

1 AN ACT concerning employment.

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

4 Section 5. The Unemployment Insurance Act is amended by  
5 changing Sections 235, 1500, 1506.1, 1506.3, and 1507 and by  
6 adding Section 1507.1 as follows:

7 (820 ILCS 405/235) (from Ch. 48, par. 345)

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

9 A. That part of the remuneration which, after remuneration  
10 equal to \$6,000 with respect to employment has been paid to an  
11 individual by an employer during any calendar year after 1977  
12 and before 1980, is paid to such individual by such employer  
13 during such calendar year; and that part of the remuneration  
14 which, after remuneration equal to \$6,500 with respect to  
15 employment has been paid to an individual by an employer during  
16 each calendar year 1980 and 1981, is paid to such individual by  
17 such employer during that calendar year; and that part of the  
18 remuneration which, after remuneration equal to \$7,000 with  
19 respect to employment has been paid to an individual by an  
20 employer during the calendar year 1982 is paid to such  
21 individual by such employer during that calendar year.

22 With respect to the first calendar quarter of 1983, the  
23 term "wages" shall include only the remuneration paid to an  
24 individual by an employer during such quarter with respect to  
25 employment which does not exceed \$7,000. With respect to the  
26 three calendar quarters, beginning April 1, 1983, the term  
27 "wages" shall include only the remuneration paid to an  
28 individual by an employer during such period with respect to  
29 employment which when added to the "wages" (as defined in the  
30 preceding sentence) paid to such individual by such employer  
31 during the first calendar quarter of 1983, does not exceed  
32 \$8,000.

1 With respect to the calendar year 1984, the term "wages"  
2 shall include only the remuneration paid to an individual by an  
3 employer during that period with respect to employment which  
4 does not exceed \$8,000; with respect to calendar years 1985,  
5 1986 and 1987, the term "wages" shall include only the  
6 remuneration paid to such individual by such employer during  
7 that calendar year with respect to employment which does not  
8 exceed \$8,500.

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

13 With respect to the calendar year 2004, the term "wages"  
14 shall include only the remuneration paid to an individual by an  
15 employer during that period with respect to employment which  
16 does not exceed \$9,800. With respect to the calendar years 2005  
17 through 2009, the term "wages" shall include only the  
18 remuneration paid to an individual by an employer during that  
19 period with respect to employment which does not exceed the  
20 following amounts: \$10,500 with respect to the calendar year  
21 2005; \$11,000 with respect to the calendar year 2006; \$11,500  
22 with respect to the calendar year 2007; \$12,000 with respect to  
23 the calendar year 2008; and \$12,300 with respect to the  
24 calendar year 2009.

25 With respect to the calendar year 2010 and each calendar  
26 year thereafter, the term "wages" shall include only the  
27 remuneration paid to an individual by an employer during that  
28 period with respect to employment which does not exceed the sum  
29 of the wage base adjustment applicable to that year pursuant to  
30 Section 1400.1, plus the maximum amount includable as "wages"  
31 pursuant to this subsection with respect to the immediately  
32 preceding calendar year. Notwithstanding any provision to the  
33 contrary, the maximum amount includable as "wages" pursuant to  
34 this Section shall not be less than \$12,300 or greater than  
35 \$12,960 with respect to any calendar year after calendar year  
36 2009.

1           The remuneration paid to an individual by an employer with  
2           respect to employment in another State or States, upon which  
3           contributions were required of such employer under an  
4           unemployment compensation law of such other State or States,  
5           shall be included as a part of the remuneration herein referred  
6           to. For the purposes of this subsection, any employing unit  
7           which succeeds to the organization, trade, or business, or to  
8           substantially all of the assets of another employing unit, or  
9           to the organization, trade, or business, or to substantially  
10          all of the assets of a distinct severable portion of another  
11          employing unit, shall be treated as a single unit with its  
12          predecessor for the calendar year in which such succession  
13          occurs; ~~and~~ any employing unit which is owned or controlled  
14          by the same interests which own or control another employing  
15          unit shall be treated as a single unit with the unit so owned  
16          or controlled by such interests for any calendar year  
17          throughout which such ownership or control exists; and, with  
18          respect to any trade or business transfer subject to subsection  
19          A of Section 1507.1, a transferee, as defined in subsection G  
20          of Section 1507.1, shall be treated as a single unit with the  
21          transferor, as defined in subsection G of Section 1507.1, for  
22          the calendar year in which the transfer occurs. This subsection  
23          applies only to Sections 1400, 1405A, and 1500.

