

1 AN ACT concerning State government.

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

4 Section 5. The State Comptroller Act is amended by changing  
5 Section 9.03 as follows:

6 (15 ILCS 405/9.03) (from Ch. 15, par. 209.03)

7 Sec. 9.03. Direct deposit of State payments.

8 (a) The Comptroller, with the approval of the State  
9 Treasurer, may provide by rule or regulation for the direct  
10 deposit of any payment lawfully payable from the State Treasury  
11 and in accordance with federal banking regulations including  
12 but not limited to payments to (i) persons paid from personal  
13 services, (ii) persons receiving benefit payments from the  
14 Comptroller under the State pension systems, (iii) individuals  
15 who receive assistance under Articles III, IV, and VI of the  
16 Illinois Public Aid Code, (iv) providers of services under the  
17 Mental Health and Developmental Disabilities Administrative  
18 Act, (v) providers of community-based mental health services,  
19 and (vi) providers of services under programs administered by  
20 the State Board of Education, in the accounts of those persons  
21 or entities maintained at a bank, savings and loan association,  
22 or credit union, where authorized by the payee. The Comptroller  
23 also may deposit public aid payments for individuals who

1 receive assistance under Articles III, IV, VI, and X of the  
2 Illinois Public Aid Code directly into an electronic benefits  
3 transfer account in a financial institution approved by the  
4 State Treasurer as prescribed by the Illinois Department of  
5 Human Services and in accordance with the rules and regulations  
6 of that Department and the rules and regulations adopted by the  
7 Comptroller and the State Treasurer. The Comptroller, with the  
8 approval of the State Treasurer, may provide by rule for the  
9 electronic direct deposit of payments to public agencies and  
10 any other payee of the State. The electronic direct deposits  
11 may be made to the designated account in those financial  
12 institutions specified in this Section for the direct deposit  
13 of payments. Within 6 months after the effective date of this  
14 amendatory Act of 1994, the Comptroller shall establish a pilot  
15 program for the electronic direct deposit of payments to local  
16 school districts, municipalities, and units of local  
17 government. The payments may be made without the use of the  
18 voucher-warrant system, provided that documentation of  
19 approval by the Treasurer of each group of payments made by  
20 direct deposit shall be retained by the Comptroller. The form  
21 and method of the Treasurer's approval shall be established by  
22 the rules or regulations adopted by the Comptroller under this  
23 Section.

24 (b) Except as provided in subsection (b-5), all State  
25 payments for an employee's payroll or an employee's expense  
26 reimbursement must be made through direct deposit. It is the

1 responsibility of the paying State agency to ensure compliance  
2 with this mandate. If a State agency pays an employee's payroll  
3 or an employee's expense reimbursement without using direct  
4 deposit, the Comptroller may charge that employee a processing  
5 fee of \$2.50 per paper warrant. The processing fee may be  
6 withheld from the employee's payment or reimbursement. The  
7 amount collected from the fee shall be deposited into the  
8 Comptroller's Administrative Fund.

9 (b-5) If an employee wants his or her payments deposited  
10 into a secure check account, the employee must submit a direct  
11 deposit form to the paying State agency for his or her payroll  
12 or to the Comptroller for his or her expense reimbursements.  
13 Upon acceptance of the direct deposit form, the Comptroller  
14 shall disburse those funds to the secure check account. For the  
15 purposes of this Section, "secure check account" means an  
16 account established with a financial institution for the  
17 employee that allows the dispensing of the funds in the account  
18 through a third party who dispenses to the employee a paper  
19 check.

20 (c) All State payments to a vendor that exceed the  
21 allowable limit of paper warrants in a fiscal year, by the same  
22 agency, must be made through direct deposit. It is the  
23 responsibility of the paying State agency to ensure compliance  
24 with this mandate. If a State agency pays a vendor more times  
25 than the allowable limit in a single fiscal year without using  
26 direct deposit, the Comptroller may charge the vendor a

1 processing fee of \$2.50 per paper warrant. The processing fee  
2 may be withheld from the vendor's payment. The amount collected  
3 from the processing fee shall be deposited into the  
4 Comptroller's Administrative Fund. The Office of the  
5 Comptroller shall define "allowable limit" in the  
6 Comptroller's Statewide Accounting Management System (SAMS)  
7 manual, except that the allowable limit shall not be less than  
8 30 paper warrants. The Office of the Comptroller shall also  
9 provide reasonable notice to all State agencies of the  
10 allowable limit of paper warrants.

