

ARKANSAS SENATE
88th General Assembly - Regular Session, 2011
Amendment Form

Subtitle of Senate Bill No. 305

TO CREATE THE UNEMPLOYMENT TRUST FUND FINANCING ACT OF 2011 AND TO
DECLARE AN EMERGENCY.

Amendment No. 5 to Senate Bill No. 305

Amend Senate Bill No. 305 as engrossed, S3/8/11 (version: 3/8/2011 08:59:11 AM)

Page 1, line 34, delete "face" and substitute "faces"

AND

Page 2, delete lines 23 - 26 and substitute:

"(4) "Designated revenues" means revenues derived from the
unemployment obligation assessment under § 11-10-1017;

(5) "Employer" means the same as under § 11-10-209;

(6) "Federal interest rate" means at the time an issue of bonds
is sold, the weighted average interest rate charged on advances from the
federal trust fund"

AND

Page 2, line 28, delete "(6)" and substitute "(7)"

AND

Page 2, delete lines 35 and 36 and substitute:

"known as the Arkansas Unemployment Trust Fund Bonds in an aggregate
principal amount not to exceed five hundred million dollars (\$500,000,000)."

AND



Page 3, delete lines 1 and 2

AND

Page 3, delete lines 4 - 7 and substitute:

"(1) Repay the principal of and interest on advances from the federal trust fund under Title XII of the Social Security Act, 42 U.S.C. § 1321;

(2) Pay the costs of issuance of the bonds including without limitation the costs of bond insurance or other credit enhancement;

(3) Pay unemployment benefits by depositing bond proceeds into the Unemployment Compensation Fund;

(4) Provide a debt service reserve; and

(5) Pay capitalized interest on the bonds for a period not to exceed two (2) years."

AND

Page 4, delete lines 27 - 29 and substitute:

"bonds may be issued in one (1) or more series for the purpose of repaying the principal of and interest on advances from the federal trust fund under Title XII of the Social Security Act, 42 U.S.C. § 1321, paying the costs of issuance of the bonds including without limitation the costs of bond insurance or other credit enhancement, paying unemployment benefits by depositing bond proceeds into the Unemployment Compensation Fund, providing a debt service reserve, and paying capitalized interest on the bonds for a period not to exceed two (2) years."

AND

Page 4, delete lines 33 - 36 and substitute:

"will be repaid from an unemployment obligation assessment imposed on employers. The bonds shall be issued under the authority of and the terms set forth in the Bond Act."

For rate years beginning on and after January 1, 2012, the unemployment obligation assessment shall be based on the aggregate principal amount of bonds issued for nonrefunding purposes as follows:

(a) 0.5% if the aggregate principal amount of bonds issued is \$350,000,000 or less;

(b) 0.6% if the aggregate principal amount of bonds issued is \$350,000,001 to \$400,000,000;

(c) 0.65% if the aggregate principal amount of bonds issued is \$400,000,001 to \$450,000,000; and

(d) 0.7% if the aggregate principal amount of bonds issued is \$450,000,001 to \$500,000,000."

AND

Page 5, line 3, delete "Funds Bonds." and substitute:

"Fund Bonds, and levy and pledge of an unemployment obligation assessment".

AND

Page 5, line 8, delete "\$500,000,000" and substitute:

"\$500,000,000, and levy and pledge of an unemployment obligation assessment"

AND

Page 5, line 11, delete "\$500,000,000" and substitute:

"\$500,000,000, and levy and pledge of an unemployment obligation assessment"

AND

Page 6, delete lines 31 and 32 and substitute:

"amount sufficient to accomplish the purposes of this subchapter."

AND

Page 6, line 35, delete "more than one (1) series" and substitute:

"one (1) or more series"

AND

Page 7, delete line 17 and 18 and substitute:

"(D) The true interest cost of an issue of bonds after taking into account original issue discount and premium and underwriter's discount shall not exceed the federal interest rate;"

AND

Page 8, delete lines 35 and 36 and substitute:

"(b)(1) The unemployment obligation assessment shall be collected until the end of the quarter immediately following the repayment of all bonds authorized under this subchapter.

(2) The unemployment obligation assessment shall not be collected until the qualified voters of the state approve the issuance of bonds under this subchapter."

AND

Page 9, delete lines 1 - 6

AND

Page 9, line 19, delete "Designated revenues and proceeds" and substitute:

"Proceeds"

AND

Page 10, line 7, delete "Designated revenues and proceeds" and substitute:

"Proceeds"

AND

Page 13, delete lines 19 - 28 and substitute the following:

"11-10-1017. Unemployment obligation assessment.

(a)(1)(A) Except employers that have made an election to reimburse the Unemployment Compensation Fund under § 11-10-713(c), each employer shall pay a separate and additional assessment, to be known as the unemployment obligation assessment, on wages paid by that employer with respect to employment in addition to the contributions, stabilization and extended benefits taxes, and advance interest taxes levied under §§ 11-10-703 – 11-10-708.

