



Sen. John J. Cullerton

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LRB098 16645 JLS 60495 a

1 AMENDMENT TO HOUSE BILL 4733

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4733 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the  
5 Illinois State Training and Employment Program (I-STEP) Act.

6 Section 5. Definitions. In this Act:

7 "Agreement" means a written agreement between the  
8 Department of Commerce and Economic Opportunity or the  
9 Department of Employment Security and an employer or a business  
10 association, labor organization, local workforce investment  
11 board, community college, or nonprofit corporation concerning  
12 a project and any amendments to that agreement.

13 "Base employment" means the highest number of workers  
14 employed by the employer in the last 4 completed quarters  
15 preceding the effective date of the agreement establishing the  
16 project. The Department of Employment Security shall verify an

1 employer's base employment through means including, but not  
2 limited to, wage reports submitted pursuant to the Unemployment  
3 Insurance Act.

4 "Business association" means an organization formed under  
5 Section 501(c)(6) of the Internal Revenue Code or a generally  
6 recognized entity or organization that represents the  
7 interests of multiple businesses in Illinois.

8 "Community college" means a community college as defined in  
9 Section 1-2 of the Public Community College Act.

10 "Credit" or "I-STEP Credit" means an amount agreed to in an  
11 agreement with an employer under this Act that does not exceed  
12 the Incremental Income Tax attributable to the employer's  
13 project.

14 "Employer" means a for-profit, legal entity, including,  
15 but not limited to, a sole proprietorship, partnership,  
16 corporation, joint venture, association, or cooperative, that  
17 has in its employ one or more individuals performing services  
18 for it.

19 "Federal minimum wage" means the minimum wage as defined by  
20 the federal Fair Labor Standards Act (29 U.S.C. 201 et seq.).

21 "Full-time, permanent job" means a job in which the  
22 employee works for the employer at a rate of at least 35 hours  
23 per week.

24 "I-STEP Fund" means the fund established in Section 20 of  
25 this Act.

26 "Incremental income tax" means the total amount withheld

1 during the taxable year under Article 7 of the Illinois Income  
2 Tax Act from the compensation paid to employees in new jobs  
3 that are the subject of an agreement.

4 "Labor organization" means an organization defined as a  
5 "labor organization" under the National Labor Relations Act.

6 "New job" means a full-time, permanent job located in this  
7 State that meets all of the following:

8 (1) The job results in a net increase in the base  
9 employment in this State for the employer.

10 (2) The job is not being filled or refilled as a result  
11 of a layoff or to replace an employee who is or has been on  
12 strike or locked out by the employer.

13 (3) The job is not a job that existed in the employer's  
14 business within this State within the last 4 completed  
15 quarters preceding the effective date of the agreement.

16 (4) The wage paid for the job is equal to or exceeds  
17 175% of the federal minimum wage on the effective date of  
18 the agreement.

19 (5) The employer has posted the job on the  
20 IllinoisJobLink.com System or its successor system for at  
21 least 2 weeks preceding the effective date of the agreement  
22 and did not locate an individual who has the requisite  
23 expertise, experience, and background, except that this  
24 requirement does not apply if either (i) the job would be  
25 covered by a collective bargaining agreement between the  
26 employer and a labor organization that includes provisions

1           concerning hiring or training or (ii) the employer does not  
2           have employees performing services in this State as of the  
3           effective date of the agreement.

4           A new job may not be filled by a child, grandchild, parent,  
5           or spouse, other than a spouse who is legally separated from  
6           the individual, of any individual who has a direct or indirect  
7           ownership interest of at least 5% in the profits, capital, or  
8           value of the employer.

9           "Program costs" means all necessary and incidental costs of  
10          providing program services in connection with a project,  
11          including administrative costs.

12          "Program services" includes, but is not limited to, any of  
13          the following items needed to hire or train a worker for a new  
14          job:

15               (1) Training or retraining including, but not limited  
16               to, training or retraining provided by apprenticeship and  
17               training programs approved by and registered with the  
18               United States Department of Labor's Bureau of  
19               Apprenticeship and Training.

20               (2) Adult basic education and job-related instruction.

21               (3) Developmental, readiness, and remedial education.

22               (4) Vocational and skill-assessment services and  
23               testing.

24               (5) Training facilities, equipment, materials, and  
25               supplies.

26          "Project" means an arrangement for program services that

1 are the subject of an agreement entered into under this Act.

2 Section 10. Agreement.

3 (a) The Director of Commerce and Economic Opportunity and  
4 the Director of Employment Security shall each have the power  
5 to enter into an agreement to establish a project with an  
6 employer. The agreement may be directly with an employer or  
7 with a business association, labor organization, local  
8 workforce investment board, community college, or nonprofit  
9 corporation acting on behalf of an employer. The Directors of  
10 Commerce and Economic Opportunity and Employment Security may  
11 consult with the I-STEP Panel before entering into an  
12 agreement.

13 (b) An agreement shall, at a minimum:

14 (1) State the project's total program costs.

15 (2) State that the employer may use the I-STEP Credit  
16 pursuant to Section 15 to reimburse up to 75% of the  
17 project's total program costs. If the Department of  
18 Employment Security or the Department of Commerce and  
19 Economic Opportunity determines that the project will  
20 reduce long-term unemployment in the State, the agreement  
21 shall state that the employer may use the I-STEP Credit to  
22 reimburse up to 100% of the project's total program costs.

23 (3) Describe the program services to be provided.

24 (4) Specify the number of new jobs covered by the  
25 project.

1           (5) Include a certification by the employer that it  
2 shall (i) offer to assume the collective bargaining  
3 obligations of a prior employer, including any existing  
4 collective bargaining agreement with the bargaining  
5 representative of any existing collective bargaining unit  
6 or units performing substantially similar work to the work  
7 being performed by any employee in a new job and (ii) offer  
8 employment to all employees currently employed in any  
9 existing bargaining unit performing substantially similar  
10 work to the work being performed by any employee in a new  
11 job.

12           (6) Include a provision that fixes the maximum amount  
13 of I-STEP Credit for the reimbursement of program costs for  
14 each taxable year.

15           (7) Specify the duration of the I-STEP Credit and the  
16 first taxable year for which the Credit may be claimed.

17           (8) Require that an employer shall at all times keep  
18 proper books of record and account, in accordance with  
19 generally accepted accounting principles consistently  
20 applied, with the books, records, or papers related to the  
21 agreement in the custody or control of the employer open  
22 for reasonable inspection and audits by the Department of  
23 Commerce and Economic Opportunity and Department of  
24 Employment Security and including, without limitation, the  
25 making of copies of the books, records, or papers and the  
26 inspection or appraisal of any of the employer or project

1 assets related to the project.

2 (9) Indicate the amount of administrative costs that  
3 the employer will be required to deposit into the I-STEP  
4 Fund.

5 (10) Contain other provisions the Department of  
6 Commerce and Economic Opportunity and Department of  
7 Employment Security consider appropriate or necessary.

8 (c) The administrative costs of the Department of Commerce  
9 and Economic Opportunity with respect to each project shall not  
10 exceed 5% of the program costs. The Department of Employment  
11 Security's administrative costs with respect to each project  
12 shall not exceed 5% of the program costs. In the case of an  
13 agreement between the Department of Commerce and Economic  
14 Opportunity or the Department of Employment Security and a  
15 business association, labor organization, local workforce  
16 investment board, community college, or nonprofit corporation  
17 acting on behalf of an employer, the administrative costs of  
18 the business association, labor organization, local workforce  
19 investment board, community college, or nonprofit corporation  
20 shall not exceed 5% of the program costs and shall be in  
21 addition to the program costs of the Department of Commerce and  
22 Economic Opportunity and the Department of Employment  
23 Security.

24 (d) The Department of Commerce and Economic Opportunity and  
25 the Department of Employment Security shall annually report to  
26 the General Assembly, no later than December 31, on the new

1 jobs created and amount of credits for which employers have  
2 been certified as eligible pursuant to this Act.

3 (e) A summary of each agreement shall be posted on the  
4 website maintained pursuant to the Corporate Accountability  
5 for Tax Expenditures Act.

6 Section 15. I-STEP Credit.

7 (a) Subject to the conditions set forth in this Act, for  
8 any taxable year ending on or after December 31, 2014, an  
9 employer is entitled to a credit against its obligation to pay  
10 over withholding under Section 704A of the Illinois Income Tax  
11 Act, if the employer is awarded a Credit under this Act for  
12 that taxable year.

13 (b) The duration of the credit may not exceed 10 taxable  
14 years. The credit may be stated as a percentage of the  
15 incremental income tax attributable to the employer's project  
16 and shall include a fixed dollar limitation that shall not  
17 exceed the amount calculated pursuant to paragraph (2) of  
18 subsection (b) of Section 10.

19 (c) An employer claiming a credit under this Act shall  
20 submit to the Department of Revenue a copy of the certificate  
21 of verification under this Act for the taxable year. However,  
22 failure to submit a copy of the certificate with the employer's  
23 tax return shall not invalidate a claim for a credit.

24 (d) For an employer to be eligible for a certificate of  
25 verification, the employer shall provide proof as required by



1 the Department of Commerce and Economic Opportunity or the  
2 Department of Employment Security prior to the end of each  
3 calendar year including, but not limited to, attestation by the  
4 employer:

5 (1) regarding the number of new jobs specified in its  
6 agreement and into which it has hired employees;

7 (2) that employees received the program services  
8 specified in the agreement; and

9 (3) regarding the amount of program costs incurred by  
10 the employer with respect to those new jobs.

11 (e) For a certificate of verification to be valid, it shall  
12 be signed by the Director of Commerce and Economic Opportunity  
13 or the Director of Employment Security.

14 Section 20. I-STEP Fund.

15 (a) There is established in the State treasury a special  
16 fund to be known as the I-STEP Fund.

17 (b) Money received, earned, or collected pursuant to this  
18 Act shall be credited to the I-STEP Fund. All interest earnings  
19 on amounts within the I-STEP Fund shall accrue to the I-STEP  
20 Fund. The I-STEP Fund may include such funds and accounts as  
21 are necessary for the implementation and administration of this  
22 Act. All sums recovered for losses sustained by the I-STEP Fund  
23 shall be deposited into the I-STEP Fund.

24 (c) Moneys may be paid or expended from the I-STEP Fund for  
25 the payment of administrative costs associated with projects

1 established pursuant to this Act.

