

AN ACT in relation to unemployment insurance.

Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:

Section 1. Short title. This Act may be cited as the  
Illinois Unemployment Insurance Trust Fund Financing Act.

Section 2. Findings and Declaration of Policy. It is  
hereby found and declared that:

A. It is an essential governmental function to maintain  
funds in an amount sufficient to pay unemployment benefits  
when due;

B. At the time of the enactment of this Act,  
unemployment benefits payments are made from Illinois'  
account in the Unemployment Trust Fund of the United States  
Treasury and are funded by employer contributions;

C. At the time of the enactment of this Act, borrowing  
from the Federal government is the only option available to  
obtain sufficient funds to pay benefits when the balance in  
Illinois' account in the Unemployment Trust Fund of the  
United States Treasury is insufficient to make necessary  
payments;

D. Alternative methods of replenishing Illinois' account  
in the Unemployment Trust Fund of the United States Treasury  
may reduce the costs of providing unemployment benefits and  
employers' cost of doing business in the State;

E. It is in the State's best interests to authorize the  
issuance of bonds when appropriate for the purpose of  
continuing the unemployment insurance program at the lowest  
possible cost to the State and employers in Illinois; and

F. It is the public policy of this State to promote and  
encourage the full participation of female- and  
minority-owned firms with regard to bonds issued by State

departments, agencies, and authorities. The Director shall, therefore, ensure that the process for procuring contracts with regard to Bonds includes outreach to female- and minority-owned firms and gives due consideration to those firms in the selection and approval of any contracts with any parties necessary to issue Bonds.

Section 3. Definitions. For purposes of this Act:

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

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

C. "Bond" means any type of revenue obligation, including, without limitation, fixed rate, variable rate, auction rate or similar bond, note, certificate, or other instrument, including, without limitation, an interest rate exchange agreement, an interest rate lock agreement, a currency exchange agreement, a forward payment conversion agreement, an agreement to provide payments based on levels of or changes in interest rates or currency exchange rates, an agreement to exchange cash flows or a series of payments, an option, put, or call to hedge payment, currency, interest rate, or other exposure, payable from and secured by a pledge of Fund Building Receipts collected pursuant to the Unemployment Insurance Act, and all interest and other earnings upon such amounts held in the Master Bond Fund, to the extent provided in the proceedings authorizing the obligation.

D. "Bond Administrative Expenses" means expenses and fees incurred to administer and issue, upon a conversion of any of the Bonds from one mode to another and from taxable to tax-exempt, the Bonds issued pursuant to this Act, including fees for paying agents, trustees, financial advisors, underwriters, remarketing agents, attorneys and for other

professional services necessary to ensure compliance with applicable state or federal law.

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

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

1. Such Credit Agreement shall provide the following:

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

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

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

a. Interest rates on the Bonds may vary from

time to time depending upon criteria established by the Director, which may include, without limitation:

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

(ii) Rates set by auctions; or

(iii) Rates set by formula.

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

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

d. Fees may be paid to the financial providers or similar persons or entities providing a Credit Agreement, including all reasonably related costs, including therein costs of enforcement and litigation (all such fees and costs being financial provider payments) and financial provider payments may be paid, without limitation, from proceeds of the Bonds being the subject of such agreements, or

from Bonds issued to refund such Bonds, provided that such financial provider payments shall be made subordinate to the payments on the Bonds.

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

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

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

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

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

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

J. "Fund Building Receipts" shall have the meaning provided in the Unemployment Insurance Act.

K. "Master Bond Fund" shall mean, for any particular issuance of Bonds under this Act, the fund established for the deposit of Fund Building Receipts upon or prior to the issuance of Bonds under this Act, and during the time that any Bonds are outstanding under this Act and from which the payment of Bond Obligations and the related Bond Administrative Expenses incurred in connection with such

Bonds shall be made. That portion of the Master Bond Fund containing the Required Fund Building Receipts Amount shall be irrevocably pledged to the timely payment of Bond Obligations and Bond Administrative Expenses due on any Bonds issued pursuant to this Act and any Credit Agreement entered in connection with the Bonds. The Master Bond Fund shall be held separate and apart from all other State funds. Moneys in the Master Bond Fund shall not be commingled with other State funds, but they shall be deposited as required by law and maintained in a separate account on the books of a savings and loan association, bank or other qualified financial institution. All interest earnings on amounts within the Master Bond Fund shall accrue to the Master Bond Fund. The Master Bond Fund may include such funds and accounts as are necessary for the deposit of bond proceeds, Fund Building Receipts, payment of principal, interest, administrative expenses, costs of issuance, in the case of bonds which are exempt from Federal taxation, rebate payments, and such other funds and accounts which may be necessary for the implementation and administration of this Act. The Director shall be liable on her or his general official bond for the faithful performance of her or his duties as custodian of the Master Bond Fund. Such liability on her or his official bond shall exist in addition to the liability upon any separate bond given by her or him. All sums recovered for losses sustained by the Master Bond Fund shall be deposited into the Fund.

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

L. "Required Fund Building Receipts Amount" means the aggregate amount of Fund Building Receipts required to be maintained in the Master Bond Fund as set forth in Section 4I

of this Act.

Section 4. Authority to Issue Revenue Bonds.

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

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

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

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

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

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

B. As evidence of the obligation of the Department to repay money borrowed for the purposes set forth in Section 4A above, the Department may issue and dispose of its interest bearing revenue Bonds and may also, from time-to-time, issue and dispose of its interest bearing revenue Bonds to purchase, redeem, refund, advance refund or defease (including, any combination of the foregoing) any Bonds at maturity or pursuant to redemption provisions or at any time before maturity. The Director, in consultation with the Department's Employment Security Advisory Board, shall have the power to direct that the Bonds be issued. Bonds may be issued in one or more series and under terms and conditions as needed in furtherance of the purposes of this Act. The Illinois Finance Authority shall provide any technical, legal, or administrative services if and when requested by

the Director and the Employment Security Advisory Board with regard to the issuance of Bonds. Such Bonds shall be issued in the name of the State of Illinois for the benefit of the Department and shall be executed by the Director. In case any Director whose signature appears on any Bond ceases (after attaching his or her signature) to hold that office, her or his signature shall nevertheless be valid and effective for all purposes.

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

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

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

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

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



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

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

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

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

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

other purpose. The Required Fund Building Receipts Amount shall be that amount necessary to ensure the marketability of the Bonds, which shall be specified in the Bond Sale Order executed by the Director in connection with the issuance of the Bonds.

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

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

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

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

L. The Director shall determine the method of sale, type of bond, bond form, redemption provisions and other terms of the Bonds that, in the Director's judgment, best achieve the purposes of this Act and effect the borrowing at the lowest practicable cost, provided that those determinations are not inconsistent with this Act or other applicable legal requirements. Those determinations shall be set forth in a document entitled "Bond Sale Order" acceptable, in form and substance, to the attorney or attorneys acting as bond counsel for the Bonds in connection with the rendering of

opinions necessary for the issuance of the Bonds and executed by the Director.

Section 5. Bond Proceeds.

A. The proceeds of any Bonds issued pursuant to this Act, including investment income thereon, shall be held in trust in the Master Bond Fund for the following purpose and in such amounts as determined by the Director:

1. Paying the principal and interest on any outstanding federal advance received by the Department under Section 1201, et seq., of the Social Security Act (42 U.S.C. Section 1321), as amended, or any similar federal law;

2. Being deposited into the State's account in the Unemployment Trust Fund of the United States Treasury for the purpose of: (i) avoiding anticipated deficiencies in that account or (ii) funding a surplus in that account, when doing either (i) or (ii) will result in a savings to the State or employers or both;

3. Paying the costs of issuing or refinancing any such Bonds;

4. Providing an appropriate reserve for any such Bonds to the extent that the Department determines that an appropriate reserve is warranted; and

5. Paying capitalized interest on the Bonds for the period determined necessary by the Department, not to exceed 2 years.

B. Excess Bond proceeds remaining available after the payments and deposits required pursuant to Section 5A1 through 5A5 above have been made, may be used in the following manner as determined by the Director:

1. To purchase, redeem or defease outstanding Bonds, to the extent such action is legally available and does not impair the tax-exempt status of any of the Bonds

which are, in fact, tax-exempt; or

2. To pay any scheduled interest payment or payments due on any outstanding Bonds; or

3. Deposited in the State's account in the Unemployment Trust Fund of the United States Treasury.

Section 6. Bonds Not A Pledge of the State.

A. Any Bonds issued under this Act, and any related Credit Agreement, are not a pledge of the faith and credit or moral obligation of the State or any State agency or political subdivision of the State. All Bonds, Bond Obligations and payment obligations deriving from any Credit Agreement are payable solely as provided in Section 4D.

