

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.