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HOUSE BILL NO. 1718

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HOUSE BILL NO. 1718

AN ACT TO AMEND SECTIONS 71-5-351, 71-5-353, 71-5-355, 71-5-357 AND 71-5-359, MISSISSIPPI CODE OF 1972, TO AUTHORIZE CERTAIN EMPLOYERS TO PARTICIPATE IN THE MISSISSIPPI LEVEL PAYMENT PLAN (MLPP) WHICH WILL SPREAD THE PAYMENT OF EMPLOYMENT TAXES UNDER THE MISSISSIPPI EMPLOYMENT SECURITY LAW THROUGHOUT THE YEAR; TO PROVIDE THE CRITERIA THAT EMPLOYERS MUST MEET IN ORDER TO PARTICIPATE IN MLPP; TO PROVIDE THE MLPP PAYMENT SCHEDULE; TO REVISE THE AMOUNT OF WAGES THAT IS CONSIDERED TAXABLE UNDER CERTAIN PROVISIONS OF THE MISSISSIPPI EMPLOYMENT SECURITY LAW; TO LOWER THE UNEMPLOYMENT TAX RATE FOR NEWLY SUBJECT EMPLOYERS; TO REVISE THE AMOUNT OF THE WORKFORCE ENHANCEMENT TRAINING CONTRIBUTION; TO REVISE THE FUNCTION OF THE SIZE OF FUND INDEX TO SET THE INDEX BASED UPON THE INSURED UNEMPLOYMENT RATE; TO LOWER THE MINIMUM TAX RATE; TO REVISE THE PERCENTAGE OF TAXABLE WAGES THAT POLITICAL SUBDIVISIONS MAY ELECT TO PAY TO THE EMPLOYMENT SECURITY TRUST FUND IN LIEU OF CONTRIBUTIONS; TO REVISE THE AMOUNT OF THE BOND THAT A NONPROFIT ORGANIZATION POST IF IT ELECTS TO BECOME LIABLE FOR PAYMENTS IN LIEU OF CONTRIBUTIONS; TO REVISE THE MANNER IN WHICH PAYMENTS ARE MADE BY THE STATE TO THE UNEMPLOYMENT COMPENSATION FUND; TO PROVIDE THAT IF A POLITICAL SUBDIVISION IS DELINQUENT IN PAYMENTS DUE UNDER THE MISSISSIPPI EMPLOYMENT COMPENSATION LAW PAYMENTS DUE THE POLITICAL SUBDIVISION FROM ANY STATE AGENCY MAY BE INTERCEPTED TO SATISFY THE DELINQUENCY; TO AMEND SECTION 27-104-31, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 71-5-351, Mississippi Code of 1972, is amended as follows:

71-5-351. (1) Contributions shall accrue and become payable by each employer for each calendar year in which he is subject to this chapter. Such contributions shall become due and be paid by each employer to the department for the fund each calendar quarter on or before the last day of the month next succeeding each calendar quarter in which the contributions accrue unless the employer has filed an election with the department to participate in the Mississippi Level Payment Plan (MLPP) and complies with the provision of the MLPP. The department may extend the due date of

such contributions if the due date falls on a Saturday, Sunday or state or federal holiday. Such contributions shall not be deducted, in whole or in part, from the wages of individuals in such employer's employ.

(2) (a) Any employer who is a newly subject employer or any employer who meets the requirements of participation in the MLPP shall be allowed one (1) participation election per year. The department may by regulation establish exceptions to this rule as appropriate. The department shall establish by regulation the requirements for computation and adjustment of compensation and shall compute the amount of payments that will be made quarterly and notify each employer before the first tax payment is due for the year. Equal payments will be made for calendar quarters ending March, June and September and settlement will be made for any overage or shortage at the time payment is due for the December quarter.

(b) An employer who meets the following criteria may participate in the MLPP:

(i) The employer has not been delinquent in filing unemployment reports or paying unemployment taxes to the department during the last two (2) calendar years and must make current all other delinquent unemployment taxes and reports;

(ii) The employer has been an employer subject to the unemployment laws of the State of Mississippi, or in accordance with department regulations regarding MLPP, for at least twelve (12) months prior to the year the employer starts participating;

(iii) The employer must agree to file reports through the department's online system or other agency prescribed electronic facility and pay electronically;

(iv) The employer remains current in filing and paying taxes; and

(v) The employer must make the election by April 1 of the year.

(c) Employers who participate in the MLPP and pay their contribution by bank draft shall utilize the pay schedule provided for in this paragraph. The pay schedule shall be as follows:

(i) January to March due date May 15;

(ii) April to June due date August 15;

(iii) July to September due date November 15; and

(iv) October to December due date January 31.

(d) In the event the computed Size of Fund Index (SOFI) for any rate year computation falls below one percent (1.0%), the additional fifteen (15) days' delay provided for bank draft customers will be suspended for that year.

(3) For purposes of payment of contributions on remuneration paid to individuals, if two (2) or more related corporations concurrently employ the same individual and compensate such individual through a common paymaster which is one of such corporations, each such corporation shall be considered to have paid as remuneration to such individual only the amounts actually disbursed by it to such individual and shall not be considered to have paid as remuneration to such individual such amounts actually disbursed to such individual by another of such corporations.

In the payment of any contributions, a fractional part of a cent shall be disregarded unless it amounts to One-half Cent (1/2¢) or more, in which case it shall be increased to One Cent (1¢).

(4) For the purposes of this section and Sections 71-5-353, 71-5-357 and 71-5-359, taxable wages shall not include that part of remuneration which, after remuneration equal to Seven Thousand Dollars (\$7,000.00) through December 31, 2010, and Fourteen Thousand Dollars (\$14,000.00) thereafter, has been paid in a calendar year to an individual by an employer or his predecessor with respect to employment during any calendar year, is paid to

such individual by such employer during such calendar year unless that part of the remuneration is subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state employment fund. For the purposes of this section, the term "employment" shall include service constituting employment under any unemployment compensation law of another state.

(5) * * * Absent evidence of willful or fraudulent attempt to avoid taxation, the effective date of liability of an employer or assessment of liability for covered employment against an employer shall not occur for any period preceding the three (3) calendar years before the date of registration or assessment, unless said three-year limitations period is waived by the employer.

