase or remarketing of
23 bonds or any other agreement that enhances the marketability,
24 security, or creditworthiness of a Bond issued under this Act.

25 1. Such Credit Agreement shall provide the following:

26 a. The choice of law for the obligations of a
27 financial provider may be made for any state of these
28 United States, but the law which shall apply to the
29 Bonds shall be the law of the State of Illinois, and
30 jurisdiction to enforce such Credit Agreement as
31 against the Department shall be exclusively in the
32 courts of the State of Illinois or in the applicable
33 federal court having jurisdiction and located within
34 the State of Illinois.

1 b. Any such Credit Agreement shall be fully
2 enforceable as a valid and binding contract as and to
3 the extent provided by applicable law.

4 2. Without limiting the foregoing, such Credit
5 Agreement, may include any of the following:

6 a. Interest rates on the Bonds may vary from time
7 to time depending upon criteria established by the
8 Director, which may include, without limitation:

9 (i) A variation in interest rates as may be
10 necessary to cause the Bonds to be remarketed from
11 time to time at a price equal to their principal
12 amount plus any accrued interest;

13 (ii) Rates set by auctions; or

14 (iii) Rates set by formula.

15 b. A national banking association, bank, trust
16 company, investment banker or other financial
17 institution may be appointed to serve as a remarketing
18 agent in that connection, and such remarketing agent
19 may be delegated authority by the Department to
20 determine interest rates in accordance with criteria
21 established by the Department.

22 c. Alternative interest rates or provisions may
23 apply during such times as the Bonds are held by the
24 financial providers or similar persons or entities
25 providing a Credit Agreement for those Bonds and,
26 during such times, the interest on the Bonds may be
27 deemed not exempt from income taxation under the
28 Internal Revenue Code for purposes of State law, as
29 contained in the Bond Authorization Act, relating to
30 the permissible rate of interest to be borne thereon.

31 d. Fees may be paid to the financial providers or
32 similar persons or entities providing a Credit
33 Agreement, including all reasonably related costs,
34 including therein costs of enforcement and litigation

1 (all such fees and costs being financial provider
2 payments) and financial provider payments may be paid,
3 without limitation, from proceeds of the Bonds being
4 the subject of such agreements, or from Bonds issued to
5 refund such Bonds, provided that such financial
6 provider payments shall be made subordinate to the
7 payments on the Bonds.

8 e. The Bonds need not be held in physical form by
9 the financial providers or similar persons or entities
10 providing a Credit Agreement when providing funds to
11 purchase or carry the Bonds from others but may be
12 represented in uncertificated form in the Credit
13 Agreement.

14 f. The debt or obligation of the Department
15 represented by a Bond tendered for purchase to or
16 otherwise made available to the Department thereupon
17 acquired by either the Department or a financial
18 provider shall not be deemed to be extinguished for
19 purposes of State law until cancelled by the Department
20 or its agent.

21 g. Such Credit Agreement may provide for
22 acceleration of the principal amounts due on the Bonds.

23 G. "Department" means the Illinois Department of
24 Employment Security.

25 H. "Director" means the Director of the Illinois Department
26 of Employment Security.

27 I. "Fund Building Rates" are those rates imposed pursuant
28 to Section 1506.3 of the Unemployment Insurance Act.

29 J. "Fund Building Receipts" shall have the meaning provided
30 in the Unemployment Insurance Act and includes earnings on such
31 receipts.

