

1 AN ACT concerning State collection of debts.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The State Finance Act is amended by adding
5 Section 5.595 as follows:

6 (30 ILCS 105/5.595 new)

7 Sec. 5.595. The Debt Collection Fund.

8 Section 10. The Illinois State Collection Act of 1986 is
9 amended by changing Sections 4, 5, 6, 7, and 8 and adding
10 Section 10 as follows:

11 (30 ILCS 210/4) (from Ch. 15, par. 154)

12 Sec. 4. (a) The Comptroller shall provide by rule
13 appropriate procedures for State agencies to follow in
14 establishing and recording within the State accounting system
15 records of amounts owed to the State of Illinois. The rules
16 of the Comptroller shall include, but are not limited to:

17 (1) the manner by which State agencies shall recognize
18 debts;

19 (2) systems to age accounts receivable of State
20 agencies;

21 (3) standards by which State agencies' claims may be
22 entered and removed from the Comptroller's Offset System
23 authorized by Section 10.05 of the State Comptroller Act;

24 (4) accounting procedures for estimating the amount of
25 uncollectible receivables of State agencies; and

26 (5) accounting procedures for writing off bad debts and
27 uncollectible claims prior to referring them to the
28 Department of Revenue Collections Bureau for collection.

29 (b) State agencies shall report to the Comptroller

1 information concerning their accounts receivable and
 2 uncollectible claims in accordance with the rules of the
 3 Comptroller, which may provide for summary reporting. The
 4 Department of Revenue is exempt from the provisions of this
 5 subsection with regard to debts the confidentiality of which
 6 the Department of Revenue is required by law to maintain.

7 (c) The rules of the Comptroller authorized by this
 8 Section may specify varying procedures and forms of reporting
 9 dependent upon the nature and amount of the account
 10 receivable or uncollectible claim, the age of the debt, the
 11 probability of collection and such other factors that will
 12 increase the net benefit to the State of the collection
 13 effort.

14 (d) The Comptroller shall report annually by March 14,
 15 to the Governor and the General Assembly, the amount of all
 16 delinquent debt owed to each State agency as of December 31
 17 of the previous calendar year.

18 (Source: P.A. 86-515.)

19 (30 ILCS 210/5) (from Ch. 15, par. 155)
 20 Sec. 5. Rules; payment plans; offsets.

21 (a) Until July 1, 2004 for the Department of Public Aid
 22 and July 1, 2005 for Universities and all other State
 23 agencies, State agencies shall adopt rules establishing
 24 formal due dates for amounts owing to the State and for the
 25 referral of seriously past due accounts to private collection
 26 agencies, unless otherwise expressly provided by law or rule,
 27 except that on and after July 1, 2005, the Department of
 28 Employment Security may continue to refer to private
 29 collection agencies past due amounts that are exempt from
 30 subsection (g). Such procedures shall be established in
 31 accord with sound business practices.

32 (b) Until July 1, 2004 for the Department of Public Aid
 33 and July 1, 2005 for Universities and all other State

1 agencies, agencies may enter deferred payment plans for
2 debtors of the agency and documentation of this fact retained
3 by the agency, where the deferred payment plan is likely to
4 increase the net amount collected by the State, except that,
5 on and after July 1, 2005, the Department of Employment
6 Security may continue to enter deferred payment plans for
7 debts that are exempt from subsection (g).

8 (c) Until July 1, 2004 for the Department of Public Aid
9 and July 1, 2005 for Universities and all other State
10 agencies, State agencies may use the Comptroller's Offset
11 System provided in Section 10.05 of the State Comptroller Act
12 for the collection of debts owed to the agency, except that,
13 on and after July 1, 2005, the Department of Employment
14 Security may continue to use the Comptroller's offset system
15 to collect amounts that are exempt from subsection (g). All
16 debts that exceed \$1,000 and are more than 90 days past due
17 shall be placed in the Comptroller's Offset System, unless
18 the State agency shall have entered into a deferred payment
19 plan or demonstrates to the Comptroller's satisfaction that
20 referral for offset is not cost effective.