2 (d) Any payments or expenditures from the I-STEP Fund,  
3 other than administrative costs associated with projects  
4 established pursuant to this Act, shall require the approval of  
5 both the Director of Employment Security and the Director of  
6 Commerce and Economic Opportunity.

7 Section 25. I-STEP Panel.

8 (a) There is created the I-STEP Panel. The I-STEP Panel  
9 shall consist of the Director of Commerce and Economic  
10 Opportunity and the Director of Employment Security, who shall  
11 serve as co-chairpersons, and 11 members who shall be appointed  
12 by the Governor with the advice and consent of the Senate.

13 (b) The members of the I-STEP Panel shall include a  
14 representative from each of the following businesses and  
15 groups: manufacturing, small business, a local or State  
16 business association or chamber of commerce, building and  
17 construction trades unions, a labor organization representing  
18 workers engaged in manufacturing, a labor organization  
19 representing workers engaged in service professions, a  
20 not-for-profit corporation providing workforce training, a  
21 community college, and a local workforce investment board.  
22 There shall be 2 at-large voting members who reside within  
23 counties or municipalities that have had an annual average  
24 unemployment rate of at least 120% of the State's annual  
25 average unemployment rate as reported by Department of

1 Employment Security for the 5 years preceding the date of  
2 appointment. All appointments shall be made in a geographically  
3 diverse manner.

4 (c) For the initial appointments to the I-STEP Panel, 5  
5 members shall be appointed to serve a 2-year term and 6 members  
6 shall be appointed to serve a 4-year term. Thereafter, all  
7 appointments shall be for terms of 4 years. The initial term of  
8 appointed members shall commence on January 1, 2015.  
9 Thereafter, the terms of appointed members shall commence on  
10 January 1, except in the case of an appointment to fill a  
11 vacancy. Vacancies occurring among the members shall be filled  
12 in the same manner as the original appointment for the  
13 remainder of the unexpired term. For a vacancy occurring when  
14 the Senate is not in session, the Governor may make a temporary  
15 appointment until the next meeting of the Senate when a person  
16 shall be nominated to fill the office, and, upon confirmation  
17 by the Senate, he or she shall hold office during the remainder  
18 of the term. A vacancy in membership does not impair the  
19 ability of a quorum to exercise all rights and perform all  
20 duties of the I-STEP Panel. A member is eligible for  
21 reappointment.

22 (d) The I-STEP Panel shall advise the Department of  
23 Commerce and Economic Opportunity and Department of Employment  
24 Security on the implementation and administration of this Act.

25 (e) Members of the I-STEP Panel shall serve without  
26 compensation, but shall be reimbursed for any necessary

1 expenses from funds appropriated for that purpose.

2 Section 30. Powers of the Departments. In addition to those  
3 powers granted under the Civil Administrative Code of Illinois,  
4 the Department of Commerce and Economic Opportunity and the  
5 Department of Employment Security are granted and shall have  
6 all the powers necessary or convenient to carry out and  
7 effectuate the purposes and provisions of this Act. These  
8 powers shall include, but are not limited to, power and  
9 authority to:

10 (1) Jointly promulgate procedures or rules necessary  
11 and appropriate for the administration of this Act,  
12 establish forms for applications, notifications,  
13 contracts, or any other agreements, and accept  
14 applications at any time during the year.

15 (2) Establish, negotiate, and effectuate any term,  
16 agreement, or other document with any person necessary or  
17 appropriate to accomplish the purposes of this Act, and to  
18 consent, subject to the provisions of any agreement with  
19 another party, to the modification or restructuring of any  
20 agreement made pursuant to this Act to which the Department  
21 of Commerce and Economic Opportunity or the Department of  
22 Employment Security is a party.

23 (3) Fix, determine, charge, and collect any premiums,  
24 fees, charges, costs, and expenses from employers,  
25 including, without limitation, application fees,

1       commitment fees, program fees, financing charges, or  
2       publication fees, deemed appropriate to pay expenses  
3       necessary or incident to the (i) administration, staffing,  
4       or operation in connection with the Department of Commerce  
5       and Economic Opportunity's or the Department of Employment  
6       Security's activities under this Act, (ii) preparation,  
7       implementation, and enforcement of the terms of the  
8       agreement, or (iii) consultation, advisory and legal fees  
9       and other costs; however, all fees and expenses incident  
10      thereto shall be the responsibility of the employer.

11       (4) Provide for sufficient personnel to permit  
12      administration, staffing, operation, and related support  
13      required to adequately discharge its duties and  
14      responsibilities described in this Act from funds made  
15      available for that purpose.

16       (5) Gather information and conduct inquiries, in the  
17      manner and by methods as deemed desirable including,  
18      without limitation, gathering information with respect to  
19      employers for the purpose of making any designations or  
20      certifications necessary or desirable or to gather  
21      information to assist the I-STEP Panel with any  
22      recommendation or guidance in the furtherance of the  
23      purposes of this Act.

24       Section 80. The Public Employment Office Act is amended by  
25      changing Section 7 as follows:

1 (20 ILCS 1015/7) (from Ch. 48, par. 183)

2 Sec. 7. No fee or compensation shall be charged or received  
3 directly or indirectly from persons applying for employment or  
4 help through said free employment offices, and any officer or  
5 employee of the Department of Employment Security who shall  
6 accept, directly or indirectly any fee or compensation from any  
7 applicant or from his or her representative shall be guilty of  
8 a Class C misdemeanor, except that this Section does not  
9 prohibit referral of an individual to an apprenticeship program  
10 that is approved by and registered with the United States  
11 Department of Labor, Bureau of Apprenticeship and Training and  
12 charges an application fee of \$50 or less.

13 (Source: P.A. 83-1503.)

14 Section 85. The State Finance Act is amended by adding  
15 Section 5.855 as follows:

16 (30 ILCS 105/5.855 new)

17 Sec. 5.855. The I-STEP Fund.

18 Section 90. The Unemployment Insurance Act is amended by  
19 changing Sections 206.1, 225, 245, 500, 611, 702, 1402, 1500,  
20 1506.1, 2101, 2201, 2201.1, and 2401 and by adding Sections 502  
21 and 1402.1 as follows:

1 (820 ILCS 405/206.1)

2 Sec. 206.1. Employment; employee leasing company.

3 A. For purposes of this Section:

4 1. "Client" means an individual or entity which has  
5 contracted with an employee leasing company to supply it  
6 with or assume responsibility for personnel management of  
7 one or more workers to perform services on an on-going  
8 basis rather than under a temporary help arrangement, as  
9 defined in Section 15 of the Employee Leasing Company Act.

10 2. "Employee leasing company" means an individual or  
11 entity which contracts with a client to supply or assume  
12 responsibility for personnel management of one or more  
13 workers to perform services for the client on an on-going  
14 basis rather than under a temporary help arrangement, as  
15 defined in Section 15 of the Employee Leasing Company Act.

16 B. Subject to subsection C, services performed by an  
17 individual under a contract between an employee leasing company  
18 and client, including but not limited to services performed in  
19 the capacity of a corporate officer of the client, are services  
20 in "employment" of the employee leasing company and are not  
21 services in "employment" of the client if all of the following  
22 conditions are met:

23 1. The employee leasing company pays the individual for  
24 the services directly from its own accounts; and

25 2. The employee leasing company, exclusively or in  
26 conjunction with the client, retains the right to direct

1 and control the individual in the performance of the  
2 services; and

3 3. The employee leasing company, exclusively or in  
4 conjunction with the client, retains the right to hire and  
5 terminate the individual; and

6 4. The employee leasing company reports each client in  
7 the manner the Director prescribes by regulation; ~~and~~

8 5. The employee leasing company has provided, and there  
9 remains in effect, such irrevocable indemnification, as  
10 the Director may require by rule, to create a primary  
11 obligation on the part of the provider to the Illinois  
12 Department of Employment Security for obligations of the  
13 employee leasing company accrued and final under this Act.  
14 The rule may prescribe the form the indemnification shall  
15 take including, but not limited to, a surety bond or an  
16 irrevocable standby letter of credit. The obligation  
17 required pursuant to the rule shall not exceed \$1,000,000.

18 C. Notwithstanding subsection B, services performed by an  
19 individual under a contract between an employee leasing company  
20 and client, including but not limited to services performed in  
21 the capacity of a corporate officer of the client, are services  
22 in "employment" of the client and are not services in  
23 "employment" of the employee leasing company if:

24 1. The contribution rate, or, where applicable, the  
25 amended contribution rate, of the client is greater than  
26 the sum of the fund building rate established for the year



1           pursuant to Section 1506.3 of this Act plus the greater of  
2           2.7% or 2.7% times the adjusted state experience factor for  
3           the year; and

4           2. The contribution rate, or, where applicable, the  
5           amended contribution rate, of the employee leasing company  
6           is less than the contribution rate, or, where applicable,  
7           the amended contribution rate of the client by more than  
8           1.5% absolute.

9           D. Except as provided in this Section and notwithstanding  
10          any other provision of this Act to the contrary, services  
11          performed by an individual under a contract between an employee  
12          leasing company and client, including but not limited to  
13          services performed in the capacity of a corporate officer of  
14          the client, are services in "employment" of the client and are  
15          not services in "employment" of the employee leasing company.

16          E. Nothing in this Section shall be construed or used to  
17          effect the existence of an employment relationship other than  
18          for purposes of this Act.

19          (Source: P.A. 91-890, eff. 7-6-00.)

20                 (820 ILCS 405/225) (from Ch. 48, par. 335)

21          Sec. 225. This Section, and not Section 212 of this Act,  
22          controls the determination of employment status for services  
23          performed by individuals in the delivery or distribution of  
24          newspapers or shopping news.

25                 (A) The term "employment" shall not include services

1 performed by an individual under the age of eighteen in the  
2 delivery or distribution of newspapers or shopping news.

3 (B) The term "employment" does not include the performance  
4 of freelance editorial or photographic work for a newspaper.

5 (B-5) The employment status of individuals engaged in the  
6 delivery of newspapers or shopping news shall be determined as  
7 provided in this subsection. The term "employment" does not  
8 include the delivery or distribution of newspapers or shopping  
9 news if at least one of the following 4 elements is present:

10 (1) The individual performing the services gains the  
11 profits and bears the losses of the services.

12 (2) The person or firm for whom the services are  
13 performed does not represent the individual as an employee  
14 to its customers.