32 K. "Master Bond Fund" shall mean, for any particular
33 issuance of Bonds under this Act, the fund established for the
34 deposit of Fund Building Receipts upon or prior to the issuance

1 of Bonds under this Act, and during the time that any Bonds are
2 outstanding under this Act and from which the payment of Bond
3 Obligations and the related Bond Administrative Expenses
4 incurred in connection with such Bonds shall be made. That
5 portion of the Master Bond Fund containing the Required Fund
6 Building Receipts Amount shall be irrevocably pledged to the
7 timely payment of Bond Obligations and Bond Administrative
8 Expenses due on any Bonds issued pursuant to this Act and any
9 Credit Agreement entered in connection with the Bonds. The
10 Master Bond Fund shall be held separate and apart from all
11 other State funds. Moneys in the Master Bond Fund shall not be
12 commingled with other State funds, but they shall be deposited
13 as required by law and maintained in a separate account on the
14 books of a savings and loan association, bank or other
15 qualified financial institution. All interest earnings on
16 amounts within the Master Bond Fund shall accrue to the Master
17 Bond Fund. The Master Bond Fund may include such funds and
18 accounts as are necessary for the deposit of bond proceeds,
19 Fund Building Receipts, payment of principal, interest,
20 administrative expenses, costs of issuance, in the case of
21 bonds which are exempt from Federal taxation, rebate payments,
22 and such other funds and accounts which may be necessary for
23 the implementation and administration of this Act. The Director
24 shall be liable on her or his general official bond for the
25 faithful performance of her or his duties as custodian of the
26 Master Bond Fund. Such liability on her or his official bond
27 shall exist in addition to the liability upon any separate bond
28 given by her or him. All sums recovered for losses sustained by
29 the Master Bond Fund shall be deposited into the Fund.

30 The Director shall report quarterly in writing to the
31 Employment Security Advisory Board concerning the actual and
32 anticipated deposits into and expenditures and transfers made
33 from the Master Bond Fund.

34 L. "Required Fund Building Receipts Amount" means the

1 aggregate amount of Fund Building Receipts required to be
2 maintained in the Master Bond Fund as set forth in Section 4I
3 of this Act.

4 (Source: P.A. 93-634, eff. 1-1-04.)

5 (30 ILCS 440/4)

6 Sec. 4. Authority to Issue Revenue Bonds.

7 A. The Department shall have the continuing power to borrow
8 money for the purpose of carrying out the following:

9 1. To reduce or avoid the need to borrow or obtain a
10 federal advance under Section 1201, et seq., of the Social
11 Security Act (42 U.S.C. Section 1321), as amended, or any
12 similar federal law; or

13 2. To refinance a previous advance received by the
14 Department with respect to the payment of Benefits; or

15 3. To refinance, purchase, redeem, refund, advance
16 refund or defease (including, any combination of the
17 foregoing) any outstanding Bonds issued pursuant to this
18 Act; or

19 4. To fund a surplus in Illinois' account in the
20 Unemployment Trust Fund of the United States Treasury.

21 Paragraphs 1, 2 and 4 are inoperative on and after January
22 1, 2010.

23 B. As evidence of the obligation of the Department to repay
24 money borrowed for the purposes set forth in Section 4A above,
25 the Department may issue and dispose of its interest bearing
26 revenue Bonds and may also, from time-to-time, issue and
27 dispose of its interest bearing revenue Bonds to purchase,
28 redeem, refund, advance refund or defease (including, any
29 combination of the foregoing) any Bonds at maturity or pursuant
30 to redemption provisions or at any time before maturity. The
31 Director, in consultation with the Department's Employment
32 Security Advisory Board, shall have the power to direct that
33 the Bonds be issued. Bonds may be issued in one or more series

1 and under terms and conditions as needed in furtherance of the
2 purposes of this Act. The Illinois Finance Authority shall
3 provide any technical, legal, or administrative services if and
4 when requested by the Director and the Employment Security
5 Advisory Board with regard to the issuance of Bonds. Such Bonds
6 shall be issued in the name of the State of Illinois for the
7 benefit of the Department and shall be executed by the
8 Director. In case any Director whose signature appears on any
9 Bond ceases (after attaching his or her signature) to hold that
10 office, her or his signature shall nevertheless be valid and
11 effective for all purposes.

