
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 AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
DECEMBER 19, 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.] WITH APPROVAL BY THE OFFICE OF THE BUDGET. The rate of ←
26 the Interest Factor for a calendar year shall be the rate
27 necessary to do the following in that year:

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

1 (2) Replenish amounts which have been drawn from bond
2 reserves under Article XIV of this act.

3 (3) PROVIDE AN AMOUNT NECESSARY IN THE DEPARTMENT'S AND ←
4 OFFICE OF THE BUDGET'S JUDGMENT TO FUND ADEQUATE DEBT SERVICE ←
5 RESERVES TO ENHANCE INVESTOR ACCEPTANCE OF BONDS UNDER ARTICLE
6 XIV OF THIS ACT.

7 ~~(3)~~ (4) Fund redemptions and purchases of outstanding bonds ←
8 under Article XIV of this act which will occur in that year.

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

12 ~~(5)~~ (6) Repay outstanding advances under Title XII of the ←
13 Social Security Act.

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

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

27 (f) No Interest Factor shall be required for [the year
28 following any year in which the amount of such interest-bearing
29 advances has been reduced to zero, provided that an interest tax
30 shall be required and shall be reimposed by the department for

1 the calendar year following any year in which an interest-
2 bearing advance remains outstanding on October 1 and there are
3 not sufficient funds in the Interest Fund to pay the interest
4 due in that] any year for which funding is not required for any
5 of the purposes enumerated under subsection (c).

6 Section 2.1. Section 301.7 of the act, added October 19,
7 1988 (P.L.818, No.109), is amended to read:

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

14 (1) determine the balance in the Unemployment Compensation
15 Trust Fund;

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

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

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

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

1 (1) When the trigger percentage is one hundred fifty per
2 centum (150%) or higher, the rate of the surcharge assessed
3 under section 301.5 shall be a negative one and one-half per
4 centum (-1.5%).

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

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

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

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

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

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

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

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

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

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

28 (iii) the rate of additional contributions assessed under
29 section 301.2 shall be twenty-five hundredths of one per centum
30 (0.25%).

1 (6) When the trigger percentage is at least fifty per centum
2 (50%), but less than seventy-five per centum (75%):

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

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

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

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

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

13 (ii) the rate of additional contribution assessed under
14 section 301.2 shall be seventy-five hundredths of one per centum
15 (0.75%); and

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

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

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

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

28 Section 309. Collection of Contributions and Interest;
29 Injunctions.--* * *

30 (c) In addition to the methods of collection authorized in

1 this section and other sections of this act, the department may
2 collect contributions, interest, penalties and other liabilities
3 due under this act under the Internal Revenue Code of 1986 (26
4 U.S.C. § 6402 (Public Law 97-35)) and by any other means
5 available under Federal or State law.

6 Section 3.1. Section 404(e)(2) of the act, amended June 17,
7 2011, (P.L.16, No.6), is amended to read:

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

15 * * *

16 (e) * * *

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

1 weekly benefit rate shall be sixty-two and two-thirds per centum
2 for the remainder of calendar year one thousand nine hundred
3 seventy-four, sixty-four and two-thirds per centum for the
4 calendar year one thousand nine hundred seventy-five, and sixty-
5 six and two-thirds per centum for the calendar year one thousand
6 nine hundred seventy-six and for all subsequent calendar years.

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

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

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

27 Thereafter, the maximum weekly benefit rate established:

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

30 (B) For calendar year 2014, shall be no greater than a one

1 and one-tenth per centum (1.1%) increase above the calendar year
2 2013 rate.

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

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

9 (E) For calendar year 2017, shall be no greater than one and
10 four-tenths per centum (1.4%) increase above the calendar year
11 2016 rate.

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

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

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

1 * * *

2 Section 3.2. Section 601 of the act, amended December 6,
3 1972 (P.L.1622, No.336), and July 21, 1983 (P.L.68, No.30), is
4 amended to read:

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

1 Unemployment Compensation Fund, except as otherwise provided in
2 section 605 of this act. All moneys credited to this
3 Commonwealth's account in the Unemployment Compensation Fund
4 pursuant to section 903 of the Federal Social Security Act (42
5 U.S.C. § 1103) shall be included in the Unemployment
6 Compensation Fund.