24          B. The amount of any payment (including any amount paid by  
25          an employer for insurance or annuities, or into a fund, to  
26          provide for any such payment), made to, or on behalf of, an  
27          individual or any of his dependents under a plan or system  
28          established by an employer which makes provision generally for  
29          individuals performing services for him (or for such  
30          individuals generally and their dependents) or for a class or  
31          classes of such individuals (or for a class or classes of such  
32          individuals and their dependents), on account of (1) sickness  
33          or accident disability (except those sickness or accident  
34          disability payments which would be includable as "wages" in  
35          Section 3306(b)(2)(A) of the Federal Internal Revenue Code of  
36          1954, in effect on January 1, 1985, such includable payments to

1 be attributable in such manner as provided by Section 3306(b)  
2 of the Federal Internal Revenue Code of 1954, in effect on  
3 January 1, 1985), or (2) medical or hospitalization expenses in  
4 connection with sickness or accident disability, or (3) death.

5 C. Any payment made to, or on behalf of, an employee or his  
6 beneficiary which would be excluded from "wages" by  
7 subparagraph (A), (B), (C), (D), (E), (F) or (G), of Section  
8 3306(b)(5) of the Federal Internal Revenue Code of 1954, in  
9 effect on January 1, 1985.

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

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

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

24 (Source: P.A. 93-634, eff. 1-1-04; 93-676, eff. 6-22-04.)

25 (820 ILCS 405/1500) (from Ch. 48, par. 570)

26 Sec. 1500. Rate of contribution.

27 A. For the six months' period beginning July 1, 1937, and  
28 for each of the calendar years 1938 to 1959, inclusive, each  
29 employer shall pay contributions on wages at the percentages  
30 specified in or determined in accordance with the provisions of  
31 this Act as amended and in effect on July 11, 1957.

32 B. For the calendar years 1960 through 1983, each employer  
33 shall pay contributions equal to 2.7 percent with respect to  
34 wages for insured work paid during each such calendar year,  
35 except that the contribution rate of each employer who has

1 incurred liability for the payment of contributions within each  
2 of the three calendar years immediately preceding the calendar  
3 year for which a rate is being determined, shall be determined  
4 as provided in Sections 1501 to 1507, inclusive.

5 For the calendar year 1984 and each calendar year  
6 thereafter, each employer shall pay contributions at a  
7 percentage rate equal to the greatest of 2.7%, or 2.7%  
8 multiplied by the current adjusted State experience factor, as  
9 determined for each calendar year by the Director in accordance  
10 with the provisions of Sections 1504 and 1505, or the average  
11 contribution rate for his major classification in the Standard  
12 Industrial Code, or another classification sanctioned by the  
13 United States Department of Labor and prescribed by the  
14 Director by rule, with respect to wages for insured work paid  
15 during such year. The Director of Employment Security shall  
16 determine for calendar year 1984 and each calendar year  
17 thereafter by a method pursuant to adopted rules each  
18 individual employer's industrial code and the average  
19 contribution rate for each major classification in the Standard  
20 Industrial Code, or each other classification sanctioned by the  
21 United States Department of Labor and prescribed by the  
22 Director by rule. Notwithstanding the preceding provisions of  
23 this paragraph, the contribution rate for calendar years 1984,  
24 1985 and 1986 of each employer who has incurred liability for  
25 the payment of contributions within each of the two calendar  
26 years immediately preceding the calendar year for which a rate  
27 is being determined, and the contribution rate for calendar  
28 year 1987 and each calendar year thereafter of each employer  
29 who has incurred liability for the payment of contributions  
30 within each of the three calendar years immediately preceding  
31 the calendar year for which a rate is being determined shall be  
32 determined as provided in Sections 1501 to 1507.1 ~~1507~~,  
33 inclusive. Provided, however, that the contribution rate for  
34 calendar years 1989 and 1990 of each employer who has had  
35 experience with the risk of unemployment for at least 13  
36 consecutive months ending June 30 of the preceding calendar

