
By: **Senator Middleton (Committee on Unemployment Insurance Oversight) and Senators Exum and Kelley, Kelley, Astle, Gladden, Hafer, Hooper, Klausmeier, and Teitelbaum**

Introduced and read first time: February 3, 2006

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 22, 2006

CHAPTER _____

1 AN ACT concerning

2 **Unemployment Insurance - Special Administrative Expense Fund**

3 FOR the purpose of authorizing use of the money from the Special Administrative
4 Expense Fund for certain administrative purposes related to the unemployment
5 insurance program under certain circumstances; altering the circumstances
6 under which the Secretary of Labor, Licensing, and Regulation is required to
7 direct the State Treasurer to transfer a certain balance of the Special
8 Administrative Expense Fund; requiring the Secretary to submit a certain
9 report each year to the Governor and to certain committees of the General
10 Assembly; and generally relating to the use of the Special Administrative
11 Expense Fund.

12 BY repealing and reenacting, with amendments,
13 Article - Labor and Employment
14 Section 8-421 and 8-422
15 Annotated Code of Maryland
16 (1999 Replacement Volume and 2005 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Labor and Employment**

2 8-421.

3 (a) The Special Administrative Expense Fund shall consist of money
4 appropriated in the State budget from:5 (1) fines, interest, and other penalties collected under this title and paid
6 from the clearing account under § 8-404(c) of this subtitle;7 (2) money transferred from the Unemployment Insurance
8 Administration Fund under § 8-422 of this subtitle; and9 (3) any voluntary contribution to the Special Administrative Expense
10 Fund.11 (b) (1) Notwithstanding any other provision in this Part III of this subtitle,
12 the Special Administrative Expense Fund may be used as a revolving account to cover
13 costs that are proper under the law for which federal money is requested but not yet
14 received, if the costs are charged against the federal money when received.

15 (2) Subject to subsection (d) of this section, the Secretary:

16 (i) shall use the Special Administrative Expense Fund for
17 reimbursement of interest on contributions that is collected erroneously;18 (ii) shall use the Special Administrative Expense Fund to pay for
19 costs of administration that are found to have been improperly charged against
20 federal money credited to the Unemployment Insurance Administration Fund; and

21 (iii) may use the Special Administrative Expense Fund:

22 1. for replacement within a reasonable time of any money
23 that the State receives under § 302 of the Social Security Act and that because of an
24 action or contingency has been lost or has been used for purposes other than or in
25 amounts exceeding those necessary for proper administration of this title; or26 [2. for office space in accordance with subsection (c) of this
27 section.]28 2. FOR ADMINISTRATIVE EXPENSES OF THE OFFICE OF
29 UNEMPLOYMENT INSURANCE AND OFFICE OF EMPLOYMENT SERVICES, IN
30 ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.31 [(c) Subject to subsection (d) of this section and approval by the Board of Public
32 Works, the Secretary may use the Special Administrative Expense Fund to acquire
33 office space that is suitable for effective administration of this title by:

34 (1) purchase;

35 (2) lease;

1 (3) construction; or

2 (4) use of money in the Fund:

3 (i) to assist the State in financing a building that the State builds
4 for 1 of its units in which space will be provided under a lease or other contract
5 between the Department and the State or its unit;

6 (ii) to pay architectural fees;

7 (iii) to make a deposit on a building or land; or

8 (iv) for any other approved purpose that is necessary for acquisition
9 of office space.]

10 (C) (1) SUBJECT TO SUBSECTION (D) OF THIS SECTION, THE SECRETARY
11 MAY USE THE SPECIAL ADMINISTRATIVE EXPENSE FUND FOR ADMINISTRATIVE
12 EXPENSES NECESSARY TO ADMINISTER THIS TITLE.