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

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

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

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

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

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

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

30 (3) [Repayment] For repayment of outstanding interest-

1 bearing advances received under Title XII of the Social Security
2 Act.

3 (4) [Unemployment compensation payments under this act] For
4 transfer to the Unemployment Compensation Fund under subsection
5 ~~(b)~~ (E), for payment of compensation to individuals. ←

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

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

27 (d) Any amount of moneys remaining in this fund at the end
28 of the calendar year after the interest obligations, for the
29 calendar year, under Title XII of the Social Security Act have
30 been met may be used as a voluntary repayment as prescribed by

1 section 1202(b)(6)(A) of the Social Security Act, to reduce the
2 balance of any outstanding interest-bearing advances received
3 under Title XII of the Social Security Act.]

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

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

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

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

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

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

30 Section 4.1. Section 603 of the act, amended June 15, 2005

1 (P.L.8, No.5), is amended to read:

2 Section 603. State Treasurer as Custodian.--The State
3 Treasurer shall be the custodian of the Unemployment
4 Compensation Fund, the Administration Fund, the Special
5 Administration Fund, the [Interest] Debt Service Fund and the
6 Job Training Fund. He shall give a bond, or bonds, with
7 corporate sureties, conditioned upon the faithful performance of
8 his duties as custodian of such funds in such amount or amounts
9 as shall be determined and fixed by the Executive Board of this
10 Commonwealth. Premiums for such bond or bonds shall be paid by
11 the department out of the moneys in the Administration Fund. All
12 moneys belonging to such funds (exclusive of moneys on deposit
13 in the Unemployment Trust Fund as provided in section 601) shall
14 be deposited by the State Treasurer in any banks or public
15 depositories in which general funds of the Commonwealth may be
16 deposited, but no public deposit insurance charge or premium
17 shall be paid out of moneys in the Unemployment Compensation
18 Fund. Any law to the contrary notwithstanding, all payments from
19 such funds shall be made under such systems of requisitioning
20 and accounting as the Governor, the State Treasurer, and
21 Secretary shall determine.

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

25 Section 804. Recovery and Recoupment of Compensation.--(a)
26 Any person who by reason of his fault has received any sum as
27 compensation under this act to which he was not entitled, shall
28 be liable to repay to the Unemployment Compensation Fund to the
29 credit of the Compensation Account a sum equal to the amount so
30 received by him and interest at the rate determined by the

1 Secretary of Revenue as provided by section 806 of the act of
2 April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code," per
3 month or fraction of a month from fifteen (15) days after the
4 Notice of Overpayment was issued until paid. Such sum shall be
5 collectible (1) in the manner provided in section 308.1 or
6 section 309 of this act, for the collection of past due
7 contributions, or (2) by deduction from any future compensation
8 payable to the claimant under this act: Provided, That interest
9 assessed under this section cannot be recouped by deduction from
10 any future compensation payable to the claimant under this act:
11 Provided further, That no administrative or legal proceedings
12 for the collection of such sum shall be instituted after the
13 expiration of [six] ten years following the end of the benefit
14 year with respect to which such sum was paid.

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

1 ~~under the provisions of section five hundred one (e) of this~~
2 ~~act, or (ii) the subsequent receipt of holiday pay, vacation pay~~
3 ~~or the like of which the person had no knowledge, or (iii) a~~
4 ~~subsequent determination that the person's base year wages were~~
5 ~~not earned in employment as defined in this act. No provision of~~
6 ~~this subsection shall be construed to prevent or prohibit the~~
7 ~~voluntary repayment of compensation by such person or the~~
8 ~~maintenance of records of overpayments by the department.~~

9 * * *

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

11 ARTICLE XIV

12 UNEMPLOYMENT COMPENSATION BONDS

13 Section 1401. Definitions.

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

17 "Authority." The Pennsylvania Economic Development Financing
18 Authority.

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

23 "Bond administrative expenses." Expenses incurred to
24 administer bonds, including fees of the authority ~~OR THE TRUST~~ ←
25 ~~INDENTURE~~, FEES OF THE BOND TRUSTEE, payments to agents and ←
26 attorneys and costs of other professional services necessary to
27 ensure compliance with applicable Federal or State law.