B. Any Bonds and any related Credit Agreement issued under this Act must contain a conspicuous statement to the effect that:

1. Neither the State, nor any State agency, political corporation, or political subdivision of the State, is obligated to pay the principal of or interest on the Bonds except as provided by this Act; and

2. Neither the faith and credit of the State or any State agency, political corporation, or political subdivision of the State, nor the moral obligation of any of them, is pledged to the payment of the principal of or interest on the Bonds.

Section 7. State Not to Impair Bond Obligations. While Bonds under this Act are outstanding, the State irrevocably pledges and covenants that it shall not:

A. Take action to limit or restrict the rights of the Department to fulfill its responsibilities to pay Bond Obligations, Bond Administrative Expenses or otherwise comply with instruments entered by the Department pertaining to the issuance of the Bonds;

B. In any way impair the rights and remedies of the holders of the Bonds until the Bonds are fully discharged; or

C. Reduce:

1. The Fund Building Rates below the levels in existence effective January 1, 2004;

2. The maximum amount includable as wages pursuant to Section 235 of the Unemployment Insurance Act below the levels in existence effective January 1, 2004; and

3. The Solvency Adjustments imposed pursuant to Section 1400.1 of the Unemployment Insurance Act below the levels in existence effective January 1, 2004.

Section 8. Continuing appropriation. This Act shall constitute an irrevocable and continuing appropriation of all amounts necessary in respect to use of Fund Building Receipts and Bond Proceeds for purposes specified in this Act, including, without limitation, for the provision for payment of principal and interest on the Bonds and other amounts due in connection with the issuance of the Bonds pursuant to this Act, to the fullest extent such appropriation is required.

Section 9. Director's Supplemental Authority. The Director, on behalf of the Department, is authorized to enter into the covenants and agreements required by this Act, make any determinations, calculations, rules or other promulgations required by this Act and engage or hire the necessary attorneys, financial advisors, consultants, verification agents, trustees, underwriters, remarketing agents and other professionals necessary to carry out the purposes and intent of this Act, unless otherwise expressly specified or required under this Act.

Section 10. No Personal Liability. No director, officer or employee of the Department or the State shall be

personally liable as a result of exercising the rights and responsibilities granted under this Act.

Section 11. Omnibus Bonds Acts. With respect to instruments for the payment of money issued under this Act, it is and always has been the intention of the General Assembly (i) that the Omnibus Bond Acts are and always have been supplementary grants of power to issue instruments in accordance with the Omnibus Bond Acts, regardless of any provision of this Act that may appear to be or to have been more restrictive than those Omnibus Bond Acts, (ii) that the provisions of this Act are not a limitation on the supplementary authority granted by the Omnibus Bond Acts, and (iii) that instruments issued under this Act within the supplementary authority granted by the Omnibus Bond Acts are not invalid because of any provision of this Act that may appear to be or to have been more restrictive than those Omnibus Bond Acts.

Section 12. Mandatory Provisions. The provisions of this Act are mandatory and not directory.

Section 13. Severability and inseverability. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, except that this Act is inseverable to the extent that if all or any substantial and material part of Sections 1 through 12 are held invalid, then the entire Act (including both new and amendatory provisions) is invalid.

Section 13.1. The Civil Administrative Code of Illinois

is amended by changing Section 5-540 as follows:

(20 ILCS 5/5-540) (was 20 ILCS 5/6.28 and 5/7.01)

Sec. 5-540. In the Department of Employment Security. An Employment Security Advisory Board, composed of 12 9 persons. Of the 12 9 members of the Employment Security Advisory Board, 4 3 members shall be representative citizens chosen from the employee class, 4 3 members shall be representative citizens chosen from the employing class, and 4 3 members shall be representative citizens not identified with either the employing class or the employee class.

(Source: P.A. 90-372, eff. 7-1-98; 91-239, eff. 1-1-00.)

Section 13.2. The Illinois Income Tax Act is amended by changing Section 701 as follows:

(35 ILCS 5/701) (from Ch. 120, par. 7-701)

Sec. 701. Requirement and Amount of Withholding.

(a) In General. Every employer maintaining an office or transacting business within this State and required under the provisions of the Internal Revenue Code to withhold a tax on:

(1) compensation paid in this State (as determined under Section 304(a)(2)(B) to an individual; or

(2) payments described in subsection (b) shall deduct and withhold from such compensation for each payroll period (as defined in Section 3401 of the Internal Revenue Code) an amount equal to the amount by which such individual's compensation exceeds the proportionate part of this withholding exemption (computed as provided in Section 702) attributable to the payroll period for which such compensation is payable multiplied by a percentage equal to the percentage tax rate for individuals provided in subsection (b) of Section 201.

(b) Payment to Residents. Any payment (including compensation) to a resident by a payor maintaining an office or transacting business within this State (including any agency, officer, or employee of this State or of any political subdivision of this State) and on which withholding of tax is required under the provisions of the Internal Revenue Code shall be deemed to be compensation paid in this State by an employer to an employee for the purposes of Article 7 and Section 601(b)(1) to the extent such payment is included in the recipient's base income and not subjected to withholding by another state. Notwithstanding any other provision to the contrary, no amount shall be withheld from unemployment insurance benefit payments made to an individual pursuant to the Unemployment Insurance Act unless the individual has voluntarily elected the withholding pursuant to rules promulgated by the Director of Employment Security.

(c) Special Definitions. Withholding shall be considered required under the provisions of the Internal Revenue Code to the extent the Internal Revenue Code either requires withholding or allows for voluntary withholding the payor and recipient have entered into such a voluntary withholding agreement. For the purposes of Article 7 and Section 1002(c) the term "employer" includes any payor who is required to withhold tax pursuant to this Section.

(d) Reciprocal Exemption. The Director may enter into an agreement with the taxing authorities of any state which imposes a tax on or measured by income to provide that compensation paid in such state to residents of this State shall be exempt from withholding of such tax; in such case, any compensation paid in this State to residents of such state shall be exempt from withholding. All reciprocal agreements shall be subject to the requirements of Section 2505-575 of the Department of Revenue Law (20 ILCS 2505/2505-575).



(e) Notwithstanding subsection (a)(2) of this Section, no withholding is required on payments for which withholding is required under Section 3405 or 3406 of the Internal Revenue Code of 1954.

(Source: P.A. 91-239, eff. 1-1-00; 92-846, eff. 8-23-02.)

Section 13.3. The Unemployment Insurance Act is amended by changing Sections 235, 237, 401, 601, 1401, 1502.1, 1505, 1506.3, 1507, and 2100 and adding Sections 240.1, 1400.1, 1511.1, and 2106.1 as follows:

(820 ILCS 405/235) (from Ch. 48, par. 345)

Sec. 235. The term "wages" does not include:

A. That part of the remuneration which, after remuneration equal to \$6,000 with respect to employment has been paid to an individual by an employer during any calendar year after 1977 and before 1980, is paid to such individual by such employer during such calendar year; and that part of the remuneration which, after remuneration equal to \$6,500 with respect to employment has been paid to an individual by an employer during each calendar year 1980 and 1981, is paid to such individual by such employer during that calendar year; and that part of the remuneration which, after remuneration equal to \$7,000 with respect to employment has been paid to an individual by an employer during the calendar year 1982 is paid to such individual by such employer during that calendar year.

With respect to the first calendar quarter of 1983, the term "wages" shall include only the remuneration paid to an individual by an employer during such quarter with respect to employment which does not exceed \$7,000. With respect to the three calendar quarters, beginning April 1, 1983, the term "wages" shall include only the remuneration paid to an individual by an employer during such period with respect to

employment which when added to the "wages" (as defined in the preceding sentence) paid to such individual by such employer during the first calendar quarter of 1983, does not exceed \$8,000.

With respect to the calendar year 1984, the term "wages" shall include only the remuneration paid to an individual by an employer during that period with respect to employment which does not exceed \$8,000; with respect to calendar years 1985, 1986 and 1987, the term "wages" shall include only the remuneration paid to such individual by such employer during that calendar year with respect to employment which does not exceed \$8,500.

With respect to the calendar years 1988 through 2003 and calendar year 2005 and each calendar year thereafter, the term "wages" shall include only the remuneration paid to an individual by an employer during that period with respect to employment which does not exceed \$9,000.

With respect to the calendar year 2004, the term "wages" shall include only the remuneration paid to an individual by an employer during that period with respect to employment which does not exceed \$9,800 ~~\$10,000~~. With respect to the calendar years 2005 through 2009, the term "wages" shall include only the remuneration paid to an individual by an employer during that period with respect to employment which does not exceed the following amounts: \$10,500 with respect to the calendar year 2005; \$11,000 with respect to the calendar year 2006; \$11,500 with respect to the calendar year 2007; \$12,000 with respect to the calendar year 2008; and \$12,300 with respect to the calendar year 2009.

