

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1310 Session of 2011

INTRODUCED BY GORDNER, PILEGGI, GREENLEAF, ERICKSON, VANCE, RAFFERTY AND MENSCH, OCTOBER 24, 2011

AS REPORTED FROM COMMITTEE ON LABOR AND INDUSTRY, HOUSE OF REPRESENTATIVES, AS AMENDED, DECEMBER 12, 2011

AN ACT

1 Amending the act of December 5, 1936 (2nd Sp.Sess., 1937
2 P.L.2897, No.1), entitled "An act establishing a system of
3 unemployment compensation to be administered by the
4 Department of Labor and Industry and its existing and newly
5 created agencies with personnel (with certain exceptions)
6 selected on a civil service basis; requiring employers to
7 keep records and make reports, and certain employers to pay
8 contributions based on payrolls to provide moneys for the
9 payment of compensation to certain unemployed persons;
10 providing procedure and administrative details for the
11 determination, payment and collection of such contributions
12 and the payment of such compensation; providing for
13 cooperation with the Federal Government and its agencies;
14 creating certain special funds in the custody of the State
15 Treasurer; and prescribing penalties," further providing for
16 definitions, for determination of contribution rate, for
17 additional contribution for interest, for trigger
18 determination, for collection of contribution and interest
19 and injunctions, for compensation rate, for Unemployment
20 Compensation Fund, for Interest Fund, for State Treasurer as
21 custodian, for recovery and recoupment of compensation; and
22 providing for unemployment compensation bonds and for
23 unemployment compensation amnesty program.

24 The General Assembly of the Commonwealth of Pennsylvania

25 hereby enacts as follows:

26 ~~Section 1. Sections 4(f) and (x) (1) and 301.1(e) of the act~~ ←
27 ~~of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known~~

1 ~~as the Unemployment Compensation Law, amended May 23, 1949~~
2 ~~(P.L.1738, No.530) and July 21, 1983 (P.L.68, No.30), are~~
3 ~~amended to read:~~

4 SECTION 1. SECTION 4(F) OF THE ACT OF DECEMBER 5, 1936 (2ND ←
5 SP.SESS., 1937 P.L.2897, NO.1), KNOWN AS THE UNEMPLOYMENT
6 COMPENSATION LAW, AMENDED MAY 23, 1949 (P.L.1738, NO.530), IS
7 AMENDED TO READ:

8 Section 4. Definitions.--The following words and phrases, as
9 used in this act, shall have the following meanings, unless the
10 context clearly requires otherwise.

11 * * *

12 (f) "Compensation" means:

13 (1) money payments payable to individuals with respect to
14 their unemployment as provided in this act; and

15 (2) to the extent permitted by law, that part of the
16 principal owed on bonds issued under Article XIV of this act
17 which is attributable to repayment of the principal of advances
18 under Title XII of the Social Security Act (42 U.S.C. § 1321 et
19 seq.), exclusive of any interest or administrative costs
20 associated with the bonds.

21 * * *

22 ~~(x) "Wages" means all remuneration, (including the cash ←~~
23 ~~value of mediums of payment other than cash, except that only~~
24 ~~cash wages shall be used to determine the coverage of~~
25 ~~agricultural labor as defined in section 4(1)(3)(G) and domestic~~
26 ~~service as defined in section 4(1)(3)(H)), paid by an employer~~
27 ~~to an individual with respect to his employment except that the~~
28 ~~term "wages" [for the purpose of paying contributions] shall not~~
29 ~~include:~~

30 ~~(1) [That] For purposes of paying employer contributions,~~

~~1 that part of the remuneration [which is in excess of the first
2 seven thousand dollars (\$7,000) during calendar year 1983 and
3 eight thousand dollars (\$8,000) during calendar year 1984 and
4 thereafter] paid to an individual by each of his employers
5 during a calendar year that exceeds eight thousand two hundred
6 fifty dollars (\$8,250) for calendar year 2012, eight thousand
7 five hundred dollars (\$8,500) for the calendar year 2013, eight
8 thousand seven hundred fifty dollars (\$8,750) for calendar year
9 2014, nine thousand dollars (\$9,000) for calendar year 2015,
10 nine thousand two hundred fifty dollars (\$9,250) for calendar
11 year 2016, nine thousand five hundred dollars (\$9,500) for
12 calendar year 2017 and ten thousand dollars (\$10,000) for
13 calendar year 2018 and thereafter: Provided, That an employer
14 may take credit under this subsection for remuneration which his
15 predecessor in interest has paid to an individual during the
16 same calendar year with respect to employment; and provided
17 also, that an employer may take credit under this subsection for
18 remuneration which he or his predecessor in interest has paid to
19 an individual in the same calendar year on which contributions
20 have been required and paid by such employer under an
21 unemployment compensation law of another state, but no such
22 credit may be taken for remuneration which has been paid by
23 another employer to such individual, whether or not
24 contributions have been paid thereon by such other employer
25 under this act or under any state unemployment compensation law.~~

26 * * *

27 SECTION 1.1. SECTION 301.1(E) OF THE ACT, AMENDED JULY 21, ←
28 1983 (P.L.68, NO.30), IS AMENDED TO READ:

29 Section 301.1. Determination of Contribution Rate;
30 Experience Rating.--

1 * * *

2 ~~(e) [The] (1) Except as provided in paragraph (2), the~~ ←
3 ~~State Adjustment Factor for [the] a calendar year [beginning~~
4 ~~January 1, 1984, shall be one and five tenths per centum (1.5%)~~
5 ~~and thereafter] shall be computed as of the computation date for~~
6 ~~such year to a tenth of a per centum, rounding all fractional~~
7 ~~parts of a tenth of a per centum to the nearest tenth of a per~~
8 ~~centum, but in no event less than zero [nor in excess of one and~~
9 ~~five tenths per centum (1.5%)], according to the following~~
10 ~~formula:~~

11
$$\frac{\text{Bdr} - \text{Dcr}}{\text{Wt}} \times 100 = \text{State Adjustment Factor}$$

12 in which factor "Bdr" equals the aggregate of (1) all benefits
13 paid but not charged to employers' accounts, plus, (2) all
14 benefits paid and charged to inactive and terminated employers'
15 accounts, plus, (3) all benefits paid and charged to accounts of
16 active employers for the preceding year to the extent such
17 benefits exceed the combined amount of contributions payable by
18 such employers on the basis of the Benefit Ratio Factor and the
19 Reserve Ratio Factor. Factor "Dcr" equals the aggregate of (1)
20 interest credited to the Unemployment Compensation Fund, plus,
21 (2) amounts transferred from the Special Administration Fund and
22 the [Interest] Debt Service Fund to the Unemployment
23 Compensation Fund, plus, (3) refunds of benefits unlawfully
24 paid, plus, (4) amounts credited to the Unemployment
25 Compensation Fund by the Federal Government other than by loan,
26 except that any amount credited to this Commonwealth's account
27 under section 903 of the Federal Social Security Act which has
28 been appropriated for expenses of administration shall be
29

1 ~~excluded from the amount in the Unemployment Compensation Fund~~
2 ~~in the computation of the "Der" factor. Factor "Wt" equals all~~
3 ~~wages subject to the law up to the limitation described in~~
4 ~~section 4(x)(1) paid by all employers. Each item in each factor~~
5 ~~shall be computed with respect to the twelve month period ending~~
6 ~~on the computation date: Provided, That should the computed~~
7 ~~State Adjustment Factor for [calendar year 1984, and] any year~~
8 ~~[thereafter] exceed [one and five tenths per centum (1.5%)] the~~
9 ~~maximum rate allowed under this section, such excess over [one~~
10 ~~and five tenths per centum (1.5%)] the maximum rate shall be~~
11 ~~added to the computed State Adjustment Factor for the following~~
12 ~~year or years.~~