15 (3) The individual hires his or her own helpers or  
16 employees, without the need for approval from the person or  
17 firm for whom the services are performed, and pays them  
18 without reimbursement from that person or firm.

19 (4) Once the individual leaves the premises of the  
20 person or firm for whom the services are performed or the  
21 printing plant, the individual operates free from the  
22 direction and control of the person or firm, except as is  
23 necessary for the person or firm to ensure quality control  
24 of the newspapers or shopping news, including, but not  
25 limited to, the condition of the newspapers or shopping  
26 news upon delivery and the location and timing of delivery

1       of the newspapers or shopping news.

2       (C) Notwithstanding subsection (B-5), the ~~The~~ term  
3 "employment" does not include the delivery or distribution of  
4 newspapers or shopping news to the ultimate consumer if:

5           (1) substantially all of the remuneration for the  
6 performance of the services is directly related to sales,  
7 "per piece" fees, or other output, rather than to the  
8 number of hours worked; and

9           (2) the services are performed under a written contract  
10 between the individual and the person or firm for whom the  
11 services are performed, and the contract provides that the  
12 individual will not be treated as an employee for federal  
13 tax purposes.

14          (3) Delivery or distribution to the ultimate consumer  
15 does not include:

16           (i) delivery or distribution for sale or resale,  
17 including, but not limited to, distribution to a  
18 newsrack or newsbox, salesperson, newsstand or retail  
19 establishment;

20           (ii) distribution for further distribution,  
21 regardless of subsequent sale or resale.

22       (D) Subsections (B-5) and ~~Subsection~~ (C) shall not apply in  
23 the case of any individual who provides delivery or  
24 distribution services for a newspaper pursuant to the terms of  
25 a collective bargaining agreement and shall not be construed to  
26 alter or amend the application or interpretation of any

1 existing collective bargaining agreement. Further, subsections  
2 (B-5) and ~~subsection~~ (C) shall not be construed as evidence of  
3 the existence or non-existence of an employment relationship  
4 under any other Sections of this Act or other existing laws.

5 (E) Subsections (B), (B-5), and (C) shall not apply to  
6 services that are required to be covered as a condition of  
7 approval of this Act by the United States Secretary of Labor  
8 under Section 3304 (a)(6)(A) of the Federal Unemployment Tax  
9 Act.

10 (Source: P.A. 87-1178.)

11 (820 ILCS 405/245) (from Ch. 48, par. 370)

12 Sec. 245. Coordination with Federal Unemployment Tax Act.  
13 Notwithstanding any provisions of this Act to the contrary,  
14 excepting the exemptions from the definition of employment  
15 contained in Sections 212.1, 217.1, 217.2, 226, and 231 and  
16 subsections (B), (B-5), and (C) ~~B and C~~ of Section 225:

17 A. The term "employer" includes any employing unit which is  
18 an "employer" under the provisions of the Federal Unemployment  
19 Tax Act, or which is required, pursuant to such Act, to be an  
20 "employer" under this Act as a condition for the Federal  
21 approval of this Act requisite to the full tax credit, against  
22 the tax imposed by the Federal Act, for contributions paid by  
23 employers pursuant to this Act.

24 B. The term "employment" includes any services performed  
25 within the State which constitute "employment" under the

1 provisions of the Federal Unemployment Tax Act, or which are  
2 required, pursuant to such Act, to be "employment" under this  
3 Act as a condition for the Federal approval of this Act  
4 requisite to the full tax credit, against the tax imposed by  
5 the Federal Act, for contributions paid by employers pursuant  
6 to this Act.

7 C. The term "wages" includes any remuneration for services  
8 performed within this State which is subject to the payment of  
9 taxes under the provisions of the Federal Unemployment Tax Act.  
10 (Source: P.A. 89-252, eff. 8-8-95; 89-649, eff. 8-9-96.)

11 (820 ILCS 405/500) (from Ch. 48, par. 420)

12 Sec. 500. Eligibility for benefits. An unemployed  
13 individual shall be eligible to receive benefits with respect  
14 to any week only if the Director finds that:

15 A. He has registered for work at and thereafter has  
16 continued to report at an employment office in accordance with  
17 such regulations as the Director may prescribe, except that the  
18 Director may, by regulation, waive or alter either or both of  
19 the requirements of this subsection as to individuals attached  
20 to regular jobs, and as to such other types of cases or  
21 situations with respect to which he finds that compliance with  
22 such requirements would be oppressive or inconsistent with the  
23 purposes of this Act, provided that no such regulation shall  
24 conflict with Section 400 of this Act.

25 B. He has made a claim for benefits with respect to such

1 week in accordance with such regulations as the Director may  
2 prescribe.

3 C. He is able to work, and is available for work; provided  
4 that during the period in question he was actively seeking work  
5 and he has certified such. Whenever requested to do so by the  
6 Director, the individual shall, in the manner the Director  
7 prescribes by regulation, inform the Department of the places  
8 at which he has sought work during the period in question.  
9 Nothing in this subsection shall limit the Director's approval  
10 of alternate methods of demonstrating an active search for work  
11 based on regular reporting to a trade union office.

12 1. If an otherwise eligible individual is unable to  
13 work or is unavailable for work on any normal workday of  
14 the week, he shall be eligible to receive benefits with  
15 respect to such week reduced by one-fifth of his weekly  
16 benefit amount for each day of such inability to work or  
17 unavailability for work. For the purposes of this  
18 paragraph, an individual who reports on a day subsequent to  
19 his designated report day shall be deemed unavailable for  
20 work on his report day if his failure to report on that day  
21 is without good cause, and on each intervening day, if any,  
22 on which his failure to report is without good cause. As  
23 used in the preceding sentence, "report day" means the day  
24 which has been designated for the individual to report to  
25 file his claim for benefits with respect to any week. This  
26 paragraph shall not be construed so as to effect any change

1 in the status of part-time workers as defined in Section  
2 407.

3 2. An individual shall be considered to be unavailable  
4 for work on days listed as whole holidays in "An Act to  
5 revise the law in relation to promissory notes, bonds, due  
6 bills and other instruments in writing," approved March 18,  
7 1874, as amended; on days which are holidays in his  
8 religion or faith, and on days which are holidays according  
9 to the custom of his trade or occupation, if his failure to  
10 work on such day is a result of the holiday. In determining  
11 the claimant's eligibility for benefits and the amount to  
12 be paid him, with respect to the week in which such holiday  
13 occurs, he shall have attributed to him as additional  
14 earnings for that week an amount equal to one-fifth of his  
15 weekly benefit amount for each normal work day on which he  
16 does not work because of a holiday of the type above  
17 enumerated.

18 3. An individual shall be deemed unavailable for work  
19 if, after his separation from his most recent employing  
20 unit, he has removed himself to and remains in a locality  
21 where opportunities for work are substantially less  
22 favorable than those in the locality he has left.

23 4. An individual shall be deemed unavailable for work  
24 with respect to any week which occurs in a period when his  
25 principal occupation is that of a student in attendance at,  
26 or on vacation from, a public or private school.

1           5. Notwithstanding any other provisions of this Act, an  
2 individual shall not be deemed unavailable for work or to  
3 have failed actively to seek work, nor shall he be  
4 ineligible for benefits by reason of the application of the  
5 provisions of Section 603, with respect to any week,  
6 because he is enrolled in and is in regular attendance at a  
7 training course approved for him by the Director:

8           (a) but only if, with respect to that week, the  
9 individual presents, upon request, to the claims  
10 adjudicator referred to in Section 702 a statement  
11 executed by a responsible person connected with the  
12 training course, certifying that the individual was in  
13 full-time attendance at such course during the week.  
14 The Director may approve such course for an individual  
15 only if he finds that (1) reasonable work opportunities  
16 for which the individual is fitted by training and  
17 experience do not exist in his locality; (2) the  
18 training course relates to an occupation or skill for  
19 which there are, or are expected to be in the immediate  
20 future, reasonable work opportunities in his locality;  
21 (3) the training course is offered by a competent and  
22 reliable agency, educational institution, or employing  
23 unit; (4) the individual has the required  
24 qualifications and aptitudes to complete the course  
25 successfully; and (5) the individual is not receiving  
26 and is not eligible (other than because he has claimed



1 benefits under this Act) for subsistence payments or  
2 similar assistance under any public or private  
3 retraining program: Provided, that the Director shall  
4 not disapprove such course solely by reason of clause  
5 (5) if the subsistence payment or similar assistance is  
6 subject to reduction by an amount equal to any benefits  
7 payable to the individual under this Act in the absence  
8 of the clause. In the event that an individual's weekly  
9 unemployment compensation benefit is less than his  
10 certified training allowance, that person shall be  
11 eligible to receive his entire unemployment  
12 compensation benefits, plus such supplemental training  
13 allowances that would make an applicant's total weekly  
14 benefit identical to the original certified training  
15 allowance.

16 (b) The Director shall have the authority to grant  
17 approval pursuant to subparagraph (a) above prior to an  
18 individual's formal admission into a training course.  
19 Requests for approval shall not be made more than 30  
20 days prior to the actual starting date of such course.  
21 Requests shall be made at the appropriate unemployment  
22 office.

23 (c) The Director shall for purposes of paragraph C  
24 have the authority to issue a blanket approval of  
25 training programs implemented pursuant to the federal  
26 Workforce Investment Act of 1998 if both the training

1 program and the criteria for an individual's  
2 participation in such training meet the requirements  
3 of this paragraph C.

4 (d) Notwithstanding the requirements of  
5 subparagraph (a), the Director shall have the  
6 authority to issue blanket approval of training  
7 programs implemented under the terms of a collective  
8 bargaining agreement.

9 (e) Notwithstanding any other provision of this  
10 Act, program services implemented under the Illinois  
11 State Training and Employment Program (I-STEP) Act  
12 shall constitute training approved pursuant to this  
13 paragraph C.

14 6. Notwithstanding any other provisions of this Act, an  
15 individual shall not be deemed unavailable for work or to  
16 have failed actively to seek work, nor shall he be  
17 ineligible for benefits, by reason of the application of  
18 the provisions of Section 603 with respect to any week  
19 because he is in training approved under Section 236 (a) (1)  
20 of the federal Trade Act of 1974, nor shall an individual  
21 be ineligible for benefits under the provisions of Section  
22 601 by reason of leaving work voluntarily to enter such  
23 training if the work left is not of a substantially equal  
24 or higher skill level than the individual's past adversely  
25 affected employment as defined under the federal Trade Act  
26 of 1974 and the wages for such work are less than 80% of

1 his average weekly wage as determined under the federal  
2 Trade Act of 1974.

