

1 AN ACT concerning State Government.

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

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

7 (30 ILCS 440/3)

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

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

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

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

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

1 underwriters, remarketing agents, attorneys and for other  
2 professional services necessary to ensure compliance with  
3 applicable state or federal law.

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

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

16 1. Such Credit Agreement shall provide the following:

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

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

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

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

34 (i) A variation in interest rates as may be  
35 necessary to cause the Bonds to be remarketed from  
36 time to time at a price equal to their principal

1 amount plus any accrued interest;

2 (ii) Rates set by auctions; or

3 (iii) Rates set by formula.

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

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

20 d. Fees may be paid to the financial providers or  
21 similar persons or entities providing a Credit  
22 Agreement, including all reasonably related costs,  
23 including therein costs of enforcement and litigation  
24 (all such fees and costs being financial provider  
25 payments) and financial provider payments may be paid,  
26 without limitation, from proceeds of the Bonds being  
27 the subject of such agreements, or from Bonds issued to  
28 refund such Bonds, provided that such financial  
29 provider payments shall be made subordinate to the  
30 payments on the Bonds.

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

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

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

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

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

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

16          J. "Fund Building Receipts" shall have the meaning provided  
17          in the Unemployment Insurance Act and includes earnings on such  
18          receipts.

19          K. "Master Bond Fund" shall mean, for any particular  
20          issuance of Bonds under this Act, the fund established for the  
21          deposit of Fund Building Receipts upon or prior to the issuance  
22          of Bonds under this Act, and during the time that any Bonds are  
23          outstanding under this Act and from which the payment of Bond  
24          Obligations and the related Bond Administrative Expenses  
25          incurred in connection with such Bonds shall be made. That  
26          portion of the Master Bond Fund containing the Required Fund  
27          Building Receipts Amount shall be irrevocably pledged to the  
28          timely payment of Bond Obligations and Bond Administrative  
29          Expenses due on any Bonds issued pursuant to this Act and any  
30          Credit Agreement entered in connection with the Bonds. The  
31          Master Bond Fund shall be held separate and apart from all  
32          other State funds. Moneys in the Master Bond Fund shall not be  
33          commingled with other State funds, but they shall be deposited  
34          as required by law and maintained in a separate account on the  
35          books of a savings and loan association, bank or other  
36          qualified financial institution. All interest earnings on

1 amounts within the Master Bond Fund shall accrue to the Master  
2 Bond Fund. The Master Bond Fund may include such funds and  
3 accounts as are necessary for the deposit of bond proceeds,  
4 Fund Building Receipts, payment of principal, interest,  
5 administrative expenses, costs of issuance, in the case of  
6 bonds which are exempt from Federal taxation, rebate payments,  
7 and such other funds and accounts which may be necessary for  
8 the implementation and administration of this Act. The Director  
9 shall be liable on her or his general official bond for the  
10 faithful performance of her or his duties as custodian of the  
11 Master Bond Fund. Such liability on her or his official bond  
12 shall exist in addition to the liability upon any separate bond  
13 given by her or him. All sums recovered for losses sustained by  
14 the Master Bond Fund shall be deposited into the Fund.

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

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

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

24 (30 ILCS 440/4)

25 Sec. 4. Authority to Issue Revenue Bonds.

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

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

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

34 3. To refinance, purchase, redeem, refund, advance  
35 refund or defease (including, any combination of the

1           foregoing) any outstanding Bonds issued pursuant to this  
2           Act; or

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

5           Paragraphs 1, 2 and 4 are inoperative on and after January  
6           1, 2010.

7           B. As evidence of the obligation of the Department to repay  
8           money borrowed for the purposes set forth in Section 4A above,  
9           the Department may issue and dispose of its interest bearing  
10          revenue Bonds and may also, from time-to-time, issue and  
11          dispose of its interest bearing revenue Bonds to purchase,  
12          redeem, refund, advance refund or defease (including, any  
13          combination of the foregoing) any Bonds at maturity or pursuant  
14          to redemption provisions or at any time before maturity. The  
15          Director, in consultation with the Department's Employment  
16          Security Advisory Board, shall have the power to direct that  
17          the Bonds be issued. Bonds may be issued in one or more series  
18          and under terms and conditions as needed in furtherance of the  
19          purposes of this Act. The Illinois Finance Authority shall  
20          provide any technical, legal, or administrative services if and  
21          when requested by the Director and the Employment Security  
22          Advisory Board with regard to the issuance of Bonds. Such Bonds  
23          shall be issued in the name of the State of Illinois for the  
24          benefit of the Department and shall be executed by the  
25          Director. In case any Director whose signature appears on any  
26          Bond ceases (after attaching his or her signature) to hold that  
27          office, her or his signature shall nevertheless be valid and  
28          effective for all purposes.