SECTION 2. Section 71-5-353, Mississippi Code of 1972, as amended by Section 1, Senate Bill No. 2027, 2010 Regular Session, is amended as follows:

71-5-353. (1) Each employer shall pay contributions equal to five and four-tenths percent (5.4%) of taxable wages paid by him each calendar year, except as may be otherwise provided in Section 71-5-361 and except that each newly subject employer shall pay contributions at the rate of two and four-tenths percent (2.4%) of taxable wages through December 31, 2010, and thereafter one percent (1%) of taxable wages, for his first year of liability, one and one-tenth percent (1.1%) of taxable wages for his second year of liability, and one and two-tenths percent (1.2%) of taxable wages for his third and subsequent years of liability unless the employer's experience-rating record has been chargeable throughout at least the twelve (12) consecutive calendar months ending on the most recent computation date at the time the rate for a year is determined; thereafter the employer's contribution rate shall be determined in accordance with the provisions of Section 71-5-355.

* * *

(2) From and after January 1, 2005, through December 31, 2009, contribution rates assigned to employers by the department, as determined pursuant to Sections 71-5-351, 71-5-353 and 71-5-355, shall be reduced by three-tenths of one percent (.3%). Such reduction shall only apply to employers whose contribution rate, determined in accordance with Sections 71-5-353 and 71-5-355, is equal to or less than five and four-tenths percent (5.4%), and shall include a three-tenths of one percent (.3%) reduction to the rate as a result of violation of provisions of this chapter. The reduction in rates provided for herein shall not apply to state boards, instrumentalities and political subdivisions of the State of Mississippi referred to in Sections 71-5-357 and 71-5-359, or to nonprofit employers providing reimbursement to the department for the unemployment fund pursuant to Section 71-5-357(a). * * *

* * *

(3) (a) From and after January 1, 2005, through December 31, 2009, the workforce enhancement contributions shall be applied at a rate of three-tenths of one percent (.3%) upon the taxable wages * * *, however, the workforce enhancement contribution shall not be applied to state boards, instrumentalities and political subdivisions of the State of Mississippi referred to in Sections 71-5-357 and 71-5-359, or to nonprofit employers providing reimbursement to the department for the unemployment fund pursuant to Section 71-5-357(a).

(b) There is hereby created in the Treasury of the State of Mississippi a special fund to be known as the "Mississippi Workforce * * * Enhancement Training Fund," which consists of funds collected pursuant to this subsection (3) and subsection (4) of this section. Funds collected shall initially be deposited into the Mississippi Department of Employment Security tax bank account for clearing contribution collections

and subsequently transferred to the Mississippi Workforce * * * Enhancement Training Fund holding account described in Section 71-5-453. In the event any employer pays an amount insufficient to cover the total contributions due, the amounts due shall be satisfied in the following order:

- (i) Unemployment contributions; * * *
- (ii) Workforce * * * enhancement training contributions; * * *
- (iii) Interest and damages; then
- (iv) Legal and processing costs.

The amount of contributions due for any period will be the amount due according to the actual computations unless the employer is participating in the MLPP. In that event, the amount due is the MLPP amount computed by the department.

Cost of collection and administration of the workforce enhancement training contribution shall be allocated based on a plan approved by the United States Department of Labor (USDOL) and shall be paid to the Mississippi Department of Employment Security semiannually by the State Board for Community and Junior Colleges for periods ending in December and June of each year. Payment shall be made to the department no later than sixty (60) days after the billing date.

(c) All monies collected will be initially deposited into the Mississippi Department of Employment Security bank account for clearing contribution collections and subsequently transferred to the Mississippi Workforce * * * Enhancement Training Fund holding account and will be held by the Mississippi Department of Employment Security in such account for a period of not less than sixty (60) days. After such period, funds shall be transferred within thirty (30) days to the Mississippi Workforce Enhancement Training Fund in a manner determined by the department. Interest earnings or interest credits on deposit amounts shall be retained in the holding account to pay the

banking costs of the account. If after the period of twelve (12) months interest earnings less banking costs exceeds Ten Thousand Dollars (\$10,000.00), such excess amounts shall be transferred to the Mississippi Workforce Enhancement Training Fund treasury account within thirty (30) days. Such transfers shall occur once annually, during the month of January.

(d) All enforcement procedures for the collection of delinquent contributions contained in Sections 71-5-363 through 71-5-383 shall be applicable in all respects for collections of delinquent contributions designated for the Unemployment Compensation Fund and the Mississippi Workforce * * * Enhancement Training Fund.

(e) All monies deposited into the Mississippi Workforce Enhancement Training Fund shall be utilized exclusively by the State Board for Community and Junior Colleges in accordance with the Workforce Training Act of 1994 (Section 37-153-1 et seq.) and the annual plan developed by the State Workforce Investment Board for the following purposes: to provide training at no charge to employers and employees in order to enhance employee productivity. Such training may be subject to a minimal administrative fee to be paid from the Mississippi Workforce Enhancement Training Fund as established by the State Workforce Investment Board subject to the advice of the State Board for Community and Junior Colleges. The initial priority of these funds shall be for the benefit of existing businesses located within the state. Employers may request training for existing employees and/or newly hired employees from the State Board for Community and Junior Colleges. The State Board for Community and Junior Colleges will be responsible for approving the training.

* * *

(4) The following procedure shall apply for tax years subsequent to December 31, 2009:

(a) Workforce enhancement training contributions shall be collected at a rate of three-tenths of one percent (.3%) through December 31, 2010, based upon taxable wages, and at a rate of fifteen one-hundredths of one percent (.15%) thereafter, based upon taxable wages. Training contributions shall be reduced by the amount necessary to prevent any employer from having a combined rate greater than five and four-tenths percent (5.4%).

(b) All workforce enhancement training contributions collected shall be deposited initially into the Mississippi Department of Employment Security bank account for clearing contribution collections and shall within two (2) business days be transferred to the Workforce Enhancement Training Fund holding account. Any workforce enhancement training contribution transactions from the Mississippi Department of Employment Security account for clearing contribution collections that are deposited into the Workforce Enhancement Training Fund holding account and are not honored by a financial institution will be transferred back to the Mississippi Department of Employment Security account for clearing contribution collections out of funds in the Workforce Enhancement Training Fund holding account.

(c) For rate years subsequent to December 31, 2009, suspension of the workforce enhancement training contributions required pursuant to this subsection (5) shall occur if the insured unemployment rate exceeds an average of five and five-tenths percent (5.5%) for the three (3) consecutive months immediately preceding the effective date of the new rate year and shall remain suspended throughout the duration of that rate year. Such suspension shall continue until such time as the three (3) consecutive months immediately preceding the effective date of any subsequent rate year has an insured unemployment rate of less than an average of four and five-tenths percent (4.5%).