13 (2) ADMINISTRATIVE EXPENSES INCLUDE:

14 (I) EXPENSES RELATED TO THE ACQUISITION OF OFFICE SPACE
15 REQUIRED FOR EFFECTIVE ADMINISTRATION OF THIS TITLE, SUBJECT TO APPROVAL
16 BY THE BOARD OF PUBLIC WORKS;

17 (II) COSTS FOR FURNISHING, MAINTENANCE, REPAIR,
18 IMPROVEMENT, AND ENHANCEMENT OF OFFICE SPACE;

19 (III) THE PURCHASE, LEASING, AND MAINTENANCE OF
20 INFORMATION TECHNOLOGY SYSTEMS, INCLUDING EQUIPMENT, PROGRAMS, AND
21 SERVICES;

22 (IV) THE PURCHASE, LEASING, AND MAINTENANCE OF
23 TELECOMMUNICATIONS SYSTEMS, SERVICES, AND EQUIPMENT INCLUDING
24 CONNECTIVITY COSTS AND ONGOING USAGE COSTS; AND

25 (V) OTHER ADMINISTRATIVE COSTS THAT THE SECRETARY
26 DETERMINES ARE NECESSARY TO ADMINISTER SOLELY THE PROVISIONS OF THIS
27 TITLE.

28 (d) The Special Administrative Expense Fund may not be used in a manner
29 that would result in a loss of federal money that, in the absence of money from the
30 Special Administrative Expense Fund, would be available to pay for administrative
31 costs of this title.

32 8-422.

33 (a) The State Treasurer is custodian of the Special Administrative Expense
34 Fund.

1 (b) Money in the Special Administrative Expense Fund shall be spent in
2 accordance with appropriations in the State budget.

3 (c) Money in the Special Administrative Expense Fund shall be available to
4 the Secretary whenever it is needed for use in accordance with this subtitle.

5 (d) When money is needed for reimbursement of interest and payment of
6 administrative costs under § 8-421(b)(2)(i) and (ii) of this subtitle, the Secretary may
7 make the reimbursement or payment from money that:

8 (1) is in the Special Administrative Expense Fund; or

9 (2) the State Treasurer transfers for that purpose from the Special
10 Administrative Expense Fund to the Unemployment Insurance Administration Fund.

11 (e) When the Secretary acquires, repairs, or maintains office space with
12 money from the Special Administrative Expense Fund that will be reimbursed from
13 federal funds, until the reimbursement, the Secretary may transfer from the
14 Unemployment Insurance Administration Fund to the Special Administrative
15 Expense Fund money in an amount that:

16 (1) does not exceed the amount of federal funds specifically made
17 available to the Secretary; and

18 (2) equals the fair reasonable rental value of:

19 (i) land or buildings that the Secretary acquires to use to carry out
20 this title; or

21 (ii) the proportionate amount of space that the Secretary uses in a
22 building constructed by the State for another unit.

23 (f) On July 1 of each year, the Secretary shall direct the State Treasurer to
24 transfer to the General Fund of the State the balance in the Special Administrative
25 Expense Fund that:

26 (1) the Secretary has not allocated OR ENCUMBERED; and

27 (2) exceeds \$250,000.

28 (G) (1) BEGINNING DECEMBER 31, 2007, AND EACH YEAR THEREAFTER, THE
29 SECRETARY SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246
30 OF THE STATE GOVERNMENT ARTICLE, TO THE SENATE BUDGET AND TAXATION
31 COMMITTEE, THE SENATE FINANCE COMMITTEE, THE HOUSE APPROPRIATIONS
32 COMMITTEE, AND THE HOUSE ECONOMIC MATTERS COMMITTEE.

33 (2) THE REPORT SHALL INCLUDE:

34 (I) THE FINANCIAL STATUS OF THE SPECIAL ADMINISTRATIVE
35 EXPENSE FUND AND A SUMMARY OF ITS ACTIVITY FOR THE PRECEDING FISCAL
36 YEAR; AND

1 (II) A DESCRIPTION OF ALL PROJECTS RECEIVING MONEYS FROM
2 THE SPECIAL ADMINISTRATIVE EXPENSE FUND IN THE PRECEDING FISCAL YEAR.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2006.