With respect to the calendar year 2010 and each calendar year thereafter, the term "wages" shall include only the remuneration paid to an individual by an employer during that period with respect to employment which does not exceed the sum of the wage base adjustment applicable to that year

pursuant to Section 1400.1, plus the maximum amount includable as "wages" pursuant to this subsection with respect to the immediately preceding calendar year. Notwithstanding any provision to the contrary, the maximum amount includable as "wages" pursuant to this Section shall not be less than \$12,300 or greater than \$12,960 with respect to any calendar year after calendar year 2009.

The remuneration paid to an individual by an employer with respect to employment in another State or States, upon which contributions were required of such employer under an unemployment compensation law of such other State or States, shall be included as a part of the remuneration equal--to \$6,000,--\$6,500,--\$7,000,--\$8,000,--\$8,500,--\$9,000,--or--\$10,000, as-the-case-may-be, herein referred to. For the purposes of this subsection, any employing unit which succeeds to the organization, trade, or business, or to substantially all of the assets of another employing unit, or to the organization, trade, or business, or to substantially all of the assets of a distinct severable portion of another employing unit, shall be treated as a single unit with its predecessor for the calendar year in which such succession occurs, and any employing unit which is owned or controlled by the same interests which own or control another employing unit shall be treated as a single unit with the unit so owned or controlled by such interests for any calendar year throughout which such ownership or control exists. This subsection applies only to Sections 1400, 1405A, and 1500.

B. The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), made to, or on behalf of, an individual or any of his dependents under a plan or system established by an employer which makes provision generally for individuals performing services for him (or for such individuals generally and their dependents) or for a class or

classes of such individuals (or for a class or classes of such individuals and their dependents), on account of (1) sickness or accident disability (except those sickness or accident disability payments which would be includable as "wages" in Section 3306(b)(2)(A) of the Federal Internal Revenue Code of 1954, in effect on January 1, 1985, such includable payments to be attributable in such manner as provided by Section 3306(b) of the Federal Internal Revenue Code of 1954, in effect on January 1, 1985), or (2) medical or hospitalization expenses in connection with sickness or accident disability, or (3) death.

C. Any payment made to, or on behalf of, an employee or his beneficiary which would be excluded from "wages" by subparagraph (A), (B), (C), (D), (E), (F) or (G), of Section 3306(b)(5) of the Federal Internal Revenue Code of 1954, in effect on January 1, 1985.

D. The amount of any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an individual performing services for him after the expiration of six calendar months following the last calendar month in which the individual performed services for such employer.

E. Remuneration paid in any medium other than cash by an employing unit to an individual for service in agricultural labor as defined in Section 214.

F. The amount of any supplemental payment made by an employer to an individual performing services for him, other than remuneration for services performed, under a shared work plan approved by the Director pursuant to Section 407.1.

(Source: P.A. 90-554, eff. 12-12-97; 91-342, eff. 7-29-99.)

(820 ILCS 405/237) (from Ch. 48, par. 347)

Sec. 237. A. "Base period" means---(1)---the---four

consecutive calendar quarters ended on the preceding December 31, for benefit years beginning in May, June, or July; (2) the four consecutive calendar quarters ended on the preceding March 31, for benefit years beginning in August, September, or October; (3) the four consecutive calendar quarters ended on the preceding June 30, for benefit years beginning in November, December, or January; and (4) the four consecutive calendar quarters ended on the preceding September 30, for benefit years beginning in February, March, or April. This paragraph shall apply to benefit years beginning prior to November 1, 1981.

For each benefit year beginning on or after November 1, 1981, "base period" means the first four of the last five completed calendar quarters immediately preceding the benefit year. Further, any wages which had previously been used to establish a valid claim pursuant to Section 242 and with respect to which benefits have been paid shall not be included in the base period provided for in this subsection.

B. Notwithstanding subsection A the foregoing paragraph, with respect to any benefit year beginning on or after January 1, 1988, an individual, who has been awarded temporary total disability under any workers' compensation act or any occupational diseases act and does not qualify for the maximum weekly benefit amount under Section 401 because he was unemployed and awarded temporary total disability during the base period determined in accordance with subsection A the preceding paragraph, shall have his weekly benefit amount, if it is greater than the weekly benefit amount determined in accordance with subsection A the preceding paragraph, determined by the base period of a benefit year which began on the date of the beginning of the first week for which he was awarded temporary total disability under any workers' compensation act or occupational diseases act, provided, however, that such base

period shall not begin more than one year prior to the individual's base period as determined under subsection A the ~~preceeding-paragraph~~. Further, any wages which had previously been used to establish a valid claim pursuant to Section 242 and with respect to which benefits have been paid shall not be included in the base period provided for in this subsection paragraph.

C. With respect to an individual who is ineligible to receive benefits under this Act by reason of the provisions of Section 500E during the base periods determined in accordance with subsections A and B, "base period" means the last 4 completed calendar quarters immediately preceding the benefit year. This subsection shall not apply to establish any benefit year beginning prior to January 1, 2008.

D. Notwithstanding the foregoing provisions of this Section, "base period" means the base period as defined in the unemployment compensation law of any State under which benefits are payable to an individual on the basis of a combination of his wages pursuant to an arrangement described in Section 2700 F.

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

(820 ILCS 405/240.1 new)

Sec. 240.1. "Fund Building Receipts" means amounts directed for deposit into the Master Bond Fund pursuant to Section 1506.3.

(820 ILCS 405/401) (from Ch. 48, par. 401)

Sec. 401. Weekly Benefit Amount - Dependents' Allowances.

A. With respect to any week beginning prior to April 24, 1983, an individual's weekly benefit amount shall be an amount equal to the weekly benefit amount as defined in this Act as in effect on November 30, 1982.

B. 1. With respect to any week beginning on or after April 24, 1983 and before January 3, 1988, an individual's weekly benefit amount shall be 48% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; provided, however, that the weekly benefit amount cannot exceed the maximum weekly benefit amount, and cannot be less than 15% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar. However, the weekly benefit amount for an individual who has established a benefit year beginning before April 24, 1983, shall be determined, for weeks beginning on or after April 24, 1983 claimed with respect to that benefit year, as provided under this Act as in effect on November 30, 1982. With respect to any week beginning on or after January 3, 1988 and before January 1, 1993, an individual's weekly benefit amount shall be 49% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; provided, however, that the weekly benefit amount cannot exceed the maximum weekly benefit amount, and cannot be less than \$51. With respect to any week beginning on or after January 3, 1993 and during a benefit year beginning before January 4, 2004, an individual's weekly benefit amount shall be 49.5% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; provided, however, that the weekly benefit amount cannot exceed the maximum weekly benefit amount and cannot be less than \$51. With respect to any benefit year beginning on or after January 4, 2004 and before January 6, 2008, an individual's weekly benefit amount shall be 48% of his or her prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; provided, however, that the weekly benefit amount cannot exceed the maximum weekly benefit amount and cannot be less than \$51. With

respect to any benefit year beginning on or after January 6, 2008, an individual's weekly benefit amount shall be 47% of his or her prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; provided, however, that the weekly benefit amount cannot exceed the maximum weekly benefit amount and cannot be less than \$51.

2. For the purposes of this subsection:

With respect to any week beginning on or after April 24, 1983, an individual's "prior average weekly wage" means the total wages for insured work paid to that individual during the 2 calendar quarters of his base period in which such total wages were highest, divided by 26. If the quotient is not already a multiple of one dollar, it shall be rounded to the nearest dollar; however if the quotient is equally near 2 multiples of one dollar, it shall be rounded to the higher multiple of one dollar.

"Determination date" means June 1, 1982, December 1, 1982 and December 1 of each succeeding calendar year thereafter. However, if as of June 30, 1982, or any June 30 thereafter, the net amount standing to the credit of this State's account in the unemployment trust fund (less all outstanding advances to that account, including advances pursuant to Title XII of the federal Social Security Act) is greater than \$100,000,000, "determination date" shall mean December 1 of that year and June 1 of the succeeding year. Notwithstanding the preceding sentence, for the purposes of this Act only, there shall be no June 1 determination date in any year after 1986.

"Determination period" means, with respect to each June 1 determination date, the 12 consecutive calendar months ending on the immediately preceding December 31 and, with respect to each December 1 determination date, the 12 consecutive calendar months ending on the immediately preceding June 30.



"Benefit period" means the 12 consecutive calendar month period beginning on the first day of the first calendar month immediately following a determination date, except that, with respect to any calendar year in which there is a June 1 determination date, "benefit period" shall mean the 6 consecutive calendar month period beginning on the first day of the first calendar month immediately following the preceding December 1 determination date and the 6 consecutive calendar month period beginning on the first day of the first calendar month immediately following the June 1 determination date. Notwithstanding the foregoing sentence, the 6 calendar months beginning January 1, 1982 and ending June 30, 1982 shall be deemed a benefit period with respect to which the determination date shall be June 1, 1981.

"Gross wages" means all the wages paid to individuals during the determination period immediately preceding a determination date for insured work, and reported to the Director by employers prior to the first day of the third calendar month preceding that date.