(6) All collections due or accrued prior to any suspension of the Workforce Enhancement Training Fund will be collected based

upon the law at the time the contributions accrued, regardless of when they are actually due or collected.

SECTION 3. Section 71-5-355, Mississippi Code of 1972, as amended by Section 2, Senate Bill No. 2027, 2010 Regular Session, is amended as follows:

71-5-355. (1) As used in this section, the following words and phrases shall have the following meanings, unless the context clearly requires otherwise:

(a) "Tax year" means any period beginning on January 1 and ending on December 31 of a year.

(b) "Computation date" means June 30 of any calendar year immediately preceding the tax year during which the particular contribution rates are effective.

(c) "Effective date" means January 1 of the tax year.

(d) Except as hereinafter provided, "payroll" means the total of all wages paid for employment by an employer as defined in Section 71-5-11, subsection H, plus the total of all remuneration paid by such employer excluded from the definition of wages by Section 71-5-351. For the computation of modified rates, "payroll" means the total of all wages paid for employment by an employer as defined in Section 71-5-11, subsection H.

(e) For the computation of modified rates, "eligible employer" means an employer whose experience-rating record has been chargeable with benefits throughout the thirty-six (36) consecutive calendar-month period ending on the computation date, except that any employer who has not been subject to the Mississippi Employment Security Law for a period of time sufficient to meet the thirty-six (36) consecutive calendar-month requirement shall be an eligible employer if his experience-rating record has been chargeable throughout not less than the twelve (12) consecutive calendar-month period ending on the computation date. No employer shall be considered eligible for a contribution rate less than five and four-tenths percent (5.4%) with respect to

any tax year, who has failed to file any two (2) quarterly reports within the qualifying period by September 30 following the computation date. No employer or employing unit shall be eligible for a contribution rate of less than five and four-tenths percent (5.4%) for the tax year in which the employing unit is found by the department to be in violation of Section 71-5-19(2) or (3) and for the next two (2) succeeding tax years. No representative of such employing unit who was a party to a violation as described in Section 71-5-19(2) or (3), if such representative was or is an employing unit in this state, shall be eligible for a contribution rate of less than five and four-tenths percent (5.4%) for the tax year in which such violation was detected by the department and for the next two (2) succeeding tax years.

(f) With respect to any tax year, "reserve ratio" means the ratio which the total amount available for the payment of benefits in the Unemployment Compensation Fund, excluding any amount which has been credited to the account of this state under Section 903 of the Social Security Act, as amended, and which has been appropriated for the expenses of administration pursuant to Section 71-5-457 whether or not withdrawn from such account, on October 31 (close of business) of each calendar year bears to the aggregate of the taxable payrolls of all employers for the twelve (12) calendar months ending on June 30 next preceding.

(g) "Modified rates" means the rates of employer contributions determined under the provisions of this chapter and the rates of newly subject employers, as provided in Section 71-5-353.

(h) For the computation of modified rates, "qualifying period" means a period of not less than the thirty-six (36) consecutive calendar months ending on the computation date throughout which an employer's experience-rating record has been chargeable with benefits; except that with respect to any eligible employer who has not been subject to this article for a period of

time sufficient to meet the thirty-six (36) consecutive calendar-month requirement, "qualifying period" means the period ending on the computation date throughout which his experience-rating record has been chargeable with benefits, but in no event less than the twelve (12) consecutive calendar-month period ending on the computation date throughout which his experience-rating record has been so chargeable.

(i) The "exposure criterion" (EC) is defined as the cash balance of the Unemployment Compensation Fund which is available for the payment of benefits as of November 16 of each calendar year or the next working day if November 16 falls on a holiday or a weekend, divided by the total wages, exclusive of wages paid by all state agencies, all political subdivisions, reimbursable nonprofit corporations, and tax-exempt public service employment, for the twelve-month period ending June 30 immediately preceding such date. The EC shall be computed to four (4) decimal places and rounded up if any fraction remains.

(j) The "cost rate criterion" (CRC) is defined as follows: Beginning with January 1974, the benefits paid for the twelve-month period ending December 1974 are summed and divided by the total wages for the twelve-month period ending on June 30, 1975. Similar ratios are computed by subtracting the earliest month's benefit payments and adding the benefits of the next month in the sequence and dividing each sum of twelve (12) months' benefits by the total wages for the twelve-month period ending on the June 30 which is nearest to the final month of the period used to compute the numerator. If December is the final month of the period used to compute the numerator, then the twelve-month period ending the following June 30 will be used for the denominator. * * * Benefits and total wages used in the computation of the cost rate criterion shall exclude all benefits and total wages applicable to state agencies, political

subdivisions, reimbursable nonprofit corporations, and tax-exempt PSE employment.

The CRC shall be computed as the average for the highest monthly value of the cost rate criterion computations during each of the economic cycles since the calendar year 1974 as defined by the National Bureau of Economic Research. The CRC shall be computed to four (4) decimal places and any remainder shall be rounded up.

The CRC shall be adjusted only through annual computations and additions of future economic cycles. * * *

(k) "Size of fund index" (SOFI) is defined as the ratio of the exposure criterion (EC) to the cost rate criterion (CRC). For years following December 31, 2009, the target size of fund index will be fixed at 1.0. If the insured unemployment rate (IUR) exceeds a four and five-tenths percent (4.5%) average for the most recent completed July to June period, the target SOFI will be .8 and will remain at that level until the computed SOFI (the average exposure criterion of the current year and the preceding year divided by the average cost rate criterion) equals 1.0 or the average IUR falls to four and five-tenths percent (4.5%) or less for any period July to June. However, if the IUR falls below two and five-tenths percent (2.5%) for any period July to June the target SOFI shall be 1.2 until such time as the computed SOFI is equal to or greater than 1.0 or the IUR is equal to or greater than two and five-tenths percent (2.5%), at which point the target SOFI shall return to 1.0.

(l) No employer's contribution rate shall exceed five and four-tenths percent (5.4%), nor be less than four-tenths of one percent (.4%). However, from and after January 1, 2005, * * * through December 31, 2009, no employer's unemployment contribution rate shall be less than one-tenth of one percent (.1%). For years subsequent to calendar year 2010 the general experience rate in no event shall be less than two-tenths of one percent (.2%). For any

year the general experience rate computes as an amount less than two-tenths of one percent (.2%) the general experience rate shall be established at two-tenths of one percent (.2%).

(m) The term "general experience rate" has the same meaning as the minimum tax rate.