28 "Bond obligations." The principal of a bond and the premium
29 and interest payable on a bond, together with the amount owed
30 under a related credit agreement ~~OR THE TRUST INDENTURE.~~ ←

1 "BOND TRUSTEE." THE TRUSTEE UNDER THE TRUST INDENTURE ←
2 SELECTED BY THE AUTHORITY AND THE DEPARTMENT.

3 "Credit agreement." A loan agreement, a revolving credit
4 agreement, an agreement establishing a line of credit, a letter
5 of credit or another agreement that enhances the marketability,
6 security or creditworthiness of a bond.

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

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

13 "TRUST INDENTURE." THE DOCUMENT, INCLUDING AMENDMENTS AND ←
14 SUPPLEMENTS, BETWEEN THE AUTHORITY AND THE BOND TRUSTEE, UNDER
15 WHICH THE BONDS ARE ISSUED.
16 Section 1402. Bond issuance.

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

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

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

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

30 (3) The authority may issue bonds under the Financing

1 Law, consistent with this article, to finance a project
2 consisting of repayment of Federal advances AND INTEREST DUE ←
3 ON THEM or refunding and redeeming of prior bonds.

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

7 ~~(b)~~ (C) Debt or liability.-- ←

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

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

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

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

20 (ii) neither the Commonwealth nor a political
21 subdivision is obligated to pay the principal or
22 interest; and

23 (iii) the full faith and credit of the Commonwealth
24 is not pledged to the payment of the principal of or the
25 interest on the bonds.

26 Section 1403. Criteria for bond issuance.

27 (a) Determination.--If the department reasonably expects
28 that the issuance of bonds to obtain funds to repay Federal
29 advances, including interest, would result in a savings to
30 employers in this Commonwealth, as an alternative to repayment

1 of the Federal advances and interest by other means, the
2 department, ~~in consultation~~ with APPROVAL BY the Office of the ←
3 Budget, may apply the authority to issue bonds for its benefit
4 under section ~~1402(a)~~ 1402(B). ←

5 (b) Terms.--

6 (1) The department, ~~in consultation~~ with APPROVAL BY the ←
7 Office of the Budget, shall specify in its application to the
8 authority:

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

11 (ii) the maximum term of the bond, not to exceed 20
12 years.

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

16 Section 1404. Issuance of bonds and security.

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

21 (b) Agreements.--The authority and the department may enter
22 into A TRUST INDENTURE, loan agreements, credit agreements, bond ←
23 purchase agreements and other contracts in connection with the
24 bonds in order to effectuate the purposes of the Financing Law
25 and this article.

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

1 (1) Additional contributions collected under section
2 301.6.

3 (2) Money on deposit in the Debt Service Fund. This
4 paragraph includes investment income on that money.

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

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

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

11 ~~Section 1405. Use of bond proceeds.~~

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

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

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

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

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

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

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

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

25 ~~(1) Repay the principal and interest of previous Federal~~
26 ~~advances.~~

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

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

29 ~~(4) Redeem or purchase outstanding bonds or pay bond~~
30 ~~obligations.~~

1 (3) EXCEPT AS SET FORTH IN PARAGRAPH (4), ALL MONEY HELD ←
2 ON DEPOSIT WITH THE TRUSTEE RELATING TO THE BONDS, AS FURTHER
3 PROVIDED IN THE TRUST INDENTURE. THIS PARAGRAPH INCLUDES BOND
4 RESERVES AND INTEREST INCOME ON THE MONEY.

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

7 SECTION 1404.1. SALE OF BONDS. ←

8 THE SALE OF BONDS ISSUED UNDER THIS ARTICLE SHALL BE SUBJECT
9 TO THE FOLLOWING:

10 (1) THE AUTHORITY SHALL GIVE FIRST CONSIDERATION TO
11 ISSUING THE BONDS BY MEANS OF AN OPEN, PUBLIC SALE AT NOT
12 LESS THAN 98% OF THE PRINCIPAL AMOUNT AND ACCRUED INTEREST
13 AND SHALL BE SOLD BY THE AUTHORITY TO THE HIGHEST AND BEST
14 BIDDER AFTER PUBLIC ADVERTISEMENT ON TERMS AND CONDITIONS AND
15 UPON OPEN COMPETITIVE BIDDING. THE MANNER AND TIMES OF
16 ADVERTISING SHALL BE PRESCRIBED BY THE AUTHORITY.

