

AN ACT concerning State Government.

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

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

(30 ILCS 440/3)

Sec. 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 and includes earnings on such receipts.

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.

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

(30 ILCS 440/4)

Sec. 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 any one or a combination ~~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; or

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

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.

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

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

(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; 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 and moneys directed for deposit into the

Special Programs Fund provided for under Section 2107), 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.

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

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

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

Sec. 2101. Special administrative account. Except as

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

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

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

B. To the extent possible, the repayment to the fund established for financing the cost of administration of this Act of moneys found by the Secretary of Labor of the United States of America, or other appropriate Federal agency, to have been lost or expended for purposes other than, or in amounts in

excess of, those found necessary by the Secretary of Labor, or other appropriate Federal agency, for the administration of this Act.

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

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

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

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

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

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

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

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

If Federal legislation is enacted which will permit the use by the Director of some part of the contributions collected or to be collected under this Act, for the financing of expenditures incurred in the proper administration of this Act, then, upon the availability of such contributions for such purpose, the provisions of this Section shall be inoperative and interest and penalties collected pursuant to this Act shall be deposited in and be deemed a part of the clearing account. In the event of the enactment of the foregoing Federal legislation, and within 90 days after the date upon which contributions become available for expenditure for costs of administration, the total amount in the special administrative account shall be transferred to the clearing account, and after clearance thereof shall be deposited 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.

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

(820 ILCS 405/2101.1 new)

Sec. 2101.1. Mandatory transfers. Notwithstanding any other provision in Section 2101 to the contrary, no later than June 30, 2007, an amount equal to at least \$1,400,136 but not to exceed \$7,000,136 shall be transferred from the special administrative account to this State's account in the Unemployment Trust Fund. No later than June 30, 2008, and June 30 of each of the three immediately succeeding calendar years, there shall be transferred from the special administrative account to this State's account in the Unemployment Trust Fund an amount at least equal to the lesser of \$1,400,000 or the unpaid principal. For purposes of this Section, the unpaid principal is the difference between \$7,000,136 and the sum of amounts, excluding interest, previously transferred pursuant to this Section. In addition to the amounts otherwise specified in this Section, each transfer shall include a payment of any

interest accrued pursuant to this Section through the end of the immediately preceding calendar quarter for which the federal Department of the Treasury has published the yield for state accounts in the Unemployment Trust Fund. Interest pursuant to this Section shall accrue daily beginning on January 1, 2007, and be calculated on the basis of the unpaid principal as of the beginning of the day. The rate at which the interest shall accrue for each calendar day within a calendar quarter shall equal the quotient obtained by dividing the yield for that quarter for state accounts in the Unemployment Trust Fund as published by the federal Department of the Treasury by the total number of calendar days within that quarter. Interest accrued but not yet due at the time the unpaid principal is paid in full shall be transferred within 30 days after the federal Department of the Treasury has published the yield for state accounts in the Unemployment Trust Fund for all quarters for which interest has accrued pursuant to this Section but not yet been paid. A transfer required pursuant to this Section in a fiscal year of this State shall occur before any transfer made with respect to that same fiscal year from the special administrative account to the Title III Social Security and Employment Fund.

(820 ILCS 405/2107 new)

Sec. 2107. Special Programs Fund. The Special Programs Fund shall be held separate and apart from all public moneys or funds of this State. All moneys that may be received by the State for the payment of trade readjustment allowances or alternative trade adjustment assistance for older workers under the Trade Act of 1974, as amended, or disaster unemployment assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, or for the payment of any other benefits where the Department will pay the benefits as an agent of the United States Department of Labor or its successor agency pursuant to federal law (except benefits payable through the State's account in the federal

Unemployment Trust Fund established and maintained pursuant to the federal Social Security Act, as amended), shall be deposited into the Special Programs Fund, together with any moneys that may otherwise be directed for deposit into that Fund. No such moneys shall be paid or expended except upon the direction of the Director who, as ex officio custodian of the Special Programs Fund, shall expend such moneys only in accordance with the directions of the United States Department of Labor or its successor agency, as an agent of the United States Department of Labor or its successor agency. Moneys in the Special Programs 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 Special Programs Fund shall accrue to the Special Programs Fund. The Director shall be liable on her or his general official bond for the faithful performance of her or his duties in connection with the moneys in the Special Programs 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 Special Programs Fund shall be deposited into the Fund.

This amendatory Act of the 94th General Assembly is not intended to alter processes or requirements with respect to the Special Programs Fund from those in existence immediately prior to the effective date of this amendatory Act of the 94th General Assembly.

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