3 D. If his benefit year begins prior to July 6, 1975 or  
4 subsequent to January 2, 1982, he has been unemployed for a  
5 waiting period of 1 week during such benefit year. If his  
6 benefit year begins on or after July 6, 1975, but prior to  
7 January 3, 1982, and his unemployment continues for more than  
8 three weeks during such benefit year, he shall be eligible for  
9 benefits with respect to each week of such unemployment,  
10 including the first week thereof. An individual shall be deemed  
11 to be unemployed within the meaning of this subsection while  
12 receiving public assistance as remuneration for services  
13 performed on work projects financed from funds made available  
14 to governmental agencies for such purpose. No week shall be  
15 counted as a week of unemployment for the purposes of this  
16 subsection:

17 1. Unless it occurs within the benefit year which  
18 includes the week with respect to which he claims payment  
19 of benefits, provided that, for benefit years beginning  
20 prior to January 3, 1982, this requirement shall not  
21 interrupt the payment of benefits for consecutive weeks of  
22 unemployment; and provided further that the week  
23 immediately preceding a benefit year, if part of one  
24 uninterrupted period of unemployment which continues into  
25 such benefit year, shall be deemed (for the purpose of this  
26 subsection only and with respect to benefit years beginning

1 prior to January 3, 1982, only) to be within such benefit  
2 year, as well as within the preceding benefit year, if the  
3 unemployed individual would, except for the provisions of  
4 the first paragraph and paragraph 1 of this subsection and  
5 of Section 605, be eligible for and entitled to benefits  
6 for such week.

7 2. If benefits have been paid with respect thereto.

8 3. Unless the individual was eligible for benefits with  
9 respect thereto except for the requirements of this  
10 subsection and of Section 605.

11 E. With respect to any benefit year beginning prior to  
12 January 3, 1982, he has been paid during his base period wages  
13 for insured work not less than the amount specified in Section  
14 500E of this Act as amended and in effect on October 5, 1980.  
15 With respect to any benefit year beginning on or after January  
16 3, 1982, he has been paid during his base period wages for  
17 insured work equal to not less than \$1,600, provided that he  
18 has been paid wages for insured work equal to at least \$440  
19 during that part of his base period which does not include the  
20 calendar quarter in which the wages paid to him were highest.

21 F. During that week he has participated in reemployment  
22 services to which he has been referred, including but not  
23 limited to job search assistance services, pursuant to a  
24 profiling system established by the Director by rule in  
25 conformity with Section 303(j)(1) of the federal Social  
26 Security Act, unless the Director determines that:

1           1. the individual has completed such services; or

2           2. there is justifiable cause for the claimant's  
3 failure to participate in such services.

4           This subsection F is added by this amendatory Act of 1995  
5 to clarify authority already provided under subsections A and C  
6 in connection with the unemployment insurance claimant  
7 profiling system required under subsections (a)(10) and (j)(1)  
8 of Section 303 of the federal Social Security Act as a  
9 condition of federal funding for the administration of the  
10 Unemployment Insurance Act.

11           (Source: P.A. 92-396, eff. 1-1-02.)

12           (820 ILCS 405/502 new)

13           Sec. 502. Eligibility for benefits under the Short-Time  
14 Compensation Program.

15           A. The Director may by rule establish a short-time  
16 compensation program consistent with this Section. No  
17 short-time compensation shall be payable except as authorized  
18 by rule.

19           B. As used in this Section:

20           "Affected unit" means a specified plant, department,  
21 shift, or other definable unit that includes 2 or more workers  
22 to which an approved short-time compensation plan applies.

23           "Health and retirement benefits" means employer-provided  
24 health benefits and retirement benefits under a defined benefit  
25 pension plan (as defined in Section 414(j) of the Internal

1 Revenue Code) or contributions under a defined contribution  
2 plan (defined in Section 414(i) of the Internal Revenue Code),  
3 which are incidents of employment in addition to the cash  
4 remuneration earned.

5 "Short-time compensation" means the unemployment benefits  
6 payable to employees in an affected unit under an approved  
7 short-time compensation plan, as distinguished from the  
8 unemployment benefits otherwise payable under this Act.

9 "Short-time compensation plan" means a plan submitted by an  
10 employer, for approval by the Director, under which the  
11 employer requests the payment of short-time compensation to  
12 workers in an affected unit of the employer to avert layoffs.

13 "Usual weekly hours of work" means the usual hours of work  
14 for full-time or part-time employees in the affected unit when  
15 that unit is operating on its regular basis, not to exceed 40  
16 hours and not including hours of overtime work.

17 "Unemployment insurance" means the unemployment benefits  
18 payable under this Act other than short-time compensation and  
19 includes any amounts payable pursuant to an agreement under any  
20 Federal law providing for compensation, assistance, or  
21 allowances with respect to unemployment.

22 C. An employer wishing to participate in the short-time  
23 compensation program shall submit a signed written short-time  
24 compensation plan to the Director for approval. The Director  
25 shall develop an application form to request approval of a  
26 short-time compensation plan and an approval process. The

1 application shall include:

2 1. The employer's unemployment insurance account  
3 number, the affected unit covered by the plan, including  
4 the number of full-time or part-time workers in such unit,  
5 the percentage of workers in the affected unit covered by  
6 the plan, identification of each individual employee in the  
7 affected unit by name and social security number, and any  
8 other information required by the Director to identify plan  
9 participants.

10 2. A description of how workers in the affected unit  
11 will be notified of the employer's participation in the  
12 short-time compensation plan if such application is  
13 approved, including how the employer will notify those  
14 workers in a collective bargaining unit as well as any  
15 workers in the affected unit who are not in a collective  
16 bargaining unit. If the employer will not provide advance  
17 notice to workers in the affected unit, the employer shall  
18 explain in a statement in the application why it is not  
19 feasible to provide such notice.

20 3. The employer's certification that it has the  
21 approval of the plan from all collective bargaining  
22 representatives of employees in the affected unit and has  
23 notified all employees in the affected unit who are not in  
24 a collective bargaining unit of the plan.

25 4. The employer's certification that it will not hire  
26 additional part-time or full-time employees for, or

1       transfer employees to, the affected unit, while the program  
2       is in operation.

3           5. A requirement that the employer identify the usual  
4       weekly hours of work for employees in the affected unit and  
5       the specific percentage by which their hours will be  
6       reduced during all weeks covered by the plan. An  
7       application shall specify the percentage of reduction for  
8       which a short-time compensation application may be  
9       approved which shall be not less than 20% and not more than  
10       60%. If the plan includes any week for which the employer  
11       regularly provides no work (due to a holiday or other plant  
12       closing), then such week shall be identified in the  
13       application.

14           6. Certification by the employer that, if the employer  
15       provides health and retirement benefits to any employee  
16       whose usual weekly hours of work are reduced under the  
17       program, such benefits will continue to be provided to the  
18       employee participating in the short-time compensation  
19       program under the same terms and conditions as though the  
20       usual weekly hours of work of such employee had not been  
21       reduced or to the same extent as other employees not  
22       participating in the short-time compensation program. For  
23       defined benefit retirement plans, the hours that are  
24       reduced under the short-time compensation plan shall be  
25       credited for purposes of participation, vesting, and  
26       accrual of benefits as though the usual weekly hours of



1       work had not been reduced. The dollar amount of employer  
2       contributions to a defined contribution plan that are based  
3       on a percentage of compensation may be less due to the  
4       reduction in the employee's compensation. Notwithstanding  
5       any other provision to the contrary, a certification that a  
6       reduction in health and retirement benefits is scheduled to  
7       occur during the duration of the plan and will be  
8       applicable equally to employees who are not participating  
9       in the short-time compensation program and to those  
10       employees who are participating satisfies this paragraph.

11       7. Certification by the employer that the aggregate  
12       reduction in work hours is in lieu of layoffs (temporary or  
13       permanent layoffs, or both). The application shall include  
14       an estimate of the number of workers who would have been  
15       laid off in the absence of the short-time compensation  
16       plan.

17       8. Agreement by the employer to: furnish reports to the  
18       Director relating to the proper conduct of the plan; allow  
19       the Director or his or her authorized representatives  
20       access to all records necessary to approve or disapprove  
21       the plan application, and after approval of a plan, to  
22       monitor and evaluate the plan; and follow any other  
23       directives the Director deems necessary for the agency to  
24       implement the plan and which are consistent with the  
25       requirements for plan applications.

26       9. Certification by the employer that participation in

1       the short-time compensation plan and its implementation is  
2       consistent with the employer's obligations under  
3       applicable Federal and Illinois laws.

4           10. The effective date and duration of the plan, which  
5       shall expire no later than the end of the 12th full  
6       calendar month after the effective date.

7           11. Any other provision added to the application by the  
8       Director that the United States Secretary of Labor  
9       determines to be appropriate for purposes of a short-time  
10       compensation program.

11       D. The Director shall approve or disapprove a short-time  
12       compensation plan in writing within 45 days of its receipt and  
13       promptly communicate the decision to the employer. A decision  
14       disapproving the plan shall clearly identify the reasons for  
15       the disapproval. The disapproval shall be final, but the  
16       employer shall be allowed to submit another short-time  
17       compensation plan for approval not earlier than 30 days from  
18       the date of the disapproval.

19       E. The short-time compensation plan shall be effective on  
20       the mutually agreed upon date by the employer and the Director,  
21       which shall be specified in the notice of approval to the  
22       employer. The plan shall expire on the date specified in the  
23       notice of approval, which shall be mutually agreed on by the  
24       employer and Director but no later than the end of the 12th  
25       full calendar month after its effective date. However, if a  
26       short-time compensation plan is revoked by the Director, the

1 plan shall terminate on the date specified in the Director's  
2 written order of revocation. An employer may terminate a  
3 short-time compensation plan at any time upon written notice to  
4 the Director. Upon receipt of such notice from the employer,  
5 the Director shall promptly notify each member of the affected  
6 unit of the termination date. An employer may submit a new  
7 application to participate in another short-time compensation  
8 plan at any time after the expiration or termination date.