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

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

36                  (ii) Result in terms which are advantageous to the

1 State through refunding, advance refunding or other  
2 similar restructuring of outstanding Bonds; or

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

8 D. All such Bonds shall be payable from Fund Building  
9 Receipts. Bonds may also be paid from (i) to the extent  
10 allowable by law, from monies in the State's account in the  
11 Unemployment Trust Fund of the United States Treasury; and (ii)  
12 to the extent allowable by law, a federal advance under Section  
13 1201, et seq., of the Social Security Act (42 U.S.C. Section  
14 1321); and (iii) proceeds of Bonds and receipts from related  
15 credit and exchange agreements to the extent allowed by this  
16 Act and applicable legal requirements.

17 E. The maximum principal amount of the Bonds, when combined  
18 with the outstanding principal of all other Bonds issued  
19 pursuant to this Act, shall not at any time exceed  
20 \$1,400,000,000, excluding all of the outstanding principal of  
21 any other Bonds issued pursuant to this Act for which payment  
22 has been irrevocably provided by refunding or other manner of  
23 defeasance. It is the intent of this Act that the outstanding  
24 Bond authorization limits provided for in this Section 4E shall  
25 be revolving in nature, such that the amount of Bonds  
26 outstanding that are not refunded or otherwise defeased shall  
27 be included in determining the maximum amount of Bonds  
28 authorized to be issued pursuant to the Act.

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

36 G. The Department may enter into a Credit Agreement

1 pertaining to the issuance of the Bonds, upon terms which are  
2 not inconsistent with this Act and any other laws, provided  
3 that the term of such Credit Agreement shall not exceed the  
4 term of the Bonds, plus any time period necessary to cure any  
5 defaults under such Credit Agreement.

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

8 I. While any Bond Obligations are outstanding or  
9 anticipated to come due as a result of Bonds expected to be  
10 issued in either or both of the 2 immediately succeeding  
11 calendar quarters, the Department shall collect and deposit  
12 Fund Building Receipts into the Master Bond Fund in an amount  
13 necessary to satisfy the Required Fund Building Receipts Amount  
14 prior to expending Fund Building Receipts for any other  
15 purpose. The Required Fund Building Receipts Amount shall be  
16 that amount necessary to ensure the marketability of the Bonds,  
17 which shall be specified in the Bond Sale Order executed by the  
18 Director in connection with the issuance of the Bonds.

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

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

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

36 2. As a deposit in the State's account in the



1 Unemployment Trust Fund of the United States Treasury; or

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

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

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

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

20 (820 ILCS 405/2100) (from Ch. 48, par. 660)

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

22 A. All contributions and payments in lieu of contributions  
23 collected under this Act, including but not limited to fund  
24 building receipts, together with any interest thereon; all  
25 penalties collected pursuant to this Act; any property or  
26 securities acquired through the use thereof; all moneys  
27 advanced to this State's account in the unemployment trust fund  
28 pursuant to the provisions of Title XII of the Social Security  
29 Act, as amended; all moneys directed for transfer from the  
30 Master Bond Fund to this State's account in the unemployment  
31 trust fund; all moneys received from the Federal government as  
32 reimbursements pursuant to Section 204 of the Federal-State  
33 Extended Unemployment Compensation Act of 1970, as amended; all  
34 moneys credited to this State's account in the unemployment

1 trust fund pursuant to Section 903 of the Federal Social  
2 Security Act, as amended; and all earnings of such property or  
3 securities and any interest earned upon any such moneys shall  
4 be paid or turned over to and held by the Director, as  
5 ex-officio custodian of the clearing account, the unemployment  
6 trust fund account and the benefit account, and by the State  
7 Treasurer, as ex-officio custodian of the special  
8 administrative account, separate and apart from all public  
9 moneys or funds of this State, as hereinafter provided. Such  
10 moneys shall be administered by the Director exclusively for  
11 the purposes of this Act.

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

15 The State Treasurer shall be liable on his general official  
16 bond for the faithful performance of his duties in connection  
17 with the moneys in the special administrative account provided  
18 for under this Act. Such liability on his official bond shall  
19 exist in addition to the liability upon any separate bond given  
20 by him. All sums recovered for losses sustained by the account  
21 shall be deposited in that account.

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

30 The Treasurer shall maintain for such moneys a special  
31 administrative account. The Director shall maintain for such  
32 moneys 3 separate accounts: a clearing account, a benefit  
33 account and an unemployment trust fund account. All moneys  
34 payable under this Act (except moneys requisitioned from this  
35 State's account in the unemployment trust fund and deposited in  
36 the benefit account and moneys directed for deposit into the

1 Special Programs Fund provided for under Section 2107),  
2 including but not limited to moneys directed for transfer from  
3 the Master Bond Fund to this State's account in the  
4 unemployment trust fund, upon receipt thereof by the Director,  
5 shall be immediately deposited in the clearing account;  
6 provided, however, that, except as is otherwise provided in  
7 this Section, interest and penalties shall not be deemed a part  
8 of the clearing account but shall be transferred immediately  
9 upon clearance thereof to the special administrative account.