1 year shall be a rate determined in accordance with this Section  
2 or a rate determined as if it had been calculated in accordance  
3 with Sections 1501 through 1507, inclusive, whichever is  
4 greater, except that for purposes of calculating the benefit  
5 wage ratio as provided in Section 1503, such benefit wage ratio  
6 shall be a percentage equal to the total of benefit wages for  
7 the 12 consecutive calendar month period ending on the above  
8 preceding June 30, divided by the total wages for insured work  
9 subject to the payment of contributions under Sections 234, 235  
10 and 245 for the same period and provided, further, however,  
11 that the contribution rate for calendar year 1991 and for each  
12 calendar year thereafter of each employer who has had  
13 experience with the risk of unemployment for at least 13  
14 consecutive months ending June 30 of the preceding calendar  
15 year shall be a rate determined in accordance with this Section  
16 or a rate determined as if it had been calculated in accordance  
17 with Sections 1501 through 1507.1 ~~1507~~, inclusive, whichever is  
18 greater, except that for purposes of calculating the benefit  
19 ratio as provided in Section 1503.1, such benefit ratio shall  
20 be a percentage equal to the total of benefit charges for the  
21 12 consecutive calendar month period ending on the above  
22 preceding June 30, multiplied by the benefit conversion factor  
23 applicable to such year, divided by the total wages for insured  
24 work subject to the payment of contributions under Sections  
25 234, 235 and 245 for the same period.

26 C. Except as expressly provided in this Act, the provisions  
27 of Sections 1500 to 1510, inclusive, do not apply to any  
28 nonprofit organization for any period with respect to which it  
29 does not incur liability for the payment of contributions by  
30 reason of having elected to make payments in lieu of  
31 contributions, or to any political subdivision or municipal  
32 corporation for any period with respect to which it is not  
33 subject to payments in lieu of contributions under the  
34 provisions of paragraph 1 of Section 302C by reason of having  
35 elected to make payments in lieu of contributions under  
36 paragraph 2 of that Section or to any governmental entity

1 referred to in clause (B) of Section 211.1. Wages paid to an  
2 individual which are subject to contributions under Section  
3 1405 A, or on the basis of which benefits are paid to him which  
4 are subject to payment in lieu of contributions under Sections  
5 1403, 1404, or 1405 B, or under paragraph 2 of Section 302C,  
6 shall not become benefit wages or benefit charges under the  
7 provisions of Sections 1501 or 1501.1, respectively, except for  
8 purposes of determining a rate of contribution for 1984 and  
9 each calendar year thereafter for any governmental entity  
10 referred to in clause (B) of Section 211.1 which does not elect  
11 to make payments in lieu of contributions.

12 D. If an employer's business is closed solely because of  
13 the entrance of one or more of the owners, partners, officers,  
14 or the majority stockholder into the armed forces of the United  
15 States, or of any of its allies, or of the United Nations, and,  
16 if the business is resumed within two years after the discharge  
17 or release of such person or persons from active duty in the  
18 armed forces, the employer will be deemed to have incurred  
19 liability for the payment of contributions continuously  
20 throughout such period. Such an employer, for the purposes of  
21 Section 1506.1, will be deemed to have paid contributions upon  
22 wages for insured work during the applicable period specified  
23 in Section 1503 on or before the date designated therein,  
24 provided that no wages became benefit wages during the  
25 applicable period specified in Section 1503.

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

27 (820 ILCS 405/1506.1) (from Ch. 48, par. 576.1)

28 Sec. 1506.1. Determination of Employer's Contribution  
29 Rate.

30 A. The contribution rate for any calendar year prior to  
31 1982 of each employer who has incurred liability for the  
32 payment of contributions within each of the three calendar  
33 years immediately preceding the calendar year for which a rate  
34 is being determined shall be determined in accordance with the  
35 provisions of this Act as amended and in effect on October 5,

1 1980.

2 B. The contribution rate for calendar years 1982 and 1983  
3 of each employer who has incurred liability for the payment of  
4 contributions within each of the three calendar years  
5 immediately preceding the calendar year for which a rate is  
6 being determined shall be the product obtained by multiplying  
7 the employer's benefit wage ratio for that calendar year by the  
8 adjusted state experience factor for the same year, provided  
9 that:

10 1. No employer's contribution rate shall be lower than  
11 two-tenths of 1 percent or higher than 5.3%; and

12 2. Intermediate contribution rates between such  
13 minimum and maximum rates shall be at one-tenth of 1  
14 percent intervals.

15 3. If the product obtained as provided in this  
16 subsection is not an exact multiple of one-tenth of 1  
17 percent, it shall be increased or reduced, as the case may  
18 be, to the nearer multiple of one-tenth of 1 percent. If  
19 such product is equally near to two multiples of one-tenth  
20 of 1 percent, it shall be increased to the higher multiple  
21 of one-tenth of 1 percent. If such product is less than  
22 two-tenths of one percent, it shall be increased to  
23 two-tenths of 1 percent, and if greater than 5.3%, it shall  
24 be reduced to 5.3%.