12 C. No Bonds shall be issued without the Director's written
13 certification that, based upon a reasonable financial
14 analysis, the issuance of Bonds is reasonably expected to:

15 (i) Result in a savings to the State as compared to
16 the cost of borrowing or obtaining an advance under
17 Section 1201, et seq., Social Security Act (42 U.S.C.
18 Section 1321), as amended, or any similar federal law;

19 (ii) Result in terms which are advantageous to the
20 State through refunding, advance refunding or other
21 similar restructuring of outstanding Bonds; or

22 (iii) Allow the State to avoid an anticipated
23 deficiency in the State's account in the Unemployment
24 Trust Fund of the United States Treasury by funding a
25 surplus in the State's account in the Unemployment
26 Trust Fund of the United States Treasury.

27 D. All such Bonds shall be payable from Fund Building
28 Receipts. Bonds may also be paid from (i) to the extent
29 allowable by law, from monies in the State's account in the
30 Unemployment Trust Fund of the United States Treasury; and (ii)
31 to the extent allowable by law, a federal advance under Section
32 1201, et seq., of the Social Security Act (42 U.S.C. Section
33 1321); and (iii) proceeds of Bonds and receipts from related
34 credit and exchange agreements to the extent allowed by this

1 Act and applicable legal requirements.

2 E. The maximum principal amount of the Bonds, when combined
3 with the outstanding principal of all other Bonds issued
4 pursuant to this Act, shall not at any time exceed
5 \$1,400,000,000, excluding all of the outstanding principal of
6 any other Bonds issued pursuant to this Act for which payment
7 has been irrevocably provided by refunding or other manner of
8 defeasance. It is the intent of this Act that the outstanding
9 Bond authorization limits provided for in this Section 4E shall
10 be revolving in nature, such that the amount of Bonds
11 outstanding that are not refunded or otherwise defeased shall
12 be included in determining the maximum amount of Bonds
13 authorized to be issued pursuant to the Act.

14 F. Such Bonds and refunding Bonds issued pursuant to this
15 Act may bear such date or dates, may mature at such time or
16 times not exceeding 10 years from their respective dates of
17 issuance, and may bear interest at such rate or rates not
18 exceeding the maximum rate authorized by the Bond Authorization
19 Act, as amended and in effect at the time of the issuance of
20 the Bonds.

21 G. The Department may enter into a Credit Agreement
22 pertaining to the issuance of the Bonds, upon terms which are
23 not inconsistent with this Act and any other laws, provided
24 that the term of such Credit Agreement shall not exceed the
25 term of the Bonds, plus any time period necessary to cure any
26 defaults under such Credit Agreement.

27 H. Interest earnings paid to holders of the Bonds shall not
28 be exempt from income taxes imposed by the State.

29 I. While any Bond Obligations are outstanding or
30 anticipated to come due as a result of Bonds expected to be
31 issued in either or both of the 2 immediately succeeding
32 calendar quarters, the Department shall collect and deposit
33 Fund Building Receipts into the Master Bond Fund in an amount
34 necessary to satisfy the Required Fund Building Receipts Amount

1 prior to expending Fund Building Receipts for any other
2 purpose. The Required Fund Building Receipts Amount shall be
3 that amount necessary to ensure the marketability of the Bonds,
4 which shall be specified in the Bond Sale Order executed by the
5 Director in connection with the issuance of the Bonds.

6 J. Holders of the Bonds shall have a first and priority
7 claim on all Fund Building Receipts in the Master Bond Fund in
8 parity with all other holders of the Bonds, provided that such
9 claim may be subordinated to the provider of any Credit
10 Agreement for any of the Bonds.

11 K. To the extent that Fund Building Receipts in the Master
12 Bond Fund are not otherwise needed to satisfy the requirements
13 of this Act and the instruments authorizing the issuance of the
14 Bonds, such monies shall be used by the Department, in such
15 amounts as determined by the Director to do any one or a
16 combination ~~either or both~~ of the following:

17 1. To purchase, refinance, redeem, refund, advance
18 refund or defease (or any combination of the foregoing)
19 outstanding Bonds, to the extent such action is legally
20 available and does not impair the tax exempt status of any
21 of the Bonds which are, in fact, exempt from Federal income
22 taxation; or

23 2. As a deposit in the State's account in the
24 Unemployment Trust Fund of the United States Treasury; or

25 3. As a deposit into the Special Programs Fund provided
26 for under Section 2107 of the Unemployment Insurance Act.

