

Section 301.4, Contributions by Employees

(a) Notwithstanding any other provision of this act, each employe shall pay contributions at a rate of zero per centum (0.0%) for calendar year 1989 and at a rate as set forth in section 301.7 for each calendar year thereafter of all wages paid for "employment" as defined by the act without regard to the limitation specified in section 4(x)(1) of this act.

(b) Each employer subject to this act shall be responsible for withholding and shall withhold, in trust, such contributions from the wages of his employes at the time such wages are paid, and shall report and transmit such deductions to the department for deposit into the Unemployment Compensation Fund and the Reemployment Fund pursuant to the allocation prescribed in subsection (e), in accordance with rules and procedures established by the department.

(c) Any employer who is an individual, or any officer or agent of any employer, who violates the trust provision of this section, fails to withhold, hold in trust or fails to transmit to the department all contributions withheld from the wages of his employes in accordance with the rules and procedure established by the department shall be subject to the provisions of clause (2) of subsection (a) of section 301 and sections 308, 308.1, 308.2, 308.3 and 309 of this act.

(d) This section shall not be deemed to affect or impair the operation of any State statute or ordinance or resolution of a political subdivision which levies or collects any wage tax or similar tax. Contributions made pursuant to this section are not intended to reduce or otherwise affect any tax on wages or similar tax.

(e) Contributions paid under this section shall be allocated by the department [between] among the Unemployment Compensation Fund, [and] the Reemployment Fund and the Service and Infrastructure Improvement Fund as follows:

(1) [Ninety-five per centum (95%)] Five per centum (5%) of the contributions on wages paid from January 1, 2013, through September 30, 2017, shall be deposited into the [Unemployment Compensation Fund and five per centum (5%) of such contributions shall be deposited into the] Reemployment Fund to the extent the contributions are paid on or before December 31, 2017.

(2) [One hundred per centum (100%) of the contributions on wages paid from January 1, 2013, through September 30, 2017, shall be deposited into the Unemployment Compensation Fund to the extent the contributions are paid on or after January 1, 2018.] During each calendar year from 2013 through 2016 an amount determined by the Secretary with the approval of the Governor shall

be deposited into the Service and Infrastructure Improvement Fund. For calendar year 2013, the amount determined under this paragraph may not exceed forty million dollars (\$40,000,000). For calendar year 2014, the amount determined under this paragraph may not exceed thirty million dollars (\$30,000,000). For calendar year 2015, the amount determined under this paragraph may not exceed twenty million dollars (\$20,000,000). For calendar year 2016, the amount determined under this paragraph may not exceed ten million dollars (\$10,000,000).

(3) [One hundred per centum (100%) of the contributions on wages paid on or after October 1, 2017, shall be deposited into the Unemployment Compensation Fund.] The remaining contributions shall be deposited into the Unemployment Compensation Fund.

(4) The Department may deposit contributions in accordance with paragraph (2) before depositing contributions in accordance with paragraphs (1) and (3).

Section 601, Unemployment Compensation Fund

(a) There is hereby created a special fund separate and apart from all public moneys or funds of this Commonwealth to be known as the Unemployment Compensation Fund. All contributions paid by employers and employees, together with penalties and interest thereon, received or collected by the department from employers under the provisions of this act, except contributions which are to be paid into the Reemployment Fund and the Service and Infrastructure Improvement Fund as provided in section 301.4(e), such penalties and interest which are to be paid into the Special Administration Fund as provided in section 601.1 and taxes collected under section 301.6 of this act which are to be paid into the Debt Service Fund as provided in section 601.2, shall be paid into the Unemployment Compensation Fund, and shall be credited by the department to a ledger account to be known as the Employers' Contribution Account. Contributions which are to be paid into the Reemployment Fund and the Service and Infrastructure Improvement Fund as provided in section 301.4(e), interest and penalties which are to be credited to the Special Administration Fund and taxes collected under section 301.6 may be temporarily held in the Employers' Contribution Account solely for clearance purposes prior to transfer to the Reemployment Fund, the Service and Infrastructure Improvement Fund, the Special Administration Fund or the Debt Service Fund and while so held in the Employers' Contribution Account shall not be deemed a part of the Unemployment Compensation Fund. All moneys from time to time received and credited to the Employers' Contribution Account (exclusive of refunds made under section 311, contributions transferred to the Reemployment Fund and the Service and Infrastructure Improvement Fund pursuant to section 301.4(e) and interest and penalties transferred as herein provided to the Special Administration Fund and taxes transferred to the Debt Service Fund) shall be paid promptly by the department into the Unemployment

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

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

(c) Notwithstanding any other provisions of this section, the department shall at such time or times, when the amount of moneys credited to the Commonwealth of Pennsylvania in the Unemployment Compensation Fund exceed the average annual total benefit payout for the immediate prior five (5) years, transfer such excess to the United States Treasury to repay; and reduce any outstanding Federal unemployment loan debt, and at such other time or times as the secretary with the approval of the Governor may determine, is hereby authorized to requisition from the Unemployment Compensation Fund and pay into the United States Treasury an amount which, in the aggregate, is equal to the balance of any loan made to this Commonwealth under the provisions of Title XII of the Social Security Act, as amended. Such requisition and transfer need not be in a lump sum but may be made according to a plan entered into between the department and the United States Treasury and for that purpose the authority hereinabove contained shall be deemed continuous during the term of such agreement.

Section 301.9. Service and Infrastructure Improvement Fund

(a) There is hereby established a restricted account in the State Treasury to be known as the Service and Infrastructure Improvement Fund.

(b) Moneys in the Service and Infrastructure Improvement Fund shall consist of contributions deposited into the fund pursuant to section 301.4(e)(2).

(c) Moneys in the Service and Infrastructure Improvement Fund are hereby

appropriated, upon approval of the Governor, to the department for the following purposes:

(1) To improve the quality, efficiency and timeliness of services provided by the Service Center system to individuals claiming compensation under this act, including claim filing, claim administration and adjudication services.

(2) Expenditures for information management technology, communications technology and other infrastructure components that, in the judgment of the Secretary, are likely to result in significant and lasting improvements to the unemployment compensation system.

(3) To pay the costs of collecting the contributions deposited into the Service and Infrastructure Improvement Fund pursuant to section 301.4(e)(2).

(d) Any moneys in the Service and Infrastructure Improvement Fund that are not expended or obligated as of December 31, 2018, shall be transferred to the Unemployment Compensation Fund under section 601 of this act

(e) Moneys in the Service and Infrastructure Improvement Fund shall be continuously available for expenditure in accordance with the provisions of this section and shall not lapse at any time nor be transferred to any other fund except as provided in subsection (d).

(g) No later than June 30 of each calendar year from 2014 through 2019 the department shall provide a report to the Governor and the General Assembly regarding the Service and Infrastructure Improvement Fund, which shall include an accounting for the contributions deposited into the Fund and the expenditures and transfers from the Fund during the prior year, and a description of the purposes for which expenditures from the Fund were made in the prior year.