13 ~~(2) The maximum State Adjustment Factor shall be one and~~
14 ~~one tenth per centum (1.1%) for calendar years 2012 through~~
15 ~~2016, nine tenths of one per centum (0.9%) for calendar year~~
16 ~~2017 and seventy five hundredths of one per centum (0.75%) for~~
17 ~~calendar year 2018 and thereafter.~~

18 * * *

19 (E) THE STATE ADJUSTMENT FACTOR FOR THE CALENDAR YEAR ←
20 BEGINNING JANUARY 1, 1984, SHALL BE ONE AND FIVE-TENTHS PER
21 CENTUM (1.5%) AND THEREAFTER SHALL BE COMPUTED AS OF THE
22 COMPUTATION DATE FOR SUCH YEAR TO A TENTH OF A PER CENTUM,
23 ROUNDING ALL FRACTIONAL PARTS OF A TENTH OF A PER CENTUM TO THE
24 NEAREST TENTH OF A PER CENTUM, BUT IN NO EVENT LESS THAN ZERO
25 NOR IN EXCESS OF ONE AND FIVE-TENTHS PER CENTUM (1.5%),
26 ACCORDING TO THE FOLLOWING FORMULA:

27 BDR - DCR
28 ----- X 100 = STATE ADJUSTMENT FACTOR
29 WT

30 IN WHICH FACTOR "BDR" EQUALS THE AGGREGATE OF (1) ALL BENEFITS

1 PAID BUT NOT CHARGED TO EMPLOYERS' ACCOUNTS, PLUS, (2) ALL
2 BENEFITS PAID AND CHARGED TO INACTIVE AND TERMINATED EMPLOYERS'
3 ACCOUNTS, PLUS, (3) ALL BENEFITS PAID AND CHARGED TO ACCOUNTS OF
4 ACTIVE EMPLOYERS FOR THE PRECEDING YEAR TO THE EXTENT SUCH
5 BENEFITS EXCEED THE COMBINED AMOUNT OF CONTRIBUTIONS PAYABLE BY
6 SUCH EMPLOYERS ON THE BASIS OF THE BENEFIT RATIO FACTOR AND THE
7 RESERVE RATIO FACTOR. FACTOR "DCR" EQUALS THE AGGREGATE OF (1)
8 INTEREST CREDITED TO THE UNEMPLOYMENT COMPENSATION FUND, PLUS,
9 (2) AMOUNTS TRANSFERRED FROM THE SPECIAL ADMINISTRATION FUND AND
10 THE [INTEREST] DEBT SERVICE FUND TO THE UNEMPLOYMENT
11 COMPENSATION FUND, PLUS, (3) REFUNDS OF BENEFITS UNLAWFULLY
12 PAID, PLUS, (4) AMOUNTS CREDITED TO THE UNEMPLOYMENT
13 COMPENSATION FUND BY THE FEDERAL GOVERNMENT OTHER THAN BY LOAN,
14 EXCEPT THAT ANY AMOUNT CREDITED TO THIS COMMONWEALTH'S ACCOUNT
15 UNDER SECTION 903 OF THE FEDERAL SOCIAL SECURITY ACT WHICH HAS
16 BEEN APPROPRIATED FOR EXPENSES OF ADMINISTRATION SHALL BE
17 EXCLUDED FROM THE AMOUNT IN THE UNEMPLOYMENT COMPENSATION FUND
18 IN THE COMPUTATION OF THE "DCR" FACTOR. FACTOR "WT" EQUALS ALL
19 WAGES SUBJECT TO THE LAW UP TO THE LIMITATION DESCRIBED IN
20 SECTION 4(X)(1) PAID BY ALL EMPLOYERS. EACH ITEM IN EACH FACTOR
21 SHALL BE COMPUTED WITH RESPECT TO THE TWELVE-MONTH PERIOD ENDING
22 ON THE COMPUTATION DATE: PROVIDED, THAT SHOULD THE COMPUTED
23 STATE ADJUSTMENT FACTOR FOR CALENDAR YEAR 1984, AND ANY YEAR
24 THEREAFTER EXCEED ONE AND FIVE-TENTHS PER CENTUM (1.5%), SUCH
25 EXCESS OVER ONE AND FIVE-TENTHS PER CENTUM (1.5%) SHALL BE ADDED
26 TO THE COMPUTED STATE ADJUSTMENT FACTOR FOR THE FOLLOWING YEAR
27 OR YEARS.

28 * * *

29 Section 2. Section 301.6 of the act, amended July 1, 1985,
30 (P.L.96, No.30), is amended to read:

1 Section 301.6. Additional Contribution for Interest.--(a)
2 Notwithstanding any other provision of this act, all employers
3 required to pay contributions under section 301 or 301.1 other
4 than those employers covered by paragraphs (3) and (4) of
5 subsection (a) of section 301 shall have their rate of
6 contribution increased by the rate of the Interest Factor in
7 effect for the applicable calendar year.

8 (b) All taxes collected under this section shall be
9 considered to be separate and apart from any contributions
10 required to be deposited in the Unemployment Compensation Fund.
11 All taxes collected under this section shall be deposited in the
12 [Interest] Debt Service Fund established by section 601.2 of
13 this act. Such taxes will not be credited to the employer's
14 reserve account.

15 (c) [The Interest Factor calculated on wages with regard to
16 the limitations specified in section 4(x)(1) shall be equal to
17 twenty-five hundredths of one per centum (0.25%) for calendar
18 year 1984, five-tenths of one per centum (0.5%) for calendar
19 year 1985, and three-tenths of one per centum (0.3%) for
20 calendar year 1986. Thereafter the] The Interest Factor shall be
21 a variable rate [not to exceed one per centum (1.0%)] to be ←
22 determined annually by the department [at a rate necessary to
23 pay the interest on outstanding interest-bearing advances under
24 Title XII of the Social Security Act for the following calendar
25 year]. The rate of the Interest Factor for a calendar year shall
26 be the rate necessary to do the following in that year:

27 (1) Pay the bond obligations and bond administrative
28 expenses under Article XIV of this act which are due in that
29 year.

30 (2) Replenish amounts which have been drawn from bond

1 reserves under Article XIV of this act.

2 (3) PROVIDE AN AMOUNT NECESSARY IN THE DEPARTMENT'S JUDGMENT ←
3 TO ENHANCE INVESTOR ACCEPTANCE OF BONDS UNDER ARTICLE XIV OF
4 THIS ACT.

5 ~~(3)~~ (4) Fund redemptions and purchases of outstanding bonds ←
6 under Article XIV of this act which will occur in that year.

7 ~~(4)~~ (5) Pay the interest on interest-bearing advances under ←
8 Title XII of the Social Security Act (42 U.S.C. § 1321 et seq.)
9 which is due in that year.

10 ~~(5)~~ (6) Repay outstanding advances under Title XII of the ←
11 Social Security Act.

12 (d) Contributions paid by or on behalf of an employer under
13 this act, other than employe contributions under section 301.4,
14 shall be allocated first to the employer's liability under this
15 section. This subsection shall apply to contributions for any
16 calendar quarter that ends at a time when bonds issued under
17 Article XIV of this act are outstanding.

18 (e) If additional contributions collected under this section
19 for a calendar year exceed the amount necessary for the purposes
20 enumerated in subsection (c) for that year, the department may
21 use such excess contributions for the purposes enumerated in
22 subsection (c) for the following year, thereby reducing the
23 amount of additional contributions which would be required for
24 the following year.