27 L. The Director shall determine the method of sale, type of
28 bond, bond form, redemption provisions and other terms of the
29 Bonds that, in the Director's judgment, best achieve the
30 purposes of this Act and effect the borrowing at the lowest
31 practicable cost, provided that those determinations are not
32 inconsistent with this Act or other applicable legal
33 requirements. Those determinations shall be set forth in a
34 document entitled "Bond Sale Order" acceptable, in form and

1 substance, to the attorney or attorneys acting as bond counsel
2 for the Bonds in connection with the rendering of opinions
3 necessary for the issuance of the Bonds and executed by the
4 Director.

5 (Source: P.A. 93-634, eff. 1-1-04.)

6 Section 10. The Unemployment Insurance Act is amended by
7 changing Sections 2100 and 2101 and by adding Sections 2101.1
8 and 2107 as follows:

9 (820 ILCS 405/2100) (from Ch. 48, par. 660)

10 Sec. 2100. Handling of funds - Bond - Accounts.

11 A. All contributions and payments in lieu of contributions
12 collected under this Act, including but not limited to fund
13 building receipts, together with any interest thereon; all
14 penalties collected pursuant to this Act; any property or
15 securities acquired through the use thereof; all moneys
16 advanced to this State's account in the unemployment trust fund
17 pursuant to the provisions of Title XII of the Social Security
18 Act, as amended; all moneys directed for transfer from the
19 Master Bond Fund to this State's account in the unemployment
20 trust fund; all moneys received from the Federal government as
21 reimbursements pursuant to Section 204 of the Federal-State
22 Extended Unemployment Compensation Act of 1970, as amended; all
23 moneys credited to this State's account in the unemployment
24 trust fund pursuant to Section 903 of the Federal Social
25 Security Act, as amended; and all earnings of such property or
26 securities and any interest earned upon any such moneys shall
27 be paid or turned over to and held by the Director, as
28 ex-officio custodian of the clearing account, the unemployment
29 trust fund account and the benefit account, and by the State
30 Treasurer, as ex-officio custodian of the special
31 administrative account, separate and apart from all public
32 moneys or funds of this State, as hereinafter provided. Such

1 moneys shall be administered by the Director exclusively for
2 the purposes of this Act.

3 No such moneys shall be paid or expended except upon the
4 direction of the Director in accordance with such regulations
5 as he shall prescribe pursuant to the provisions of this Act.

6 The State Treasurer shall be liable on his general official
7 bond for the faithful performance of his duties in connection
8 with the moneys in the special administrative account provided
9 for under this Act. Such liability on his official bond shall
10 exist in addition to the liability upon any separate bond given
11 by him. All sums recovered for losses sustained by the account
12 shall be deposited in that account.

13 The Director shall be liable on his general official bond
14 for the faithful performance of his duties in connection with
15 the moneys in the clearing account, the benefit account and
16 unemployment trust fund account provided for under this Act.
17 Such liability on his official bond shall exist in addition to
18 the liability upon any separate bond given by him. All sums
19 recovered for losses sustained by any one of the accounts shall
20 be deposited in the account that sustained such loss.

21 The Treasurer shall maintain for such moneys a special
22 administrative account. The Director shall maintain for such
23 moneys 3 separate accounts: a clearing account, a benefit
24 account and an unemployment trust fund account. All moneys
25 payable under this Act (except moneys requisitioned from this
26 State's account in the unemployment trust fund and deposited in
27 the benefit account and moneys directed for deposit into the
28 Special Programs Fund provided for under Section 2107),
29 including but not limited to moneys directed for transfer from
30 the Master Bond Fund to this State's account in the
31 unemployment trust fund, upon receipt thereof by the Director,
32 shall be immediately deposited in the clearing account;
33 provided, however, that, except as is otherwise provided in
34 this Section, interest and penalties shall not be deemed a part

1 of the clearing account but shall be transferred immediately
2 upon clearance thereof to the special administrative account.