(2) Modified rates:

(a) For any tax year, when the reserve ratio on the preceding November 1, in the case of any tax year, equals or exceeds four percent (4%), the modified rates, as hereinafter prescribed, shall be in effect. In computation of this reserve ratio, any remainder shall be rounded down.

(b) Modified rates shall be determined for the tax year for each eligible employer on the basis of his experience-rating record in the following manner:

(i) The department shall maintain an experience-rating record for each employer. Nothing in this chapter shall be construed to grant any employer or individuals performing services for him any prior claim or rights to the amounts paid by the employer into the fund.

(ii) Benefits paid to an eligible individual shall be charged against the experience-rating record of his base period employers in the proportion to which the wages paid by each base period employer bears to the total wages paid to the individual by all the base period employers, provided that benefits shall not be charged to an employer's experience-rating record if the department finds that the individual:

1. Voluntarily left the employ of such employer without good cause attributable to the employer;

2. Was discharged by such employer for misconduct connected with his work;

3. Refused an offer of suitable work by such employer without good cause, and the department further finds that such benefits are based on wages for employment for such employer

prior to such voluntary leaving, discharge or refusal of suitable work, as the case may be;

4. Had base period wages which included wages for previously uncovered services as defined in Section 71-5-511(e) to the extent that the Unemployment Compensation Fund is reimbursed for such benefits pursuant to Section 121 of Public Law 94-566;

5. Extended benefits paid under the provisions of Section 71-5-541 which are not reimbursable from federal funds shall be charged to the experience-rating record of base period employers;

6. Is still working for such employer on a regular part-time basis under the same employment conditions as hired. Provided, however, that benefits shall be charged against an employer if an eligible individual is paid benefits who is still working for such employer on a part-time "as-needed" basis;

7. Was hired to replace a United States serviceman or servicewoman called into active duty and was laid off upon the return to work by that serviceman or servicewoman, unless such employer is a state agency or other political subdivision or instrumentality of the state;

8. Was paid benefits during any week while in training with the approval of the department, under the provisions of Section 71-5-513B, or for any week while in training approved under Section 236(a)(1) of the Trade Act of 1974, under the provisions of Section 71-5-513C; or

9. Is not required to serve the one-week waiting period as described in Section 71-5-505(2). In that event, only the benefits paid in lieu of the waiting period week may be noncharged.

(iii) The department shall compute a benefit ratio for each eligible employer, which shall be the quotient obtained by dividing the total benefits charged to his experience-rating

record during the period his experience-rating record has been chargeable, but not less than the twelve (12) consecutive calendar-month period nor more than the thirty-six (36) consecutive calendar-month period ending on the computation date, by his total taxable payroll for the same period on which all contributions due have been paid on or before the September 30 immediately following the computation date. Such benefit ratio shall be computed to the tenth of a percent (.1%), rounding any remainder to the next higher tenth.

The following table shall be applied to reduce contribution rates * * * from and after January 1, 2005, through December 31, 2009, and is not intended for use for any rate years subsequent to December 31, 2009:

Benefit Ratio	Individual Experience Rate:
0.0%	- 0.3%
0.1	- 0.2
0.2	- 0.10
0.3	0.0
0.4	0.1
0.5	0.2
0.6	0.3
0.7	0.4
0.8	0.5
0.9	0.6
1.0	0.7
1.1	0.8
1.2	0.9
1.3	1.0
1.4	1.1
1.5	1.2
1.6	1.3
1.7	1.4
1.8	1.5

1.9	1.6
2.0	1.7
2.1	1.8
2.2	1.9
2.3	2.0
2.4	2.1
2.5	2.2
2.6	2.3
2.7	2.4
2.8	2.5
2.9	2.6
3.0	2.7
3.1	2.8
3.2	2.9
3.3	3.0
3.4	3.1
3.5	3.2
3.6	3.3
3.7	3.4
3.8	3.5
3.9	3.6
4.0	3.7
4.1	3.8
4.2	3.9
4.3	4.0
4.4	4.1
4.5	4.2
4.6	4.3
4.7	4.4
4.8	4.5
4.9	4.6
5.0	4.7
5.1	4.8

5.2	4.9
5.3	5.0
5.4	5.1
5.5	5.2
5.6	5.3
5.7 and above	5.4

(iv) 1. The unemployment insurance contribution rate for each eligible employer shall be the sum of two (2) rates: his individual experience rate in the range from zero percent (0%) to five and four-tenths percent (5.4%), plus a general experience rate. In no event shall the resulting rate be in excess of five and four-tenths percent (5.4%), however it is the intent of this section to provide the ability for employers to have a tax rate, the general experience rate plus the individual experience rate, of up to five and four-tenths percent (5.4%).

2. The employer's individual experience rate shall be equal to his benefit ratio as computed under subsection (2)(b)(iii) above.

3. The general experience rate shall be determined in the following manner: The department shall determine annually, for the thirty-six (36) consecutive calendar-month period ending on the computation date, the amount of benefits which were not charged to the record of any employer and of benefits which were ineffectively charged to the employer's experience-rating record. For the purposes of subsection (2)(b)(iv)3, the term "ineffectively charged benefits" shall include:

a. The total of the amounts of benefits charged to the experience-rating records of all eligible employers which caused their benefit ratios to exceed five and four-tenths percent (5.4%);

b. The total of the amounts of benefits charged to the experience-rating records of all ineligible

employers which would cause their benefit ratios to exceed five and four-tenths percent (5.4%) if they were eligible employers; and

c. The total of the amounts of benefits charged or chargeable to the experience-rating record of any employer who has discontinued his business or whose coverage has been terminated within such period; provided, that solely for the purposes of determining the amounts of ineffectively charged benefits as herein defined, a "benefit ratio" shall be computed for each ineligible employer, which shall be the quotient obtained by dividing the total benefits charged to his experience-rating record throughout the period ending on the computation date, during which his experience-rating record has been chargeable with benefits, by his total taxable payroll for the same period on which all contributions due have been paid on or before the September 30 immediately following the computation date; and provided further, that such benefit ratio shall be computed to the tenth of one percent (.1%) and any remainder shall be rounded to the next higher tenth.

The ratio of the sum of these amounts (subsection (2)(b)(iv)3a, b and c) to the taxable wages paid during the same period divided by all eligible employers whose benefit ratio did not exceed five and four-tenths percent (5.4%), computed to the next higher tenth of one percent (.1%), shall be the general experience rate.