21 (d) State agencies shall develop internal procedures
22 whereby agency initiated payments to its debtors may be
23 offset without referral to the Comptroller's Offset System.

24 (e) State agencies or the Comptroller may remove claims
25 from the Comptroller's Offset System, where such claims have
26 been inactive for more than one year.

27 (f) State agencies may use the Comptroller's Offset
28 System to determine if any State agency is attempting to
29 collect debt from a contractor, bidder, or other proposed
30 contracting party.

31 (g) Beginning July 1, 2004 for the Departments of Public
32 Aid and Employment Security and July 1, 2005 for Universities
33 and other State agencies, State agencies shall refer to the
34 Department of Revenue Debt Collection Bureau (the Bureau) all

1 debt to the State, provided that the debt satisfies the
2 requirements for referral of delinquent debt as established
3 by rule by the Department of Revenue.

4 (h) The Department of Public Aid shall be exempt from
5 the requirements of this Section with regard to child support
6 debts, the collection of which is governed by the
7 requirements of Title IV, Part D of the federal Social
8 Security Act. The Department of Public Aid may refer child
9 support debts to the Bureau, provided that the debt satisfies
10 the requirements for referral of delinquent debt as
11 established by rule by the Department of Revenue. The Bureau
12 shall use all legal means available to collect child support
13 debt, including those authorizing the Department of Revenue
14 to collect debt and those authorizing the Department of
15 Public Aid to collect debt. All such referred debt shall
16 remain an obligation under the Department of Public Aid's
17 Child Support Enforcement Program subject to the requirements
18 of Title IV, Part D of the federal Social Security Act,
19 including the continued use of federally mandated enforcement
20 remedies and techniques by the Department of Public Aid.

21 (h-1) The Department of Employment Security is exempt
22 from subsection (g) with regard to debts to any federal
23 account, including but not limited to the Unemployment Trust
24 Fund, and penalties and interest assessed under the
25 Unemployment Insurance Act. The Department of Employment
26 Security may refer those debts to the Bureau, provided the
27 debt satisfies the requirements for referral of delinquent
28 debt as established by rule by the Department of Revenue. The
29 Bureau shall use all legal means available to collect the
30 debts, including those authorizing the Department of Revenue
31 to collect debt and those authorizing the Department of
32 Employment Security to collect debt. All referred debt shall
33 remain an obligation to the account to which it is owed.

34 (i) All debt referred to the Bureau for collection shall

1 remain the property of the referring agency. The Bureau shall
2 collect debt on behalf of the referring agency using all
3 legal means available, including those authorizing the
4 Department of Revenue to collect debt and those authorizing
5 the referring agency to collect debt.

6 (j) No debt secured by an interest in real property
7 granted by the debtor in exchange for the creation of the
8 debt shall be referred to the Bureau. The Bureau shall have
9 no obligation to collect debts secured by an interest in real
10 property.

11 (k) Beginning July 1, 2003, each agency shall collect
12 and provide the Bureau information regarding the nature and
13 details of its debt in such form and manner as the Department
14 of Revenue shall require.

15 (l) For all debt accruing after July 1, 2003, each
16 agency shall collect and transmit such debtor identification
17 information as the Department of Revenue shall require.

18 (Source: P.A. 92-404, eff. 7-1-02.)

19 (30 ILCS 210/6) (from Ch. 15, par. 156)

20 Sec. 6. The Comptroller with the approval of the
21 Governor may provide by rule and regulation for the creation
22 of a special fund or funds for the deposit of designated
23 receipts by designated agencies to be known as the Accounts
24 Receivable Fund or Funds. Deposits shall be segregated by
25 the creditor agency. No deposit shall be made unless the
26 collection is of an account receivable more than 120 days
27 past due.

28 Seventy-five percent of the amounts deposited each
29 quarter into such a special fund shall be transferred to the
30 General Revenue Fund or such other fund that would have
31 originally received the receipts. The remaining amounts may
32 be used by the creditor agency for collecting overdue
33 accounts pursuant to appropriation by the General Assembly.