3 After clearance thereof, all other moneys in the clearing
4 account shall be immediately deposited by the Director with the
5 Secretary of the Treasury of the United States of America to
6 the credit of the account of this State in the unemployment
7 trust fund, established and maintained pursuant to the Federal
8 Social Security Act, as amended, except fund building receipts,
9 which shall be deposited into the Master Bond Fund. The benefit
10 account shall consist of all moneys requisitioned from this
11 State's account in the unemployment trust fund. The moneys in
12 the benefit account shall be expended in accordance with
13 regulations prescribed by the Director and solely for the
14 payment of benefits, refunds of contributions, interest and
15 penalties under the provisions of the Act, the payment of
16 health insurance in accordance with Section 410 of this Act,
17 and the transfer or payment of funds to any Federal or State
18 agency pursuant to reciprocal arrangements entered into by the
19 Director under the provisions of Section 2700E, except that
20 moneys credited to this State's account in the unemployment
21 trust fund pursuant to Section 903 of the Federal Social
22 Security Act, as amended, shall be used exclusively as provided
23 in subsection B. For purposes of this Section only, to the
24 extent allowed by applicable legal requirements, the payment of
25 benefits includes but is not limited to the payment of
26 principal on any bonds issued pursuant to the Illinois
27 Unemployment Insurance Trust Fund Financing Act, exclusive of
28 any interest or administrative expenses in connection with the
29 bonds. The Director shall, from time to time, requisition from
30 the unemployment trust fund such amounts, not exceeding the
31 amounts standing to the State's account therein, as he deems
32 necessary solely for the payment of such benefits, refunds, and
33 funds, for a reasonable future period. The Director, as
34 ex-officio custodian of the benefit account, which shall be

1 kept separate and apart from all other public moneys, shall
2 issue his checks for the payment of such benefits, refunds,
3 health insurance and funds solely from the moneys so received
4 into the benefit account. However, after January 1, 1987, no
5 check shall be drawn on such benefit account unless at the time
6 of drawing there is sufficient money in the account to pay the
7 check. The Director shall retain in the clearing account an
8 amount of interest and penalties equal to the amount of
9 interest and penalties to be refunded from the benefit account.
10 After clearance thereof, the amount so retained shall be
11 immediately deposited by the Director, as are all other moneys
12 in the clearing account, with the Secretary of the Treasury of
13 the United States. If, at any time, an insufficient amount of
14 interest and penalties is available for retention in the
15 clearing account, no refund of interest or penalties shall be
16 made from the benefit account until a sufficient amount is
17 available for retention and is so retained, or until the State
18 Treasurer, upon the direction of the Director, transfers to the
19 Director a sufficient amount from the special administrative
20 account, for immediate deposit in the benefit account.

21 Any balance of moneys requisitioned from the unemployment
22 trust fund which remains unclaimed or unpaid in the benefit
23 account after the expiration of the period for which such sums
24 were requisitioned shall either be deducted from estimates of
25 and may be utilized for authorized expenditures during
26 succeeding periods, or, in the discretion of the Director,
27 shall be redeposited with the Secretary of the Treasury of the
28 United States to the credit of the State's account in the
29 unemployment trust fund.

30 Moneys in the clearing, benefit and special administrative
31 accounts shall not be commingled with other State funds but
32 they shall be deposited as required by law and maintained in
33 separate accounts on the books of a savings and loan
34 association or bank.

1 No bank or savings and loan association shall receive
2 public funds as permitted by this Section, unless it has
3 complied with the requirements established pursuant to Section
4 6 of "An Act relating to certain investments of public funds by
5 public agencies", approved July 23, 1943, as now or hereafter
6 amended.