"Covered employment" for any calendar month means the total number of individuals, as determined by the Director, engaged in insured work at mid-month.

"Average monthly covered employment" means one-twelfth of the sum of the covered employment for the 12 months of a determination period.

"Statewide average annual wage" means the quotient, obtained by dividing gross wages by average monthly covered employment for the same determination period, rounded (if not already a multiple of one cent) to the nearest cent.

"Statewide average weekly wage" means the quotient, obtained by dividing the statewide average annual wage by 52, rounded (if not already a multiple of one cent) to the nearest cent. Notwithstanding any provisions of this Section to the contrary, the statewide average weekly wage for the

benefit period beginning July 1, 1982 and ending December 31, 1982 shall be the statewide average weekly wage in effect for the immediately preceding benefit period plus one-half of the result obtained by subtracting the statewide average weekly wage for the immediately preceding benefit period from the statewide average weekly wage for the benefit period beginning July 1, 1982 and ending December 31, 1982 as such statewide average weekly wage would have been determined but for the provisions of this paragraph. Notwithstanding any provisions of this Section to the contrary, the statewide average weekly wage for the benefit period beginning April 24, 1983 and ending January 31, 1984 shall be \$321 and for the benefit period beginning February 1, 1984 and ending December 31, 1986 shall be \$335, and for the benefit period beginning January 1, 1987, and ending December 31, 1987, shall be \$350, except that for an individual who has established a benefit year beginning before April 24, 1983, the statewide average weekly wage used in determining benefits, for any week beginning on or after April 24, 1983, claimed with respect to that benefit year, shall be \$334.80, except that, for the purpose of determining the minimum weekly benefit amount under subsection B(1) for the benefit period beginning January 1, 1987, and ending December 31, 1987, the statewide average weekly wage shall be \$335; for the benefit periods January 1, 1988 through December 31, 1988, January 1, 1989 through December 31, 1989, and January 1, 1990 through December 31, 1990, the statewide average weekly wage shall be \$359, \$381, and \$406, respectively. Notwithstanding the preceding sentences of this paragraph, for the benefit period of calendar year 1991, the statewide average weekly wage shall be \$406 plus (or minus) an amount equal to the percentage change in the statewide average weekly wage, as computed in accordance with the preceding sentences of this paragraph, between the benefit periods of

calendar years 1989 and 1990, multiplied by \$406; and, for the benefit periods of calendar years 1992 through 2003 and calendar year 2005 and each calendar year thereafter, the statewide average weekly wage, shall be the statewide average weekly wage, as determined in accordance with this sentence, for the immediately preceding benefit period plus (or minus) an amount equal to the percentage change in the statewide average weekly wage, as computed in accordance with the preceding sentences of this paragraph, between the 2 immediately preceding benefit periods, multiplied by the statewide average weekly wage, as determined in accordance with this sentence, for the immediately preceding benefit period. ~~For the benefit period of 2004, the statewide average weekly wage shall be \$600. Provided however, that for any benefit period after December 31, 1990, if 2 of the following 3 factors occur, then the statewide average weekly wage shall be the statewide average weekly wage in effect for the immediately preceding benefit period: (a) the average contribution rate for all employers in this State for the calendar year 2 years prior to the benefit period, as a ratio of total contribution payments (including payments in lieu of contributions) to total wages reported by employers in this State for that same period is 0.2% greater than the national average of this ratio, the foregoing to be determined in accordance with rules promulgated by the Director; (b) the balance in this State's account in the unemployment trust fund, as of March 31 of the prior calendar year, is less than \$250,000,000; or (c) the number of first payments of initial claims, as determined in accordance with rules promulgated by the Director, for the one-year period ending on June 30 of the prior year, has increased more than 25% over the average number of such payments during the 5-year period ending that same June 30; and provided further that if (a), (b) and (c) occur, then the statewide average weekly wage, as determined~~

~~in accordance with the preceding sentence, shall be 10% less than it would have been but for these provisions. If the reduced amount, computed in accordance with the preceding sentence, is not already a multiple of one dollar, it shall be rounded to the nearest dollar. The 10% reduction in the statewide average weekly wage in the preceding sentence shall not be in effect for more than 2 benefit periods of any 5 consecutive benefit periods. This 10% reduction shall not be cumulative from year to year. Neither the freeze nor the reduction shall be considered in the determination of subsequent years' calculations of statewide average weekly wage.~~ However, for purposes of the Workers' Compensation Act, the statewide average weekly wage will be computed using June 1 and December 1 determination dates of each calendar year and such determination shall not be subject to the limitation of \$321, \$335, \$350, \$359, \$381, \$406 or the statewide average weekly wage as computed in accordance with the preceding sentence 7-sentences of this paragraph.

With respect to any week beginning on or after April 24, 1983 and before January 3, 1988, "maximum weekly benefit amount" means 48% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the nearest dollar, provided however, that the maximum weekly benefit amount for an individual who has established a benefit year beginning before April 24, 1983, shall be determined, for weeks beginning on or after April 24, 1983 claimed with respect to that benefit year, as provided under this Act as amended and in effect on November 30, 1982, except that the statewide average weekly wage used in such determination shall be \$334.80.

With respect to any week beginning after January 2, 1988 and before January 1, 1993, "maximum weekly benefit amount" with respect to each week beginning within a benefit period means 49% of the statewide average weekly wage, rounded (if

not already a multiple of one dollar) to the next higher dollar.

With respect to any week beginning on or after January 3, 1993 and during a benefit year beginning before January 4, 2004, "maximum weekly benefit amount" with respect to each week beginning within a benefit period means 49.5% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar.

With respect to any benefit year beginning on or after January 4, 2004 and before January 6, 2008, "maximum weekly benefit amount" with respect to each week beginning within a benefit period means 48% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar.

With respect to any benefit year beginning on or after January 6, 2008, "maximum weekly benefit amount" with respect to each week beginning within a benefit period means 47% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar.

C. With respect to any week beginning on or after April 24, 1983 and before January 3, 1988, an individual to whom benefits are payable with respect to any week shall, in addition to such benefits, be paid, with respect to such week, as follows: in the case of an individual with a nonworking spouse, 7% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the higher dollar; provided, that the total amount payable to the individual with respect to a week shall not exceed 55% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the nearest dollar; and in the case of an individual with a dependent child or dependent children, 14.4% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the higher dollar; provided, that the total amount payable to the individual

with respect to a week shall not exceed 62.4% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar with respect to the benefit period beginning January 1, 1987 and ending December 31, 1987, and otherwise to the nearest dollar. However, for an individual with a nonworking spouse or with a dependent child or children who has established a benefit year beginning before April 24, 1983, the amount of additional benefits payable on account of the nonworking spouse or dependent child or children shall be determined, for weeks beginning on or after April 24, 1983 claimed with respect to that benefit year, as provided under this Act as in effect on November 30, 1982, except that the statewide average weekly wage used in such determination shall be \$334.80.

With respect to any week beginning on or after January 2, 1988 and before January 1, 1991 and any week beginning on or after January 1, 1992, and before January 1, 1993, an individual to whom benefits are payable with respect to any week shall, in addition to those benefits, be paid, with respect to such week, as follows: in the case of an individual with a nonworking spouse, 8% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided, that the total amount payable to the individual with respect to a week shall not exceed 57% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; and in the case of an individual with a dependent child or dependent children, 15% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided that the total amount payable to the individual with respect to a week shall not exceed 64% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next

higher dollar.

With respect to any week beginning on or after January 1, 1991 and before January 1, 1992, an individual to whom benefits are payable with respect to any week shall, in addition to the benefits, be paid, with respect to such week, as follows: in the case of an individual with a nonworking spouse, 8.3% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided, that the total amount payable to the individual with respect to a week shall not exceed 57.3% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; and in the case of an individual with a dependent child or dependent children, 15.3% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided that the total amount payable to the individual with respect to a week shall not exceed 64.3% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar.

With respect to any week beginning on or after January 3, 1993, during a benefit year beginning before January 4, 2004, an individual to whom benefits are payable with respect to any week shall, in addition to those benefits, be paid, with respect to such week, as follows: in the case of an individual with a nonworking spouse, 9% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided, that the total amount payable to the individual with respect to a week shall not exceed 58.5% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; and in the case of an individual with a dependent child or dependent children, 16% of his prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided that the

total amount payable to the individual with respect to a week shall not exceed 65.5% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar.

With respect to any benefit year beginning on or after January 4, 2004 and before January 6, 2008, an individual to whom benefits are payable with respect to any week shall, in addition to those benefits, be paid, with respect to such week, as follows: in the case of an individual with a nonworking spouse, 9% of his or her prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided, that the total amount payable to the individual with respect to a week shall not exceed 57% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; and in the case of an individual with a dependent child or dependent children, 17.2% of his or her prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided that the total amount payable to the individual with respect to a week shall not exceed 65.2% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar.