17 (2) IF IN THE JUDGMENT OF THE AUTHORITY, A PUBLIC SALE
18 THROUGH OPEN COMPETITIVE BIDDING WILL NOT PRODUCE THE MOST ←
19 ADVANTAGEOUS TERMS THAT DERIVE THE MOST BENEFIT TO EMPLOYERS,
20 EMPLOYEES AND THE COMMONWEALTH, THE AUTHORITY SHALL ADOPT A
21 RESOLUTION SETTING FORTH IN DETAIL THE REASONS FOR THIS
22 DETERMINATION. A COPY OF THE RESOLUTION SHALL BE TRANSMITTED
23 TO THE GOVERNOR, THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
24 LABOR AND INDUSTRY COMMITTEE OF THE SENATE AND THE CHAIRMAN
25 AND MINORITY CHAIRMAN OF THE LABOR AND INDUSTRY COMMITTEE OF
26 THE HOUSE OF REPRESENTATIVES. AFTER ADOPTION OF THE
27 RESOLUTION, THE AUTHORITY SHALL HAVE THE OPTION TO PURSUE A
28 PRIVATE NEGOTIATED PUBLIC SALE. ←

29 SECTION 1405. USE OF BOND PROCEEDS.

30 (A) INITIAL DEPOSIT OF PROCEEDS.--THE PROCEEDS OF BONDS

1 ISSUED BY THE AUTHORITY SHALL BE INITIALLY DEPOSITED WITH THE
2 BOND TRUSTEE.

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

6 (1) PAY THE COSTS OF ISSUANCE OF THE BONDS;
7 (2) FUND ANY BOND RESERVES UNDER THE TRUST INDENTURE;
8 (3) DEPOSIT IN AN APPROPRIATE FUND UNDER THE TRUST
9 INDENTURE MONEY TO PAY CAPITALIZED INTEREST ON THE BONDS FOR
10 THE PERIOD DETERMINED BY THE DEPARTMENT, NOT TO EXCEED TWO
11 YEARS;

12 (4) REFUND OUTSTANDING BONDS, IF APPLICABLE;
13 (5) MAKE ANY OTHER DEPOSIT REQUIRED UNDER THE TRUST
14 INDENTURE;

15 (6) REPAY THE PRINCIPAL AND INTEREST OF PREVIOUS FEDERAL
16 ADVANCES; AND

17 (7) DEPOSIT THE BALANCE IN THE COMPENSATION PROGRAM FUND
18 UNDER THE TRUST INDENTURE.

19 (C) APPLICATION OF BALANCE.--THE BOND PROCEEDS DEPOSITED
20 UNDER SUBSECTION (B) (7) SHALL BE APPLIED, AT THE DIRECTION OF
21 THE DEPARTMENT, TO DO THE FOLLOWING, AS DIRECTED BY THE
22 DEPARTMENT:

23 (1) REPAY THE PRINCIPAL AND INTEREST OF PREVIOUS FEDERAL
24 ADVANCES.

25 (2) PAY UNEMPLOYMENT COMPENSATION BENEFITS.

26 (3) PAY BOND ADMINISTRATIVE EXPENSES.

27 (4) REDEEM OR PURCHASE OUTSTANDING BONDS.

28 (5) PAY BOND OBLIGATIONS.

29 ~~(e)~~ (D) Investment.--Pending application for the purposes
30 authorized, money held or deposited by the State Treasurer in



1 the Debt Service Fund may be invested or reinvested as are other
2 funds in the custody of the State Treasurer in the manner
3 provided by law. All earning received from the investment or
4 deposit of the money shall be paid into the State Treasury to
5 the credit of the Debt Service Fund or the account.

6 Section 1406. Payment of bond-related obligations.

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

18 (b) Transfer.--Money in the Debt Service Fund needed to pay
19 bond obligations and bond administrative expenses or to
20 replenish bond reserves shall be transferred to the authority to
21 ensure timely payment of bond obligations and bond
22 administrative expenses and timely replenishment of bond
23 reserves, as specified in the resolution adopted in connection
24 with the bond OR ~~IN THE BOND~~ AS OTHERWISE PROVIDED BY THE TRUST ←
25 INDENTURE.