25 (f) No Interest Factor shall be required for [the year
26 following any year in which the amount of such interest-bearing
27 advances has been reduced to zero, provided that an interest tax
28 shall be required and shall be reimposed by the department for
29 the calendar year following any year in which an interest-
30 bearing advance remains outstanding on October 1 and there are

1 not sufficient funds in the Interest Fund to pay the interest
2 due in that] any year for which funding is not required for any
3 of the purposes enumerated under subsection (c).

4 Section 2.1. Section 301.7 of the act, added October 19,
5 1988 (P.L.818, No.109), is amended to read:

6 Section 301.7. Trigger Determination.--(a) On July 1 of
7 every year, the secretary shall calculate the trigger percentage
8 to be used in setting surcharge and contribution rates for the
9 contributions required under sections 301.2, 301.4 and 301.5 and
10 in setting the benefit reduction required under section 404(e)
11 (4) for the following calendar year. The secretary shall:

12 (1) determine the balance in the Unemployment Compensation
13 Trust Fund;

14 (2) determine the average of the benefit costs for the three
15 immediately preceding fiscal years; and

16 (3) calculate the percentage that the Unemployment
17 Compensation Trust Fund represents of the average of the benefit
18 costs.

19 For purposes of this subsection, the balance in the Unemployment
20 Compensation Trust Fund shall be determined by adding the
21 principal amount of outstanding bonds under Article XIV of this
22 act and the amount of outstanding advances under Title XII of
23 the Social Security Act (42 U.S.C. § 1321 et seq.) and by
24 subtracting that sum from the amount that otherwise would be the
25 balance in the Unemployment Compensation Trust Fund.

26 (b) Surcharge and contribution rates shall be announced by
27 the secretary on July 1 of every year in accordance with the
28 following schedule:

29 (1) When the trigger percentage is one hundred fifty per
30 centum (150%) or higher, the rate of the surcharge assessed

1 under section 301.5 shall be a negative one and one-half per
2 centum (-1.5%).

3 (2) When the trigger percentage is at least one hundred
4 twenty-five per centum (125%), but less than one hundred fifty
5 per centum (150%), there shall be no surcharge or contribution
6 under section 301.2, 301.4 or 301.5.

7 (3) When the trigger percentage is at least one hundred ten
8 per centum (110%), but less than one hundred twenty-five per
9 centum (125%):

10 (i) the rate of the surcharge assessed under section 301.5
11 shall be four per centum (4%); and

12 (ii) the rate of contributions assessed under section 301.4
13 shall be five-hundredths of one per centum (0.05%).

14 (4) When the trigger percentage is at least ninety-five per
15 centum (95%), but less than one hundred ten per centum (110%):

16 (i) the rate of the surcharge assessed under section 301.5
17 shall be eight per centum (8%); and

18 (ii) the rate of contributions assessed under section 301.4
19 shall be one-tenth of one per centum (0.1%).

20 (5) When the trigger percentage is at least seventy-five per
21 centum (75%), but less than ninety-five per centum (95%):

22 (i) the rate of the surcharge assessed under section 301.5
23 shall be eight per centum (8%);

24 (ii) the rate of contributions assessed under section 301.4
25 shall be fifteen-hundredths of one per centum (0.15%); and

26 (iii) the rate of additional contributions assessed under
27 section 301.2 shall be twenty-five hundredths of one per centum
28 (0.25%).

29 (6) When the trigger percentage is at least fifty per centum
30 (50%), but less than seventy-five per centum (75%):

1 (i) the rate of the surcharge assessed under section 301.5
2 shall be eight per centum (8%);

3 (ii) the rate of contributions assessed under section 301.4
4 shall be two-tenths of one per centum (0.2%); and

5 (iii) the rate of additional contribution assessed under
6 section 301.2 shall be five-tenths of one per centum (0.5%).

7 (7) When the trigger percentage is less than fifty per
8 centum (50%):

9 (i) the rate of the surcharge assessed under section 301.5
10 shall be eight per centum (8%);

11 (ii) the rate of additional contribution assessed under
12 section 301.2 shall be seventy-five hundredths of one per centum
13 (0.75%); and

14 (iii) the rate of contributions assessed under section 301.4
15 shall be two-tenths of one per centum (0.2%).

16 (c) Whenever the trigger percentage determined under
17 subsection (a) is less than fifty per centum (50%), the
18 secretary shall announce a reduction in the weekly benefit rate
19 under section 404(e)(4).

20 (d) Whenever the trigger percentage is less than twenty-five
21 per centum (25%), any balance remaining in the Unemployment
22 Compensation Trigger Reserve Account shall be transferred to the
23 Unemployment Compensation Trust Fund.

24 Section 3. Section 309 of the act is amended by adding a
25 subsection to read:

26 Section 309. Collection of Contributions and Interest;
27 Injunctions.--* * *

28 (c) In addition to the methods of collection authorized in
29 this section and other sections of this act, the department may
30 collect contributions, interest, penalties and other liabilities

1 due under this act under the Internal Revenue Code of 1986 (26
2 U.S.C. § 6402 (Public Law 97-35)) and by any other means
3 available under Federal or State law.

4 Section 3.1. Section 404(e)(2) of the act, amended June 17,
5 2011, (P.L.16, No.6), is amended to read:

6 Section 404. Rate and Amount of Compensation.--Compensation
7 shall be paid to each eligible employe in accordance with the
8 following provisions of this section except that compensation
9 payable with respect to weeks ending in benefit years which
10 begin prior to the first day of January 1989 shall be paid on
11 the basis of the provisions of this section in effect at the
12 beginning of such benefit years.

13 * * *

14 (e) * * *

15 (2) (i) The Table Specified for the Determination of Rate
16 and Amount of Benefits shall be extended or contracted annually,
17 automatically by regulations promulgated by the secretary in
18 accordance with the following procedure: for calendar year one
19 thousand nine hundred seventy-two and for all subsequent
20 calendar years, to a point where the maximum weekly benefit rate
21 shall equal sixty-six and two-thirds per centum of the average
22 weekly wage for the thirty-six-month period ending June 30
23 preceding each calendar year. If the maximum weekly benefit rate
24 is not a multiple of one dollar (\$1), it shall be rounded to the
25 next lower multiple of one dollar (\$1): Provided, however, That
26 effective with benefit years beginning the first Sunday at least
27 thirty days after the effective date of this amendatory act, the
28 per centum stated in this paragraph for establishing the maximum
29 weekly benefit rate shall be sixty-two and two-thirds per centum
30 for the remainder of calendar year one thousand nine hundred

1 seventy-four, sixty-four and two-thirds per centum for the
2 calendar year one thousand nine hundred seventy-five, and sixty-
3 six and two-thirds per centum for the calendar year one thousand
4 nine hundred seventy-six and for all subsequent calendar years.

5 The Table Specified for the Determination of Rate and Amount
6 of Benefits as so extended or contracted shall be effective only
7 for those claimants whose benefit years begin on or after the
8 first day of January of such calendar year.

9 (ii) For the purpose of determining the maximum weekly
10 benefit rate, the Pennsylvania average weekly wage in covered
11 employment shall be computed on the basis of the average annual
12 total wages reported (irrespective of the limit on the amount of
13 wages subject to contributions) for the thirty-six-month period
14 ending June 30 (determined by dividing the total wages reported
15 for the thirty-six-month period by three) and this amount shall
16 be divided by the average monthly number of covered workers
17 (determined by dividing the total covered employment reported
18 for the same thirty-six-month period by thirty-six) to determine
19 the average annual wage. The average annual wage thus obtained
20 shall be divided by fifty-two and the average weekly wage thus
21 determined rounded to the nearest cent.

22 (iii) Notwithstanding the provisions of subclause (i), for
23 the calendar year 2012, the maximum weekly benefit rate shall be
24 frozen at the rate calculated for calendar year 2011.