With respect to any benefit year beginning on or after January 6, 2008, an individual to whom benefits are payable with respect to any week shall, in addition to those benefits, be paid, with respect to such week, as follows: in the case of an individual with a nonworking spouse, 9% of his or her prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided, that the total amount payable to the individual with respect to a week shall not exceed 56% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar; and with respect to any



benefit year beginning before January 1, 2010, in the case of an individual with a dependent child or dependent children, 18.2% of his or her prior average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar, provided that the total amount payable to the individual with respect to a week shall not exceed 65.2% of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar. The additional amount paid pursuant to this subsection in the case of an individual with a dependent child or dependent children shall be referred to as the "dependent child allowance". With respect to each benefit year beginning in a calendar year after calendar year 2009, the percentage rate used to calculate the dependent child allowance shall be the sum of the allowance adjustment applicable pursuant to Section 1400.1 to the calendar year in which the benefit year begins, plus the percentage rate used to calculate the dependent child allowance with respect to each benefit year beginning in the immediately preceding calendar year, provided that the total amount payable to the individual with respect to a week beginning in such benefit year shall not exceed the product of the statewide average weekly wage, rounded (if not already a multiple of one dollar) to the next higher dollar and the sum of 47% plus the percentage rate used to calculate the individual's dependent child allowance. Notwithstanding any provision to the contrary, the percentage rate used to calculate the dependent child allowance with respect to any benefit year beginning on or after January 1, 2010, shall not be less than 17.3% or greater than 18.2%.

For the purposes of this subsection:

"Dependent" means a child or a nonworking spouse.

"Child" means a natural child, stepchild, or adopted child of an individual claiming benefits under this Act or a child who is in the custody of any such individual by court

order, for whom the individual is supplying and, for at least 90 consecutive days (or for the duration of the parental relationship if it has existed for less than 90 days) immediately preceding any week with respect to which the individual has filed a claim, has supplied more than one-half the cost of support, or has supplied at least 1/4 of the cost of support if the individual and the other parent, together, are supplying and, during the aforesaid period, have supplied more than one-half the cost of support, and are, and were during the aforesaid period, members of the same household; and who, on the first day of such week (a) is under 18 years of age, or (b) is, and has been during the immediately preceding 90 days, unable to work because of illness or other disability: provided, that no person who has been determined to be a child of an individual who has been allowed benefits with respect to a week in the individual's benefit year shall be deemed to be a child of the other parent, and no other person shall be determined to be a child of such other parent, during the remainder of that benefit year.

"Nonworking spouse" means the lawful husband or wife of an individual claiming benefits under this Act, for whom more than one-half the cost of support has been supplied by the individual for at least 90 consecutive days (or for the duration of the marital relationship if it has existed for less than 90 days) immediately preceding any week with respect to which the individual has filed a claim, but only if the nonworking spouse is currently ineligible to receive benefits under this Act by reason of the provisions of Section 500E.

An individual who was obligated by law to provide for the support of a child or of a nonworking spouse for the aforesaid period of 90 consecutive days, but was prevented by illness or injury from doing so, shall be deemed to have provided more than one-half the cost of supporting the child

or nonworking spouse for that period.

(Source: P.A. 90-554, eff. 12-12-97; 91-342, eff. 7-29-99.)

(820 ILCS 405/601) (from Ch. 48, par. 431)

Sec. 601. Voluntary leaving. A. An individual shall be ineligible for benefits for the week in which he has left work voluntarily without good cause attributable to the employing unit and, thereafter, until he has become reemployed and has had earnings equal to or in excess of his current weekly benefit amount in each of four calendar weeks which are either for services in employment, or have been or will be reported pursuant to the provisions of the Federal Insurance Contributions Act by each employing unit for which such services are performed and which submits a statement certifying to that fact.

B. The provisions of this Section shall not apply to an individual who has left work voluntarily:

1. Because he is deemed physically unable to perform his work by a licensed and practicing physician, or has left work voluntarily upon the advice of a licensed and practicing physician that assistance is necessary for the purpose of caring for his spouse, child, or parent who is in poor physical health and such assistance will not allow him to perform the usual and customary duties of his employment, and he has notified the employing unit of the reasons for his absence;

2. To accept other bona fide work and, after such acceptance, the individual is either not unemployed in each of 2 weeks, or earns remuneration for such work equal to at least twice his current weekly benefit amount;

3. In lieu of accepting a transfer to other work offered to the individual by the employing unit under the terms of a collective bargaining agreement or pursuant to an established employer plan, program, or policy, if the acceptance of such

other work by the individual would require the separation from that work of another individual currently performing it;

4. Solely because of the sexual harassment of the individual by another employee. Sexual harassment means (1) unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other conduct or communication which is made a term or condition of the employment or (2) the employee's submission to or rejection of such conduct or communication which is the basis for decisions affecting employment, or (3) when such conduct or communication has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action;

5. Which he had accepted after separation from other work, and the work which he left voluntarily would be deemed unsuitable under the provisions of Section 603i-

6. (a) Because the individual left work due to circumstances resulting from the individual being a victim of domestic violence as defined in Section 103 of the Illinois Domestic Violence Act of 1986; and provided, such individual has made reasonable efforts to preserve the employment.

For the purposes of this paragraph 6, the individual shall be treated as being a victim of domestic violence if the individual provides the following:

(i) written notice to the employing unit of the reason for the individual's voluntarily leaving; and

(ii) to the Department provides:

(A) an order of protection or other documentation of equitable relief issued by a court of competent jurisdiction; or

(B) a police report or criminal charges documenting the domestic violence; or

(C) medical documentation of the domestic violence; or

(D) evidence of domestic violence from a counselor, social worker, health worker or domestic violence shelter worker.

(b) If the individual does not meet the provisions of subparagraph (a), the individual shall be held to have voluntarily terminated employment for the purpose of determining the individual's eligibility for benefits pursuant to subsection A.

(c) Notwithstanding any other provision to the contrary, evidence of domestic violence experienced by an individual, including the individual's statement and corroborating evidence, shall not be disclosed by the Department unless consent for disclosure is given by the individual.

(Source: P.A. 83-197.)

(820 ILCS 405/1400.1 new)

Sec. 1400.1. Solvency Adjustments. As used in this Section, "prior year's trust fund balance" means the net amount standing to the credit of this State's account in the unemployment trust fund (less all outstanding advances to that account, including but not limited to advances pursuant to Title XII of the federal Social Security Act) as of June 30 of the immediately preceding calendar year.

The wage base adjustment, rate adjustment, and allowance adjustment applicable to any calendar year after calendar year 2009 shall be as follows:

If the prior year's trust fund balance is less than \$300,000,000, the wage base adjustment shall be \$220, the rate adjustment shall be 0.05%, and the allowance adjustment shall be -0.3% absolute.

If the prior year's trust fund balance is equal to or greater than \$300,000,000 but less than \$700,000,000, the

wage base adjustment shall be \$150, the rate adjustment shall be 0.025%, and the allowance adjustment shall be -0.2% absolute.

If the prior year's trust fund balance is equal to or greater than \$700,000,000 but less than \$1,000,000,000, the wage base adjustment shall be \$75, the rate adjustment shall be 0, and the allowance adjustment shall be -0.1% absolute.

If the prior year's trust fund balance is equal to or greater than \$1,000,000,000 but less than \$1,300,000,000, the wage base adjustment shall be -\$75, the rate adjustment shall be 0, and the allowance adjustment shall be 0.1% absolute.

If the prior year's trust fund balance is equal to or greater than \$1,300,000,000 but less than \$1,700,000,000, the wage base adjustment shall be -\$150, the rate adjustment shall be -0.025%, and the allowance adjustment shall be 0.2% absolute.

If the prior year's trust fund balance is equal to or greater than \$1,700,000,000, the wage base adjustment shall be -\$220, the rate adjustment shall be -0.05%, and the allowance adjustment shall be 0.3% absolute.

(820 ILCS 405/1401) (from Ch. 48, par. 551)

Sec. 1401. Interest. Any employer who shall fail to pay any contributions (including any amounts due pursuant to Section 1506.3 ~~or Section 1506-4~~) when required of him by the provisions of this Act and the rules and regulations of the Director, whether or not the amount thereof has been determined and assessed by the Director, shall pay to the Director, in addition to such contribution, interest thereon at the rate of one percent (1%) per month and one-thirtieth (1/30) of one percent (1%) for each day or fraction thereof computed from the day upon which said contribution became due. After 1981, such interest shall accrue at the rate of 2% per month, computed at the rate of 12/365 of 2% for each day

or fraction thereof, upon any unpaid contributions which become due, provided that, after 1987, for the purposes of calculating interest due under this Section only, payments received more than 30 days after such contributions become due shall be deemed received on the last day of the month preceding the month in which they were received except that, if the last day of such preceding month is less than 30 days after the date that such contributions became due, then such payments shall be deemed to have been received on the 30th day after the date such contributions became due.