1 An agency, with the approval of the Comptroller, may
2 deposit all receipts into the General Revenue Fund or other
3 such fund that would have originally received the receipts.
4 Twenty-five percent of such deposits made each quarter for
5 accounts receivable more than 120 days past due shall be
6 transferred to the Accounts Receivable Fund or Funds. The
7 transferred amounts may be used by the creditor agency for
8 collecting overdue accounts pursuant to appropriation by the
9 General Assembly.

10 In determining the types of receipts to be deposited
11 pursuant to this Section the Comptroller and the Governor
12 shall consider the following factors:

13 (1) The percentage of such receipts estimated to be
14 uncollectible by the creditor agency;

15 (2) The percentage of such receipts certified as
16 uncollectible by the Attorney General;

17 (3) The potential increase in future receipts, as
18 estimated by the creditor agency, if 25% of amounts collected
19 are retained for collection efforts;

20 (4) The impact of the retention of 25% of receipts on
21 the relevant fund balances; and

22 (5) Such other factors as the Comptroller and the
23 Governor deem relevant.

24 This Section shall not apply to the Department of Revenue
25 nor the Department of Employment Security.

26 This Section is repealed July 1, 2004. On that date any
27 moneys in the Accounts Receivable Funds created under this
28 Section shall be transferred to the General Revenue Fund.

29 (Source: P.A. 86-194.)

30 (30 ILCS 210/7) (from Ch. 15, par. 157)

31 Sec. 7. Upon agreement of the Attorney General, the
32 Bureau agencies may contract for legal assistance in
33 collecting past due accounts. Any contract entered into under

1 this Section before the effective date of this amendatory Act
 2 of the 93rd General Assembly shall remain valid but may not
 3 be renewed. In-addition,-agencies-may-contract-for-collection
 4 assistance-where-such-assistance-is-determined-by-the--agency
 5 to--be--in-the-best-economic-interest-of-the-State.--Agencies
 6 may-utilize-monies-in-the-Accounts-Receivable-Fund-to-pay-for
 7 such-legal-and-collection-assistance;-provided,-however,-that
 8 no-more-than-20%-of-collections-on-an--account--may--be--paid
 9 from--the--Accounts-Receivable-Fund-as-compensation-for-legal
 10 and-collection-assistance-on-that--account.---If--the--amount
 11 available--for--expenditure-from-the-Accounts-Receivable-Fund
 12 is-insufficient--to--pay--the--cost--of--such--services,-the
 13 difference,-up--to-40%-of-the-total-collections-per-account,-
 14 may-be-paid-from-other-monies-which-may-be-available--to--the
 15 Agency-

16 (Source: P.A. 85-814.)

17 (30 ILCS 210/8) (from Ch. 15, par. 158)

18 Sec. 8. Debt Collection Board. There is created a Debt
 19 Collection Board consisting of the Director of Central
 20 Management Services as chairman, the State Comptroller, and
 21 the Attorney General, or their respective designees. The
 22 Board shall establish a centralized collections service to
 23 undertake further collection efforts on delinquent accounts
 24 or claims of the State which have not been collected through
 25 the reasonable efforts of the respective State agencies.
 26 The Board shall promulgate rules and regulations pursuant to
 27 the Illinois Administrative Procedure Act with regard to the
 28 establishment of timetables and the assumption of
 29 responsibility for agency accounts receivable that have not
 30 been collected by the agency, are not subject to a current
 31 repayment plan, or have not been certified as uncollectible
 32 as of the date specified by the Board. The Board shall make
 33 a final evaluation of those accounts and either (i) direct or

1 conduct further collection activities when further collection
2 efforts are in the best economic interest of the State or
3 (ii) in accordance with Section 2 of the Uncollected State
4 Claims Act, certify the receivable as uncollectible or submit
5 the account to the Attorney General for that certification.

6 The Board is empowered to adopt rules and regulations
7 subject to the provisions of the Illinois Administrative
8 Procedure Act.

