



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3537

by Rep. Esther Golar

#### SYNOPSIS AS INTRODUCED:

820 ILCS 405/1500	from Ch. 48, par. 570
820 ILCS 405/1506.1	from Ch. 48, par. 576.1
820 ILCS 405/1506.6	
820 ILCS 405/1506.7 new	
820 ILCS 405/2100	from Ch. 48, par. 660

Amends the Unemployment Insurance Act. Provides for a reduction in the employer's contribution rate in the amount of 0.1% annually. Provides for a surcharge upon employers in the amount of 0.1% to be deposited into the 21st Century Workforce Development Fund.

LRB099 09387 JLS 29594 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 1500, 1506.1, 1506.6, and 2100 and by adding  
6 Section 1506.7 as follows:

7 (820 ILCS 405/1500) (from Ch. 48, par. 570)

8 Sec. 1500. Rate of contribution.

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

14 B. For the calendar years 1960 through 1983, each employer  
15 shall pay contributions equal to 2.7 percent with respect to  
16 wages for insured work paid during each such calendar year,  
17 except that the contribution rate of each employer who has  
18 incurred liability for the payment of contributions within each  
19 of the three calendar years immediately preceding the calendar  
20 year for which a rate is being determined, shall be determined  
21 as provided in Sections 1501 to 1507, inclusive.

22 For the calendar year 1984 and each calendar year  
23 thereafter, each employer shall pay contributions at a

1 percentage rate equal to the greatest of 2.7%, or 2.7%  
2 multiplied by the current adjusted State experience factor, as  
3 determined for each calendar year by the Director in accordance  
4 with the provisions of Sections 1504 and 1505, or the average  
5 contribution rate for his major classification in the Standard  
6 Industrial Code, or another classification sanctioned by the  
7 United States Department of Labor and prescribed by the  
8 Director by rule, with respect to wages for insured work paid  
9 during such year. The Director of Employment Security shall  
10 determine for calendar year 1984 and each calendar year  
11 thereafter by a method pursuant to adopted rules each  
12 individual employer's industrial code and the average  
13 contribution rate for each major classification in the Standard  
14 Industrial Code, or each other classification sanctioned by the  
15 United States Department of Labor and prescribed by the  
16 Director by rule. Notwithstanding the preceding provisions of  
17 this paragraph, the contribution rate for calendar years 1984,  
18 1985 and 1986 of each employer who has incurred liability for  
19 the payment of contributions within each of the two calendar  
20 years immediately preceding the calendar year for which a rate  
21 is being determined, and the contribution rate for calendar  
22 year 1987 and each calendar year thereafter of each employer  
23 who has incurred liability for the payment of contributions  
24 within each of the three calendar years immediately preceding  
25 the calendar year for which a rate is being determined shall be  
26 determined as provided in Sections 1501 to 1507.1, inclusive.

1 Provided, however, that the contribution rate for calendar  
2 years 1989 and 1990 of each employer who has had experience  
3 with the risk of unemployment for at least 13 consecutive  
4 months ending June 30 of the preceding calendar year shall be a  
5 rate determined in accordance with this Section or a rate  
6 determined as if it had been calculated in accordance with  
7 Sections 1501 through 1507, inclusive, whichever is greater,  
8 except that for purposes of calculating the benefit wage ratio  
9 as provided in Section 1503, such benefit wage ratio shall be a  
10 percentage equal to the total of benefit wages for the 12  
11 consecutive calendar month period ending on the above preceding  
12 June 30, divided by the total wages for insured work subject to  
13 the payment of contributions under Sections 234, 235 and 245  
14 for the same period and provided, further, however, that the  
15 contribution rate for calendar year 1991 and for each calendar  
16 year thereafter of each employer who has had experience with  
17 the risk of unemployment for at least 13 consecutive months  
18 ending June 30 of the preceding calendar year shall be a rate  
19 determined in accordance with this Section or a rate determined  
20 as if it had been calculated in accordance with Sections 1501  
21 through 1507.1, inclusive, whichever is greater, except that  
22 for purposes of calculating the benefit ratio as provided in  
23 Section 1503.1, such benefit ratio shall be a percentage equal  
24 to the total of benefit charges for the 12 consecutive calendar  
25 month period ending on the above preceding June 30, multiplied  
26 by the benefit conversion factor applicable to such year,

1 divided by the total wages for insured work subject to the  
2 payment of contributions under Sections 234, 235 and 245 for  
3 the same period.