25 Thereafter, the maximum weekly benefit rate established:

26 (A) For calendar year 2013, shall be no greater than a one
27 per centum (1%) increase above the calendar year 2012 rate.

28 (B) For calendar year 2014, shall be no greater than a one
29 and one-tenth per centum (1.1%) increase above the calendar year
30 2013 rate.

1 (C) For calendar year 2015, shall be no greater than a one
2 and two-tenths per centum (1.2%) increase above the calendar
3 year 2014 rate.

4 (D) For calendar year 2016, shall be no greater than a one
5 and three-tenths per centum (1.3%) increase above the calendar
6 year 2015 rate.

7 (E) For calendar year 2017, shall be no greater than one and
8 four-tenths per centum (1.4%) increase above the calendar year
9 2016 rate.

10 (F) For calendar year 2018, shall be no greater increase
11 than one and five-tenths per centum (1.5%) increase above the
12 calendar year 2017 rate.

13 The limitations instituted for calendar years 2013 through 2018
14 shall expire on the earlier to occur of December 31, 2018, or
15 the [last day of the calendar year in which the unemployment
16 Compensation trust fund does not have an outstanding solvency-
17 based debt to the United States government] December 31 as of
18 which the Unemployment Compensation Fund does not owe
19 outstanding advances to the Federal Government under Title XII
20 of the Social Security Act (42 U.S.C. § 1321 et seq.) and there
21 are no outstanding bonds under Article XIV.

22 (iv) If the change implemented by the freeze in calendar
23 year 2012 is determined by the department, in an official notice
24 to the General Assembly, to result in the loss of funds under
25 the American Recovery and Reinvestment Act of 2009 (Public Law
26 111-5, 123 Stat. 115), the schedule under subclause (iii) shall
27 occur one year later and the expiration of the limitations set
28 forth in subclause (iii) shall occur one year later.

29 * * *

30 Section 3.2. Section 601 of the act, amended December 6,

1 1972 (P.L.1622, No.336), and July 21, 1983 (P.L.68, No.30), is
2 amended to read:

3 Section 601. Unemployment Compensation Fund.--(a) There is
4 hereby created a special fund separate and apart from all public
5 moneys or funds of this Commonwealth to be known as the
6 Unemployment Compensation Fund. All contributions paid by
7 employers and employes, together with penalties and interest
8 thereon, received or collected by the department from employers
9 under the provisions of this act, except such penalties and
10 interest which are to be paid into the Special Administration
11 Fund as provided in section 601.1 and taxes collected under
12 section 301.6 of this act which are to be paid into the
13 [Interest] Debt Service Fund as provided in section 601.2, shall
14 be paid into the Unemployment Compensation Fund, and shall be
15 credited by the department to a ledger account to be known as
16 the Employers' Contribution Account. Interest and penalties
17 which are to be credited to the Special Administration Fund and
18 taxes collected under section 301.6 may be temporarily held in
19 the Employers' Contribution Account solely for clearance
20 purposes prior to transfer to the Special Administration Fund or
21 [Interest] Debt Service Fund and while so held in the Employers'
22 Contribution Account shall not be deemed a part of the
23 Unemployment Compensation Fund. All moneys from time to time
24 received and credited to the Employers' Contribution Account
25 (exclusive of refunds made under section 311 and interest and
26 penalties transferred as herein provided to the Special
27 Administration Fund and taxes transferred to the [Interest] Debt
28 Service Fund) shall be paid promptly by the department into the
29 Unemployment Compensation Fund, except as otherwise provided in
30 section 605 of this act. All moneys credited to this

1 Commonwealth's account in the Unemployment Compensation Fund
2 pursuant to section 903 of the Federal Social Security Act (42
3 U.S.C. § 1103) shall be included in the Unemployment
4 Compensation Fund.

5 (b) As often as may be necessary, the department shall
6 requisition from the Unemployment Trust Fund such amounts as
7 shall be necessary to provide adequate funds for the payment of
8 compensation as provided in this act, except that moneys
9 credited to this Commonwealth's account pursuant to section 903
10 of the Federal Social Security Act as amended shall be used
11 exclusively as provided in section six hundred two point three.
12 Upon receipt of such requisitioned funds, the department shall
13 deposit them into the Unemployment Compensation Fund to the
14 credit of a ledger account, to be known as the Compensation
15 Account, and shall expend such moneys solely for the payment of
16 compensation, as provided by this act. All moneys to the credit
17 of the Compensation Account shall be mingled and undivided. The
18 department shall pay all compensation authorized by this act out
19 of moneys standing to the credit of the Compensation Account.

20 (c) Notwithstanding any other provisions of this section,
21 the department shall at such time or times, when the amount of
22 moneys credited to the Commonwealth of Pennsylvania in the
23 Unemployment Compensation Fund exceed the average annual total
24 benefit payout for the immediate prior five (5) years, transfer
25 such excess to the United States Treasury to repay; and reduce
26 any outstanding Federal unemployment loan debt, and at such
27 other time or times as the secretary with the approval of the
28 Governor may determine, is hereby authorized to requisition from
29 the Unemployment Compensation Fund and pay into the United
30 States Treasury an amount which, in the aggregate, is equal to

1 the balance of any loan made to this Commonwealth under the
2 provisions of Title XII of the Social Security Act, as amended.
3 Such requisition and transfer need not be in a lump sum but may
4 be made according to a plan entered into between the department
5 and the United States Treasury and for that purpose the
6 authority hereinabove contained shall be deemed continuous
7 during the term of such agreement.

8 Section 4. Section 601.2 of the act, amended July 1, 1989
9 (P.L.107, No.22), is amended to read:

10 Section 601.2. [Interest] Debt Service Fund.--(a) There is
11 hereby established a separate account in the State Treasury, to
12 be known as the [Interest] Debt Service Fund. All taxes
13 collected under section 301.6 of this act shall be paid into the
14 [Interest] Debt Service Fund. The moneys in this fund shall be
15 used in the following priority order and such funds received are
16 hereby appropriated for all of the following purposes:

17 (1) For [transfer to the General Fund for repayment of loans
18 pursuant to subsection (c) or for transfer to the General Fund
19 pursuant to subsections (f) and (g)] payment of bond obligations
20 and bond administrative expenses, for replenishment of bond
21 reserves, FOR MAINTENANCE OF AN AMOUNT THE DEPARTMENT DETERMINES ←
22 NECESSARY TO ENHANCE INVESTOR ACCEPTANCE OF THE BONDS and for
23 redemption or purchase of outstanding bonds under Article XIV of
24 this act.

25 (2) For the payment of annual interest obligations assessed
26 under Title XII of the Social Security Act.

27 (3) [Repayment] For repayment of outstanding interest-
28 bearing advances received under Title XII of the Social Security
29 Act.

30 (4) [Unemployment compensation payments under this act] For

1 transfer to the Unemployment Compensation Fund under subsection
2 ~~(b)~~ (E), for payment of compensation to individuals. ←

3 [(b) Whenever the Governor shall ascertain that the cash
4 balance and current estimated receipts of the Interest Fund
5 shall be insufficient at any time during any State fiscal year
6 to meet promptly the expenses of the Commonwealth from such
7 fund, and the fund will have adequate funds available to meet
8 such expenses and other anticipated expenses prior to the
9 completion of the fiscal year, the State Treasurer is hereby
10 authorized and directed, from time to time during such State
11 fiscal year, to transfer from the General Fund to the Interest
12 Fund such sums as the Governor directs. Any sums so transferred
13 shall be available only for the purposes for which the fund to
14 which they are transferred is appropriated by law. Such
15 transfers shall be made hereunder upon warrant of the State
16 Treasurer upon requisition of the Governor.