4. The general experience rate shall be adjusted by use of the size of fund index factor. This factor may be positive or negative, and shall be determined as follows: From the target SOFI, as defined in subsection (1)(k) of this section, subtract the simple average of the current and preceding years' exposure criteria divided by the cost rate criterion, as defined in subsection (1)(j) of this section. The result is then multiplied by the product of the CRC, as defined in subsection

(1)(j) of this section, and total wages for the twelve-month period ending June 30 divided by the taxable wages for the twelve-month period ending June 30. This is the percentage positive or negative added to the general experience rate. The sum of the general experience rate and the trust fund adjustment factor shall be multiplied by fifty percent (50%) and this product shall be computed to one (1) decimal place, and rounded to the next higher tenth.

5. Notwithstanding any other provisions of subsection (2)(b)(iv), if the general experience rate for any tax year as computed and adjusted on the basis of the size of fund index is a negative percentage, it shall be disregarded and in no year shall the general experience rate be less than two-tenths of one percent (.2%).

6. The department shall include in its annual rate notice to employers a brief explanation of the elements of the general experience rate, and shall include in its regular publications an annual analysis of benefits not charged to the record of any employer, and of the benefit experience of employers by industry group whose benefit ratio exceeds four percent (4%), and of any other factors which may affect the size of the general experience rate.

(v) When any employing unit in any manner succeeds to or acquires the organization, trade, business or substantially all the assets thereof of an employer, excepting any assets retained by such employer incident to the liquidation of his obligations, whether or not such acquiring employing unit was an employer within the meaning of Section 71-5-11, subsection H, prior to such acquisition, and continues such organization, trade or business, the experience-rating and payroll records of the predecessor employer shall be transferred as of the date of acquisition to the successor employer for the purpose of rate determination.

(vi) When any employing unit succeeds to or acquires a distinct and severable portion of an organization, trade or business, the experience-rating and payroll records of such portion, if separately identifiable, shall be transferred to the successor upon:

1. The mutual consent of the predecessor and the successor;

2. Approval of the department;

3. Continued operation of the transferred portion by the successor after transfer; and

4. The execution and the filing with the department by the predecessor employer of a waiver relinquishing all rights to have the experience-rating and payroll records of the transferred portion used for the purpose of determining modified rates of contribution for such predecessor.

(vii) If the successor was an employer subject to this chapter prior to the date of acquisition, it shall continue to pay contributions at the rate applicable to it from the date the acquisition occurred until the end of the then current tax year. If the successor was not an employer prior to the date of acquisition, it shall pay contributions at the rate applicable to the predecessor or, if more than one (1) predecessor and the same rate is applicable to both, the rate applicable to the predecessor or predecessors, from the date the acquisition occurred until the end of the then current tax year. If the successor was not an employer prior to the date the acquisition occurred and simultaneously acquires the businesses of two (2) or more employers to whom different rates of contributions are applicable, it shall pay contributions from the date of the acquisition until the end of the current tax year at a rate computed on the basis of the combined experience-rating and payroll records of the predecessors as of the computation date for such tax year. In all cases the rate of contributions applicable to such successor for

each succeeding tax year shall be computed on the basis of the combined experience-rating and payroll records of the successor and the predecessor or predecessors.

(viii) The department shall notify each employer quarterly of the benefits paid and charged to his experience-rating record; and such notification, in the absence of an application for redetermination filed within thirty (30) days after the date of such notice, shall be final, conclusive and binding upon the employer for all purposes. A redetermination, made after notice and opportunity for a fair hearing, by a hearing officer designated by the department who shall consider and decide these and related applications and protests; and the finding of fact in connection therewith may be introduced into any subsequent administrative or judicial proceedings involving the determination of the rate of contributions of any employer for any tax year, and shall be entitled to the same finality as is provided in this subsection with respect to the findings of fact in proceedings to redetermine the contribution rate of an employer.

(ix) The department shall notify each employer of his rate of contribution as determined for any tax year as soon as reasonably possible after September 1 of the preceding year. Such determination shall be final, conclusive and binding upon such employer unless, within thirty (30) days after the date of such notice to his last known address, the employer files with the department an application for review and redetermination of his contribution rate, setting forth his reasons therefor. If the department grants such review, the employer shall be promptly notified thereof and shall be afforded an opportunity for a fair hearing by a hearing officer designated by the department who shall consider and decide these and related applications and protests; but no employer shall be allowed, in any proceeding involving his rate of contributions or contribution liability, to contest the chargeability to his account of any benefits paid in

accordance with a determination, redetermination or decision pursuant to Sections 71-5-515 through 71-5-533 except upon the ground that the services on the basis of which such benefits were found to be chargeable did not constitute services performed in employment for him, and then only in the event that he was not a party to such determination, redetermination, decision or to any other proceedings provided in this chapter in which the character of such services was determined. The employer shall be promptly notified of the denial of this application or of the redetermination, both of which shall become final unless, within ten (10) days after the date of notice thereof, there shall be an appeal to the department itself. Any such appeal shall be on the record before said designated hearing officer, and the decision of said department shall become final unless, within thirty (30) days after the date of notice thereof to the employer's last known address, there shall be an appeal to the Circuit Court of the First Judicial District of Hinds County, Mississippi, in accordance with the provisions of law with respect to review of civil causes by certiorari.

(3) Notwithstanding any other provision of law, the following shall apply regarding assignment of rates and transfers of experience:

(a) (i) If an employer transfers its trade or business, or a portion thereof, to another employer and, at the time of the transfer, there is substantially common ownership, management or control of the two (2) employers, then the unemployment experience attributable to the transferred trade or business shall be transferred to the employer to whom such business is so transferred. The rates of both employers shall be recalculated and made effective on January 1 of the year following the year the transfer occurred.

(ii) If, following a transfer of experience under subparagraph (i) of this paragraph (a), the department determines

that a substantial purpose of the transfer of trade or business was to obtain a reduced liability of contributions, then the experience-rating accounts of the employers involved shall be combined into a single account and a single rate assigned to such account.

(b) Whenever a person who is not an employer or an employing unit under this chapter at the time it acquires the trade or business of an employer, the unemployment experience of the acquired business shall not be transferred to such person if the department finds that such person acquired the business solely or primarily for the purpose of obtaining a lower rate of contributions. Instead, such person shall be assigned the new employer rate under Section 71-5-353. In determining whether the business was acquired solely or primarily for the purpose of obtaining a lower rate of contributions, the department shall use objective factors which may include the cost of acquiring the business, whether the person continued the business enterprise of the acquired business, how long such business enterprise was continued, or whether a substantial number of new employees were hired for performance of duties unrelated to the business activity conducted prior to acquisition.