26 (c) Deficiency in Debt Service Fund.--If there is a
27 deficiency in the Debt Service Fund and to the extent permitted
28 by law, that part of the ~~principle~~ PRINCIPAL owed on bonds which ←
29 is attributable to repayment of the ~~principle~~ PRINCIPAL of ←
30 advances under Title XII of the Social Security Act (42 U.S.C. §

1 1321 et seq.), exclusive of interest or administrative costs
2 associated with the bonds, may be paid from the Unemployment
3 Compensation Fund.

4 Section 1407. Commonwealth not to impair bond-related
5 obligations.

6 The Commonwealth pledges that it will not do any of the
7 following:

8 (1) Limit or alter the rights and responsibilities of
9 the authority or the department under this article, including
10 the responsibility to:

11 (i) pay bond obligations and bond administrative
12 expenses; and

13 (ii) comply with any other instrument or agreement
14 pertaining to bonds.

15 (2) Alter or limit the pledge in section 1404 of the
16 additional contributions and money on deposit in the Debt
17 Service Fund.

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

21 Section 1408. No personal liability.

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

27 Section 1409. Expiration.

28 The authority to issue bonds other than refinancing and
29 refunding bonds under section 1402 and section 1404 shall expire
30 on December 31, 2016.



1 SECTION 1410. ANNUAL REPORT REQUIRED.

2 NO LATER THAN MARCH 1 OF THE YEAR FOLLOWING THE FIRST FULL
3 YEAR IN WHICH BONDS HAVE BEEN ISSUED UNDER THIS ARTICLE, AND FOR
4 EACH YEAR THEREAFTER IN WHICH BOND OBLIGATIONS EXISTED IN THE
5 PRIOR YEAR, THE DEPARTMENT SHALL SUBMIT AN ANNUAL REPORT TO THE
6 CHAIRMAN AND MINORITY CHAIRMAN OF THE LABOR AND INDUSTRY
7 COMMITTEE OF THE SENATE AND TO THE CHAIRMAN AND MINORITY
8 CHAIRMAN OF THE LABOR AND INDUSTRY COMMITTEE OF THE HOUSE OF
9 REPRESENTATIVES PROVIDING ALL DATA AVAILABLE ON BONDS ISSUED OR
10 EXISTING IN THE PRIOR YEAR. THE REPORT SHALL INCLUDE, BUT NOT BE
11 LIMITED TO, EXISTING AND ANTICIPATED BOND PRINCIPAL, INTEREST
12 AND ADMINISTRATIVE COSTS, REVENUE, REPAYMENTS, REFINANCING,
13 ANNUAL SAVINGS TO EMPLOYERS AND ANY OTHER RELEVANT DATA, FACTS
14 AND STATISTICS THAT THE DEPARTMENT BELIEVES NECESSARY IN THE
15 CONTENT OF THE REPORT.

16 ARTICLE XV

17 UNEMPLOYMENT COMPENSATION

18 AMNESTY PROGRAM

19 Section 1501. Definitions.

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

23 "Amnesty period." The ~~90 day period commencing~~ PERIOD OF
24 THREE CONSECUTIVE CALENDAR MONTHS DESIGNATED BY THE DEPARTMENT
25 WHICH COMMENCES NO LATER THAN 180 days after the effective date
26 of this section.



27 "Employee information." The name and Social Security number
28 of each employee, the amount of wages paid to each employee and
29 the number of credit weeks for each employee, in each calendar
30 quarter.

1 "Interest." Monetary obligations imposed under sections 308
2 and 804(a).

3 "Penalties." Monetary obligations imposed under sections
4 206(d) and 313.

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

7 "Program." The Unemployment Compensation Amnesty Program
8 established pursuant to this article.

9 Section 1502. Program established.

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

12 Section 1503. Applicability.

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

16 (1) Unpaid contributions due for calendar quarters
17 through the third quarter of 2011, for which the employer
18 reported the employee information or the department acquired
19 the employee information through an audit.