4 B-1. Notwithstanding any other provision of this Section,  
5 for calendar year 2015 and each calendar year thereafter, an  
6 employer's contribution rate as determined pursuant to  
7 subsection B shall be reduced by 0.1% absolute. This amendatory  
8 Act of the 99th General Assembly has no effect on the fund  
9 building rate determined pursuant to Section 1506.3 or fund  
10 building receipts attributable to the fund building rate.

11 C. Except as expressly provided in this Act, the provisions  
12 of Sections 1500 to 1510, inclusive, do not apply to any  
13 nonprofit organization for any period with respect to which it  
14 does not incur liability for the payment of contributions by  
15 reason of having elected to make payments in lieu of  
16 contributions, or to any political subdivision or municipal  
17 corporation for any period with respect to which it is not  
18 subject to payments in lieu of contributions under the  
19 provisions of paragraph 1 of Section 302C by reason of having  
20 elected to make payments in lieu of contributions under  
21 paragraph 2 of that Section or to any governmental entity  
22 referred to in clause (B) of Section 211.1. Wages paid to an  
23 individual which are subject to contributions under Section  
24 1405 A, or on the basis of which benefits are paid to him which  
25 are subject to payment in lieu of contributions under Sections  
26 1403, 1404, or 1405 B, or under paragraph 2 of Section 302C,

1 shall not become benefit wages or benefit charges under the  
2 provisions of Sections 1501 or 1501.1, respectively, except for  
3 purposes of determining a rate of contribution for 1984 and  
4 each calendar year thereafter for any governmental entity  
5 referred to in clause (B) of Section 211.1 which does not elect  
6 to make payments in lieu of contributions.

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

21 (Source: P.A. 94-301, eff. 1-1-06.)

22 (820 ILCS 405/1506.1) (from Ch. 48, par. 576.1)

23 Sec. 1506.1. Determination of Employer's Contribution  
24 Rate.

25 A. The contribution rate for any calendar year prior to

1 1991 of each employer whose contribution rate is determined as  
2 provided in Sections 1501 through 1507, inclusive, shall be  
3 determined in accordance with the provisions of this Act as  
4 amended and in effect on November 18, 2011.

5 B. (Blank).

6 C. (Blank).

7 D. (Blank).

8 E. The contribution rate for calendar year 1991 and each  
9 calendar year thereafter of each employer who has incurred  
10 liability for the payment of contributions within each of the  
11 three calendar years immediately preceding the calendar year  
12 for which a rate is being determined shall be the product  
13 obtained by multiplying the employer's benefit ratio defined by  
14 Section 1503.1 for that calendar year by the adjusted state  
15 experience factor for the same year, provided that:

16 1. Except as otherwise provided in this paragraph, an  
17 employer's minimum contribution rate shall be the greater  
18 of 0.2% or the product obtained by multiplying 0.2% by the  
19 adjusted state experience factor for the applicable  
20 calendar year. An employer's minimum contribution rate  
21 shall be 0.1% for calendar year 1996. An employer's minimum  
22 contribution rate shall be 0.0% for calendar years 2012  
23 through 2019.

24 2. An employer's maximum contribution rate shall be the  
25 greater of 6.4% or the product of 6.4% and the adjusted  
26 state experience factor for the applicable calendar year.

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

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

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

25          F. (Blank).

26          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 H. Notwithstanding any other provision of this Section, for  
8 calendar year 2015 and each calendar year thereafter, an  
9 employer's contribution rate as determined pursuant to this  
10 Section, without regard to this subsection, shall be reduced by  
11 0.1% absolute but not below 0.0%. This amendatory Act of the  
12 99th General Assembly has no effect on the fund building rate  
13 determined pursuant to Section 1506.3 or fund building receipts  
14 attributable to the fund building rate.

15 (Source: P.A. 97-621, eff. 11-18-11; 97-791, eff. 1-1-13.)

16 (820 ILCS 405/1506.6)

17 Sec. 1506.6. Surcharge; specified period. For each  
18 employer whose contribution rate for calendar year 2016 or 2018  
19 is determined pursuant to Section 1500 or 1506.1, including but  
20 not limited to an employer whose contribution rate pursuant to  
21 Section 1506.1 is 0.0%, in addition to the contribution rate  
22 established pursuant to Section 1506.3 and the surcharge  
23 established pursuant to Section 1506.7, an additional  
24 surcharge of 0.3% shall be added to the contribution rate. The  
25 surcharge established by this Section shall be due at the same

1 time as other contributions with respect to the quarter are  
2 due, as provided in Section 1400. Payments attributable to the  
3 surcharge established pursuant to this Section shall be  
4 contributions and deposited into the clearing account.

5 (Source: P.A. 97-621, eff. 11-18-11.)