9 F. The Director may revoke approval of a short-time  
10 compensation plan for good cause at any time, including upon  
11 the request of any of the affected unit's employees or their  
12 collective bargaining representative. The revocation order  
13 shall be in writing and shall specify the reasons for the  
14 revocation and the date the revocation is effective. The  
15 Director may periodically review the operation of each  
16 employer's short-time compensation plan to assure that no good  
17 cause exists for revocation of the approval of the plan. Good  
18 cause shall include, but not be limited to, failure to comply  
19 with the assurances given in the plan, termination of the  
20 approval of the plan by a collective bargaining representative  
21 of employees in the affected unit, unreasonable revision of  
22 productivity standards for the affected unit, conduct or  
23 occurrences tending to defeat the intent and effective  
24 operation of the short-time compensation plan, and violation of  
25 any criteria on which approval of the plan was based.

26 G. An employer may request a modification of an approved

1 plan by filing a written request to the Director. The request  
2 shall identify the specific provisions proposed to be modified  
3 and provide an explanation of why the proposed modification is  
4 appropriate for the short-time compensation plan. The Director  
5 shall approve or disapprove the proposed modification in  
6 writing within 30 days of receipt and promptly communicate the  
7 decision to the employer. The Director, in his or her  
8 discretion, may approve a request for modification of the plan  
9 based on conditions that have changed since the plan was  
10 approved provided that the modification is consistent with and  
11 supports the purposes for which the plan was initially  
12 approved. A modification may not extend the expiration date of  
13 the original plan, and the Director must promptly notify the  
14 employer whether the plan modification has been approved and,  
15 if approved, the effective date of modification. An employer is  
16 not required to request approval of plan modification from the  
17 Director if the change is not substantial, but the employer  
18 must report every change to plan to the Director promptly and  
19 in writing. The Director may terminate an employer's plan if  
20 the employer fails to meet this reporting requirement. If the  
21 Director determines that the reported change is substantial,  
22 the Director shall require the employer to request a  
23 modification to the plan.

24 H. An individual is eligible to receive short-time  
25 compensation with respect to any week only if the individual is  
26 eligible for unemployment insurance pursuant to subsection E of

1 Section 500, not otherwise disqualified for unemployment  
2 insurance, and:

3 1. During the week, the individual is employed as a  
4 member of an affected unit under an approved short-time  
5 compensation plan, which was approved prior to that week,  
6 and the plan is in effect with respect to the week for  
7 which short-time compensation is claimed.

8 2. Notwithstanding any other provision of this Act  
9 relating to availability for work and actively seeking  
10 work, the individual is available for the individual's  
11 usual hours of work with the short-time compensation  
12 employer, which may include, for purposes of this Section,  
13 participating in training to enhance job skills that is  
14 approved by the Director, including but not limited to as  
15 employer-sponsored training or training funded under the  
16 Workforce Investment Act of 1998.

17 3. Notwithstanding any other provision of law, an  
18 individual covered by a short-time compensation plan is  
19 deemed unemployed in any week during the duration of such  
20 plan if the individual's remuneration as an employee in an  
21 affected unit is reduced based on a reduction of the  
22 individual's usual weekly hours of work under an approved  
23 short-time compensation plan.

24 I. The short-time compensation weekly benefit amount shall  
25 be the product of the percentage of reduction in the  
26 individual's usual weekly hours of work multiplied by the sum

1 of the regular weekly benefit amount for a week of total  
2 unemployment plus any applicable dependent allowance pursuant  
3 to subsection C of Section 401.

4 1. An individual may be eligible for short-time  
5 compensation or unemployment insurance, as appropriate,  
6 except that no individual shall be eligible for combined  
7 benefits (excluding any payments attributable to a  
8 dependent allowance pursuant to subsection C of Section  
9 401) in any benefit year in an amount more than the maximum  
10 benefit amount, nor shall an individual be paid short-time  
11 compensation benefits for more than 52 weeks under a  
12 short-time compensation plan.

13 2. The short-time compensation paid to an individual  
14 (excluding any payments attributable to a dependent  
15 allowance pursuant to subsection C of Section 401) shall be  
16 deducted from the maximum benefit amount established for  
17 that individual's benefit year.

18 3. Provisions applicable to unemployment insurance  
19 claimants shall apply to short-time compensation claimants  
20 to the extent that they are not inconsistent with  
21 short-time compensation provisions. An individual who  
22 files an initial claim for short-time compensation  
23 benefits shall receive a monetary determination.

24 4. The following provisions apply to individuals who  
25 work for both a short-time compensation employer and  
26 another employer during weeks covered by the approved

1       short-time compensation plan:

2           i. If combined hours of work in a week for both  
3           employers do not result in a reduction of at least 20%  
4           of the usual weekly hours of work with the short-time  
5           compensation employer, the individual shall not be  
6           entitled to benefits under this Section.

7           ii. If combined hours of work for both employers  
8           results in a reduction equal to or greater than 20% of  
9           the usual weekly hours of work for the short-time  
10           compensation employer, the short-time compensation  
11           benefit amount payable to the individual is reduced for  
12           that week and is determined by multiplying the  
13           percentage by which the combined hours of work have  
14           been reduced by the sum of the weekly benefit amount  
15           for a week of total unemployment plus any applicable  
16           dependent allowance pursuant to subsection C of  
17           Section 401. A week for which benefits are paid under  
18           this subparagraph shall be reported as a week of  
19           short-time compensation.

20           iii. If an individual worked the reduced  
21           percentage of the usual weekly hours of work for the  
22           short-time compensation employer and is available for  
23           all his or her usual hours of work with the short-time  
24           compensation employer, and the individual did not work  
25           any hours for the other employer either because of the  
26           lack of work with that employer or because the

1           individual is excused from work with the other  
2           employer, the individual shall be eligible for  
3           short-time compensation for that week. The benefit  
4           amount for such week shall be calculated as provided in  
5           the introductory clause of this subsection I.

6           iv. An individual who is not provided any work  
7           during a week by the short-time compensation employer,  
8           or any other employer, and who is otherwise eligible  
9           for unemployment insurance shall be eligible for the  
10           amount of regular unemployment insurance determined  
11           without regard to this Section.

12           v. An individual who is not provided any work by  
13           the short-time compensation employer during a week,  
14           but who works for another employer and is otherwise  
15           eligible may be paid unemployment insurance for that  
16           week subject to the disqualifying income and other  
17           provisions applicable to claims for regular  
18           unemployment insurance.

19           J. Short-time compensation shall be charged to employers in  
20           the same manner as unemployment insurance is charged under  
21           Illinois law. Employers liable for payments in lieu of  
22           contributions shall have short-time compensation attributed to  
23           service in their employ in the same manner as unemployment  
24           insurance is attributed. Notwithstanding any other provision  
25           to the contrary, to the extent that short-term compensation  
26           payments under this Section are reimbursed by the federal



1 government, no benefit charges or payments in lieu of  
2 contributions shall be accrued by a participating employer.

3 K. A short-time compensation plan shall not be approved for  
4 an employer that is delinquent in the filing of any reports  
5 required or the payment of contributions, payments in lieu of  
6 contributions, interest, or penalties due under this Act  
7 through the date of the employer's application.

8 L. Overpayments of other benefits under this Act may be  
9 recovered from an individual receiving short-time compensation  
10 under this Act in the manner provided under Sections 900 and  
11 901. Overpayments under the short-time compensation plan may be  
12 recovered from an individual receiving other benefits under  
13 this Act in the manner provided under Sections 900 and 901.

14 M. An individual who has received all of the short-time  
15 compensation or combined unemployment insurance and short-time  
16 compensation available in a benefit year shall be considered an  
17 exhaustee for purposes of extended benefits, as provided under  
18 the provisions of Section 409, and, if otherwise eligible under  
19 those provisions, shall be eligible to receive extended  
20 benefits.

21 (820 ILCS 405/611) (from Ch. 48, par. 441)

22 Sec. 611. Retirement pay. A. For the purposes of this  
23 Section "disqualifying income" means:

24 1. The entire amount which an individual has received or  
25 will receive with respect to a week in the form of a retirement

1 payment (a) from an individual or organization (i) for which he  
2 performed services during his base period or which is liable  
3 for benefit charges or payments in lieu of contributions as a  
4 result of the payment of benefits to such individual and (ii)  
5 which pays all of the cost of such retirement payment, or (b)  
6 from a trust, annuity or insurance fund or under an annuity or  
7 insurance contract, to or under which an individual or  
8 organization for which he performed services during his base  
9 period or which is liable for benefit charges or payments in  
10 lieu of contributions as a result of the payment of benefits to  
11 such individual pays or has paid all of the premiums or  
12 contributions; and

13 2. One-half the amount which an individual has received or  
14 will receive with respect to a week in the form of a retirement  
15 payment (a) from an individual or organization (i) for which he  
16 performed services during his base period or which is liable  
17 for benefit charges or payments in lieu of contributions as a  
18 result of the payment of benefits to such individual and (ii)  
19 which pays some, but not all, of the cost of such retirement  
20 payment, or (b) from a trust, annuity or insurance fund  
21 ~~(including primary social security old age and disability~~  
22 ~~retirement benefits, including those based on self-employment)~~  
23 or under an annuity or insurance contract, to or under which an  
24 individual or organization for which he performed services  
25 during his base period or which is liable for benefit charges  
26 or payments in lieu of contributions as a result of the payment

1 of benefits to such individual pays or has paid some, but not  
2 all, of the premiums or contributions.

3 2.1. Notwithstanding paragraphs 1 and 2 above, none of the  
4 amount that an individual has received or will receive with  
5 respect to a week in the form of social security old age,  
6 survivors, and disability benefits under 42 U.S.C. Section 401  
7 et seq., including those based on self-employment, shall  
8 constitute disqualifying income.

9 3. Notwithstanding ~~paragraphs~~ paragraph 1, and 2, and 2.1  
10 above, the entire amount which an individual has received or  
11 will receive, with respect to any week which begins after March  
12 31, 1980, of any governmental or other pension, retirement, or  
13 retired pay, annuity or any other similar periodic payment  
14 which is based on any previous work of such individual during  
15 his base period or which is liable for benefit charges or  
16 payments in lieu of contributions as a result of the payment of  
17 benefits to such individual. This paragraph shall be in effect  
18 only if it is required as a condition for full tax credit  
19 against the tax imposed by the Federal Unemployment Tax Act.

20 B. Whenever an individual has received or will receive a  
21 retirement payment for a month, an amount shall be deemed to  
22 have been paid him for each day equal to one-thirtieth of such  
23 retirement payment. If the retirement payment is for a  
24 half-month, an amount shall be deemed to have been paid the  
25 individual for each day equal to one-fifteenth of such  
26 retirement payment. If the retirement payment is for any other

1 period, an amount shall be deemed to have been paid the  
2 individual for each day in such period equal to the retirement  
3 payment divided by the number of days in the period.