17 (c) In order to reimburse the General Fund for moneys
18 transferred from such fund under subsection (b), there shall be
19 transferred moneys to such fund from the Interest Fund in such
20 amounts and times as the Governor shall direct, but in no event
21 later than thirty (30) days after the end of such State fiscal
22 year. Such retransfers shall be made upon warrant of the State
23 Treasurer upon requisition of the Governor.

24 (d) Any amount of moneys remaining in this fund at the end
25 of the calendar year after the interest obligations, for the
26 calendar year, under Title XII of the Social Security Act have
27 been met may be used as a voluntary repayment as prescribed by
28 section 1202(b)(6)(A) of the Social Security Act, to reduce the
29 balance of any outstanding interest-bearing advances received
30 under Title XII of the Social Security Act.]

1 (e) [Except as may be provided in subsections (f) and (g),
2 any] Any amount of moneys remaining in this fund at the end of
3 [the] a calendar year [in which the outstanding balance of
4 interest-bearing advance under Title XII of the Social Security
5 Act is zero] shall be transferred to the Unemployment
6 Compensation Fund and credited to the Employers' Contribution
7 Account as specified in section [601.

8 (f) Subsequent to the repayment of all indebtedness as
9 described in this section, the sum of forty-one million dollars
10 (\$41,000,000) is hereby transferred from the Interest Fund to
11 the General Fund. Moneys remaining in the Interest Fund after
12 this transfer shall be transferred to the Unemployment
13 Compensation Fund as provided in subsection (e).

14 (g) The sum of eleven million seven hundred thousand dollars
15 (\$11,700,000) is hereby transferred from the Interest Fund to
16 the General Fund. Moneys remaining in the Interest Fund after
17 this transfer shall be transferred to the Unemployment
18 Compensation Fund as provided in subsection (e).] 601 if the
19 following requirements are met:

20 (1) the balance of interest-bearing advances under Title XII
21 of the Social Security Act is zero at the end of that year;

22 (2) no interest on advances shall be due in the following
23 year; and

24 (3) there are no outstanding bond obligations and bond
25 administration expenses under Article XIV of this act and no
26 such obligations and expenses will be due in the following year.

27 Section 4.1. Section 603 of the act, amended June 15, 2005
28 (P.L.8, No.5), is amended to read:

29 Section 603. State Treasurer as Custodian.--The State
30 Treasurer shall be the custodian of the Unemployment

1 Compensation Fund, the Administration Fund, the Special
2 Administration Fund, the [Interest] Debt Service Fund and the
3 Job Training Fund. He shall give a bond, or bonds, with
4 corporate sureties, conditioned upon the faithful performance of
5 his duties as custodian of such funds in such amount or amounts
6 as shall be determined and fixed by the Executive Board of this
7 Commonwealth. Premiums for such bond or bonds shall be paid by
8 the department out of the moneys in the Administration Fund. All
9 moneys belonging to such funds (exclusive of moneys on deposit
10 in the Unemployment Trust Fund as provided in section 601) shall
11 be deposited by the State Treasurer in any banks or public
12 depositories in which general funds of the Commonwealth may be
13 deposited, but no public deposit insurance charge or premium
14 shall be paid out of moneys in the Unemployment Compensation
15 Fund. Any law to the contrary notwithstanding, all payments from
16 such funds shall be made under such systems of requisitioning
17 and accounting as the Governor, the State Treasurer, and
18 Secretary shall determine.

19 Section 5. Section 804(a) ~~and (b)(1)~~ of the act, amended ←
20 ~~July 10, 1980 (P.L.521, No.108)~~ and October 19, 1988 (P.L.818, ←
21 No.109), ~~are~~ IS amended to read: ←

22 Section 804. Recovery and Recoupment of Compensation.--(a)
23 Any person who by reason of his fault has received any sum as
24 compensation under this act to which he was not entitled, shall
25 be liable to repay to the Unemployment Compensation Fund to the
26 credit of the Compensation Account a sum equal to the amount so
27 received by him and interest at the rate determined by the
28 Secretary of Revenue as provided by section 806 of the act of
29 April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code," per
30 month or fraction of a month from fifteen (15) days after the

1 Notice of Overpayment was issued until paid. Such sum shall be
2 collectible (1) in the manner provided in section 308.1 or
3 section 309 of this act, for the collection of past due
4 contributions, or (2) by deduction from any future compensation
5 payable to the claimant under this act: Provided, That interest
6 assessed under this section cannot be recouped by deduction from
7 any future compensation payable to the claimant under this act:
8 Provided further, That no administrative or legal proceedings
9 for the collection of such sum shall be instituted after the
10 expiration of [six] ten years following the end of the benefit
11 year with respect to which such sum was paid.

12 ~~(b) (1) Any person who other than by reason of his fault~~ ←
13 ~~has received with respect to a benefit year any sum as~~
14 ~~compensation under this act to which he was not entitled shall~~
15 ~~not be liable to repay such sum but shall be liable to have such~~
16 ~~sum deducted from any future compensation payable to him with~~
17 ~~respect to such benefit year, or the [three year] six year~~
18 ~~period immediately following such benefit year: Provided, That~~
19 ~~with respect to overpayments of one hundred dollars or more,~~
20 ~~recoupment from such future compensation shall not exceed one~~
21 ~~third of the maximum benefit amount to which such person is~~
22 ~~entitled during any such subsequent benefit year nor one third~~
23 ~~of the weekly benefit amount to which such person may be~~
24 ~~entitled for any particular week. In the absence of~~
25 ~~misrepresentation or non disclosure of a material fact, no~~
26 ~~recoupment shall be had if such overpayment is created by reason~~
27 ~~of (i) a subsequent reversal of two decisions of eligibility~~
28 ~~under the provisions of section five hundred one (e) of this~~
29 ~~act, or (ii) the subsequent receipt of holiday pay, vacation pay~~
30 ~~or the like of which the person had no knowledge, or (iii) a~~

1 ~~subsequent determination that the person's base year wages were~~
2 ~~not earned in employment as defined in this act. No provision of~~
3 ~~this subsection shall be construed to prevent or prohibit the~~
4 ~~voluntary repayment of compensation by such person or the~~
5 ~~maintenance of records of overpayments by the department.~~

6 * * *

7 Section 6. The act is amended by adding articles to read:

8 ARTICLE XIV

9 UNEMPLOYMENT COMPENSATION BONDS

10 Section 1401. Definitions.

11 The following words and phrases when used in this article
12 shall have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Authority." The Pennsylvania Economic Development Financing
15 Authority.

16 "Bond." Any type of revenue obligation, including a bond or
17 series of bonds, note, certificate or other instrument issued by
18 the authority for the benefit of the department under this
19 article.

20 "Bond administrative expenses." Expenses incurred to
21 administer bonds, including fees of the authority OR THE TRUST ←
22 INDENTURE, payments to agents and attorneys and costs of other
23 professional services necessary to ensure compliance with
24 applicable Federal or State law.

25 "Bond obligations." The principal of a bond and the premium
26 and interest payable on a bond, together with the amount owed
27 under a related credit agreement.

28 "BOND TRUSTEE." THE TRUSTEE UNDER THE TRUST INDENTURE ←
29 SELECTED BY THE AUTHORITY AND THE DEPARTMENT.

30 "Credit agreement." A loan agreement, a revolving credit

1 agreement, an agreement establishing a line of credit, a letter
2 of credit or another agreement that enhances the marketability,
3 security or creditworthiness of a bond.

4 "Federal advances." Loans by the Federal government to the
5 Commonwealth for the payment of compensation under Title XII of
6 the Social Security Act (42 U.S.C. § 1321 et seq.) or a similar
7 Federal statute.

8 "Financing Law." The act of August 23, 1967 (P.L.251,
9 No.102), known as the Economic Development Financing Law.