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

1 the unemployment trust fund such amounts, not exceeding the  
2 amounts standing to the State's account therein, as he deems  
3 necessary solely for the payment of such benefits, refunds, and  
4 funds, for a reasonable future period. The Director, as  
5 ex-officio custodian of the benefit account, which shall be  
6 kept separate and apart from all other public moneys, shall  
7 issue his checks for the payment of such benefits, refunds,  
8 health insurance and funds solely from the moneys so received  
9 into the benefit account. However, after January 1, 1987, no  
10 check shall be drawn on such benefit account unless at the time  
11 of drawing there is sufficient money in the account to pay the  
12 check. The Director shall retain in the clearing account an  
13 amount of interest and penalties equal to the amount of  
14 interest and penalties to be refunded from the benefit account.  
15 After clearance thereof, the amount so retained shall be  
16 immediately deposited by the Director, as are all other moneys  
17 in the clearing account, with the Secretary of the Treasury of  
18 the United States. If, at any time, an insufficient amount of  
19 interest and penalties is available for retention in the  
20 clearing account, no refund of interest or penalties shall be  
21 made from the benefit account until a sufficient amount is  
22 available for retention and is so retained, or until the State  
23 Treasurer, upon the direction of the Director, transfers to the  
24 Director a sufficient amount from the special administrative  
25 account, for immediate deposit in the benefit account.

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

35 Moneys in the clearing, benefit and special administrative  
36 accounts shall not be commingled with other State funds but

1 they shall be deposited as required by law and maintained in  
2 separate accounts on the books of a savings and loan  
3 association or bank.

4 No bank or savings and loan association shall receive  
5 public funds as permitted by this Section, unless it has  
6 complied with the requirements established pursuant to Section  
7 6 of "An Act relating to certain investments of public funds by  
8 public agencies", approved July 23, 1943, as now or hereafter  
9 amended.

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

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

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

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

1 against the amounts transferred to the account of this  
2 State.

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

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

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

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

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

34 (820 ILCS 405/2101) (from Ch. 48, par. 661)

35 Sec. 2101. Special administrative account. Except as

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

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

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

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

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

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

6 D. The payment of interest on refunds of erroneously paid  
7 contributions, penalties and interest pursuant to Section  
8 2201.1.

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

13 F. The payment of any costs incurred, pursuant to Section  
14 1700.1.

15 G. Beginning January 1, 1989, for the payment for the legal  
16 services authorized by subsection B of Section 802, up to  
17 \$1,000,000 per year for the representation of the individual  
18 claimants and up to \$1,000,000 per year for the representation  
19 of "small employers".

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

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

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



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

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

20           (820 ILCS 405/2101.1 new)

21       Sec. 2101.1. Mandatory transfers. Notwithstanding any  
22 other provision in Section 2101 to the contrary, no later than  
23 June 30, 2007, an amount equal to at least \$1,400,136 but not  
24 to exceed \$7,000,136 shall be transferred from the special  
25 administrative account to this State's account in the  
26 Unemployment Trust Fund. No later than June 30, 2008, and June  
27 30 of each of the three immediately succeeding calendar years,  
28 there shall be transferred from the special administrative  
29 account to this State's account in the Unemployment Trust Fund  
30 an amount at least equal to the lesser of \$1,400,000 or the  
31 unpaid principal. For purposes of this Section, the unpaid  
32 principal is the difference between \$7,000,136 and the sum of  
33 amounts, excluding interest, previously transferred pursuant  
34 to this Section. In addition to the amounts otherwise specified  
35 in this Section, each transfer shall include a payment of any

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

23 (820 ILCS 405/2107 new)

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

1 Unemployment Trust Fund established and maintained pursuant to  
2 the federal Social Security Act, as amended), shall be  
3 deposited into the Special Programs Fund, together with any  
4 moneys that may otherwise be directed for deposit into that  
5 Fund. No such moneys shall be paid or expended except upon the  
6 direction of the Director who, as ex officio custodian of the  
7 Special Programs Fund, shall expend such moneys only in  
8 accordance with the directions of the United States Department  
9 of Labor or its successor agency, as an agent of the United  
10 States Department of Labor or its successor agency. Moneys in  
11 the Special Programs Fund shall not be commingled with other  
12 State funds, but they shall be deposited as required by law and  
13 maintained in a separate account on the books of a savings and  
14 loan association, bank, or other qualified financial  
15 institution. All interest earnings on amounts within the  
16 Special Programs Fund shall accrue to the Special Programs  
17 Fund. The Director shall be liable on her or his general  
18 official bond for the faithful performance of her or his duties  
19 in connection with the moneys in the Special Programs Fund.  
20 Such liability on her or his official bond shall exist in  
21 addition to the liability upon any separate bond given by her  
22 or him. All sums recovered for losses sustained by the Special  
23 Programs Fund shall be deposited into the Fund.

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

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