4 C. An individual shall be ineligible for benefits for any  
5 week with respect to which his disqualifying income equals or  
6 exceeds his weekly benefit amount. If such disqualifying income  
7 with respect to a week totals less than the benefits for which  
8 he would otherwise be eligible under this Act, he shall be  
9 paid, with respect to such week, benefits reduced by the amount  
10 of such disqualifying income.

11 D. To assure full tax credit to the employers of this State  
12 against the tax imposed by the Federal Unemployment Tax Act,  
13 the Director shall take any action as may be necessary in the  
14 administration of paragraph 3 of subsection A of this Section  
15 to insure that the application of its provisions conform to the  
16 requirements of such Federal Act as interpreted by the United  
17 States Secretary of Labor or other appropriate Federal agency.

18 (Source: P.A. 86-3.)

19 (820 ILCS 405/702) (from Ch. 48, par. 452)

20 Sec. 702. Determinations. The claims adjudicator shall for  
21 each week with respect to which the claimant claims benefits or  
22 waiting period credit, make a "determination" which shall state  
23 whether or not the claimant is eligible for such benefits or  
24 waiting period credit and the sum to be paid the claimant with  
25 respect to such week. The claims adjudicator shall promptly

1 notify the claimant and such employing unit as shall, within  
2 the time and in the manner prescribed by the Director, have  
3 filed a sufficient allegation that the claimant is ineligible  
4 to receive benefits or waiting period credit for said week, of  
5 his "determination" and the reasons therefor. The Director may,  
6 by rule adopted with the advice and aid of the Employment  
7 Security Advisory Board, require that an employing unit with 25  
8 ~~50~~ or more individuals in its employ during a the prior  
9 calendar year, or an entity representing 5 or more employing  
10 units during a the prior calendar year, file an allegation of  
11 ineligibility electronically in a manner prescribed by the  
12 Director for the one year period commencing on July 1 of the  
13 immediately succeeding calendar year and ending on June 30 of  
14 the second succeeding calendar year. In making his  
15 "determination," the claims adjudicator shall give  
16 consideration to the information, if any, contained in the  
17 employing unit's allegation, whether or not the allegation is  
18 sufficient. The claims adjudicator shall deem an employing  
19 unit's allegation sufficient only if it contains a reason or  
20 reasons therefor (other than general conclusions of law, and  
21 statements such as "not actively seeking work" or "not  
22 available for work" shall be deemed, for this purpose, to be  
23 conclusions of law). If the claims adjudicator deems an  
24 allegation insufficient, he shall make a decision accordingly,  
25 and shall notify the employing unit of such decision and the  
26 reasons therefor. Such decision may be appealed by the

1 employing unit to a Referee within the time limits prescribed  
2 by Section 800 for appeal from a "determination". Any such  
3 appeal, and any appeal from the Referee's decision thereon,  
4 shall be governed by the applicable provisions of Sections 801,  
5 803, 804 and 805.

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

7 (820 ILCS 405/1402) (from Ch. 48, par. 552)

8 Sec. 1402. Penalties.

9 A. If any employer fails, within the time prescribed in  
10 this Act as amended and in effect on October 5, 1980, and the  
11 regulations of the Director, to file a report of wages paid to  
12 each of his workers, or to file a sufficient report of such  
13 wages after having been notified by the Director to do so, for  
14 any period which begins prior to January 1, 1982, he shall pay  
15 to the Department as a penalty a sum determined in accordance  
16 with the provisions of this Act as amended and in effect on  
17 October 5, 1980.

18 B. Except as otherwise provided in this Section, any  
19 employer who fails to file a report of wages paid to each of  
20 his workers for any period which begins on or after January 1,  
21 1982, within the time prescribed by the provisions of this Act  
22 and the regulations of the Director, or, if the Director  
23 pursuant to such regulations extends the time for filing the  
24 report, fails to file it within the extended time, shall, in  
25 addition to any sum otherwise payable by him under the

1 provisions of this Act, pay to the Department as a penalty a  
2 sum equal to the lesser of (1) \$5 for each \$10,000 or fraction  
3 thereof of the total wages for insured work paid by him during  
4 the period or (2) \$2,500, for each month or part thereof of  
5 such failure to file the report. With respect to an employer  
6 who has elected to file reports of wages on an annual basis  
7 pursuant to Section 1400.2, in assessing penalties for the  
8 failure to submit all reports by the due date established  
9 pursuant to that Section, the 30-day period immediately  
10 following the due date shall be considered as one month.

11 If the Director deems an employer's report of wages paid to  
12 each of his workers for any period which begins on or after  
13 January 1, 1982, insufficient, he shall notify the employer to  
14 file a sufficient report. If the employer fails to file such  
15 sufficient report within 30 days after the mailing of the  
16 notice to him, he shall, in addition to any sum otherwise  
17 payable by him under the provisions of this Act, pay to the  
18 Department as a penalty a sum determined in accordance with the  
19 provisions of the first paragraph of this subsection, for each  
20 month or part thereof of such failure to file such sufficient  
21 report after the date of the notice.

22 For wages paid in calendar years prior to 1988, the penalty  
23 or penalties which accrue under the two foregoing paragraphs  
24 with respect to a report for any period shall not be less than  
25 \$100, and shall not exceed the lesser of (1) \$10 for each  
26 \$10,000 or fraction thereof of the total wages for insured work

1 paid during the period or (2) \$5,000. For wages paid in  
2 calendar years after 1987, the penalty or penalties which  
3 accrue under the 2 foregoing paragraphs with respect to a  
4 report for any period shall not be less than \$50, and shall not  
5 exceed the lesser of (1) \$10 for each \$10,000 or fraction of  
6 the total wages for insured work paid during the period or (2)  
7 \$5,000. With respect to an employer who has elected to file  
8 reports of wages on an annual basis pursuant to Section 1400.2,  
9 for purposes of calculating the minimum penalty prescribed by  
10 this Section for failure to file the reports on a timely basis,  
11 a calendar year shall constitute a single period. For reports  
12 of wages paid after 1986, the Director shall not, however,  
13 impose a penalty pursuant to either of the two foregoing  
14 paragraphs on any employer who can prove within 30 working days  
15 after the mailing of a notice of his failure to file such a  
16 report, that (1) the failure to file the report is his first  
17 such failure during the previous 20 consecutive calendar  
18 quarters, and (2) the amount of the total contributions due for  
19 the calendar quarter of such report (or, in the case of an  
20 employer who is required to file the reports on a monthly  
21 basis, the amount of the total contributions due for the  
22 calendar quarter that includes the month of such report) is  
23 less than \$500.

24 For any month which begins on or after January 1, 2013, a  
25 report of the wages paid to each of an employer's workers shall  
26 be due on or before the last day of the month next following



1 the calendar month in which the wages were paid if the employer  
2 is required to report such wages electronically pursuant to the  
3 regulations of the Director; otherwise a report of the wages  
4 paid to each of the employer's workers shall be due on or  
5 before the last day of the month next following the calendar  
6 quarter in which the wages were paid.

7 Any employer who willfully ~~wilfully~~ fails to pay any  
8 contribution or part thereof, based upon wages paid prior to  
9 1987, when required by the provisions of this Act and the  
10 regulations of the Director, with intent to defraud the  
11 Director, shall in addition to such contribution or part  
12 thereof pay to the Department a penalty equal to 50 percent of  
13 the amount of such contribution or part thereof, as the case  
14 may be, provided that the penalty shall not be less than \$200.

15 Any employer who willfully fails to pay any contribution or  
16 part thereof, based upon wages paid in 1987 and in each  
17 calendar year thereafter, when required by the provisions of  
18 this Act and the regulations of the Director, with intent to  
19 defraud the Director, shall in addition to such contribution or  
20 part thereof pay to the Department a penalty equal to 60% of  
21 the amount of such contribution or part thereof, as the case  
22 may be, provided that the penalty shall not be less than \$400.

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

25 C. With regard to an employer required to report monthly  
26 pursuant to this Section, in addition to each employee's name,

1 social security number, and wages for insured work paid during  
2 the period, the Director may, by rule, require a report to  
3 provide the following information concerning each employee:  
4 the employee's occupation, hours worked during the period,  
5 hourly wage, if applicable, and work location if the employer  
6 has more than one physical location. Notwithstanding any other  
7 provision of any other law to the contrary, information  
8 obtained pursuant to this subsection shall not be disclosed to  
9 any other public official or agency of this State or any other  
10 state to the extent it relates to a specifically identified  
11 individual or entity or to the extent that the identity of a  
12 specific individual or entity may be discerned from such  
13 information. The additional data elements required to be  
14 reported pursuant to the rule authorized by this subsection may  
15 be reported in the same electronic format as in the system  
16 maintained by the employer or employer's agent and need not be  
17 reformatted.

18 (Source: P.A. 97-689, eff. 6-14-12; 97-791, eff. 1-1-13;  
19 98-463, eff. 8-16-13.)

20 (820 ILCS 405/1402.1 new)

21 Sec. 1402.1. Processing fee.

22 A. The Director may, by rule, establish a processing fee of  
23 \$50 with regard to a report of contributions due that is not  
24 required to be submitted electronically if the employer fails  
25 to submit the report on the form designated by the Director or

1 otherwise provide all of the information required by the form  
2 designated by the Director. With respect to the first instance  
3 of such a failure after the effective date of the rule, the  
4 Director shall issue the employer a written warning instead of  
5 a processing fee, and no such processing fee shall be assessed  
6 unless the Director has issued the employer a written warning  
7 for a prior failure.

8 B. The Director may, by rule, establish a processing fee of  
9 \$50 with regard to any payment of contributions, payment in  
10 lieu of contributions, interest, or penalty that is not made  
11 through electronic funds transfer if the employer fails to  
12 enclose the payment coupon provided by the Director with its  
13 payment or otherwise provide all of the information the coupon  
14 would provide, regardless of the amount due. With respect to  
15 the first instance of such a failure after the effective date  
16 of the rule, the Director shall issue the employer a written  
17 warning instead of a processing fee, and no such processing fee  
18 shall be assessed unless the Director has issued the employer a  
19 written warning for a prior failure.