25 The contribution rate of each employer for whom wages  
26 became benefit wages during the applicable period specified in  
27 Section 1503, but who paid no contributions upon wages for  
28 insured work during such period on or before the date  
29 designated in Section 1503, shall be 5.3%.

30 The contribution rate of each employer for whom no wages  
31 became benefit wages during the applicable period specified in  
32 Section 1503, and who paid no contributions upon wages for  
33 insured work during such period on or before the date specified  
34 in Section 1503, shall be 2.7 percent.

35 Notwithstanding the other provisions of this Section, no  
36 employer's contribution rate with respect to calendar years



1 1982 and 1983 shall exceed 2.7 percent of the wages for insured  
2 work paid by him during any calendar quarter, if such wages  
3 paid during such calendar quarter total less than \$50,000.

4 C. The contribution rate for calendar years 1984, 1985 and  
5 1986 of each employer who has incurred liability for the  
6 payment of contributions within each of the two calendar years  
7 immediately preceding the calendar year for which a rate is  
8 being determined shall be the product obtained by multiplying  
9 the employer's benefit wage ratio for that calendar year by the  
10 adjusted state experience factor for the same year, provided  
11 that:

12 1. An employer's minimum contribution rate shall be the  
13 greater of: .2%; or, the product obtained by multiplying  
14 .2% by the adjusted state experience factor for the  
15 applicable calendar year.

16 2. An employer's maximum contribution rate shall be the  
17 greater of 5.5% or the product of 5.5% and the adjusted  
18 State experience factor for the applicable calendar year  
19 except that such maximum contribution rate shall not be  
20 higher than 6.3% for calendar year 1984, nor be higher than  
21 6.6% or lower than 6.4% for calendar year 1985, nor be  
22 higher than 6.7% or lower than 6.5% for calendar year 1986.

23 3. If any product obtained in this subsection is not an  
24 exact multiple of one-tenth of one percent, it shall be  
25 increased or reduced, as the case may be to the nearer  
26 multiple of one-tenth of one percent. If such product is  
27 equally near to two multiples of one-tenth of one percent,  
28 it shall be increased to the higher multiple of one-tenth  
29 of one percent.

30 4. Intermediate rates between such minimum and maximum  
31 rates shall be at one-tenth of one percent intervals.

32 The contribution rate of each employer for whom wages  
33 became benefit wages during the applicable period specified in  
34 Section 1503, but who paid no contributions upon wages for  
35 insured work during such period on or before the date  
36 designated in Section 1503, shall be the maximum contribution

1 rate as determined by paragraph 2 of this subsection. The  
2 contribution rate for each employer for whom no wages became  
3 benefit wages during the applicable period on or before the  
4 date specified in Section 1503, and who paid no contributions  
5 upon wages for insured work during such period on or before the  
6 date specified in Section 1503, shall be the greater of 2.7% or  
7 2.7% times the then current adjusted state experience factor as  
8 determined by the Director in accordance with the provisions of  
9 Sections 1504 and 1505.

10 Notwithstanding, the other provisions of this Section, no  
11 employer's contribution rate with respect to the calendar year  
12 1984 shall exceed 2.7 percent times the then current adjusted  
13 state experience factor as determined by the Director in  
14 accordance with the provisions of Sections 1504 and 1505 of the  
15 wages for insured work paid by him during any calendar quarter,  
16 if such wages paid during such calendar quarter total less than  
17 \$50,000.

18 D. The contribution rate for calendar years 1987, 1988,  
19 1989 and 1990 of each employer who has incurred liability for  
20 the payment of contributions within each of the three calendar  
21 years immediately preceding the calendar year for which a rate  
22 is being determined shall be the product obtained by  
23 multiplying the employer's benefit wage ratio for that calendar  
24 year by the adjusted state experience factor for the same year,  
25 provided, that:

26 1. An employer's minimum contribution rate shall be the  
27 greater of .2% or the product obtained by multiplying .2%  
28 by the adjusted State experience factor for the applicable  
29 calendar year.