7 B. Moneys credited to the account of this State in the
8 unemployment trust fund by the Secretary of the Treasury of the
9 United States pursuant to Section 903 of the Social Security
10 Act may be requisitioned from this State's account and used as
11 authorized by Section 903. Any interest required to be paid on
12 advances under Title XII of the Social Security Act shall be
13 paid in a timely manner and shall not be paid, directly or
14 indirectly, by an equivalent reduction in contributions or
15 payments in lieu of contributions from amounts in this State's
16 account in the unemployment trust fund. Such moneys may be
17 requisitioned and used for the payment of expenses incurred for
18 the administration of this Act, but only pursuant to a specific
19 appropriation by the General Assembly and only if the expenses
20 are incurred and the moneys are requisitioned after the
21 enactment of an appropriation law which:

22 1. Specifies the purpose or purposes for which such
23 moneys are appropriated and the amount or amounts
24 appropriated therefor;

25 2. Limits the period within which such moneys may be
26 obligated to a period ending not more than 2 years after
27 the date of the enactment of the appropriation law; and

28 3. Limits the amount which may be obligated during any
29 fiscal year to an amount which does not exceed the amount
30 by which (a) the aggregate of the amounts transferred to
31 the account of this State pursuant to Section 903 of the
32 Social Security Act exceeds (b) the aggregate of the
33 amounts used by this State pursuant to this Act and charged
34 against the amounts transferred to the account of this

1 State.

2 For purposes of paragraph (3) above, amounts obligated for
3 administrative purposes pursuant to an appropriation shall be
4 chargeable against transferred amounts at the exact time the
5 obligation is entered into. The appropriation, obligation, and
6 expenditure or other disposition of money appropriated under
7 this subsection shall be accounted for in accordance with
8 standards established by the United States Secretary of Labor.

9 Moneys appropriated as provided herein for the payment of
10 expenses of administration shall be requisitioned by the
11 Director as needed for the payment of obligations incurred
12 under such appropriation. Upon requisition, such moneys shall
13 be deposited with the State Treasurer, who shall hold such
14 moneys, as ex-officio custodian thereof, in accordance with the
15 requirements of Section 2103 and, upon the direction of the
16 Director, shall make payments therefrom pursuant to such
17 appropriation. Moneys so deposited shall, until expended,
18 remain a part of the unemployment trust fund and, if any will
19 not be expended, shall be returned promptly to the account of
20 this State in the unemployment trust fund.

21 C. The Governor is authorized to apply to the United States
22 Secretary of Labor for an advance or advances to this State's
23 account in the unemployment trust fund pursuant to the
24 conditions set forth in Title XII of the Federal Social
25 Security Act, as amended. The amount of any such advance may be
26 repaid from this State's account in the unemployment trust
27 fund.

28 D. The Director shall annually on or before the first day
29 of March report in writing to the Employment Security Advisory
30 Board concerning the deposits into and expenditures from this
31 State's account in the Unemployment Trust Fund.

32 (Source: P.A. 93-634, eff. 1-1-04.)

33 (820 ILCS 405/2101) (from Ch. 48, par. 661)

1 Sec. 2101. Special administrative account. Except as
2 provided in Section 2100, all interest and penalties collected
3 pursuant to this Act shall be deposited in the special
4 administrative account. The amount in this account in excess of
5 \$100,000 on the close of business of the last day of each
6 calendar quarter shall be immediately transferred to this
7 State's account in the unemployment trust fund. However,
8 subject to Section 2101.1, such funds shall not be transferred
9 where it is determined by the Director that it is necessary to
10 accumulate funds in the account in order to have sufficient
11 funds to pay interest that may become due under the terms of
12 Section 1202 (b) of the Federal Social Security Act, as
13 amended, upon advances made to the Illinois Unemployment
14 Insurance Trust Fund under Title XII of the Federal Social
15 Security Act or where it is determined by the Director that it
16 is necessary to accumulate funds in the special administrative
17 account in order to have sufficient funds to expend for any
18 other purpose authorized by this Section. The moneys available
19 in the special administrative account shall be expended upon
20 the direction of the Director whenever it appears to him that
21 such expenditure is necessary for:

22 A. 1. The proper administration of this Act and no Federal
23 funds are available for the specific purpose for which such
24 expenditure is to be made, provided the moneys are not
25 substituted for appropriations from Federal funds, which in the
26 absence of such moneys would be available and provided the
27 monies are appropriated by the General Assembly.

28 2. The proper administration of this Act for which purpose
29 appropriations from Federal funds have been requested but not
30 yet received, provided the special administrative account will
31 be reimbursed upon receipt of the requested Federal
32 appropriation.

33 B. To the extent possible, the repayment to the fund
34 established for financing the cost of administration of this

1 Act of moneys found by the Secretary of Labor of the United
2 States of America, or other appropriate Federal agency, to have
3 been lost or expended for purposes other than, or in amounts in
4 excess of, those found necessary by the Secretary of Labor, or
5 other appropriate Federal agency, for the administration of
6 this Act.

7 C. The payment of refunds or adjustments of interest or
8 penalties, paid pursuant to Sections 901 or 2201.

9 D. The payment of interest on refunds of erroneously paid
10 contributions, penalties and interest pursuant to Section
11 2201.1.

12 E. The payment or transfer of interest or penalties to any
13 Federal or State agency, pursuant to reciprocal arrangements
14 entered into by the Director under the provisions of Section
15 2700E.

16 F. The payment of any costs incurred, pursuant to Section
17 1700.1.

18 G. Beginning January 1, 1989, for the payment for the legal
19 services authorized by subsection B of Section 802, up to
20 \$1,000,000 per year for the representation of the individual
21 claimants and up to \$1,000,000 per year for the representation
22 of "small employers".

23 H. The payment of any fees for collecting past due
24 contributions, payments in lieu of contributions, penalties,
25 and interest shall be paid (without an appropriation) from
26 interest and penalty monies received from collection agents
27 that have contracted with the Department under Section 2206 to
28 collect such amounts, provided however, that the amount of such
29 payment shall not exceed the amount of past due interest and
30 penalty collected.

31 I. The payment of interest that may become due under the
32 terms of Section 1202 (b) of the Federal Social Security Act,
33 as amended, for advances made to the Illinois Unemployment
34 Insurance Trust Fund.

1 The Director shall annually on or before the first day of
2 March report in writing to the Employment Security Advisory
3 Board concerning the expenditures made from the special
4 administrative account and the purposes for which funds are
5 being accumulated.

6 If Federal legislation is enacted which will permit the use
7 by the Director of some part of the contributions collected or
8 to be collected under this Act, for the financing of
9 expenditures incurred in the proper administration of this Act,
10 then, upon the availability of such contributions for such
11 purpose, the provisions of this Section shall be inoperative
12 and interest and penalties collected pursuant to this Act shall
13 be deposited in and be deemed a part of the clearing account.
14 In the event of the enactment of the foregoing Federal
15 legislation, and within 90 days after the date upon which
16 contributions become available for expenditure for costs of
17 administration, the total amount in the special administrative
18 account shall be transferred to the clearing account, and after
19 clearance thereof shall be deposited with the Secretary of the
20 Treasury of the United States of America to the credit of the
21 account of this State in the unemployment trust fund,
22 established and maintained pursuant to the Federal Social
23 Security Act, as amended.

24 (Source: P.A. 85-956; 85-1009.)