20 (820 ILCS 405/1500) (from Ch. 48, par. 570)

21 Sec. 1500. Rate of contribution.

22 A. For the six months' period beginning July 1, 1937, and  
23 for each of the calendar years 1938 to 1959, inclusive, each  
24 employer shall pay contributions on wages at the percentages  
25 specified in or determined in accordance with the provisions of

1 this Act as amended and in effect on July 11, 1957.

2 B. For the calendar years 1960 through 1983, each employer  
3 shall pay contributions equal to 2.7 percent with respect to  
4 wages for insured work paid during each such calendar year,  
5 except that the contribution rate of each employer who has  
6 incurred liability for the payment of contributions within each  
7 of the three calendar years immediately preceding the calendar  
8 year for which a rate is being determined, shall be determined  
9 as provided in Sections 1501 to 1507, inclusive.

10 For the calendar year 1984 and each calendar year  
11 thereafter, each employer shall pay contributions at a  
12 percentage rate equal to the greatest of 2.7%, or 2.7%  
13 multiplied by the current adjusted State experience factor, as  
14 determined for each calendar year by the Director in accordance  
15 with the provisions of Sections 1504 and 1505, or the average  
16 contribution rate for his major classification in the Standard  
17 Industrial Code, or another classification sanctioned by the  
18 United States Department of Labor and prescribed by the  
19 Director by rule, with respect to wages for insured work paid  
20 during such year. The Director of Employment Security shall  
21 determine for calendar year 1984 and each calendar year  
22 thereafter by a method pursuant to adopted rules each  
23 individual employer's industrial code and the average  
24 contribution rate for each major classification in the Standard  
25 Industrial Code, or each other classification sanctioned by the  
26 United States Department of Labor and prescribed by the

1 Director by rule. Notwithstanding the preceding provisions of  
2 this paragraph, the contribution rate for calendar years 1984,  
3 1985 and 1986 of each employer who has incurred liability for  
4 the payment of contributions within each of the two calendar  
5 years immediately preceding the calendar year for which a rate  
6 is being determined, and the contribution rate for calendar  
7 year 1987 and each calendar year thereafter of each employer  
8 who has incurred liability for the payment of contributions  
9 within each of the three calendar years immediately preceding  
10 the calendar year for which a rate is being determined shall be  
11 determined as provided in Sections 1501 to 1507.1, inclusive.  
12 Provided, however, that the contribution rate for calendar  
13 years 1989 and 1990 of each employer who has had experience  
14 with the risk of unemployment for at least 13 consecutive  
15 months ending June 30 of the preceding calendar year shall be a  
16 rate determined in accordance with this Section or a rate  
17 determined as if it had been calculated in accordance with  
18 Sections 1501 through 1507, inclusive, whichever is greater,  
19 except that for purposes of calculating the benefit wage ratio  
20 as provided in Section 1503, such benefit wage ratio shall be a  
21 percentage equal to the total of benefit wages for the 12  
22 consecutive calendar month period ending on the above preceding  
23 June 30, divided by the total wages for insured work subject to  
24 the payment of contributions under Sections 234, 235 and 245  
25 for the same period and provided, further, however, that the  
26 contribution rate for calendar year 1991 and for each calendar

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

15 B-5. Notwithstanding any other provision of this Section,  
16 beginning in calendar year 2015, an employer's contribution  
17 rate as determined pursuant to subsection B shall be reduced by  
18 0.04% absolute. This amendatory Act of the 98th General  
19 Assembly has no effect on the fund building rate determined  
20 pursuant to Section 1506.3 or fund building receipts  
21 attributable to the fund building rate.

22 C. Except as expressly provided in this Act, the provisions  
23 of Sections 1500 to 1510, inclusive, do not apply to any  
24 nonprofit organization for any period with respect to which it  
25 does not incur liability for the payment of contributions by  
26 reason of having elected to make payments in lieu of

1 contributions, or to any political subdivision or municipal  
2 corporation for any period with respect to which it is not  
3 subject to payments in lieu of contributions under the  
4 provisions of paragraph 1 of Section 302C by reason of having  
5 elected to make payments in lieu of contributions under  
6 paragraph 2 of that Section or to any governmental entity  
7 referred to in clause (B) of Section 211.1. Wages paid to an  
8 individual which are subject to contributions under Section  
9 1405 A, or on the basis of which benefits are paid to him which  
10 are subject to payment in lieu of contributions under Sections  
11 1403, 1404, or 1405 B, or under paragraph 2 of Section 302C,  
12 shall not become benefit wages or benefit charges under the  
13 provisions of Sections 1501 or 1501.1, respectively, except for  
14 purposes of determining a rate of contribution for 1984 and  
15 each calendar year thereafter for any governmental entity  
16 referred to in clause (B) of Section 211.1 which does not elect  
17 to make payments in lieu of contributions.

18 D. If an employer's business is closed solely because of  
19 the entrance of one or more of the owners, partners, officers,  
20 or the majority stockholder into the armed forces of the United  
21 States, or of any of its allies, or of the United Nations, and,  
22 if the business is resumed within two years after the discharge  
23 or release of such person or persons from active duty in the  
24 armed forces, the employer will be deemed to have incurred  
25 liability for the payment of contributions continuously  
26 throughout such period. Such an employer, for the purposes of

1 Section 1506.1, will be deemed to have paid contributions upon  
2 wages for insured work during the applicable period specified  
3 in Section 1503 on or before the date designated therein,  
4 provided that no wages became benefit wages during the  
5 applicable period specified in Section 1503.

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

7 (820 ILCS 405/1506.1) (from Ch. 48, par. 576.1)

8 Sec. 1506.1. Determination of Employer's Contribution  
9 Rate.

10 A. The contribution rate for any calendar year prior to  
11 1991 of each employer whose contribution rate is determined as  
12 provided in Sections 1501 through 1507, inclusive, shall be  
13 determined in accordance with the provisions of this Act as  
14 amended and in effect on November 18, 2011.

15 B. (Blank).

16 C. (Blank).

17 D. (Blank).

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



1           1. Except as otherwise provided in this paragraph, an  
2           employer's minimum contribution rate shall be the greater  
3           of 0.2% or the product obtained by multiplying 0.2% by the  
4           adjusted state experience factor for the applicable  
5           calendar year. An employer's minimum contribution rate  
6           shall be 0.1% for calendar year 1996. An employer's minimum  
7           contribution rate shall be 0.0% for calendar years 2012  
8           through 2019.

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

12          3. If any product obtained in this subsection is not an  
13          exact multiple of one-tenth of one percent, it shall be  
14          increased or reduced, as the case may be to the nearer  
15          multiple of one-tenth of one percent. If such product is  
16          equally near to two multiples of one-tenth of one percent,  
17          it shall be increased to the higher multiple of one-tenth  
18          of one percent.

19          4. For purposes of this subsection, intermediate  
20          ~~intermediate~~ rates between such minimum and maximum rates  
21          shall be at one-tenth of one percent intervals.

22          The contribution rate of each employer for whom wages  
23          became benefit wages during the applicable period specified in  
24          Section 1503 or for whom benefit payments became benefit  
25          charges during the applicable period specified in Section  
26          1503.1, but who did not report wages for insured work during

1 such period, shall be the maximum contribution rate as  
2 determined by paragraph 2 of this subsection. The contribution  
3 rate for each employer for whom no wages became benefit wages  
4 during the applicable period specified in Section 1503 or for  
5 whom no benefit payments became benefit charges during the  
6 applicable period specified in Section 1503.1, and who did not  
7 report wages for insured work during such period, shall be the  
8 greater of 2.7% or 2.7% times the then current adjusted state  
9 experience factor as determined by the Director in accordance  
10 with the provisions of Sections 1504 and 1505.

11 F. (Blank).

12 G. Notwithstanding the other provisions of this Section, no  
13 employer's contribution rate with respect to calendar year 1989  
14 and each calendar year thereafter shall exceed 5.4% 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, plus any applicable penalty contribution rate  
18 calculated pursuant to subsection C of Section 1507.1.

19 H. Notwithstanding any other provision of this Section,  
20 beginning in calendar year 2015, an employer's contribution  
21 rate as determined under this Section, without regard to this  
22 subsection, shall be reduced by 0.04% absolute but not below  
23 0.0%. This amendatory Act of the 98th General Assembly has no  
24 effect on the fund building rate determined pursuant to Section  
25 1506.3 or fund building receipts attributable to the fund  
26 building rate.

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

2 (820 ILCS 405/2101) (from Ch. 48, par. 661)

3 Sec. 2101. Special administrative account. Except as  
4 provided in Section 2100, all interest and penalties collected  
5 pursuant to this Act shall be deposited in the special  
6 administrative account. The amount in this account in excess of  
7 \$100,000 on the close of business of the last day of each  
8 calendar quarter shall be immediately transferred to this  
9 State's account in the unemployment trust fund. However,  
10 subject to Section 2101.1, such funds shall not be transferred  
11 where it is determined by the Director that it is necessary to  
12 accumulate funds in the account in order to have sufficient  
13 funds to pay interest that may become due under the terms of  
14 Section 1202 (b) of the Federal Social Security Act, as  
15 amended, upon advances made to the Illinois Unemployment  
16 Insurance Trust Fund under Title XII of the Federal Social  
17 Security Act or where it is determined by the Director that it  
18 is necessary to accumulate funds in the special administrative  
19 account in order to have sufficient funds to expend for any  
20 other purpose authorized by this Section. The balance of funds  
21 in the special administrative account that are in excess of  
22 \$100,000 on the first day of each calendar quarter and not  
23 transferred to this State's account in the unemployment trust  
24 fund, minus the amount reasonably anticipated to be needed to  
25 make payments from the special administrative account pursuant

1 to subsections C through I, shall be certified by the Director  
2 and transferred by the State Comptroller to the Title III  
3 Social Security and Employment Fund in the State Treasury  
4 within 30 days of the first day of the calendar quarter. The  
5 Director may certify and the State Comptroller shall transfer  
6 such funds to the Title III Social Security and Employment Fund  
7 on a more frequent basis. The moneys available in the special  
8 administrative account shall be expended upon the direction of  
9 the Director whenever it appears to him that such expenditure  
10 is necessary for:

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

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

22 B. To the extent possible, the repayment to the fund  
23 established for financing the cost of administration of this  
24 Act of moneys found by the Secretary of Labor of the United  
25 States of America, or other appropriate Federal agency, to have  
26 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

1 penalty collected.