(c) (i) If a person knowingly violates or attempts to violate paragraph (a) or (b) of this subsection or any other provision of this chapter related to determining the assignment of a contribution rate, or if a person knowingly advises another person in a way that results in a violation of such provision, the person shall be subject to the following penalties:

1. If the person is an employer, then such employer shall be assigned the highest rate assignable under this chapter for the rate year during which such violation or attempted violation occurred and the three (3) rate years immediately following this rate year. However, if the person's business is already at such highest rate for any year, or if the amount of

increase in the person's rate would be less than two percent (2%) for such year, then a penalty rate of contributions of two percent (2%) of taxable wages shall be imposed for such year. The penalty rate will apply to the successor business as well as the related entity from which the employees were transferred in an effort to obtain a lower rate of contributions.

2. If the person is not an employer, such person shall be subject to a civil money penalty of not more than Five Thousand Dollars (\$5,000.00). Each such transaction for which advice was given and each occurrence or reoccurrence after notification being given by the department shall be a separate offense and punishable by a separate penalty. Any such fine shall be deposited in the penalty and interest account established under Section 71-5-114.

(ii) For purposes of this paragraph (c), the term "knowingly" means having actual knowledge of or acting with deliberate ignorance or reckless disregard for the prohibition involved.

(iii) For purposes of this paragraph (c), the term "violates or attempts to violate" includes, but is not limited to, intent to evade, misrepresentation or willful nondisclosure.

(iv) In addition to the penalty imposed by subparagraph (i) of this paragraph (c), any violation of this subsection may be punishable by a fine of not more than Ten Thousand Dollars (\$10,000.00) or by imprisonment for not more than five (5) years, or by both such fine and imprisonment. This subsection shall prohibit prosecution under any other criminal statute of this state.

(d) The department shall establish procedures to identify the transfer or acquisition of a business for purposes of this subsection.

(e) For purposes of this subsection:

(i) "Person" has the meaning given such term by Section 7701(a)(1) of the Internal Revenue Code of 1986; and

(ii) "Employing unit" has the meaning as set forth in Section 71-5-11.

(f) This subsection shall be interpreted and applied in such a manner as to meet the minimum requirements contained in any guidance or regulations issued by the United States Department of Labor.

SECTION 4. Section 71-5-357, Mississippi Code of 1972, is amended as follows:

71-5-357. Benefits paid to employees of nonprofit organizations shall be financed in accordance with the provisions of this section. For the purpose of this section, a nonprofit organization is an organization (or group of organizations) described in Section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from income tax under Section 501(a) of such code (26 USCS Section 501).

(a) Any nonprofit organization which, under Section 71-5-11, subsection I(3), is or becomes subject to this chapter shall pay contributions under the provisions of Sections 71-5-351 through 71-5-355 unless it elects, in accordance with this paragraph, to pay to the department for the unemployment fund an amount equal to the amount of regular benefits and one-half (1/2) of the extended benefits paid, that is attributable to service in the employ of such nonprofit organization, to individuals for weeks of unemployment which begin during the effective period of such election.

(i) Any nonprofit organization which becomes subject to this chapter may elect to become liable for payments in lieu of contributions for a period of not less than twelve (12) months, beginning with the date on which such subjectivity begins, by filing a written notice of its election with the department not

later than thirty (30) days immediately following the date of the determination of such subjectivity.

(ii) Any nonprofit organization which makes an election in accordance with subparagraph (i) of this paragraph will continue to be liable for payments in lieu of contributions unless it files with the department a written termination notice not later than thirty (30) days prior to the beginning of the tax year for which such termination shall first be effective.

(iii) Any nonprofit organization which has been paying contributions under this chapter may change to a reimbursable basis by filing with the department, not later than thirty (30) days prior to the beginning of any tax year, a written notice of election to become liable for payments in lieu of contributions. Such election shall not be terminable by the organization for that and the next tax year.

(iv) The department may for good cause extend the period within which a notice of election or a notice of termination must be filed, and may permit an election to be retroactive.

(v) The department, in accordance with such regulations as it may prescribe, shall notify each nonprofit organization of any determination which it may make of its status as an employer, of the effective date of any election which it makes and of any termination of such election. Such determinations shall be subject to reconsideration, appeal and review in accordance with the provisions of Sections 71-5-351 through 71-5-355.

(b) Payments in lieu of contributions shall be made in accordance with the provisions of subparagraph (i) of this paragraph.

(i) At the end of each calendar quarter, or at the end of any other period as determined by the department, the department shall bill each nonprofit organization (or group of

such organizations) which has elected to make payments in lieu of contributions, for an amount equal to the full amount of regular benefits plus one-half (1/2) of the amount of extended benefits paid during such quarter or other prescribed period that is attributable to service in the employ of such organization.

(ii) Payment of any bill rendered under subparagraph (i) of this paragraph shall be made not later than forty-five (45) days after such bill was delivered to the nonprofit organization, unless there has been an application for review and redetermination in accordance with subparagraph (v) of this paragraph.

1. All of the enforcement procedures for the collection of delinquent contributions contained in Sections 71-5-363 through 71-5-383 shall be applicable in all respects for the collection of delinquent payments due by nonprofit organizations who have elected to become liable for payments in lieu of contributions.

2. If any nonprofit organization is delinquent in making payments in lieu of contributions, the department may terminate such organization's election to make payments in lieu of contributions as of the beginning of the next tax year, and such termination shall be effective for the balance of such tax year.

(iii) Payments made by any nonprofit organization under the provisions of this paragraph shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the organization.

(iv) Payments due by employers who elect to reimburse the fund in lieu of contributions as provided in this paragraph may not be noncharged under any condition. The reimbursement must be on a dollar-for-dollar basis (One Dollar (\$1.00) reimbursement for each dollar paid in benefits) in every case, so that the trust fund shall be reimbursed in full, such

reimbursement to include, but not be limited to, benefits or payments erroneously or incorrectly paid, or paid as a result of a determination of eligibility which is subsequently reversed, or paid as a result of claimant fraud. However, political subdivisions who are reimbursing employers may elect to pay to the fund an amount equal to five-tenths percent (.5%) through December 31, 2010, and shall pay twenty-five one-hundredths percent (.25%) thereafter of the taxable wages paid during the calendar year with respect to employment, and those employers who so elect shall be relieved of liability for reimbursement of benefits paid under the same conditions that benefits are not charged to the experience-rating record of a contributing employer as provided in Section 71-5-355(2)(b)(ii) other than Clause 5 thereof. Benefits paid in such circumstances for which reimbursing employers are relieved of liability for reimbursement shall not be considered attributable to service in the employment of such reimbursing employer.