However, all or part of any interest may be waived by the Director for good cause shown.

(Source: P.A. 85-956; 86-1367.)

(820 ILCS 405/1502.1) (from Ch. 48, par. 572.1)

Sec. 1502.1. Employer's benefit charges.

A. Benefit charges which result from payments to any claimant made on or after July 1, 1989 shall be charged:

1. For benefit years beginning prior to July 1, 1989, to each employer who paid wages to the claimant during his base period;

2. For benefit years beginning on or after July 1, 1989 but before January 1, 1993, to the later of:

a. the last employer prior to the beginning of the claimant's benefit year:

i. from whom the claimant was separated or who, by reduction of work offered, caused the claimant to become unemployed as defined in Section 239, and,

ii. for whom the claimant performed services in employment, on each of 30 days whether or not such days are consecutive, provided that the wages for such services were earned during the period from the beginning of

the claimant's base period to the beginning of the claimant's benefit year; but that employer shall not be charged if:

(1) the claimant's last separation from that employer was a voluntary leaving without good cause, as the term is used in Section 601A or under the circumstances described in paragraphs 1 and 2 of Section 601B; or

(2) the claimant's last separation from that employer was a discharge for misconduct or a felony or theft connected with his work from that employer, as these terms are used in Section 602; or

(3) after his last separation from that employer, prior to the beginning of his benefit year, the claimant refused to accept an offer of or to apply for suitable work from that employer without good cause, as these terms are used in Section 603; or

(4) the claimant, following his last separation from that employer, prior to the beginning of his benefit year, is ineligible or would have been ineligible under Section 612 if he has or had had base period wages from the employers to which that Section applies; or

(5) the claimant subsequently performed services for at least 30 days for an individual or organization which is not an employer subject to this Act; or

b. the single employer who pays wages to the claimant that allow him to requalify for benefits



after disqualification under Section 601, 602 or 603, if:

i. the disqualifying event occurred prior to the beginning of the claimant's benefit year, and

ii. the requalification occurred after the beginning of the claimant's benefit year, and

iii. even if the 30 day requirement given in this paragraph is not satisfied; but

iv. the requalifying employer shall not be charged if the claimant is held ineligible with respect to that requalifying employer under Section 601, 602 or 603.

3. For benefit years beginning on or after January 1, 1993, with respect to each week for which benefits are paid, to the later of:

a. the last employer:

i. from whom the claimant was separated or who, by reduction of work offered, caused the claimant to become unemployed as defined in Section 239, and

ii. for whom the claimant performed services in employment, on each of 30 days whether or not such days are consecutive, provided that the wages for such services were earned since the beginning of the claimant's base period; but that employer shall not be charged if:

(1) the claimant's separation from that employer was a voluntary leaving without good cause, as the term is used in Section 601A or under the circumstances described in paragraphs 1, and 2, and 6 of

Section 601B; or

(2) the claimant's separation from that employer was a discharge for misconduct or a felony or theft connected with his work from that employer, as these terms are used in Section 602; or

(3) the claimant refused to accept an offer of or to apply for suitable work from that employer without good cause, as these terms are used in Section 603 (but only for weeks following the refusal of work); or

(4) the claimant subsequently performed services for at least 30 days for an individual or organization which is not an employer subject to this Act; or

(5) the claimant, following his separation from that employer, is ineligible or would have been ineligible under Section 612 if he has or had had base period wages from the employers to which that Section applies (but only for the period of ineligibility or potential ineligibility); or

b. the single employer who pays wages to the claimant that allow him to requalify for benefits after disqualification under Section 601, 602, or 603, even if the 30 day requirement given in this paragraph is not satisfied; but the requalifying employer shall not be charged if the claimant is held ineligible with respect to that requalifying employer under Section 601, 602, or 603.

B. Whenever a claimant is ineligible pursuant to Section 614 on the basis of wages paid during his base period, any

days on which such wages were earned shall not be counted in determining whether that claimant performed services during at least 30 days for the employer that paid such wages as required by paragraphs 2 and 3 of subsection A.

C. If no employer meets the requirements of paragraph 2 or 3 of subsection A, then no employer will be chargeable for any benefit charges which result from the payment of benefits to the claimant for that benefit year.

D. Notwithstanding the preceding provisions of this Section, no employer shall be chargeable for any benefit charges which result from the payment of benefits to any claimant after the effective date of this amendatory Act of 1992 where the claimant's separation from that employer occurred as a result of his detention, incarceration, or imprisonment under State, local, or federal law.

E. For the purposes of Sections 302, 409, 701, 1403, 1404, 1405 and 1508.1, last employer means the employer that:

1. is charged for benefit payments which become benefit charges under this Section, or
2. would have been liable for such benefit charges if it had not elected to make payments in lieu of contributions.

(Source: P.A. 86-3; 87-1178.)

(820 ILCS 405/1505) (from Ch. 48, par. 575)

Sec. 1505. Adjustment of state experience factor. The state experience factor shall be adjusted in accordance with the following provisions:

A. This subsection shall apply to each calendar year prior to 1980 for which a state experience factor is being determined.

For every \$7,000,000 (or fraction thereof) by which the amount standing to the credit of this State's account in the unemployment trust fund as of June 30 of the calendar year

immediately preceding the calendar year for which the state experience factor is being determined falls below \$450,000,000, the state experience factor for the succeeding calendar year shall be increased 1 percent absolute.

For every \$7,000,000 (or fraction thereof) by which the amount standing to the credit of this State's account in the unemployment trust fund as of June 30 of the calendar year immediately preceding the calendar year for which the state experience factor is being determined exceeds \$450,000,000, the state experience factor for the succeeding year shall be reduced 1 percent absolute.

B. This subsection shall apply to the calendar years 1980 through 1987, for which the state experience factor is being determined.

For every \$12,000,000 (or fraction thereof) by which the amount standing to the credit of this State's account in the unemployment trust fund as of June 30 of the calendar year immediately preceding the calendar year for which the state experience factor is being determined falls below \$750,000,000, the state experience factor for the succeeding calendar year shall be increased 1 percent absolute.

For every \$12,000,000 (or fraction thereof) by which the amount standing to the credit of this State's account in the unemployment trust fund as of June 30 of the calendar year immediately preceding the calendar year for which the state experience factor is being determined exceeds \$750,000,000, the state experience factor for the succeeding year shall be reduced 1 percent absolute.

C. This subsection shall apply to the calendar year 1988 and each calendar year thereafter, for which the state experience factor is being determined.

1. For every \$50,000,000 (or fraction thereof) by which the adjusted trust fund balance falls below the target balance set forth in this subsection \$750,000,000,

the state experience factor for the succeeding year shall be increased one percent absolute.

For every \$50,000,000 (or fraction thereof) by which the adjusted trust fund balance exceeds the target balance set forth in this subsection \$750,000,000, the state experience factor for the succeeding year shall be decreased by one percent absolute.

The target balance in each calendar year prior to 2003 is \$750,000,000. The target balance in calendar year 2003 is \$920,000,000. The target balance in calendar year 2004 is \$960,000,000. The target balance in calendar year 2005 and each calendar year thereafter is \$1,000,000,000.

2. For the purposes of this subsection:

"Net trust fund balance" is the amount standing to the credit of this State's account in the unemployment trust fund as of June 30 of the calendar year immediately preceding the year for which a state experience factor is being determined.

"Adjusted trust fund balance" is the net trust fund balance minus the sum of the benefit reserves for fund building for July 1, 1987 through June 30 of the year prior to the year for which the state experience factor is being determined. The adjusted trust fund balance shall not be less than zero. If the preceding calculation results in a number which is less than zero, the amount by which it is less than zero shall reduce the sum of the benefit reserves for fund building for subsequent years.

For the purpose of determining the state experience factor for 1989 and for each calendar year thereafter, the following "benefit reserves for fund building" shall apply for each state experience factor calculation in which that 12 month period is applicable:

a. For the 12 month period ending on June 30,

1988, the "benefit reserve for fund building" shall be 8/104th of the total benefits paid from January 1, 1988 through June 30, 1988.

b. For the 12 month period ending on June 30, 1989, the "benefit reserve for fund building" shall be the sum of:

i. 8/104ths of the total benefits paid from July 1, 1988 through December 31, 1988, plus

ii. 4/108ths of the total benefits paid from January 1, 1989 through June 30, 1989.

c. For the 12 month period ending on June 30, 1990, the "benefit reserve for fund building" shall be 4/108ths of the total benefits paid from July 1, 1989 through December 31, 1989.

d. For 1992 and for each calendar year thereafter, the "benefit reserve for fund building" for the 12 month period ending on June 30, 1991 and for each subsequent 12 month period shall be zero.

3. Notwithstanding the preceding provisions of this subsection, for calendar years 1988 through 2003, the state experience factor shall not be increased or decreased by more than 15 percent absolute.