11 (c-1) All State payments to an entity from a payroll or  
12 retirement voluntary deduction must be made through direct  
13 deposit. If an entity receives a payment from a payroll or  
14 retirement voluntary deduction without using direct deposit,  
15 the Comptroller may charge the entity a processing fee of \$2.50  
16 per paper warrant. The processing fee may be withheld from the  
17 entity's payment or billed to the entity at a later date. The  
18 amount collected from the processing fee shall be deposited  
19 into the Comptroller's Administrative Fund. The Comptroller  
20 shall provide reasonable notice to all entities impacted by  
21 this requirement. Any new entities that receive a payroll or  
22 retirement voluntary deduction must sign up for direct deposit  
23 during the application process.

24 (c-2) The detail information, such as names, identifiers,  
25 and amounts, associated with a State payment to an entity from  
26 a payroll or retirement voluntary deduction must be retrieved

1 by the entity from the Comptroller's designated Internet  
2 website or an electronic alternative approved by the  
3 Comptroller. If the entity requires the Comptroller to mail the  
4 detail information, the Comptroller may charge the entity a  
5 processing fee up to \$25.00 per mailing. Any processing fee  
6 will be billed to the entity at a later date. The amount  
7 collected from the processing fee shall be deposited into the  
8 Comptroller's Administrative Fund. The Comptroller shall  
9 provide reasonable notice to all entities impacted by this  
10 requirement.

11 (d) State employees covered by provisions in collective  
12 bargaining agreements that do not require direct deposit of  
13 paychecks are exempt from this mandate. No later than 60 days  
14 after the effective date of this amendatory Act of the 97th  
15 General Assembly, all State agencies must provide to the Office  
16 of the Comptroller a list of employees that are exempt under  
17 this subsection (d) from the direct deposit mandate. In  
18 addition, a State employee or vendor may file a hardship  
19 petition with the Office of the Comptroller requesting an  
20 exemption from the direct deposit mandate under this Section. A  
21 hardship petition shall be made available for download on the  
22 Comptroller's official Internet website.

23 (e) Notwithstanding any provision of law to the contrary,  
24 the direct deposit of State payments under this Section for an  
25 employee's payroll, an employee's expense reimbursement, or a  
26 State vendor's payment does not authorize the State to

1 automatically withdraw funds from those accounts.

2 (f) For the purposes of this Section, "vendor" means a  
3 non-governmental entity with a taxpayer identification number  
4 issued by the Social Security Administration or Internal  
5 Revenue Service that receives payments through the  
6 Comptroller's commercial system. The term does not include  
7 State agencies.

8 (g) The requirements of this Section do not apply to the  
9 legislative or judicial branches of State government.

10 (Source: P.A. 97-348, eff. 8-12-11; 97-993, eff. 9-16-12;  
11 98-463, eff. 8-16-13.)

12 Section 10. The Illinois State Collection Act of 1986 is  
13 amended by changing Section 5 as follows:

14 (30 ILCS 210/5) (from Ch. 15, par. 155)

15 Sec. 5. Rules; payment plans; offsets.

16 (a) Until July 1, 2004 for the Department of Public Aid and  
17 July 1, 2005 for Universities and all other State agencies,  
18 State agencies shall adopt rules establishing formal due dates  
19 for amounts owing to the State and for the referral of  
20 seriously past due accounts to private collection agencies,  
21 unless otherwise expressly provided by law or rule, except that  
22 on and after July 1, 2005, the Department of Employment  
23 Security may continue to refer to private collection agencies  
24 past due amounts that are exempt from subsection (g). Such

1 procedures shall be established in accord with sound business  
2 practices.

3 (b) Until July 1, 2004 for the Department of Public Aid and  
4 July 1, 2005 for Universities and all other State agencies,  
5 agencies may enter deferred payment plans for debtors of the  
6 agency and documentation of this fact retained by the agency,  
7 where the deferred payment plan is likely to increase the net  
8 amount collected by the State, except that, on and after July  
9 1, 2005, the Department of Employment Security may continue to  
10 enter deferred payment plans for debts that are exempt from  
11 subsection (g).