(v) The amount due specified in any bill from the department shall be conclusive on the organization unless, not later than fifteen (15) days after the bill was delivered to it, the organization files an application for redetermination by the department, setting forth the grounds for such application or appeal. The department shall promptly review and reconsider the amount due specified in the bill and shall thereafter issue a redetermination in any case in which such application for redetermination has been filed. Any such redetermination shall be conclusive on the organization unless, not later than fifteen (15) days after the redetermination was delivered to it, the organization files an appeal to the Circuit Court of the First Judicial District of Hinds County, Mississippi, in accordance with the provisions of law with respect to review of civil causes by certiorari.

(vi) Past due payments of amounts in lieu of contributions shall be subject to the same interest and penalties that, pursuant to Section 71-5-363, apply to past due contributions.

(c) Each employer that is liable for payments in lieu of contributions shall pay to the department for the fund the amount of regular benefits plus the amount of one-half (1/2) of extended benefits paid are attributable to service in the employ of such employer. If benefits paid to an individual are based on wages paid by more than one (1) employer and one or more of such employers are liable for payments in lieu of contributions, the amount payable to the fund by each employer that is liable for such payments shall be determined in accordance with the provisions of subparagraph (i) or subparagraph (ii) of this paragraph.

(i) If benefits paid to an individual are based on wages paid by one or more employers that are liable for payment in lieu of contributions and on wages paid by one or more employers who are liable for contributions, the amount of benefits payable by each employer that is liable for payments in lieu of contributions shall be an amount which bears the same ratio to the total benefits paid to the individual as the total base period wages paid to the individual by such employer bear to the total base period wages paid to the individual by all of his base period employers.

(ii) If benefits paid to an individual are based on wages paid by two (2) or more employers that are liable for payments in lieu of contributions, the amount of benefits payable by each such employer shall be an amount which bears the same ratio to the total benefits paid to the individual as the total base period wages paid to the individual by such employer bear to the total base period wages paid to the individual by all of his base period employers.

(d) In the discretion of the department, any nonprofit organization that elects to become liable for payments in lieu of contributions shall be required to execute and file with the department a surety bond approved by the department, or it may elect instead to deposit with the department money or securities. The amount of such bond or deposit shall be determined in accordance with the provisions of this paragraph.

(i) The amount of the bond or deposit required by paragraph (d) shall be equal to two and seven-tenths percent (2.7%) thereafter to December 31, 2010, and one and thirty-five one-hundredths percent (1.35%) thereafter, of the organization's taxable wages paid for employment as defined in Section 71-5-11, subsection J(4), for the four (4) calendar quarters immediately preceding the effective date of the election, the renewal date in the case of a bond, or the biennial anniversary of the effective date of election in the case of a deposit of money or securities, whichever date shall be most recent and applicable. If the nonprofit organization did not pay wages in each of such four (4) calendar quarters, the amount of the bond or deposit shall be as determined by the department.

(ii) Any bond deposited under paragraph (d) shall be in force for a period of not less than two (2) tax years and shall be renewed with the approval of the department at such times as the department may prescribe, but not less frequently than at intervals of two (2) years as long as the organization continues to be liable for payments in lieu of contributions. The department shall require adjustments to be made in a previously filed bond as it deems appropriate. If the bond is to be increased, the adjusted bond shall be filed by the organization within thirty (30) days of the date notice of the required adjustment was delivered to it. Failure by any organization covered by such bond to pay the full amount of payments in lieu of contributions when due, together with any applicable interest and

penalties provided in paragraph (b)(v) of this section, shall render the surety liable on the bond to the extent of the bond, as though the surety was such organization.

(iii) Any deposit of money or securities in accordance with paragraph (d) shall be retained by the department in an escrow account until liability under the election is terminated, at which time it shall be returned to the organization, less any deductions as hereinafter provided. The department may deduct from the money deposited under paragraph (d) by a nonprofit organization, or sell the securities it has so deposited, to the extent necessary to satisfy any due and unpaid payments in lieu of contributions and any applicable interest and penalties provided for in paragraph (b)(v) of this section. The department shall require the organization, within thirty (30) days following any deduction from a money deposit or sale of deposited securities under the provisions hereof, to deposit sufficient additional money or securities to make whole the organization's deposit at the prior level. Any cash remaining from the sale of such securities shall be a part of the organization's escrow account. The department may, at any time, review the adequacy of the deposit made by any organization. If, as a result of such review, it determines that an adjustment is necessary, it shall require the organization to make additional deposit within thirty (30) days of notice of its determination or shall return to it such portion of the deposit as it no longer considers necessary, whichever action is appropriate. Disposition of income from securities held in escrow shall be governed by the applicable provisions of the state law.

(iv) If any nonprofit organization fails to file a bond or make a deposit, or to file a bond in an increased amount, or to increase or make whole the amount of a previously made deposit as provided under this subparagraph, the department may terminate such organization's election to make payments in lieu of

contributions, and such termination shall continue for not less than the four (4) consecutive calendar-quarter periods beginning with the quarter in which such termination becomes effective; however, the department may extend for good cause the applicable filing, deposit or adjustment period by not more than thirty (30) days.

(v) Group account shall be established according to regulations prescribed by the department.

(e) Any employer which elects to make payments in lieu of contributions into the Unemployment Compensation Fund as provided in this paragraph shall not be liable to make such payments with respect to the benefits paid to any individual whose base period wages include wages for previously uncovered services as defined in Section 71-5-511(e) to the extent that the Unemployment Compensation Fund is reimbursed for such benefits pursuant to Section 121 of Public Law 94-566.

SECTION 5. Section 71-5-359, Mississippi Code of 1972, is amended as follows:

71-5-359. * * *

(1) * * * The Department of Finance and Administration shall, in the manner provided in subsection (3) of this section, pay, upon notice issued by the department, to the department for the Unemployment Compensation Fund an amount equal to the regular benefits and one-half (1/2) of the extended benefits paid that are attributable to service in the employ of a state agency. The amount required to be reimbursed by a certain agency shall be billed to the Department of Finance and Administration and shall be paid from the Employment Compensation Revolving Fund pursuant to subsection (2)(c) of this section not later than thirty (30) days after such bill was sent, unless there has been an application for review and redetermination in accordance with Section 71-5-357(b)(v).