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

6 J. Expenses incurred by the Department in the  
7 administration of the Illinois State Training and Employment  
8 Program (I-STEP) Act.

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

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

1 clearance thereof shall be deposited with the Secretary of the  
2 Treasury of the United States of America to the credit of the  
3 account of this State in the unemployment trust fund,  
4 established and maintained pursuant to the Federal Social  
5 Security Act, as amended.

6 (Source: P.A. 94-1083, eff. 1-19-07.)

7 (820 ILCS 405/2201) (from Ch. 48, par. 681)

8 Sec. 2201. Refund or adjustment of contributions. Not  
9 later than 3 years after the date upon which the Director first  
10 notifies ~~any contributions, interest or penalties thereon were~~  
11 ~~paid,~~ an employing unit that it ~~which~~ has paid ~~such~~  
12 contributions, interest or penalties thereon erroneously, the  
13 employing unit may file a claim with the Director for an  
14 adjustment thereof in connection with subsequent contribution  
15 payments, or for a refund thereof where such adjustment cannot  
16 be made; provided, however, that no refund or adjustment shall  
17 be made of any contribution, the amount of which has been  
18 determined and assessed by the Director, if such contribution  
19 was paid after the determination and assessment of the Director  
20 became final, and provided, further, that any such adjustment  
21 or refund, involving contributions with respect to wages on the  
22 basis of which benefits have been paid, shall be reduced by the  
23 amount of benefits so paid. Upon receipt of a claim the  
24 Director shall make his determination, either allowing such  
25 claim in whole or in part, or ordering that it be denied, and

1 serve notice upon the claimant of such determination. Such  
2 determination of the Director shall be final at the expiration  
3 of 20 days from the date of service of such notice unless the  
4 claimant shall have filed with the Director a written protest  
5 and a petition for hearing, specifying his objections thereto.  
6 Upon receipt of such petition within the 20 days allowed, the  
7 Director shall fix the time and place for a hearing and shall  
8 notify the claimant thereof. At any hearing held as herein  
9 provided, the determination of the Director shall be prima  
10 facie correct and the burden shall be upon the protesting  
11 employing unit to prove that it is incorrect. All of the  
12 provisions of this Act applicable to hearings conducted  
13 pursuant to Section 2200 shall be applicable to hearings  
14 conducted pursuant to this Section. Upon the conclusion of such  
15 hearing, a decision shall be made by the Director and notice  
16 thereof given to the claimant. If the Director shall decide  
17 that the claim be allowed in whole or in part, or if such  
18 allowance be ordered by the Court pursuant to Section 2205 and  
19 the judgment of said Court has become final, the Director  
20 shall, if practicable, make adjustment without interest in  
21 connection with subsequent contribution payments by the  
22 claimant, and if adjustments thereof cannot practicably be made  
23 in connection with such subsequent contribution payments, then  
24 the Director shall refund to the claimant the amount so  
25 allowed, without interest except as otherwise provided in  
26 Section 2201.1 from moneys in the benefit account established



1 by this Act. Nothing herein contained shall prohibit the  
2 Director from making adjustment or refund upon his own  
3 initiative, within the time allowed for filing claim therefor,  
4 provided that the Director shall make no refund or adjustment  
5 of any contribution, the amount of which he has previously  
6 determined and assessed, if such contribution was paid after  
7 the determination and assessment became final.

8 If this State should not be certified for any year by the  
9 Secretary of Labor of the United States of America, or other  
10 appropriate Federal agency, under Section 3304 of the Federal  
11 Internal Revenue Code of 1954, the Director shall refund  
12 without interest to any instrumentality of the United States  
13 subject to this Act by virtue of permission granted in an Act  
14 of Congress, the amount of contributions paid by such  
15 instrumentality with respect to such year.

16 The Director may by regulation provide that, if there is a  
17 total credit balance of less than \$2 in an employer's account  
18 with respect to contributions, interest, and penalties, the  
19 amount may be disregarded by the Director; once disregarded,  
20 the amount shall not be considered a credit balance in the  
21 account and shall not be subject to either an adjustment or a  
22 refund.

23 (Source: P.A. 90-554, eff. 12-12-97.)

24 (820 ILCS 405/2201.1) (from Ch. 48, par. 681.1)

25 Sec. 2201.1. Interest on Overpaid Contributions, Penalties

1 and Interest. The Director shall semi-annually ~~quarterly~~  
2 furnish each employer with a statement of credit balances in  
3 the employer's account where the balances with respect to all  
4 contributions, interest and penalties combined equal or exceed  
5 \$2. Under regulations prescribed by the Director and subject to  
6 the limitations of Section 2201, the employer may file a  
7 request for an adjustment or refund of the amount erroneously  
8 paid. Interest shall be paid on refunds of erroneously paid  
9 contributions, penalties and interest imposed by this Act,  
10 except that if any refund is mailed by the Director within 90  
11 days after the date of the refund claim, no interest shall be  
12 due or paid. The interest shall begin to accrue as of the date  
13 of the refund claim and shall be paid at the rate of 1.5% per  
14 month computed at the rate of 12/365 of 1.5% for each day or  
15 fraction thereof. Interest paid pursuant to this Section shall  
16 be paid from monies in the special administrative account  
17 established by Sections 2100 and 2101. This Section shall apply  
18 only to refunds of contributions, penalties and interest which  
19 were paid as the result of wages paid after January 1, 1988.

20 (Source: P.A. 90-554, eff. 12-12-97.)

21 (820 ILCS 405/2401) (from Ch. 48, par. 721)

22 (Text of Section after amendment by P.A. 98-107)

23 Sec. 2401. Recording and release of lien. A. The lien  
24 created by Section 2400 shall be invalid only as to any  
25 innocent purchaser for value of stock in trade of any employer

1 in the usual course of such employer's business, and shall be  
2 invalid as to any innocent purchaser for value of any of the  
3 other assets to which such lien has attached, unless notice  
4 thereof has been filed by the Director in the office of the  
5 recorder of the county within which the property subject to the  
6 lien is situated. The Director may, in his discretion, for good  
7 cause shown ~~and upon the reimbursement of any recording fees~~  
8 ~~paid by the Director with respect to the lien,~~ issue a  
9 certificate of withdrawal of notice of lien filed against any  
10 employer, which certificate shall be recorded in the same  
11 manner as herein provided for the recording of notice of liens.  
12 Such withdrawal of notice of lien shall invalidate such lien as  
13 against any person acquiring any of such employer's property or  
14 any interest therein, subsequent to the recordation of the  
15 withdrawal of notice of lien, but shall not otherwise affect  
16 the validity of such lien, nor shall it prevent the Director  
17 from re-recording notice of such lien. In the event notice of  
18 such lien is re-recorded, such notice shall be effective as  
19 against third persons only as of the date of such  
20 re-recordation.

21 B. The recorder of each county shall procure at the expense  
22 of the county a file labeled "Unemployment Compensation  
23 Contribution Lien Notice" and an index book labeled  
24 "Unemployment Compensation Contribution Lien Index." When a  
25 notice of any such lien is presented to him for filing, he  
26 shall file it in numerical order in the file and shall enter it

1     alphabetically in the index. The entry shall show the name and  
2     last known business address of the employer named in the  
3     notice, the serial number of the notice, the date and hour of  
4     filing, and the amount of contribution, interest and penalty  
5     thereon due and unpaid. When a certificate of complete or  
6     partial release of such lien issued by the Director is  
7     presented for filing in the office of the recorder where a  
8     notice of lien was filed, the recorder shall permanently attach  
9     the certificate of release to the notice of lien and shall  
10    enter the certificate of release and the date in the  
11    Unemployment Compensation Contribution Lien Index on the line  
12    where the notice of lien is entered. In case title to land to  
13    be affected by the Notice of Lien is registered under the  
14    provisions of "An Act Concerning Land Titles", approved May 1,  
15    1897, as amended, such notice shall be filed in the office of  
16    the Registrar of Titles of the county within which the property  
17    subject to the lien is situated and shall be entered upon the  
18    register of titles as a memorial or charge upon each folium of  
19    the register of title affected by such notice, and the Director  
20    shall not have a preference over the rights of any bona fide  
21    purchaser, mortgagee, judgment creditor or other lien holder  
22    arising prior to the registration of such notice.

23         C. The Director shall have the power to issue a certificate  
24    of partial release of any part of the property subject to the  
25    lien, ~~upon the reimbursement of any recording fees paid by the~~  
26    ~~Director with respect to the lien,~~ if he shall find that the

1 fair market value of that part of such property remaining  
2 subject to the lien is at least equal to the amount of all  
3 prior liens upon such property plus double the amount of the  
4 liability for contributions, interest and penalties thereon  
5 remaining unsatisfied.

6 D. Where the amount of or the liability for the payment of  
7 any contribution, interest or penalty is contested by any  
8 employing unit against whose property a lien has attached, and  
9 the determination of the Director with reference to such  
10 contribution has not become final, the Director may issue a  
11 certificate of release of lien upon the ~~reimbursement of any~~  
12 ~~recording fees paid by the Director with respect to the lien~~  
13 ~~and the~~ furnishing of bond by such employing unit in 125% the  
14 amount of the sum of such contribution, interest and penalty,  
15 for which lien is claimed, with good and sufficient surety to  
16 be approved by the Director conditioned upon the prompt payment  
17 of such contribution, together with interest and penalty  
18 thereon, by such employing unit to the Director immediately  
19 upon the decision of the Director in respect to the liability  
20 for such contribution, interest and penalty becoming final.

21 E. When a lien obtained pursuant to this Act has been  
22 satisfied ~~and upon the reimbursement of any recording fees paid~~  
23 ~~by the Director with respect to the lien,~~ the Department shall  
24 issue a release to the person, or his agent, against whom the  
25 lien was obtained and such release shall contain in legible  
26 letters a statement as follows:

1           FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL  
2           BE FILED WITH THE RECORDER OR THE REGISTRAR  
3           OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.

4           F. The Director may, by rule, require, as a condition of  
5           withdrawing, releasing, or partially releasing a lien recorded  
6           pursuant to this Section, that the employer reimburse the  
7           Department for any recording fees paid with respect to the  
8           lien.

9           (Source: P.A. 98-107, eff. 7-1-14.)

10           (820 ILCS 405/1704.1 rep.)

11           Section 95. The Unemployment Insurance Act is amended by  
12           repealing Section 1704.1.

13           Section 99. Effective date. This Act takes effect January  
14           1, 2015."