6 (820 ILCS 405/1506.7 new)

7 Sec. 1506.7. Surcharge. For calendar year 2015 and each  
8 calendar year thereafter, each employer shall pay a surcharge  
9 equal to 0.1% of the total wages for insured work subject to  
10 the payment of contributions under Sections 234, 235, and 245.  
11 The surcharge established by this Section shall be due at the  
12 same time as contributions are due, as provided in Section  
13 1400. Notwithstanding any other provision to the contrary, with  
14 respect to an employer whose contribution rate, with respect to  
15 calendar year 2015 and each calendar year thereafter calculated  
16 without regard to this amendatory Act of the 99th General  
17 Assembly, would have exceeded 5.4% but for the 5.4% rate  
18 ceiling imposed pursuant to subsection A of Section 1506.3, the  
19 amount due from the employer with respect to that quarter and  
20 attributable to the surcharge established pursuant to this  
21 Section shall equal the amount, if any, by which the amount due  
22 and attributable to the 5.4% rate exceeds the amount that would  
23 have been due and attributable to the employer's rate  
24 determined pursuant to Sections 1500, 1506.1, and 1506.3.  
25 Payments received by the Department with respect to the first

1 quarter of calendar year 2015 and any calendar quarter  
2 thereafter shall, to the extent they are insufficient to pay  
3 the total amount due under this Act with respect to the  
4 quarter, be first applied to satisfy the amount due with  
5 respect to that quarter and attributable to the employer's rate  
6 determined pursuant to Sections 1500, 1506.1, 1506.3, and  
7 1506.6 and then applied to satisfy the amount due with respect  
8 to that quarter and attributable to the surcharge established  
9 pursuant to this Section. All provisions of this Act applicable  
10 to the collection or refund of any contribution due under this  
11 Act shall be applicable to the collection or refund of amounts  
12 due pursuant to this Section. Interest shall accrue with  
13 respect to amounts due pursuant to this Section to the same  
14 extent and under the same terms and conditions as provided by  
15 Section 1401 with respect to contributions.

16 (820 ILCS 405/2100) (from Ch. 48, par. 660)

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

18 A. All contributions and payments in lieu of contributions  
19 collected under this Act, including but not limited to fund  
20 building receipts and receipts attributable to the surcharges  
21 ~~surcharge~~ established pursuant to Sections ~~Section~~ 1506.5 and  
22 1506.7, together with any interest thereon; all penalties  
23 collected pursuant to this Act; any property or securities  
24 acquired through the use thereof; all moneys advanced to this  
25 State's account in the unemployment trust fund pursuant to the

1 provisions of Title XII of the Social Security Act, as amended;  
2 all moneys directed for transfer from the Master Bond Fund or  
3 the Title XII Interest Fund to this State's account in the  
4 unemployment trust fund; all moneys received from the Federal  
5 government as reimbursements pursuant to Section 204 of the  
6 Federal-State Extended Unemployment Compensation Act of 1970,  
7 as amended; all moneys credited to this State's account in the  
8 unemployment trust fund pursuant to Section 903 of the Federal  
9 Social Security Act, as amended; all administrative fees  
10 collected from individuals pursuant to Section 900 or from  
11 employing units pursuant to Section 2206.1; and all earnings of  
12 such property or securities and any interest earned upon any  
13 such moneys shall be paid or turned over to the Department and  
14 held by the Director, as ex-officio custodian of the clearing  
15 account, the unemployment trust fund account and the benefit  
16 account, and by the State Treasurer, as ex-officio custodian of  
17 the special administrative account, separate and apart from all  
18 public moneys or funds of this State, as hereinafter provided.  
19 Such moneys shall be administered by the Director exclusively  
20 for the purposes of this Act.

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

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

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

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

13 The Treasurer shall maintain for such moneys a special  
14 administrative account. The Director shall maintain for such  
15 moneys 3 separate accounts: a clearing account, a benefit  
16 account, and an unemployment trust fund account. All moneys  
17 payable under this Act (except moneys requisitioned from this  
18 State's account in the unemployment trust fund and deposited in  
19 the benefit account and moneys directed for deposit into the  
20 Special Programs Fund provided for under Section 2107),  
21 including but not limited to moneys directed for transfer from  
22 the Master Bond Fund or the Title XII Interest Fund to this  
23 State's account in the unemployment trust fund, upon receipt  
24 thereof, shall be immediately deposited in the clearing  
25 account; provided, however, that, except as is otherwise  
26 provided in this Section, interest and penalties shall not be

1 deemed a part of the clearing account but shall be transferred  
2 immediately upon clearance thereof to the special  
3 administrative account; further provided that an amount not to  
4 exceed \$90,000,000 in payments attributable to the surcharge  
5 established pursuant to Section 1506.5, including any interest  
6 thereon, shall not be deemed a part of the clearing account but  
7 shall be transferred immediately upon clearance thereof to the  
8 Title XII Interest Fund; further provided that payments  
9 attributable to the surcharge established pursuant to Section  
10 1506.7, including any interest thereon, shall not be deemed a  
11 part of the clearing account but shall be transferred  
12 immediately upon clearance thereof to the 21st Century  
13 Workforce Development Fund.