(2) The Department of Finance and Administration shall, in the manner provided in subsection (3) of this section, pay, upon a notice issued by the department, * * * to the department for the Unemployment Compensation Fund an amount equal to the regular benefits and the extended benefits paid that are attributable to service in the employ of a state agency. The amount required to be reimbursed by a certain agency shall be billed to the Department of Finance and Administration and shall be paid from the Employment Compensation Revolving Fund pursuant to subsection (3) of this section not later than thirty (30) days after such bill was sent, unless there has been an application for review and redetermination in accordance with Section 71-5-357(b)(v).

(3) Each agency of state government shall deposit monthly for a period of twenty-four (24) months an amount equal to one-twelfth of one percent (1/12 of 1%) of the first Six Thousand Dollars (\$6,000.00) paid to each employee thereof during the next preceding year into the Employment Compensation Revolving Fund that is created in the State Treasury. The Department of Finance and Administration shall determine the percentage to be applied to the amount of covered wages paid in order to maintain a balance in the revolving fund of not less than the amount determined by an actuary through an annual actuarial evaluation. The State Treasurer shall invest all funds in the Employment Compensation Revolving Fund and all interest earned shall be credited to the Employment Compensation Revolving Fund.

The reimbursement of benefits paid by the Mississippi Department of Employment Security shall be paid by the Department of Finance and Administration from the Employment Compensation Revolving Fund upon notice from the department; and the Department of Finance and Administration shall issue * * * warrants * * * or may contract for the performance of the duties prescribed by subsections (2) * * * and (3) of this section, and other duties necessarily related thereto.

(4) * * * Any political subdivision of this state shall pay to the department for the unemployment compensation fund an amount equal to the regular benefits and the extended benefits paid that are attributable to service in the employ of such political subdivision unless it elects to make contributions to the unemployment fund as provided in subsection (9) of this section. The amount required to be reimbursed shall be billed and shall be paid as provided in Section 71-5-357, with respect to similar payments for nonprofit organizations.

(5) Each political subdivision unless it elects to make contributions to the unemployment compensation fund as provided in subsection (9) of this section, shall establish a revolving fund and deposit * * * an amount equal to two percent (2%) of the first Six Thousand Dollars (\$6,000.00) paid to each employee thereof during the next preceding year * * *. However, the department shall by regulation establish a procedure to allow reimbursing political subdivisions to elect to maintain the balance in the revolving fund as required under this paragraph or to annually execute a surety bond to be approved by the department in an amount not less than two percent (2%) of the covered wages paid during the next preceding year.

(6) In the event any political subdivision becomes delinquent in payments due under this chapter, upon due notice, and upon certification of the delinquency by the department to the Department of Finance and Administration, the State Tax Commission, the Department of Environmental Quality and the Department of Insurance, or any of them, or any other agencies of the State of Mississippi that may be indebted to such delinquent political subdivision, such agencies shall direct the issuance of warrants which in the aggregate shall be the amount of such delinquency payable to the department and drawn upon any funds in the State Treasury which may be available to such political subdivision in satisfaction of any such delinquency. This remedy

shall be in addition to any other collection remedies in this chapter or otherwise provided by law.

(7) Payments made by any political subdivision under the provisions of this section shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the organization.

(8) Any governmental entity shall not be liable to make payments to the unemployment fund with respect to the benefits paid to any individual whose base period wages include wages for previously uncovered services as defined in Section 71-5-511, subsection (e), to the extent that the Unemployment Compensation Fund is reimbursed for such benefits pursuant to Section 121 of Public Law 94-566.

(9) Any political subdivision of this state may elect to make contributions to the unemployment fund instead of making reimbursement for benefits paid as provided in subsections (4) and (5) of this section. A political subdivision which makes this election shall so notify the department, not later than three (3) months after it is officially organized or is otherwise established, and shall be subject to the provisions of Section 71-5-351, with regard to the payment of contributions. A political subdivision which makes this election shall pay contributions equal to two percent (2%) of taxable wages through calendar year 2010, and one percent (1%) of taxable wages thereafter paid by it during each calendar quarter it is subject to this chapter. The department shall by regulation establish a procedure to allow political subdivisions the option periodically to elect either the reimbursement or the contribution method of financing unemployment compensation coverage.

SECTION 6. Section 27-104-31, Mississippi Code of 1972, is amended as follows:

27-104-31. (1) The State Fiscal Officer shall have the following powers and duties, acting through the Insurance Division:

(a) To implement and administer a comprehensive risk management program for all state agencies including, but not limited to, the areas of liability insurance and workers' compensation insurance;

(b) To coordinate and administer the Employment Compensation Revolving Fund for state agencies as directed in Section 71-5-359 * * *;

(c) To coordinate and administer the liability plans authorized in Section 11-46-17;

(d) To coordinate and administer the workers' compensation plan for state agencies as a self-insured program and to determine the feasibility of other self-insured programs for state agencies;

(e) To require of state agencies premium payments or contributions to self-insurance funds, or both, necessary to meet the obligations created by the comprehensive risk management program. Such self-insurance fund created shall be maintained as separate special funds in the State Treasury or in authorized bank accounts. Such funds as required shall be used to pay claims under the workers' compensation self-insurance fund. All such funds shall be exempt from the appropriation process. All interest earned from the investment of monies in the funds shall be credited to the appropriate special fund. Monies remaining in such special funds at the end of the fiscal year shall not lapse into the State General Fund;

(f) To promulgate and adopt rules and regulations necessary to effect the provisions of a comprehensive risk management program; * * *

(g) To pay such administrative costs necessary to insure the successful operation of each program administered by

the insurance division. Such administrative costs shall include the operating expenses of the division. Each program shall be assessed their proportionate share of those operating expenses; and

(h) To provide administrative support to the board as defined in Section 25-15-3.

(2) The State Fiscal Officer shall not have the power or authority to request that bonds be issued or any funds borrowed in order to implement a comprehensive risk management program or plan of self-insurance for the state, or any of its political subdivisions, or to contribute to the Tort Claims Fund.

SECTION 7. This act shall take effect and be in force from and after its passage.

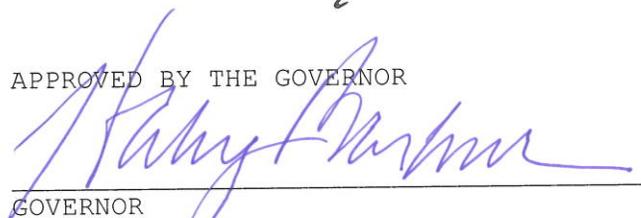
PASSED BY THE HOUSE OF REPRESENTATIVES
March 26, 2010


SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 25, 2010


PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR


GOVERNOR

4/8/10 4:05 pm