30 2. An employer's maximum contribution rate shall be the  
31 greater of 5.5% or the product of 5.5% and the adjusted  
32 State experience factor for the calendar year 1987 except  
33 that such maximum contribution rate shall not be higher  
34 than 6.7% or lower than 6.5% and an employer's maximum  
35 contribution rate for 1988, 1989 and 1990 shall be the  
36 greater of 6.4% or the product of 6.4% and the adjusted

1 State experience factor for the applicable calendar year.

2 3. If any product obtained in this subsection is not an  
3 exact multiple of one-tenth of one percent, it shall be  
4 increased or reduced, as the case may be to the nearer  
5 multiple of one-tenth of 1 percent. If such product is  
6 equally near to two multiples of one-tenth of 1 percent, it  
7 shall be increased to the higher multiple of one-tenth of 1  
8 percent.

9 4. Intermediate rates between such minimum and maximum  
10 rates shall be at one-tenth of 1 percent intervals.

11 The contribution rate of each employer for whom wages  
12 became benefit wages during the applicable period specified in  
13 Section 1503, but who did not report wages for insured work  
14 during such period, shall be the maximum contribution rate as  
15 determined by paragraph 2 of this subsection. The contribution  
16 rate for each employer for whom no wages became benefit wages  
17 during the applicable period specified in Section 1503, and who  
18 did not report wages for insured work during such period, shall  
19 be the greater of 2.7% or 2.7% times the then current adjusted  
20 State experience factor as determined by the Director in  
21 accordance with the provisions of Sections 1504 and 1505.

22 E. The contribution rate for calendar year 1991 and each  
23 calendar year thereafter of each employer who has incurred  
24 liability for the payment of contributions within each of the  
25 three calendar years immediately preceding the calendar year  
26 for which a rate is being determined shall be the product  
27 obtained by multiplying the employer's benefit ratio defined by  
28 Section 1503.1 for that calendar year by the adjusted state  
29 experience factor for the same year, provided that:

30 1. Except as otherwise provided in this paragraph, an  
31 employer's minimum contribution rate shall be the greater  
32 of 0.2% or the product obtained by multiplying 0.2% by the  
33 adjusted state experience factor for the applicable  
34 calendar year. An employer's minimum contribution rate  
35 shall be 0.1% for calendar year 1996.

36 2. An employer's maximum contribution rate shall be the

1 greater of 6.4% or the product of 6.4% and the adjusted  
2 state experience factor for the applicable calendar year.

3 3. If any product obtained in this subsection is not an  
4 exact multiple of one-tenth of one percent, it shall be  
5 increased or reduced, as the case may be to the nearer  
6 multiple of one-tenth of one percent. If such product is  
7 equally near to two multiples of one-tenth of one percent,  
8 it shall be increased to the higher multiple of one-tenth  
9 of one percent.

10 4. Intermediate rates between such minimum and maximum  
11 rates shall be at one-tenth of one percent intervals.

12 The contribution rate of each employer for whom wages  
13 became benefit wages during the applicable period specified in  
14 Section 1503 or for whom benefit payments became benefit  
15 charges during the applicable period specified in Section  
16 1503.1, but who did not report wages for insured work during  
17 such period, shall be the maximum contribution rate as  
18 determined by paragraph 2 of this subsection. The contribution  
19 rate for each employer for whom no wages became benefit wages  
20 during the applicable period specified in Section 1503 or for  
21 whom no benefit payments became benefit charges during the  
22 applicable period specified in Section 1503.1, and who did not  
23 report wages for insured work during such period, shall be the  
24 greater of 2.7% or 2.7% times the then current adjusted state  
25 experience factor as determined by the Director in accordance  
26 with the provisions of Sections 1504 and 1505.

27 F. Notwithstanding the other provisions of this Section,  
28 and pursuant to Section 271 of the Tax Equity and Fiscal  
29 Responsibility Act of 1982, as amended, no employer's  
30 contribution rate with respect to calendar years 1985, 1986,  
31 1987 and 1988 shall, for any calendar quarter during which the  
32 wages paid by that employer are less than \$50,000, exceed the  
33 following: with respect to calendar year 1985, 3.7%; with  
34 respect to calendar year 1986, 4.1%; with respect to calendar  
35 year 1987, 4.5%; and with respect to calendar year 1988, 5.0%.

36 G. Notwithstanding the other provisions of this Section, no

1 employer's contribution rate with respect to calendar year 1989  
2 and each calendar year thereafter shall exceed 5.4% of the  
3 wages for insured work paid by him during any calendar quarter,  
4 if such wages paid during such calendar quarter total less than  
5 \$50,000, plus any applicable penalty contribution rate  
6 calculated pursuant to subsection C of Section 1507.1.