D. Notwithstanding the provisions of subsection C, the adjusted state experience factor:

1. Shall be 111 percent for calendar year 1988;

2. Shall not be less than 75 percent nor greater than 135 percent for calendar years year 1989 through 2003; and shall not be less than 75% nor greater than 150% for calendar year 2004 and each calendar year thereafter;

3. Shall not be decreased by more than 5 percent absolute for any calendar year, beginning in calendar year 1989 and through calendar year 1992, by more than 6%

absolute for calendar years 1993 through 1995, and by more than 10% absolute for calendar years year 1999 through 2003 and by more than 12% absolute for calendar year 2004 and each calendar year thereafter, from the adjusted state experience factor of the calendar year preceding the calendar year for which the adjusted state experience factor is being determined;

4. Shall not be increased by more than 15% absolute for calendar year 1993, by more than 14% absolute for calendar years 1994 and 1995, and by more than 10% absolute for calendar years year 1999 through 2003 and by more than 16% absolute for calendar year 2004 and each calendar year thereafter, from the adjusted state experience factor for the calendar year preceding the calendar year for which the adjusted state experience factor is being determined;

5. Shall be 100% for calendar years 1996, 1997, and 1998.

E. The amount standing to the credit of this State's account in the unemployment trust fund as of June 30 shall be deemed to include as part thereof (a) any amount receivable on that date from any Federal governmental agency, or as a payment in lieu of contributions under the provisions of Sections 1403 and 1405 B and paragraph 2 of Section 302C, in reimbursement of benefits paid to individuals, and (b) amounts credited by the Secretary of the Treasury of the United States to this State's account in the unemployment trust fund pursuant to Section 903 of the Federal Social Security Act, as amended, including any such amounts which have been appropriated by the General Assembly in accordance with the provisions of Section 2100 B for expenses of administration, except any amounts which have been obligated on or before that date pursuant to such appropriation.

(Source: P.A. 89-446, eff. 2-8-96.)

(820 ILCS 405/1506.3) (from Ch. 48, par. 576.3)

Sec. 1506.3. Fund building rates - Temporary Administrative Funding.

A. Notwithstanding any other provision of this Act, the following fund building rates shall be in effect for the following calendar years:

For each employer whose contribution rate for 1988, 1989, 1990, the first, third, and fourth quarters of 1991, 1992, 1993, 1994, 1995, and 1997 through 2003 and ~~any calendar year thereafter~~ would, in the absence of this Section, be 0.2% or higher, a contribution rate which is the sum of such rate and a fund building rate of 0.4%;

For each employer whose contribution rate for the second quarter of 1991 would, in the absence of this Section, be 0.2% or higher, a contribution rate which is the sum of such rate and 0.3%;

For each employer whose contribution rate for 1996 would, in the absence of this Section, be 0.1% or higher, a contribution rate which is the sum of such rate and 0.4%;

For each employer whose contribution rate for 2004 through 2009 would, in the absence of this Section, be 0.2% or higher, a contribution rate which is the sum of such rate and the following: a fund building rate of 0.7% for 2004; a fund building rate of 0.9% for 2005; a fund building rate of 0.8% for 2006 and 2007; a fund building rate of 0.6% for 2008; a fund building rate of 0.4% for 2009.

For each employer whose contribution rate for 2010 and any calendar year thereafter would, in the absence of this Section, be 0.2% or higher, a contribution rate which is the sum of such rate and a fund building rate equal to the sum of the rate adjustment applicable to that year pursuant to Section 1400.1, plus the fund building rate in effect pursuant to this Section for the immediately preceding calendar year. Notwithstanding any provision to the contrary,



the fund building rate in effect for any calendar year after calendar year 2009 shall not be less than 0.4% or greater than 0.55%.

Notwithstanding the preceding paragraphs of this Section or any other provision of this Act, except for the provisions contained in Section 1500 pertaining to rates applicable to employers classified under the Standard Industrial Code, or another classification system sanctioned by the United States Department of Labor and prescribed by the Director by rule, no employer whose total wages for insured work paid by him during any calendar quarter in 1988 and any calendar year thereafter are less than \$50,000 shall pay contributions at a rate with respect to such quarter which exceeds the following: with respect to calendar year 1988, 5%; with respect to 1989 and any calendar year thereafter, 5.4%.

Notwithstanding the preceding paragraph of this Section, or any other provision of this Act, no employer's contribution rate with respect to calendar years 1993 through 1995 shall exceed 5.4% if the employer ceased operations at an Illinois manufacturing facility in 1991 and remained closed at that facility during all of 1992, and the employer in 1993 commits to invest at least \$5,000,000 for the purpose of resuming operations at that facility, and the employer rehires during 1993 at least 250 of the individuals employed by it at that facility during the one year period prior to the cessation of its operations, provided that, within 30 days after the effective date of this amendatory Act of 1993, the employer makes application to the Department to have the provisions of this paragraph apply to it. The immediately preceding sentence shall be null and void with respect to an employer which by December 31, 1993 has not satisfied the rehiring requirement specified by this paragraph or which by December 31, 1994 has not made the investment specified by this paragraph. All payments attributable to the fund

building rate established pursuant to this Section with respect to the fourth quarter of calendar year 2003, the first quarter of calendar year 2004 and any calendar quarter thereafter as of the close of which there are either bond obligations outstanding pursuant to the Illinois Unemployment Insurance Trust Fund Financing Act, or bond obligations anticipated to be outstanding as of either or both of the 2 immediately succeeding calendar quarters, shall be directed for deposit into the Master Bond Fund.

B. Notwithstanding any other provision of this Act, for the second quarter of 1991, the contribution rate of each employer as determined in accordance with Sections 1500, 1506.1, and subsection A of this Section shall be equal to the sum of such rate and 0.1%; provided that this subsection shall not apply to any employer whose rate computed under Section 1506.1 for such quarter is between 5.1% and 5.3%, inclusive, and who qualifies for the 5.4% rate ceiling imposed by the last paragraph of subsection A for such quarter. All payments made pursuant to this subsection shall be deposited in the Employment Security Administrative Fund established under Section 2103.1 and used for the administration of this Act.

C. Payments received by the Director which are insufficient to pay the total contributions due under the Act shall be first applied to satisfy the amount due pursuant to subsection B.

C-1. Payments received by the Director with respect to the fourth quarter of calendar year 2003, the first quarter of calendar year 2004 and any calendar quarter thereafter as of the close of which there are either bond obligations outstanding pursuant to the Illinois Unemployment Insurance Trust Fund Financing Act, or bond obligations anticipated to be outstanding as of either or both of the 2 immediately succeeding calendar quarters, shall, to the extent they are

insufficient to pay the total amount due under the Act with respect to the quarter, be first applied to satisfy the amount due with respect to that quarter and attributable to the fund building rate established pursuant to this Section. Notwithstanding any other provision to the contrary, with respect to an employer whose contribution rate with respect to a quarter subject to this subsection would have exceeded 5.4% but for the 5.4% rate ceiling imposed pursuant to subsection A, the amount due from the employer with respect to that quarter and attributable to the fund building rate established pursuant to subsection A shall equal the amount, if any, by which the amount due and attributable to the 5.4% rate exceeds the amount that would have been due and attributable to the employer's rate determined pursuant to Sections 1500 and 1506.1, without regard to the fund building rate established pursuant to subsection A.

D. All provisions of this Act applicable to the collection or refund of any contribution due under this Act shall be applicable to the collection or refund of amounts due pursuant to subsection B and amounts directed pursuant to this Section for deposit into the Master Bond Fund to the extent they would not otherwise be considered as contributions.

(Source: P.A. 91-342, eff. 1-1-00.)

(820 ILCS 405/1507) (from Ch. 48, par. 577)

Sec. 1507. Contribution rates of successor and predecessor employing units.

A. Whenever any employing unit succeeds to substantially all of the employing enterprises of another employing unit, then in determining contribution rates for any calendar year, the experience rating record of the predecessor prior to the succession shall be transferred to the successor and thereafter it shall not be treated as the experience rating

record of the predecessor, except as provided in subsection B. For the purposes of this Section, such experience rating record shall consist of all years during which liability for the payment of contributions was incurred by the predecessor prior to the succession, all benefit wages based upon wages paid by the predecessor prior to the succession, all benefit charges based on separations from, or reductions in work initiated by, benefits-paid-by the predecessor prior to the succession, and all wages for insured work paid by the predecessor prior to the succession. This amendatory Act of the 93rd General Assembly is intended to be a continuation of prior law.