10 "TRUST INDENTURE." THE DOCUMENT, INCLUDING AMENDMENTS AND ←
11 SUPPLEMENTS, BETWEEN THE AUTHORITY AND THE BOND TRUSTEE, UNDER
12 WHICH THE BONDS ARE ISSUED.

13 Section 1402. Bond issuance.

14 (A) DECLARATION OF POLICY.--THE GENERAL ASSEMBLY FINDS AND ←
15 DECLARES THAT FUNDING THE REPAYMENT OF PREVIOUS FEDERAL
16 ADVANCES, INCLUDING INTEREST, THROUGH THE AUTHORITY, MAY RESULT
17 IN A SAVINGS TO EMPLOYERS IN THIS COMMONWEALTH FOR THE BENEFIT
18 OF ECONOMIC ACTIVITIES THROUGHOUT THIS COMMONWEALTH.

19 ~~(a)~~ (B) Authority.--Notwithstanding any other law, all of ←
20 the following apply:

21 (1) The department may BE A PROJECT APPLICANT UNDER THE ←
22 FINANCING LAW AND apply to the authority for the funding of
23 repayment of Federal advances AND INTEREST DUE ON THEM. ←

24 (2) The funding of repayment of Federal advances AND ←
25 INTEREST DUE ON THEM shall constitute a project for purposes
26 of the Financing Law.

27 (3) The authority may issue bonds under the Financing
28 Law, consistent with this article, to finance a project
29 consisting of repayment of Federal advances AND INTEREST DUE ←
30 ON THEM or refunding and redeeming of prior bonds.

1 (4) Participation of an industrial and commercial
2 development authority is not required to finance repayment of
3 Federal advances AND INTEREST DUE ON THEM.

4 ~~(b)~~ (C) Debt or liability.--

5 (1) Bonds issued under this article shall not be a debt
6 or liability of the Commonwealth and shall not create or
7 constitute any indebtedness, liability or obligation of the
8 Commonwealth.

9 (2) Bond obligations and bond administrative expenses
10 shall be payable solely from revenues or funds pledged or
11 available for their repayment as authorized in this article.
12 This paragraph includes the proceeds of an issue of bonds.

13 (3) Each bond must contain on its face a statement that:

14 (i) the authority is obligated to pay the principal
15 of the bond or the interest on the bond only from funds
16 made available under this article;

17 (ii) neither the Commonwealth nor a political
18 subdivision is obligated to pay the principal or
19 interest; and

20 (iii) the full faith and credit of the Commonwealth
21 is not pledged to the payment of the principal of or the
22 interest on the bonds.

23 Section 1403. Criteria for bond issuance.

24 (a) Determination.--If the department reasonably expects
25 that the issuance of bonds to obtain funds to repay Federal
26 advances, including interest, would result in a savings to
27 employers in this Commonwealth, as an alternative to repayment
28 of the Federal advances and interest by other means, the
29 department, in consultation with the Office of the Budget, may
30 apply the authority to issue bonds for its benefit under section

1 ~~1402(a)~~ 1402(B).



2 (b) Terms.--

3 (1) The department, in consultation with the Office of
4 the Budget, shall specify in its application to the
5 authority:

6 (i) the maximum principal amount of the bonds for
7 each separate bond issue; and

8 (ii) the maximum term of the bond, not to exceed 20
9 years.

10 (2) The total principal amount of bonds that the
11 department may request under this article for all bond issues
12 may not exceed ~~\$3,500,000,000~~ \$4,500,000,000.



13 Section 1404. Issuance of bonds and security.

14 (a) Issuance.--The authority shall consider issuance of
15 bonds upon application by the department. Bonds issued under
16 this article shall be subject to the provisions of the Financing
17 Law, unless otherwise specified by this article.

18 (b) Agreements.--The authority and the department may enter
19 into loan agreements, credit agreements, bond purchase
20 agreements and other contracts in connection with the bonds in
21 order to effectuate the purposes of the Financing Law and this
22 article.

23 (c) Security.--The bond obligations and bond administrative
24 expenses are secured, for the benefit of THE BOND TRUSTEE, the
25 holders of the bonds and the obligees under the credit
26 agreements, by pledge of, security INTEREST in and first lien on
27 all of the following:



28 (1) Additional contributions collected under section
29 301.6.

30 (2) Money on deposit in the Debt Service Fund. This

1 paragraph includes investment income on that money.

2 ~~(3) Money in the Debt Service Fund as follows:~~ ←

3 ~~(i) Except as set forth in subparagraph (ii), money~~
4 ~~on deposit in any fund and account. This subparagraph~~
5 ~~includes bond reserves and interest income on the money.~~

6 ~~(ii) Subparagraph (i) does not apply to money in any~~
7 ~~fund or account related to arbitrage rebate obligations.~~

8 Section 1405. Use of bond proceeds.

9 ~~(a) Order. Upon issuance of the bonds, the proceeds shall~~
10 ~~be applied in the following order:~~

11 ~~(1) Pay the costs of issuance of the bonds.~~

12 ~~(2) Fund bond reserves.~~

13 ~~(3) Deposit in an appropriate fund money to pay~~
14 ~~capitalized interest on bonds for the period determined by~~
15 ~~the department, not to exceed two years.~~

16 ~~(4) Refund outstanding bonds, if applicable.~~

17 ~~(5) Repay principal and interest of Federal advances.~~

18 ~~(6) Deposit into the Unemployment Compensation Fund.~~

19 ~~(b) Unemployment Compensation Fund. The bond proceeds in the~~
20 ~~Unemployment Compensation Fund shall be applied as directed by~~
21 ~~the department to do all of the following:~~

22 ~~(1) Repay the principal and interest of previous Federal~~
23 ~~advances.~~

24 ~~(2) Pay unemployment compensation benefits.~~

25 ~~(3) Pay bond administrative expenses.~~

26 ~~(4) Redeem or purchase outstanding bonds or pay bond~~
27 ~~obligations.~~

28 ~~(3) EXCEPT AS SET FORTH IN PARAGRAPH (4), ALL MONEY HELD~~ ←
29 ~~ON DEPOSIT WITH THE TRUSTEE RELATING TO THE BONDS, AS FURTHER~~
30 ~~PROVIDED IN THE TRUST INDENTURE. THIS PARAGRAPH INCLUDES BOND~~

1 RESERVES AND INTEREST INCOME ON THE MONEY.

2 (4) PARAGRAPH (3) DOES NOT APPLY TO MONEY IN ANY FUND OR
3 ACCOUNT RELATED TO ARBITRAGE REBATE OBLIGATIONS.

4 SECTION 1405. USE OF BOND PROCEEDS.

5 (A) INITIAL DEPOSIT OF PROCEEDS.--THE PROCEEDS OF BONDS
6 ISSUED BY THE AUTHORITY SHALL BE INITIALLY DEPOSITED WITH THE
7 BOND TRUSTEE.

8 (B) ORDER.--UPON ISSUANCE OF BONDS, THE BOND TRUSTEE, IN
9 ACCORDANCE WITH DIRECTIONS FROM THE DEPARTMENT, SHALL APPLY THE
10 PROCEEDS OF THE BONDS IN THE FOLLOWING ORDER TO:

11 (1) PAY THE COSTS OF ISSUANCE OF THE BONDS;

12 (2) FUND ANY BOND RESERVES UNDER THE TRUST INDENTURE;

13 (3) DEPOSIT IN AN APPROPRIATE FUND UNDER THE TRUST
14 INDENTURE MONEY TO PAY CAPITALIZED INTEREST ON THE BONDS FOR
15 THE PERIOD DETERMINED BY THE DEPARTMENT, NOT TO EXCEED TWO
16 YEARS;

17 (4) REFUND OUTSTANDING BONDS, IF APPLICABLE;

18 (5) MAKE ANY OTHER DEPOSIT REQUIRED UNDER THE TRUST
19 INDENTURE;

20 (6) REPAY THE PRINCIPAL AND INTEREST OF PREVIOUS FEDERAL
21 ADVANCES; AND

22 (7) DEPOSIT THE BALANCE IN THE COMPENSATION PROGRAM FUND
23 UNDER THE TRUST INDENTURE.