20 (2) Unpaid contributions due for calendar quarters
21 through the third quarter of 2011, for which the employer did
22 not report the employee information and the department did
23 not acquire the employee information through an audit.

24 (3) Unpaid reimbursement due on or before October 31,
25 2011.

26 (4) Unpaid interest due on contributions paid late for
27 calendar quarters through the third quarter of 2011 or on
28 reimbursement that was due on or before October 31, 2011, and
29 was paid late.

30 (5) Unpaid penalties due for reports filed late for

1 calendar quarters through the third quarter of 2011.

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

5 (1) A fault overpayment of compensation under section
6 804(a) established pursuant to a notice of determination of
7 overpayment issued by the department on or before March 31,
8 2012, to the extent repayment has not occurred.

9 (2) A nonfault overpayment of compensation under section
10 804(b) (1) established pursuant to a notice of determination
11 of overpayment issued by the department on or before March
12 31, 2012, to the extent repayment has not occurred.

13 (3) Compensation paid to a claimant for calendar weeks
14 through the week ending March 31, 2012, for which the
15 department has not issued a notice of determination of
16 overpayment, but the claimant acknowledges that the
17 compensation was overpaid under circumstances to which
18 section 804(a) applies.

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

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

24 (1) An overpayment of compensation established pursuant
25 to a notice of determination of overpayment that has not
26 become final.

27 (2) An employer liability for which a petition for
28 reassessment under section 304(b) or an application for
29 review and redetermination of contribution rate under section
30 301(e) (2) is pending.

1 (d) Optional exclusion.--The department may exclude the
2 following unemployment compensation liabilities from the
3 program:

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

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

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

11 Section 1504. Procedure for participation.

12 To participate in the program, an employer or a claimant
13 shall do the following:

14 (1) During the amnesty period, the employer or claimant
15 shall file an amnesty form with the department containing all
16 information required by the department, including a statement
17 by the employer or claimant acknowledging the provisions of
18 section 1506(f). The form shall be filed in a manner
19 specified in, and the filing date of the form shall be
20 determined by guidelines established by the department.

21 (2) If an employer is seeking amnesty with regard to a
22 liability described in section 1503(a)(2), the employer shall
23 report the employee information by filing quarterly reports
24 as required by regulations promulgated by the department for
25 all calendar quarters for which the employer did not
26 previously file reports and by filing amended quarterly
27 reports for all calendar quarters for which the employer did
28 not file complete reports. The quarterly reports shall
29 accompany the amnesty form.

30 (3) The employer or claimant shall pay the amount or

1 amounts required by section 1505. Payment shall accompany the
2 amnesty form.

3 Section 1505. Required payment and terms of amnesty.

4 (a) Payment.--An employer or claimant shall pay the amount
5 or amounts specified in this section that correspond to the
6 liability or liabilities for which amnesty is sought. The
7 department shall grant amnesty as provided in this section and
8 section 1506.

9 (a.1) Unpaid contributions.--If an employer is seeking
10 amnesty with regard to unpaid contributions described in section
11 1503(a) (1) or (2):

12 (1) The employer shall pay all of the unpaid
13 contributions and lien filing costs, if applicable, and one-
14 half of the interest and penalties due.

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

17 (b) Unpaid reimbursement.--If an employer is seeking amnesty
18 with regard to unpaid reimbursement described in section 1503(a)
19 (3):

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

23 (2) The department shall waive the remaining interest
24 due corresponding to the reimbursement.

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

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

29 (2) The department shall waive the remaining unpaid
30 interest due.

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

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

5 (2) The department shall waive the remaining unpaid
6 penalties due.

7 (e) Fault overpayment.--If a claimant is seeking amnesty
8 with regard to an overpayment described in section 1503(b)(1) or
9 (3):

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

13 (2) The department shall waive the remaining interest
14 due and one-half of any previously imposed penalty weeks
15 corresponding to the overpayment that have not been served by
16 the claimant, and shall not issue a notice of determination
17 imposing penalty weeks corresponding to the overpayment. If
18 one-half of the unserved penalty weeks is not an even
19 multiple of one, the number of penalty weeks waived shall be
20 rounded to the next lower multiple of one.

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

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

25 (2) The department shall waive the remaining balance of
26 the overpayment.