25 (820 ILCS 405/2101.1 new)

26 Sec. 2101.1. Mandatory transfers. Notwithstanding any
27 other provision in Section 2101 to the contrary, no later than
28 June 30, 2007, an amount equal to at least \$1,400,136 but not
29 to exceed \$7,000,136 shall be transferred from the special
30 administrative account to this State's account in the
31 Unemployment Trust Fund. No later than June 30, 2008, and June
32 30 of each of the three immediately succeeding calendar years,
33 there shall be transferred from the special administrative

1 account to this State's account in the Unemployment Trust Fund
2 an amount at least equal to the lesser of \$1,400,000 or the
3 unpaid principal. For purposes of this Section, the unpaid
4 principal is the difference between \$7,000,136 and the sum of
5 amounts, excluding interest, previously transferred pursuant
6 to this Section. In addition to the amounts otherwise specified
7 in this Section, each transfer shall include a payment of any
8 interest accrued pursuant to this Section through the end of
9 the immediately preceding calendar quarter for which the
10 federal Department of the Treasury has published the yield for
11 state accounts in the Unemployment Trust Fund. Interest
12 pursuant to this Section shall accrue daily beginning on
13 January 1, 2007, and be calculated on the basis of the unpaid
14 principal as of the beginning of the day. The rate at which the
15 interest shall accrue for each calendar day within a calendar
16 quarter shall equal the quotient obtained by dividing the yield
17 for that quarter for state accounts in the Unemployment Trust
18 Fund as published by the federal Department of the Treasury by
19 the total number of calendar days within that quarter. Interest
20 accrued but not yet due at the time the unpaid principal is
21 paid in full shall be transferred within 30 days after the
22 federal Department of the Treasury has published the yield for
23 state accounts in the Unemployment Trust Fund for all quarters
24 for which interest has accrued pursuant to this Section but not
25 yet been paid. A transfer required pursuant to this Section in
26 a fiscal year of this State shall occur before any transfer
27 made with respect to that same fiscal year from the special
28 administrative account to the Title III Social Security and
29 Employment Fund.

30 (820 ILCS 405/2107 new)

31 Sec. 2107. Special Programs Fund. The Special Programs Fund
32 shall be held separate and apart from all public moneys or
33 funds of this State. All moneys that may be received by the

1 State for the payment of trade readjustment allowances or
2 alternative trade adjustment assistance for older workers
3 under the Trade Act of 1974, as amended, or disaster
4 unemployment assistance under the Robert T. Stafford Disaster
5 Relief and Emergency Assistance Act, as amended, or for the
6 payment of any other benefits where the Department will pay the
7 benefits as an agent of the United States Department of Labor
8 or its successor agency pursuant to federal law (except
9 benefits payable through the State's account in the federal
10 Unemployment Trust Fund established and maintained pursuant to
11 the federal Social Security Act, as amended), shall be
12 deposited into the Special Programs Fund, together with any
13 moneys that may otherwise be directed for deposit into that
14 Fund. No such moneys shall be paid or expended except upon the
15 direction of the Director who, as ex officio custodian of the
16 Special Programs Fund, shall expend such moneys only in
17 accordance with the directions of the United States Department
18 of Labor or its successor agency, as an agent of the United
19 States Department of Labor or its successor agency. Moneys in
20 the Special Programs Fund shall not be commingled with other
21 State funds, but they shall be deposited as required by law and
22 maintained in a separate account on the books of a savings and
23 loan association, bank, or other qualified financial
24 institution. All interest earnings on amounts within the
25 Special Programs Fund shall accrue to the Special Programs
26 Fund. The Director shall be liable on her or his general
27 official bond for the faithful performance of her or his duties
28 in connection with the moneys in the Special Programs Fund.
29 Such liability on her or his official bond shall exist in
30 addition to the liability upon any separate bond given by her
31 or him. All sums recovered for losses sustained by the Special
32 Programs Fund shall be deposited into the Fund.

33 This amendatory Act of the 94th General Assembly is not
34 intended to alter processes or requirements with respect to the

1 Special Programs Fund from those in existence immediately prior
2 to the effective date of this amendatory Act of the 94th
3 General Assembly.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.".