9 The Board is empowered to enter into one or more
10 contracts with outside vendors with demonstrated capabilities
11 in the area of account collection. The contracts shall be
12 let on the basis of competitive proposals secured from
13 responsible proposers. The Board may require that vendors be
14 prequalified. All contracts shall provide for a contingent
15 fee based on the age, nature, amount and type of delinquent
16 account. The Board may adopt a reasonable classification
17 schedule for the various receivables. The contractor shall
18 remit the amount collected, net of the contingent fee, to the
19 respective State agency which shall deposit the net amount
20 received into the fund that would have received the receipt
21 had it been collected by the State agency. No portion of the
22 collections shall be deposited into an Accounts Receivable
23 Fund established under Section 6 of this Act. The Board
24 shall act only upon the unanimous vote of its members.

25 The authority granted the Debt Collection Board under
26 this Section shall be limited to the administration of debt
27 not otherwise required by the provisions of this amendatory
28 Act of the 93rd General Assembly to be referred to the
29 Department of Revenue's Debt Collection Bureau. Upon referral
30 to and acceptance of any debt by the Bureau, the provisions
31 of this Section shall be rendered null and void as to that
32 debt and the Board shall promptly deliver its entire file and
33 all records relating to such debt to the Bureau, together
34 with a status report describing all action taken by the Board

1 or any entity on its behalf to collect the debt, and
2 including an accounting of all payments received.

3 (Source: P.A. 89-511, eff. 1-1-97.)

4 (30 ILCS 210/10 new)

5 Sec. 10. Department of Revenue Debt Collection Bureau to
6 assume collection duties.

7 (a) The Department of Revenue's Debt Collection Bureau
8 shall serve as the primary debt collecting entity for the
9 State and in that role shall collect debts on behalf of
10 agencies of the State. All debts owed the State of Illinois
11 shall be referred to the Bureau, subject to such limitations
12 as the Department of Revenue shall by rule establish. The
13 Bureau shall utilize the Comptroller's offset system and
14 private collection agencies, as well as its own collections
15 personnel. The Bureau shall collect debt using all legal
16 authority available to the Department of Revenue to collect
17 debt and all legal authority available to the referring
18 agency.

19 (b) The Bureau shall have the sole authority to let
20 contracts with persons specializing in debt collection for
21 the collection of debt referred to and accepted by the
22 Bureau. Any contract with the debt collector shall specify
23 that the collector's fee shall be on a contingency basis and
24 that the debt collector shall not be entitled to collect a
25 contingency fee for any debt collected through the efforts of
26 any State offset system.

27 (c) The Department of Revenue shall adopt rules for the
28 certification of debt from referring agencies and shall adopt
29 rules for the certification of collection specialists to be
30 employed by the Bureau.

31 (d) The Department of Revenue shall adopt rules for
32 determining when a debt referred by an agency shall be deemed
33 by the Bureau to be uncollectible.

1 (e) Once an agency's debt is deemed by the Bureau to be
2 uncollectible, the Bureau shall return the debt to the
3 referring agency which shall then write the debt off as
4 uncollectible or return the debt to the Bureau for additional
5 collection efforts. The Bureau shall refuse to accept debt
6 that has been deemed uncollectible absent factual assertions
7 from the referring agency that due to circumstances not known
8 at the time the debt was deemed uncollectible that the debt
9 is worthy of additional collection efforts.

10 (f) For each debt referred, the State agency shall
11 retain all documents and records relating to or supporting
12 the debt. In the event a debtor shall raise a reasonable
13 doubt as to the validity of the debt, the Bureau may in its
14 discretion refer the debt back to the referring agency for
15 further review and recommendation.