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

8 (820 ILCS 405/1506.3) (from Ch. 48, par. 576.3)

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

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

14 For each employer whose contribution rate for 1988, 1989,  
15 1990, the first, third, and fourth quarters of 1991, 1992,  
16 1993, 1994, 1995, and 1997 through 2003 would, in the absence  
17 of this Section, be 0.2% or higher, a contribution rate which  
18 is the sum of such rate and a fund building rate of 0.4%;

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

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

26 For each employer whose contribution rate for 2004 through  
27 2009 would, in the absence of this Section, be 0.2% or higher,  
28 a contribution rate which is the sum of such rate and the  
29 following: a fund building rate of 0.7% for 2004; a fund  
30 building rate of 0.9% for 2005; a fund building rate of 0.8%  
31 for 2006 and 2007; a fund building rate of 0.6% for 2008; a  
32 fund building rate of 0.4% for 2009.

33 For each employer whose contribution rate for 2010 and any  
34 calendar year thereafter would, in the absence of this Section,  
35 be 0.2% or higher, a contribution rate which is the sum of such

1 rate and a fund building rate equal to the sum of the rate  
2 adjustment applicable to that year pursuant to Section 1400.1,  
3 plus the fund building rate in effect pursuant to this Section  
4 for the immediately preceding calendar year. Notwithstanding  
5 any provision to the contrary, the fund building rate in effect  
6 for any calendar year after calendar year 2009 shall not be  
7 less than 0.4% or greater than 0.55%.

8 Notwithstanding the preceding paragraphs of this Section  
9 or any other provision of this Act, except for the provisions  
10 contained in Section 1500 pertaining to rates applicable to  
11 employers classified under the Standard Industrial Code, or  
12 another classification system sanctioned by the United States  
13 Department of Labor and prescribed by the Director by rule, no  
14 employer whose total wages for insured work paid by him during  
15 any calendar quarter in 1988 and any calendar year thereafter  
16 are less than \$50,000 shall pay contributions at a rate with  
17 respect to such quarter which exceeds the following: with  
18 respect to calendar year 1988, 5%; with respect to 1989 and any  
19 calendar year thereafter, 5.4%, plus any penalty contribution  
20 rate calculated pursuant to subsection C of Section 1507.1.

21 Notwithstanding the preceding paragraph of this Section,  
22 or any other provision of this Act, no employer's contribution  
23 rate with respect to calendar years 1993 through 1995 shall  
24 exceed 5.4% if the employer ceased operations at an Illinois  
25 manufacturing facility in 1991 and remained closed at that  
26 facility during all of 1992, and the employer in 1993 commits  
27 to invest at least \$5,000,000 for the purpose of resuming  
28 operations at that facility, and the employer rehires during  
29 1993 at least 250 of the individuals employed by it at that  
30 facility during the one year period prior to the cessation of  
31 its operations, provided that, within 30 days after the  
32 effective date of this amendatory Act of 1993, the employer  
33 makes application to the Department to have the provisions of  
34 this paragraph apply to it. The immediately preceding sentence  
35 shall be null and void with respect to an employer which by  
36 December 31, 1993 has not satisfied the rehiring requirement

1 specified by this paragraph or which by December 31, 1994 has  
2 not made the investment specified by this paragraph. All  
3 payments attributable to the fund building rate established  
4 pursuant to this Section with respect to the fourth quarter of  
5 calendar year 2003, the first quarter of calendar year 2004 and  
6 any calendar quarter thereafter as of the close of which there  
7 are either bond obligations outstanding pursuant to the  
8 Illinois Unemployment Insurance Trust Fund Financing Act, or  
9 bond obligations anticipated to be outstanding as of either or  
10 both of the 2 immediately succeeding calendar quarters, shall  
11 be directed for deposit into the Master Bond Fund.  
12 Notwithstanding any other provision of this subsection, no fund  
13 building rate shall be added to any penalty contribution rate  
14 assessed pursuant to subsection C of Section 1507.1.

