

AN ACT concerning State government.

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

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

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

Sec. 9.03. Direct deposit of State payments.

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

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

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

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

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

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

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

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

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

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

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

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

automatically withdraw funds from those accounts.

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

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

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

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

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

Sec. 5. Rules; payment plans; offsets.

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

procedures shall be established in accord with sound business practices.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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