16 (g) The Department of Public Aid shall be exempt from
17 the requirements of this Section with regard to child support
18 debts, the collection of which is governed by the
19 requirements of Title IV, Part D of the federal Social
20 Security Act. The Department of Public Aid may refer child
21 support debts to the Bureau, provided that the debt satisfies
22 the requirements for referral of delinquent debt as
23 established by rule by the Department of Revenue. The Bureau
24 shall use all legal means available to collect child support
25 debt, including those authorizing the Department of Revenue
26 to collect debt and those authorizing the Department of
27 Public Aid to collect debt. All such referred debt shall
28 remain an obligation under the Department of Public Aid's
29 Child Support Enforcement Program subject to the requirements
30 of Title IV, Part D of the federal Social Security Act,
31 including the continued use of federally mandated enforcement
32 remedies and techniques by the Department of Public Aid.

33 (g-1) The Department of Employment Security is exempt
34 from subsection (a) with regard to debts to any federal

1 account, including but not limited to the Unemployment Trust
2 Fund, and penalties and interest assessed under the
3 Unemployment Insurance Act. The Department of Employment
4 Security may refer those debts to the Bureau, provided the
5 debt satisfies the requirements for referral of delinquent
6 debt as established by rule by the Department of Revenue. The
7 Bureau shall use all legal means available to collect the
8 debts, including those authorizing the Department of Revenue
9 to collect debt and those authorizing the Department of
10 Employment Security to collect debt. All referred debt shall
11 remain an obligation to the account to which it is owed.

12 (h) The Debt Collection Fund is created as a special
13 fund in the State treasury. Debt collection contractors under
14 this Act shall receive a contingency fee as provided by the
15 terms of their contracts with the Department of Revenue.
16 Thereafter, 20% of all amounts collected by the Bureau,
17 excluding amounts collected on behalf of the Departments of
18 Public Aid and Revenue, shall be deposited into the Debt
19 Collection Fund. All remaining amounts collected shall be
20 deposited into the General Revenue Fund unless the funds are
21 owed to any State fund or funds other than the General
22 Revenue Fund. Moneys in the Debt Collection Fund shall be
23 appropriated only for the administrative costs of the Bureau.
24 On the last day of each fiscal year, unappropriated moneys
25 and moneys otherwise deemed unneeded for the next fiscal year
26 remaining in the Debt Collection Fund may be transferred into
27 the General Revenue Fund at the Governor's reasonable
28 discretion. The provisions of this subsection do not apply to
29 debt that is exempt from subsection (a) pursuant to
30 subsection (g-1) or child support debt referred to the Bureau
31 by the Department of Public Aid pursuant to this amendatory
32 Act of the 93rd General Assembly. Collections arising from
33 referrals from the Department of Public Aid shall be
34 deposited into such fund or funds as the Department of Public

1 Aid shall direct, in accordance with the requirements of
2 Title IV, Part D of the federal Social Security Act,
3 applicable provisions of State law, and the rules of the
4 Department of Public Aid. Collections arising from referrals
5 from the Department of Employment Security shall be deposited
6 into the fund or funds that the Department of Employment
7 Security shall direct, in accordance with the requirements of
8 Section 3304(a)(3) of the federal Unemployment Tax Act,
9 Section 303(a)(4) of the federal Social Security Act, and the
10 Unemployment Insurance Act.

11 (i) The Attorney General and the State Comptroller shall
12 assist in the debt collection efforts of the Bureau, as
13 requested by the Department of Revenue.

14 (j) The Director of Revenue shall report annually to the
15 General Assembly and State Comptroller upon the debt
16 collection efforts of the Bureau. Each report shall include
17 an analysis of the overdue debts owed to the State.

18 (k) The Department of Revenue shall adopt rules and
19 procedures for the administration of this amendatory Act of
20 the 93rd General Assembly. The rules shall be adopted under
21 the Department of Revenue's emergency rulemaking authority
22 within 90 days following the effective date of this
23 amendatory Act of the 93rd General Assembly due to the budget
24 crisis threatening the public interest.

25 (l) The Department of Revenue's Debt Collection Bureau's
26 obligations under this Section 10 shall be subject to
27 appropriation by the General Assembly.

28 Section 99. Effective date. This Act shall take effect
29 upon becoming law.