B. The provisions of this subsection shall be applicable only to the determination of contribution rates for the calendar year 1956 and for each calendar year thereafter. Whenever any employing unit has succeeded to substantially all of the employing enterprises of another employing unit, but the predecessor employing unit has retained a distinct severable portion of its employing enterprises or whenever any employing unit has succeeded to a distinct severable portion which is less than substantially all of the employing enterprises of another employing unit, the successor employing unit shall acquire the experience rating record attributable to the portion to which it has succeeded, and the predecessor employing unit shall retain the experience rating record attributable to the portion which it has retained, if--

1. It files a written application for such experience rating record which is joined in by the employing unit which is then entitled to such experience rating record; and

2. The joint application contains such information as the Director shall by regulation prescribe which will show that such experience rating record is identifiable

and segregable and, therefore, capable of being transferred; and

3. The joint application is filed prior to whichever of the following dates is the latest: (a) July 1, 1956; (b) one year after the date of the succession; or (c) the date that the rate determination of the employing unit which has applied for such experience rating record has become final for the calendar year immediately following the calendar year in which the succession occurs. The filing of a timely joint application shall not affect any rate determination which has become final, as provided by Section 1509.

If all of the foregoing requirements are met, then the Director shall transfer such experience rating record to the employing unit which has applied therefor, and it shall not be treated as the experience rating record of the employing unit which has joined in the application.

Whenever any employing unit is reorganized into two or more employing units, and any of such employing units are owned or controlled by the same interests which owned or controlled the predecessor prior to the reorganization, and the provisions of this subsection become applicable thereto, then such affiliated employing units during the period of their affiliation shall be treated as a single employing unit for the purpose of determining their rates of contributions.

C. For the calendar year in which a succession occurs which results in the total or partial transfer of a predecessor's experience rating record, the contribution rates of the parties thereto shall be determined in the following manner:

1. If any of such parties had a contribution rate applicable to it for that calendar year, it shall continue with such contribution rate.

2. If any successor had no contribution rate

applicable to it for that calendar year, and only one predecessor is involved, then the contribution rate of the successor shall be the same as that of its predecessor.

3. If any successor had no contribution rate applicable to it for that calendar year, and two or more predecessors are involved, then the contribution rate of the successor shall be computed, on the combined experience rating records of the predecessors or on the appropriate part of such records if any partial transfer is involved, as provided in Sections 1500 to 1507, inclusive.

4. Notwithstanding the provisions of paragraphs 2 and 3 of this subsection, if any succession occurs prior to the calendar year 1956 and the successor acquires part of the experience rating record of the predecessor as provided in subsection B of this Section, then the contribution rate of that successor for the calendar year in which such succession occurs shall be 2.7 percent.

(Source: P.A. 90-554, eff. 12-12-97; 91-342, eff. 1-1-00.)

(820 ILCS 405/1511.1 new)

Sec. 1511.1. Effects of 2004 Solvency Legislation. The Employment Security Advisory Board shall hold public hearings on the progress toward meeting the Trust Fund solvency projections made in accordance with this amendatory Act of the 93d General Assembly. The hearings shall also consider issues related to benefit eligibility, benefit levels, employer contributions, and future trust fund solvency goals. The Board shall, in accordance with its operating resolutions, approve and report findings from the hearings to the Illinois General Assembly by April 1, 2007. A copy of the findings shall be available to the public on the Department's website.

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

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

A. All contributions and payments in lieu of contributions collected under this Act, including but not limited to fund building receipts, together with any interest thereon; all penalties collected pursuant to this Act; any property or securities acquired through the use thereof; all moneys advanced to this State's account in the unemployment trust fund pursuant to the provisions of Title XII of the Social Security Act, as amended; all moneys directed for transfer from the Master Bond Fund to this State's account in the unemployment trust fund received--from--the--federal--tax avoidance-surecharge-established-by-Section-1506-4; all moneys received from the Federal government as reimbursements pursuant to Section 204 of the Federal-State Extended Unemployment Compensation Act of 1970, as amended; all moneys credited to this State's account in the unemployment trust fund pursuant to Section 903 of the Federal Social Security Act, as amended; and all earnings of such property or securities and any interest earned upon any such moneys shall be paid or turned over to and held by the Director, as ex-officio custodian of the clearing account, the unemployment trust fund account and the benefit account, and by the State Treasurer, as ex-officio custodian of the special administrative account, separate and apart from all public moneys or funds of this State, as hereinafter provided. Such moneys shall be administered by the Director exclusively for the purposes of this Act.

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

The State Treasurer shall be liable on his general official bond for the faithful performance of his duties in connection with the moneys in the special administrative

account provided for under this Act. Such liability on his official bond shall exist in addition to the liability upon any separate bond given by him. All sums recovered for losses sustained by the account shall be deposited in that account.

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

The Treasurer shall maintain for such moneys a special administrative account. The Director shall maintain for such moneys 3 separate accounts: a clearing account, a benefit account and an unemployment trust fund account. All moneys payable under this Act (except moneys requisitioned from this State's account in the unemployment trust fund and deposited in the benefit account), including but not limited to moneys directed for transfer from the Master Bond Fund to this State's account in the unemployment trust fund, upon receipt thereof by the Director, shall be immediately deposited in the clearing account; provided, however, that, except as is otherwise provided in this Section, interest and penalties shall not be deemed a part of the clearing account but shall be transferred immediately upon clearance thereof to the special administrative account.

After clearance thereof, all other moneys in the clearing account shall be immediately deposited by the Director with the Secretary of the Treasury of the United States of America to the credit of the account of this State in the unemployment trust fund, established and maintained pursuant



to the Federal Social Security Act, as amended, except fund building receipts, which shall be deposited into the Master Bond Fund. The benefit account shall consist of all moneys requisitioned from this State's account in the unemployment trust fund. The moneys in the benefit account shall be expended in accordance with regulations prescribed by the Director and solely for the payment of benefits, refunds of contributions, interest and penalties under the provisions of the Act, the payment of health insurance in accordance with Section 410 of this Act, and the transfer or payment of funds to any Federal or State agency pursuant to reciprocal arrangements entered into by the Director under the provisions of Section 2700E, except that moneys credited to this State's account in the unemployment trust fund pursuant to Section 903 of the Federal Social Security Act, as amended, shall be used exclusively as provided in subsection B. For purposes of this Section only, to the extent allowed by applicable legal requirements, the payment of benefits includes but is not limited to the payment of principal on any bonds issued pursuant to the Illinois Unemployment Insurance Trust Fund Financing Act, exclusive of any interest or administrative expenses in connection with the bonds. The Director shall, from time to time, requisition from the unemployment trust fund such amounts, not exceeding the amounts standing to the State's account therein, as he deems necessary solely for the payment of such benefits, refunds, and funds, for a reasonable future period. The Director, as ex-officio custodian of the benefit account, which shall be kept separate and apart from all other public moneys, shall issue his checks for the payment of such benefits, refunds, health insurance and funds solely from the moneys so received into the benefit account. However, after January 1, 1987, no check shall be drawn on such benefit account unless at the time of drawing there is sufficient money in the account to

pay the check. The Director shall retain in the clearing account an amount of interest and penalties equal to the amount of interest and penalties to be refunded from the benefit account. After clearance thereof, the amount so retained shall be immediately deposited by the Director, as are all other moneys in the clearing account, with the Secretary of the Treasury of the United States. If, at any time, an insufficient amount of interest and penalties is available for retention in the clearing account, no refund of interest or penalties shall be made from the benefit account until a sufficient amount is available for retention and is so retained, or until the State Treasurer, upon the direction of the Director, transfers to the Director a sufficient amount from the special administrative account, for immediate deposit in the benefit account.

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

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

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

now or hereafter amended.

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

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

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

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

For purposes of paragraph (3) above, amounts obligated for administrative purposes pursuant to an appropriation

shall be chargeable against transferred amounts at the exact time the obligation is entered into. The appropriation, obligation, and expenditure or other disposition of money appropriated under this subsection shall be accounted for in accordance with standards established by the United States Secretary of Labor.

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

C. The Governor is authorized to apply to the United States Secretary of Labor for an advance or advances to this State's account in the unemployment trust fund pursuant to the conditions set forth in Title XII of the Federal Social Security Act, as amended. The amount of any such advance may be repaid from this State's account in the unemployment trust fund ~~provided--that--if--the--federal--penalty-tax-avoidance surcharge-established-by-Section-1506.4-is-in-effect-for-that year,--any-outstanding-advance--shall--first--be--repaid--from amounts--in--this--State's--account-in-the-unemployment-trust fund-which-were-received-from-such-surcharge-by-November-9-of each-year.~~

(Source: P.A. 91-342, eff. 1-1-00.)

(820 ILCS 405/2106.1 new)

Sec. 2106.1. Master Bond Fund. There is hereby

established the Master Bond Fund held by the Director or his or her designee as ex-officio custodian thereof separate and apart from all other State funds. The moneys in the Fund shall be used in accordance with the Illinois Unemployment Insurance Trust Fund Financing Act.

(820 ILCS 405/1506.4 rep.)

(820 ILCS 405/2104 rep.)

Section 13.4. The Unemployment Insurance Act is amended by repealing Sections 1506.4 and 2104.

Section 14. Effective Date. This Act takes effect on January 1, 2004.