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

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



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

3 Section 1506. Additional terms and conditions of amnesty.

4 (a) Agreement.--If a payment plan agreement exists between
5 an employer or claimant and the department for a liability for
6 which the employer or claimant is seeking amnesty, the employer
7 or claimant shall pay the amount or amounts required by section
8 1505 during the amnesty period in order to receive amnesty,
9 notwithstanding any terms of the agreement to the contrary.

10 (b) Proceedings prohibited.--The department shall not
11 commence any administrative or judicial proceeding against an
12 employer with regard to any contributions, reimbursement,
13 interest or penalty paid under the program, or any interest or
14 penalties waived under the program. The department shall not
15 commence any administrative or judicial proceeding against a
16 claimant with regard to any overpayment or interest paid under
17 the program, or any overpayment or interest waived under the
18 program.

19 (c) Proceedings permitted.--If a liability for contributions
20 described in section 1503(a)(2) or liability for an overpayment
21 described in section 1503(b)(3) is disclosed and paid under the
22 program, and the department determines that the liability as
23 disclosed was understated, the department may commence
24 administrative or judicial proceedings and impose interest,
25 penalties and other monetary obligations only with regard to the
26 difference between the liability as disclosed and the correct
27 amount of the liability.

28 (d) Allowance.--Except as provided in subsection (c),
29 nothing in this article shall be construed to prohibit the
30 department from commencing administrative or judicial

1 proceedings and imposing interest, penalties and other monetary
2 obligations with respect to any liability that is not disclosed
3 under the program or any amount that is not paid under the
4 program.

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

8 (f) Form and report.--An employer or claimant may not
9 commence an administrative or judicial proceeding with regard to
10 the amnesty form, any report filed in connection with the
11 program, any liability disclosed under the program or any amount
12 paid under the program, and shall not be owed a refund or credit
13 for any amount paid under the program.

14 Section 1507. Duties of department.

15 (a) Guidelines.--The department shall establish guidelines
16 to implement the provisions of this article and publish the
17 guidelines as a notice in the Pennsylvania Bulletin no less than
18 90 days before the amnesty period begins.

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

21 (c) Notification.--The department shall notify all employers
22 and claimants who are known to have liabilities to which the
23 program applies. The notice shall be sent by first class mail to
24 the employer's or claimant's last known post office address or
25 by electronic transmission, if the employer or claimant has
26 elected to receive communications from the department by that
27 method.

28 Section 1508. Construction.

29 Except as expressly provided in this article, this article
30 shall not:

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

5 (2) affect or terminate any petitions, investigations,
6 prosecutions or any other administrative or judicial
7 proceedings pending under this act; or

8 (3) prevent the commencement or further prosecution of
9 any proceedings by the proper authorities of this
10 Commonwealth for violation of any laws or for the assessment,
11 collection or recovery of any amounts due to the Commonwealth
12 under any laws.

13 Section 1509. Suspension of inconsistent acts.

14 All acts or parts of acts inconsistent with the provisions of
15 this article are suspended to the extent necessary to carry out
16 the provisions of this article.

17 SECTION 1510. REPORT REQUIRED.

18 WITHIN 240 DAYS OF THE CLOSE OF THE AMNESTY PERIOD, THE
19 DEPARTMENT SHALL SUBMIT A REPORT TO THE CHAIRMAN AND MINORITY
20 CHAIRMAN OF THE LABOR AND INDUSTRY COMMITTEE OF THE SENATE AND
21 THE CHAIRMAN AND MINORITY CHAIRMAN OF THE LABOR AND INDUSTRY
22 COMMITTEE OF THE HOUSE OF REPRESENTATIVES DETAILING ALL DATA
23 AVAILABLE ON THE ADMINISTRATION OF THE PROGRAM, THE COST OF THE
24 PROGRAM, AMOUNTS RECOVERED FROM EMPLOYERS AND CLAIMANTS AND ANY
25 RELEVANT FACTS AND STATISTICS THAT THE DEPARTMENT BELIEVES
26 NECESSARY IN THE CONTENT OF THE REPORT.

27 Section 7. This act shall apply as follows:

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

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

4 Section 8. This act shall take effect immediately.