14 After clearance thereof, all other moneys in the clearing  
15 account shall be immediately deposited by the Director with the  
16 Secretary of the Treasury of the United States of America to  
17 the credit of the account of this State in the unemployment  
18 trust fund, established and maintained pursuant to the Federal  
19 Social Security Act, as amended, except fund building receipts,  
20 which shall be deposited into the Master Bond Fund. The benefit  
21 account shall consist of all moneys requisitioned from this  
22 State's account in the unemployment trust fund. The moneys in  
23 the benefit account shall be expended in accordance with  
24 regulations prescribed by the Director and solely for the  
25 payment of benefits, refunds of contributions, interest and  
26 penalties under the provisions of the Act, the payment of

1 health insurance in accordance with Section 410 of this Act,  
2 and the transfer or payment of funds to any Federal or State  
3 agency pursuant to reciprocal arrangements entered into by the  
4 Director under the provisions of Section 2700E, except that  
5 moneys credited to this State's account in the unemployment  
6 trust fund pursuant to Section 903 of the Federal Social  
7 Security Act, as amended, shall be used exclusively as provided  
8 in subsection B. For purposes of this Section only, to the  
9 extent allowed by applicable legal requirements, the payment of  
10 benefits includes but is not limited to the payment of  
11 principal on any bonds issued pursuant to the Illinois  
12 Unemployment Insurance Trust Fund Financing Act, exclusive of  
13 any interest or administrative expenses in connection with the  
14 bonds. The Director shall, from time to time, requisition from  
15 the unemployment trust fund such amounts, not exceeding the  
16 amounts standing to the State's account therein, as he deems  
17 necessary solely for the payment of such benefits, refunds, and  
18 funds, for a reasonable future period. The Director, as  
19 ex-officio custodian of the benefit account, which shall be  
20 kept separate and apart from all other public moneys, shall  
21 issue payment of such benefits, refunds, health insurance and  
22 funds solely from the moneys so received into the benefit  
23 account. However, after January 1, 1987, no payment shall be  
24 drawn on such benefit account unless at the time of drawing  
25 there is sufficient money in the account to make the payment.  
26 The Director shall retain in the clearing account an amount of

1 interest and penalties equal to the amount of interest and  
2 penalties to be refunded from the benefit account. After  
3 clearance thereof, the amount so retained shall be immediately  
4 deposited by the Director, as are all other moneys in the  
5 clearing account, with the Secretary of the Treasury of the  
6 United States. If, at any time, an insufficient amount of  
7 interest and penalties is available for retention in the  
8 clearing account, no refund of interest or penalties shall be  
9 made from the benefit account until a sufficient amount is  
10 available for retention and is so retained, or until the State  
11 Treasurer, upon the direction of the Director, transfers to the  
12 Director a sufficient amount from the special administrative  
13 account, for immediate deposit in the benefit account.

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

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



1 association or bank.

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

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

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

26 2. Limits the period within which such moneys may be

1 obligated to a period ending not more than 2 years after  
2 the date of the enactment of the appropriation law; and

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

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

18 Moneys appropriated as provided herein for the payment of  
19 expenses of administration shall be requisitioned by the  
20 Director as needed for the payment of obligations incurred  
21 under such appropriation. Upon requisition, such moneys shall  
22 be deposited with the State Treasurer, who shall hold such  
23 moneys, as ex-officio custodian thereof, in accordance with the  
24 requirements of Section 2103 and, upon the direction of the  
25 Director, shall make payments therefrom pursuant to such  
26 appropriation. Moneys so deposited shall, until expended,

1 remain a part of the unemployment trust fund and, if any will  
2 not be expended, shall be returned promptly to the account of  
3 this State in the unemployment trust fund.

4 C. The Governor is authorized to apply to the United States  
5 Secretary of Labor for an advance or advances to this State's  
6 account in the unemployment trust fund pursuant to the  
7 conditions set forth in Title XII of the Federal Social  
8 Security Act, as amended. The amount of any such advance may be  
9 repaid from this State's account in the unemployment trust  
10 fund.

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

15 (Source: P.A. 97-1, eff. 3-31-11; 97-621, eff. 11-18-11;  
16 97-791, eff. 1-1-13.)