24 (C) APPLICATION OF BALANCE.--THE BOND PROCEEDS DEPOSITED
25 UNDER SUBSECTION (B) (7) SHALL BE APPLIED, AT THE DIRECTION OF
26 THE DEPARTMENT, TO DO THE FOLLOWING, AS DIRECTED BY THE
27 DEPARTMENT:

28 (1) REPAY THE PRINCIPAL AND INTEREST OF PREVIOUS FEDERAL
29 ADVANCES.

30 (2) PAY UNEMPLOYMENT COMPENSATION BENEFITS.

1 (3) PAY BOND ADMINISTRATIVE EXPENSES.

2 (4) REDEEM OR PURCHASE OUTSTANDING BONDS.

3 (5) PAY BOND OBLIGATIONS.

4 ~~(e)~~ (D) Investment.--Pending application for the purposes ←
5 authorized, money held or deposited by the State Treasurer in
6 the Debt Service Fund may be invested or reinvested as are other
7 funds in the custody of the State Treasurer in the manner
8 provided by law. All earning received from the investment or
9 deposit of the money shall be paid into the State Treasury to
10 the credit of the Debt Service Fund or the account.

11 Section 1406. Payment of bond-related obligations.

12 (a) Notification.--For each calendar year in which bond
13 obligations and bond administrative expenses will be due, the
14 authority shall notify the department of the amount of bond
15 obligations and the estimated amount of bond administrative
16 expenses in sufficient time, as determined by the department, to
17 permit the department to determine the amount of additional
18 contributions under section 301.6 required for that year, for
19 deposit into the Debt Service Fund. The authority's calculation
20 of the amount of bond obligations and bond administrative
21 expenses that will be due is subject to verification by the
22 department.

23 (b) Transfer.--Money in the Debt Service Fund needed to pay
24 bond obligations and bond administrative expenses or to
25 replenish bond reserves shall be transferred to the authority to
26 ensure timely payment of bond obligations and bond
27 administrative expenses and timely replenishment of bond
28 reserves, as specified in the resolution adopted in connection
29 with the bond OR IN THE BOND INDENTURE. ←

30 (c) Deficiency in Debt Service Fund.--If there is a

1 deficiency in the Debt Service Fund and to the extent permitted
2 by law, that part of the principle owed on bonds which is
3 attributable to repayment of the principle of advances under
4 Title XII of the Social Security Act (42 U.S.C. § 1321 et seq.),
5 exclusive of interest or administrative costs associated with
6 the bonds, may be paid from the Unemployment Compensation Fund.
7 Section 1407. Commonwealth not to impair bond-related
8 obligations.

9 The Commonwealth pledges that it will not do any of the
10 following:

11 (1) Limit or alter the rights and responsibilities of
12 the authority or the department under this article, including
13 the responsibility to:

14 (i) pay bond obligations and bond administrative
15 expenses; and

16 (ii) comply with any other instrument or agreement
17 pertaining to bonds.

18 (2) Alter or limit the pledge in section 1404 of the
19 additional contributions and money on deposit in the Debt
20 Service Fund.

21 (3) Impair the rights and remedies of the holders of
22 bonds, until all bonds and interest on the bonds, REGARDLESS ←
23 OF TIME OF ISSUE, are discharged.

24 Section 1408. No personal liability.

25 The members and directors of the department and the authority
26 and the officers and employees of the department and the
27 authority are not personally liable as a result of good faith
28 exercise of the rights and responsibilities granted under this
29 article.

30 Section 1409. Expiration.

1 The authority to issue bonds other than refinancing and
2 refunding bonds under section 1402 and section 1404 shall expire
3 on December 31, 2016.

4 ARTICLE XV

5 UNEMPLOYMENT COMPENSATION

6 AMNESTY PROGRAM

7 Section 1501. Definitions.

8 The following words and phrases when used in this article
9 shall have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "Amnesty period." The ~~90-day period commencing~~ PERIOD OF ←
12 THREE CONSECUTIVE CALENDAR MONTHS DESIGNATED BY THE DEPARTMENT
13 WHICH COMMENCES NO LATER THAN 180 days after the effective date
14 of this section.

15 "Employee information." The name and Social Security number
16 of each employee, the amount of wages paid to each employee and
17 the number of credit weeks for each employee, in each calendar
18 quarter.

19 "Interest." Monetary obligations imposed under sections 308
20 and 804(a).

21 "Penalties." Monetary obligations imposed under sections
22 206(d) and 313.

23 "Penalty weeks." Weeks for which an individual is
24 disqualified from receiving compensation under section 801(b).

25 "Program." The Unemployment Compensation Amnesty Program
26 established pursuant to this article.

27 Section 1502. Program established.

28 There is established an Unemployment Compensation Amnesty
29 Program in accordance with the provisions of this article.

30 Section 1503. Applicability.

1 (a) Employer liabilities.--Except as provided in subsections
2 (c) and (d), the program shall apply to the following
3 unemployment compensation employer liabilities:

4 (1) Unpaid contributions due for calendar quarters
5 through the third quarter of 2011, for which the employer
6 reported the employee information or the department acquired
7 the employee information through an audit.

8 (2) Unpaid contributions due for calendar quarters
9 through the third quarter of 2011, for which the employer did
10 not report the employee information and the department did
11 not acquire the employee information through an audit.

12 (3) Unpaid reimbursement due on or before October 31,
13 2011.

14 (4) Unpaid interest due on contributions paid late for
15 calendar quarters through the third quarter of 2011 or on
16 reimbursement that was due on or before October 31, 2011, and
17 was paid late.

18 (5) Unpaid penalties due for reports filed late for
19 calendar quarters through the third quarter of 2011.

20 (b) Claimant liabilities.--Except as provided in subsections
21 (c) and (d), the program shall apply to the following
22 unemployment compensation claimant liabilities:

23 (1) A fault overpayment of compensation under section
24 804(a) established pursuant to a notice of determination of
25 overpayment issued by the department on or before March 31,
26 2012, to the extent repayment has not occurred.

27 (2) A nonfault overpayment of compensation under section
28 804(b) (1) established pursuant to a notice of determination
29 of overpayment issued by the department on or before March
30 31, 2012, to the extent repayment has not occurred.

1 (3) Compensation paid to a claimant for calendar weeks
2 through the week ending March 31, 2012, for which the
3 department has not issued a notice of determination of
4 overpayment, but the claimant acknowledges that the
5 compensation was overpaid under circumstances to which
6 section 804(a) applies.

7 (4) Unpaid interest due on an overpayment of
8 compensation under section 804(a) that was repaid on or
9 before March 31, 2012.

10 (c) Mandatory exclusion.--The following unemployment
11 compensation liabilities are excluded from the program:

12 (1) An overpayment of compensation established pursuant
13 to a notice of determination of overpayment that has not
14 become final.

15 (2) An employer liability for which a petition for
16 reassessment under section 304(b) or an application for
17 review and redetermination of contribution rate under section
18 301(e) (2) is pending.

19 (d) Optional exclusion.--The department may exclude the
20 following unemployment compensation liabilities from the
21 program:

22 (1) A liability for which a praecipe for a writ of
23 execution was filed prior to receipt of the amnesty form.

24 (2) A liability that was referred for judicial
25 proceedings or for which a judicial proceeding was commenced
26 prior to receipt of the amnesty form.