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

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

30 C-1. Payments received by the Director with respect to the  
31 fourth quarter of calendar year 2003, the first quarter of  
32 calendar year 2004 and any calendar quarter thereafter as of  
33 the close of which there are either bond obligations  
34 outstanding pursuant to the Illinois Unemployment Insurance  
35 Trust Fund Financing Act, or bond obligations anticipated to be  
36 outstanding as of either or both of the 2 immediately

1 succeeding calendar quarters, shall, to the extent they are  
2 insufficient to pay the total amount due under the Act with  
3 respect to the quarter, be first applied to satisfy the amount  
4 due with respect to that quarter and attributable to the fund  
5 building rate established pursuant to this Section.  
6 Notwithstanding any other provision to the contrary, with  
7 respect to an employer whose contribution rate with respect to  
8 a quarter subject to this subsection would have exceeded 5.4%  
9 but for the 5.4% rate ceiling imposed pursuant to subsection A,  
10 the amount due from the employer with respect to that quarter  
11 and attributable to the fund building rate established pursuant  
12 to subsection A shall equal the amount, if any, by which the  
13 amount due and attributable to the 5.4% rate exceeds the amount  
14 that would have been due and attributable to the employer's  
15 rate determined pursuant to Sections 1500 and 1506.1, without  
16 regard to the fund building rate established pursuant to  
17 subsection A.

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

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

25 (820 ILCS 405/1507) (from Ch. 48, par. 577)

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

28 A. Whenever any employing unit succeeds to substantially  
29 all of the employing enterprises of another employing unit,  
30 then in determining contribution rates for any calendar year,  
31 the experience rating record of the predecessor prior to the  
32 succession shall be transferred to the successor and thereafter  
33 it shall not be treated as the experience rating record of the  
34 predecessor, except as provided in subsection B. For the  
35 purposes of this Section, such experience rating record shall



1 consist of all years during which liability for the payment of  
2 contributions was incurred by the predecessor prior to the  
3 succession, all benefit wages based upon wages paid by the  
4 predecessor prior to the succession, all benefit charges based  
5 on separations from, or reductions in work initiated by, the  
6 predecessor prior to the succession, and all wages for insured  
7 work paid by the predecessor prior to the succession. This  
8 amendatory Act of the 93rd General Assembly is intended to be a  
9 continuation of prior law.

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

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

28 2. The joint application contains such information as  
29 the Director shall by regulation prescribe which will show  
30 that such experience rating record is identifiable and  
31 segregable and, therefore, capable of being transferred;  
32 and

33 3. The joint application is filed prior to whichever of  
34 the following dates is the latest: (a) July 1, 1956; (b)  
35 one year after the date of the succession; or (c) the date  
36 that the rate determination of the employing unit which has

1 applied for such experience rating record has become final  
2 for the calendar year immediately following the calendar  
3 year in which the succession occurs. The filing of a timely  
4 joint application shall not affect any rate determination  
5 which has become final, as provided by Section 1509.

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

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

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

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

26 2. If any successor had no contribution rate applicable  
27 to it for that calendar year, and only one predecessor is  
28 involved, then the contribution rate of the successor shall  
29 be the same as that of its predecessor.

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

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

8           D. The provisions of this Section shall not be applicable  
9 if the provisions of Section 1507.1 are applicable.

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

11 (820 ILCS 405/1507.1 new)

12           Sec. 1507.1. Transfer of trade or business; contribution  
13 rate. Notwithstanding any other provision of this Act:

14           A.(1) If an individual or entity transfers its trade or  
15 business, or a portion thereof, and, at the time of the  
16 transfer, there is any substantial common ownership,  
17 management, or control of the transferor and transferee, then  
18 the experience rating records of the transferor and transferee  
19 shall be combined for the purpose of determining their rates of  
20 contribution. For purposes of this subsection, a transfer of  
21 trade or business includes but is not limited to the transfer  
22 of some or all of the transferor's workforce.

23           (2) For the calendar year in which there occurs a transfer  
24 to which paragraph (1) applies:

25           (a) If the transferor or transferee had a contribution  
26 rate applicable to it for the calendar year, it shall  
27 continue with that contribution rate for the remainder of  
28 the calendar year.

29           (b) If the transferee had no contribution rate  
30 applicable to it for the calendar year, then the  
31 contribution rate of the transferee shall be computed for  
32 the calendar year based on the experience rating record of  
33 the transferor or, where there is more than one transferor,  
34 the combined experience rating records of the transferors,  
35 subject to the 5.4% rate ceiling established pursuant to

1 subsection G of Section 1506.1 and subsection A of Section  
2 1506.3.

3 B. If any individual or entity that is not an employer  
4 under this Act at the time of the acquisition acquires the  
5 trade or business of an employing unit, the experience rating  
6 record of the acquired business shall not be transferred to the  
7 individual or entity if the Director finds that the individual  
8 or entity acquired the business solely or primarily for the  
9 purpose of obtaining a lower rate of contributions. Evidence  
10 that a business was acquired solely or primarily for the  
11 purpose of obtaining a lower rate of contributions includes but  
12 is not necessarily limited to the following: the cost of  
13 acquiring the business is low in relation to the individual's  
14 or entity's overall operating costs subsequent to the  
15 acquisition; the individual or entity discontinued the  
16 business enterprise of the acquired business immediately or  
17 shortly after the acquisition; or the individual or entity  
18 hired a significant number of individuals for performance of  
19 duties unrelated to the business activity conducted prior to  
20 acquisition.

