

SB1387



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1387

Introduced 1/29/2025, by Sen. Mike Simmons

SYNOPSIS AS INTRODUCED:

15 ILCS 405/9.03

from Ch. 15, par. 209.03

Amends the State Comptroller Act. Provides that all State payments that are recurring payments to a vendor shall be made through direct deposit. Provides that it is the responsibility of the paying State agency to ensure compliance with the mandate. Defines "recurring payment". Effective immediately.

LRB104 10470 SPS 20545 b

A BILL FOR

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

1 for individuals who receive assistance under Articles III, IV,
2 VI, and X of the Illinois Public Aid Code directly into an
3 electronic benefits transfer account in a financial
4 institution approved by the State Treasurer as prescribed by
5 the Illinois Department of Human Services and in accordance
6 with the rules and regulations of that Department and the
7 rules and regulations adopted by the Comptroller and the State
8 Treasurer. The Comptroller, with the approval of the State
9 Treasurer, may provide by rule for the electronic direct
10 deposit of payments to public agencies and any other payee of
11 the State. The electronic direct deposits may be made to the
12 designated account in those financial institutions specified
13 in this Section for the direct deposit of payments. Within 6
14 months after the effective date of this amendatory Act of
15 1994, the Comptroller shall establish a pilot program for the
16 electronic direct deposit of payments to local school
17 districts, municipalities, and units of local government. The
18 payments may be made without the use of the voucher-warrant
19 system, provided that documentation of approval by the
20 Treasurer of each group of payments made by direct deposit
21 shall be retained by the Comptroller. The form and method of
22 the Treasurer's approval shall be established by the rules or
23 regulations adopted by the Comptroller under this 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
3 payroll or an employee's expense reimbursement without using
4 direct deposit, the Comptroller may charge that employee a
5 processing fee of \$2.50 per paper warrant. The processing fee
6 may be withheld from the employee's payment or reimbursement.
7 The 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
15 the 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
18 account through a third party who dispenses to the employee a
19 paper 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
3 collected 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
16 \$2.50 per paper warrant. The processing fee may be withheld
17 from the entity's payment or billed to the entity at a later
18 date. The amount collected from the processing fee shall be
19 deposited into the Comptroller's Administrative Fund. The
20 Comptroller shall provide reasonable notice to all entities
21 impacted by this requirement. Any new entities that receive a
22 payroll or retirement voluntary deduction must sign up for
23 direct deposit 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
4 the detail information, the Comptroller may charge the entity
5 a 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 (c-3) All State payments that are recurring payments to a
12 vendor shall be made through direct deposit. It is the
13 responsibility of the paying State agency to ensure compliance
14 with this mandate. As used in this subsection, "recurring
15 payment" means any payment with a fixed deadline that occurs
16 more than once, including, but not limited to, utility
17 payments, payments for internet services, and payments for
18 construction services.

19 (d) State employees covered by provisions in collective
20 bargaining agreements that do not require direct deposit of
21 paychecks are exempt from this mandate. No later than 60 days
22 after the effective date of this amendatory Act of the 97th
23 General Assembly, all State agencies must provide to the
24 Office of the Comptroller a list of employees that are exempt
25 under this subsection (d) from the direct deposit mandate. In
26 addition, a State employee or vendor may file a hardship

1 petition with the Office of the Comptroller requesting an
2 exemption from the direct deposit mandate under this Section.
3 A hardship petition shall be made available for download on
4 the Comptroller's official Internet website.

5 (e) Notwithstanding any provision of law to the contrary,
6 the direct deposit of State payments under this Section for an
7 employee's payroll, an employee's expense reimbursement, or a
8 State vendor's payment does not authorize the State to
9 automatically withdraw funds from those accounts.

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

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

18 (Source: P.A. 97-348, eff. 8-12-11; 97-993, eff. 9-16-12;
19 98-463, eff. 8-16-13; 98-1043, eff. 8-25-14.)

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