12 (c) Until July 1, 2004 for the Department of Public Aid and  
13 July 1, 2005 for Universities and all other State agencies,  
14 State agencies may use the Comptroller's Offset System provided  
15 in Section 10.05 of the State Comptroller Act for the  
16 collection of debts owed to the agency, except that, on and  
17 after July 1, 2005, the Department of Employment Security may  
18 continue to use the Comptroller's offset system to collect  
19 amounts that are exempt from subsection (g).

20 (c-1) All debts that exceed \$250 and are more than 90 days  
21 past due shall be placed in the Comptroller's Offset System,  
22 unless (i) the State agency shall have entered into a deferred  
23 payment plan or demonstrates to the Comptroller's satisfaction  
24 that referral for offset is not cost effective; or (ii) the  
25 State agency is a university that elects to place in the  
26 Comptroller's Offset System only debts that exceed \$1,000 and

1 are more than 90 days past due. All debt, and maintenance of  
2 that debt, that is placed in the Comptroller's Offset System  
3 must be submitted electronically to the office of the  
4 Comptroller. Any exception to this requirement must be approved  
5 in writing by the Comptroller.

6 (c-2) Upon processing a deduction to satisfy a debt owed to  
7 a university or a State agency and placed in the Comptroller's  
8 Offset System in accordance with subsection (c-1), the  
9 Comptroller shall give written notice to the person subject to  
10 the offset. The notice shall inform the person that he or she  
11 may make a written protest to the Comptroller within 60 days  
12 after the Comptroller has given notice. The protest shall  
13 include the reason for contesting the deduction and any other  
14 information that will enable the Comptroller to determine the  
15 amount due and payable. If the person subject to the offset has  
16 not made a written protest within 60 days after the Comptroller  
17 has given notice, or if a final disposition is made concerning  
18 the deduction, the Comptroller shall pay the deduction to the  
19 university or the State agency.

20 (c-3) For a debt owed to a university or a State agency and  
21 placed in the Comptroller's Offset System in accordance with  
22 subsection (c-1), the Comptroller shall deduct, from a warrant  
23 or other payment, its processing charge and the amount  
24 certified as necessary to satisfy, in whole or in part, the  
25 debt owed to the university or the State agency. The  
26 Comptroller shall deduct a processing charge of up to \$15 per



1 transaction for each offset and such charges shall be deposited  
2 into the Comptroller Debt Recovery Trust Fund.

3 (c-4) If a State university withholds moneys from a  
4 university-funded payroll for a debt in accordance with this  
5 Act, the university may also withhold the processing charge  
6 identified in Section 10.05d of the State Comptroller Act and  
7 subsection (c-3) of Section 5 of the Illinois State Collection  
8 Act of 1986. Both amounts must be remitted to the Office of the  
9 Comptroller in a timely manner.

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

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

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

19 (g) Beginning July 1, 2004 for the Departments of Public  
20 Aid (now Healthcare and Family Services) and Employment  
21 Security and July 1, 2005 for Universities and other State  
22 agencies, State agencies shall refer to the Department of  
23 Revenue Debt Collection Bureau (the Bureau) all debt to the  
24 State, provided that the debt satisfies the requirements for  
25 referral of delinquent debt as established by rule by the  
26 Department of Revenue.

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

19 (h-1) The Department of Employment Security is exempt from  
20 subsection (g) with regard to debts to any federal account,  
21 including but not limited to the Unemployment Trust Fund, and  
22 penalties and interest assessed under the Unemployment  
23 Insurance Act. The Department of Employment Security may refer  
24 those debts to the Bureau, provided the debt satisfies the  
25 requirements for referral of delinquent debt as established by  
26 rule by the Department of Revenue. The Bureau shall use all

1 legal means available to collect the debts, including those  
2 authorizing the Department of Revenue to collect debt and those  
3 authorizing the Department of Employment Security to collect  
4 debt. All referred debt shall remain an obligation to the  
5 account to which it is owed.

6 (i) All debt referred to the Bureau for collection shall  
7 remain the property of the referring agency. The Bureau shall  
8 collect debt on behalf of the referring agency using all legal  
9 means available, including those authorizing the Department of  
10 Revenue to collect debt and those authorizing the referring  
11 agency to collect debt.

12 (j) No debt secured by an interest in real property granted  
13 by the debtor in exchange for the creation of the debt shall be  
14 referred to the Bureau. The Bureau shall have no obligation to  
15 collect debts secured by an interest in real property.

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

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

23 (Source: P.A. 97-759, eff. 7-6-12.)

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.