27 (3) A liability that is required to be paid under an
28 order of a Federal or state court.

29 Section 1504. Procedure for participation.

30 To participate in the program, an employer or a claimant

1 shall do the following:

2 (1) During the amnesty period, the employer or claimant
3 shall file an amnesty form with the department containing all
4 information required by the department, including a statement
5 by the employer or claimant acknowledging the provisions of
6 section 1506(f). The form shall be filed in a manner
7 specified in, and the filing date of the form shall be
8 determined by guidelines established by the department.

9 (2) If an employer is seeking amnesty with regard to a
10 liability described in section 1503(a)(2), the employer shall
11 report the employee information by filing quarterly reports
12 as required by regulations promulgated by the department for
13 all calendar quarters for which the employer did not
14 previously file reports and by filing amended quarterly
15 reports for all calendar quarters for which the employer did
16 not file complete reports. The quarterly reports shall
17 accompany the amnesty form.

18 (3) The employer or claimant shall pay the amount or
19 amounts required by section 1505. Payment shall accompany the
20 amnesty form.

21 Section 1505. Required payment and terms of amnesty.

22 (a) Payment.--An employer or claimant shall pay the amount
23 or amounts specified in this section that correspond to the
24 liability or liabilities for which amnesty is sought. The
25 department shall grant amnesty as provided in this section and
26 section 1506.

27 (a.1) Unpaid contributions.--If an employer is seeking
28 amnesty with regard to unpaid contributions described in section
29 1503(a)(1) or (2):

30 (1) The employer shall pay all of the unpaid

1 contributions and lien filing costs, if applicable, and one-
2 half of the interest and penalties due.

3 (2) The department shall waive the remaining interest
4 and penalties due corresponding to the contributions.

5 (b) Unpaid reimbursement.--If an employer is seeking amnesty
6 with regard to unpaid reimbursement described in section 1503(a)

7 (3):

8 (1) The employer shall pay all of the unpaid
9 reimbursement and lien filing costs, if applicable, and one-
10 half of the interest due.

11 (2) The department shall waive the remaining interest
12 due corresponding to the reimbursement.

13 (c) Unpaid interest.--If an employer is seeking amnesty with
14 regard to unpaid interest described in section 1503(a) (4):

15 (1) The employer shall pay all of the lien filing costs,
16 if applicable, and one-half of the unpaid interest due.

17 (2) The department shall waive the remaining unpaid
18 interest due.

19 (d) Unpaid penalties.--If an employer is seeking amnesty
20 with regard to unpaid penalties described in section 1503(a) (5):

21 (1) The employer shall pay all of the lien filing costs,
22 if applicable, and one-half of the unpaid penalties due.

23 (2) The department shall waive the remaining unpaid
24 penalties due.

25 (e) Fault overpayment.--If a claimant is seeking amnesty
26 with regard to an overpayment described in section 1503(b) (1) or

27 (3):

28 (1) The claimant shall pay the outstanding balance of
29 the overpayment and lien filing costs, if applicable, and
30 one-half of the interest due.

1 (2) The department shall waive the remaining interest
2 due and one-half of any previously imposed penalty weeks
3 corresponding to the overpayment that have not been served by
4 the claimant, and shall not issue a notice of determination
5 imposing penalty weeks corresponding to the overpayment. If
6 one-half of the unserved penalty weeks is not an even
7 multiple of one, the number of penalty weeks waived shall be
8 rounded to the next lower multiple of one.

9 (f) Nonfault overpayment.--If a claimant is seeking amnesty
10 with regard to an overpayment described in section 1503(b)(2):

11 (1) The claimant shall pay ~~67%~~ 50% of the outstanding
12 balance of the overpayment.

13 (2) The department shall waive the remaining balance of
14 the overpayment.

15 (g) Unpaid interest.--If a claimant is seeking amnesty with
16 regard to unpaid interest described in section 1503(b)(4):

17 (1) The claimant shall pay all of the lien filing costs,
18 if applicable, and one-half of the interest due.

19 (2) The department shall waive the remaining unpaid
20 interest due.

21 Section 1506. Additional terms and conditions of amnesty.

22 (a) Agreement.--If a payment plan agreement exists between
23 an employer or claimant and the department for a liability for
24 which the employer or claimant is seeking amnesty, the employer
25 or claimant shall pay the amount or amounts required by section
26 1505 during the amnesty period in order to receive amnesty,
27 notwithstanding any terms of the agreement to the contrary.

28 (b) Proceedings prohibited.--The department shall not
29 commence any administrative or judicial proceeding against an
30 employer with regard to any contributions, reimbursement,

1 interest or penalty paid under the program, or any interest or
2 penalties waived under the program. The department shall not
3 commence any administrative or judicial proceeding against a
4 claimant with regard to any overpayment or interest paid under
5 the program, or any overpayment or interest waived under the
6 program.

7 (c) Proceedings permitted.--If a liability for contributions
8 described in section 1503(a)(2) or liability for an overpayment
9 described in section 1503(b)(3) is disclosed and paid under the
10 program, and the department determines that the liability as
11 disclosed was understated, the department may commence
12 administrative or judicial proceedings and impose interest,
13 penalties and other monetary obligations only with regard to the
14 difference between the liability as disclosed and the correct
15 amount of the liability.

16 (d) Allowance.--Except as provided in subsection (c),
17 nothing in this article shall be construed to prohibit the
18 department from commencing administrative or judicial
19 proceedings and imposing interest, penalties and other monetary
20 obligations with respect to any liability that is not disclosed
21 under the program or any amount that is not paid under the
22 program.

23 (e) Refund or credit.--An employer or claimant shall not be
24 owed a refund or credit under this article for any amount paid
25 prior to the amnesty period.

26 (f) Form and report.--An employer or claimant may not
27 commence an administrative or judicial proceeding with regard to
28 the amnesty form, any report filed in connection with the
29 program, any liability disclosed under the program or any amount
30 paid under the program, and shall not be owed a refund or credit

1 for any amount paid under the program.

2 Section 1507. Duties of department.

3 (a) Guidelines.--The department shall establish guidelines
4 to implement the provisions of this article and publish the
5 guidelines as a notice in the Pennsylvania Bulletin no less than
6 90 days before the amnesty period begins.

7 (b) Publicity.--The department shall publicize the program
8 to maximize awareness of and participation in the program.

9 (c) Notification.--The department shall notify all employers
10 and claimants who are known to have liabilities to which the
11 program applies. The notice shall be sent by first class mail to
12 the employer's or claimant's last known post office address or
13 by electronic transmission, if the employer or claimant has
14 elected to receive communications from the department by that
15 method.

16 Section 1508. Construction.

17 Except as expressly provided in this article, this article
18 shall not:

19 (1) be construed to relieve any employer, claimant,
20 individual or any entity from filing reports or other
21 documents required by or paying any amounts due under this
22 act;

23 (2) affect or terminate any petitions, investigations,
24 prosecutions or any other administrative or judicial
25 proceedings pending under this act; or

26 (3) prevent the commencement or further prosecution of
27 any proceedings by the proper authorities of this
28 Commonwealth for violation of any laws or for the assessment,
29 collection or recovery of any amounts due to the Commonwealth
30 under any laws.

1 Section 1509. Suspension of inconsistent acts.

2 All acts or parts of acts inconsistent with the provisions of
3 this article are suspended to the extent necessary to carry out
4 the provisions of this article.

5 Section 7. This act shall apply as follows:

6 (1) The amendment of section 301.6 of the act shall
7 apply to the calculation of the interest factor for calendar
8 year 2012 and every year thereafter.

9 (2) The amendment of section 804 of the act shall apply
10 to benefit years that begin on or after the effective date of
11 that section.

12 Section 8. This act shall take effect immediately.