(B) For rate years beginning on and after January 1, 2012, the unemployment obligation assessment shall be based on the aggregate principal amount of bonds issued for nonrefunding purposes as follows:

(i) Five-tenths of one percent (0.5%) if the aggregate principal amount of bonds issued is three hundred fifty million dollars (\$350,000,000) or less;

(ii) Six-tenths of one percent (0.6%) if the aggregate principal amount of bonds issued is three hundred fifty million and one dollars (\$350,000,001) to four hundred million dollars (\$400,000,000);

(iii) Sixty-five hundredths of one percent (0.65%) if the aggregate principal amount of bonds issued is four hundred million and one dollars (\$400,000,001) to four hundred fifty million dollars (\$450,000,000); and

(iv) Seven-tenths of one percent (0.7%) if the aggregate principal amount of bonds issued is four hundred fifty million and one dollars (\$450,000,001) to five hundred million dollars (\$500,000,000).

(C)(i) The effective date of the unemployment obligation assessment shall be the first day of the calendar quarter immediately following the month in which the Secretary of State certifies the vote of the voters approving the unemployment obligation assessment and the issuance of the bonds under this subchapter.

(ii) The unemployment obligation assessment is effective until the end of the quarter immediately following the repayment of all bonds authorized under this subchapter.

(2)(A) This unemployment obligation assessment shall not be credited to the separate account of any employer.

(B) The unemployment obligation assessment shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien,

certificate of assessment, and assessment provisions and procedures under §§ 11-10-716 – 11-10-722.

(b)(1) Receipts from the unemployment obligation assessment and any penalty and interest on the unemployment obligation assessment shall be deposited into the Unemployment Compensation Fund Clearing Account.

(2) At least once each month, deposits of the unemployment obligation assessment payment and any interest and penalty payments applicable to the unemployment obligation assessment shall be deposited into the Department of Workforce Services Bond Financing Trust Fund.

(c) Debt service on the bonds shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed under:

(1) Sections 11-10-701 – 11-10-715; or

(2) Section 11-10-801 et seq.

(d) The unemployment obligation assessment may be used to:

(1) Repay the principal of and interest on advances from the federal trust fund under Title XII of the Social Security Act, 42 U.S.C. § 1321;

(2) Pay the costs of issuance of the bonds, including without limitation the costs of bond insurance or other credit enhancement;

(3) Pay unemployment benefits by depositing bond proceeds into the Unemployment Compensation Fund;

(4) Provide a debt service reserve; and

(5) Pay capitalized interest on the bonds for a period not to exceed two (2) years.

(e) The director of the Department of Workforce Services shall promulgate rules to carry out the provisions of this section.

(f) Upon retirement of all bonds, the following shall be transferred to the Unemployment Compensation Fund:

(1) Surplus unemployment obligation assessment collections; and

(2) Delinquent taxes, penalties, or interest due under the unemployment obligation assessment.

11-10-1018. Department of Workforce Services Bond Financing Trust Fund.

(a)(1) There is established on the books of the Department of Workforce Services a special restricted fund to be known as the "Bond

Financing Trust Fund", to be maintained and administered by the Department of Workforce Services under this subchapter for the purposes stated in this subchapter.

(2) The following shall be deposited into the Bond Financing Trust Fund:

(A) Collections of the unemployment obligation assessment;
and

(B) Any penalties and interest with respect to the unemployment obligation assessment.

(b) Moneys in the Bond Financing Trust Fund may be used to:

(1) Pay debt service on the bonds;

(2) Make refunds of the unemployment obligation assessment and interest and penalty payments that were erroneously paid;

(3) Return moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Bond Financing Trust Fund; and

(4) Purchase or redeem outstanding bonds.

(c) The Department of Workforce Services shall maintain the Bond Financing Trust Fund at the Arkansas Development Finance Authority or at one (1) or more financial institutions within or outside the state.

(d) Income from investment of moneys in the Bond Financing Trust Fund shall be deposited into and credited to the Bond Financing Trust Fund.

(e)(1) All moneys received for, deposited into, or paid to the Department of Workforce Services for deposit into the Bond Financing Trust Fund:

(A) Are specifically declared to be cash funds restricted in their use;

(B) Shall not be deposited into the State Treasury for the purposes of:

(i) Arkansas Constitution, Article 5, § 29;

(ii) Arkansas Constitution, Article 16, § 12;

(iii) Arkansas Constitution, Amendment 20; or

(iv) Any other constitutional provision or statutory law; and

(C) Shall be held and applied by the Department of Workforce Services and the Arkansas Development Finance Authority as agent

for the Department of Workforce Services solely for the uses set forth in this subchapter.

(2) Interest and other moneys received from the investment of moneys in the Bond Financing Trust Fund are cash funds restricted in their use and shall not be deposited into the State Treasury but shall be held and applied by the Department of Workforce Services and the Arkansas Development Finance Authority as agent for the Department of Workforce Services solely for the uses set forth in this subchapter.

(f) Upon retirement of all bonds, the following shall be transferred to the Unemployment Compensation Fund:

- (1) Surplus unemployment obligation assessment collections; and
- (2) Delinquent taxes, penalties, or interest due under the unemployment obligation assessment."

AND

Appropriately renumber the sections of the bill.

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator J. Hutchinson

MAG/JPS - 03/14/11 01:20

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Secretary