21 C. An individual or entity to which subsection A applies  
22 shall pay contributions with respect to each calendar year at a  
23 rate consistent with that subsection, and an individual or  
24 entity to which subsection B applies shall pay contributions  
25 with respect to each calendar year at a rate consistent with  
26 that subsection. If an individual or entity knowingly violates  
27 or attempts to violate this subsection, the individual or  
28 entity shall be subject to the following penalties:

29 (1) If the individual or entity is an employer, then,  
30 in addition to the contribution rate that would otherwise  
31 be calculated (including any fund building rate provided  
32 for pursuant to Section 1506.3), the employer shall be  
33 assigned a penalty contribution rate equivalent to 50% of  
34 the contribution rate (including any fund building rate  
35 provided for pursuant to Section 1506.3), as calculated  
36 without regard to this subsection for the calendar year

1 with respect to which the violation or attempted violation  
2 occurred and the immediately following calendar year. In  
3 the case of an employer whose contribution rate, as  
4 calculated without regard to this subsection or Section  
5 1506.3, equals or exceeds the maximum rate established  
6 pursuant to paragraph 2 of subsection E of Section 1506.1,  
7 the penalty rate shall equal 50% of the sum of that maximum  
8 rate and the fund building rate provided for pursuant to  
9 Section 1506.3. In the case of an employer whose  
10 contribution rate is subject to the 5.4% rate ceiling  
11 established pursuant to subsection G of Section 1506.1 and  
12 subsection A of Section 1506.3, the penalty rate shall  
13 equal 2.7%. If any product obtained pursuant to this  
14 subsection is not an exact multiple of one-tenth of 1%, it  
15 shall be increased or reduced, as the case may be, to the  
16 nearer multiple of one-tenth of 1%. If such product is  
17 equally near to 2 multiples of one-tenth of 1%, it shall be  
18 increased to the higher multiple of one-tenth of 1%. Any  
19 payment attributable to the penalty contribution rate  
20 shall be deposited into the clearing account.

21 (2) If the individual or entity is not an employer, the  
22 individual or entity shall be subject to a penalty of  
23 \$10,000 for each violation. Any penalty attributable to  
24 this paragraph (2) shall be deposited into the Special  
25 Administrative Account.

26 D. An individual or entity shall not knowingly advise  
27 another in a way that results in a violation of subsection C.  
28 An individual or entity that violates this subsection shall be  
29 subject to a penalty of \$10,000 for each violation. Any such  
30 penalty shall be deposited into the Special Administrative  
31 Account.

32 E. Any individual or entity that knowingly violates  
33 subsection C or D shall be guilty of a Class B misdemeanor. In  
34 the case of a corporation, the president, the secretary, and  
35 the treasurer, and any other officer exercising corresponding  
36 functions, shall each be subject to the aforesaid penalty for

1 knowingly violating subsection C or D.

2 F. The Director shall establish procedures to identify the  
3 transfer or acquisition of a trade or business for purposes of  
4 this Section.

5 G. For purposes of this Section:

6 "Experience rating record" shall consist of years  
7 during which liability for the payment of contributions was  
8 incurred, all benefit charges incurred, and all wages paid  
9 for insured work, including but not limited to years,  
10 benefit charges, and wages attributed to an individual or  
11 entity pursuant to Section 1507 or subsection A.

12 "Knowingly" means having actual knowledge of or acting  
13 with deliberate ignorance of or reckless disregard for the  
14 statutory provision involved.

15 "Transferee" means any individual or entity to which  
16 the transferor transfers its trade or business or any  
17 portion thereof.

18 "Transferor" means the individual or entity that  
19 transfers its trade or business or any portion thereof.

20 H. This Section shall be interpreted and applied in such a  
21 manner as to meet the minimum requirements contained in any  
22 guidance or regulations issued by the United States Department  
23 of Labor. Insofar as it applies to the interpretation and  
24 application of the term "substantial", as used in subsection A,  
25 this subsection H is not intended to alter the meaning of  
26 "substantially", as used in Section 1507 and construed by  
27 precedential judicial opinion, or any comparable term as  
28 elsewhere used in this Act.