

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 2, 4, 5, 6, 7, and 8 and adding  
10 Section 10 as follows:

11 (30 ILCS 210/2) (from Ch. 15, par. 152)

12 Sec. 2. This Act applies to all accounts or claims owed  
13 to "State agencies", as that term is defined in the Illinois  
14 State Auditing Act, except that the debt collection and  
15 write-off provisions of this Act shall not apply to the  
16 Illinois State Scholarship Commission in the administration  
17 of its student loan programs. To the extent that some other  
18 statute prescribes procedures for collection of particular  
19 types of accounts or claims owed to State agencies in  
20 conflict with the provisions of this Act, such other statute  
21 shall continue in full force and effect. The debt collection  
22 and write-off provisions of this Act may be utilized by the  
23 General Assembly, the Supreme Court and the several courts of  
24 this State, and the constitutionally elected State Officers,  
25 at their discretion, except that Section 10 applies to all  
26 State agencies unless otherwise specified in that Section.  
27 However reporting requirements established by the comptroller  
28 shall be followed by all State agencies. The provisions of  
29 this Act shall be utilized at all times by all departments,

1 agencies, divisions, and offices under the jurisdiction of  
2 the Governor.

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

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

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

10 (1) the manner by which State agencies shall recognize  
11 debts;

12 (2) systems to age accounts receivable of State  
13 agencies;

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

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

19 (5) accounting procedures for writing off bad debts and  
20 uncollectible claims, subject to the requirement of Section  
21 10 that debts more than 90 days overdue be turned over to the  
22 Debt Collection Unit of the Auditor General's Office.

23 (b) State agencies shall report to the Comptroller  
24 information concerning their accounts receivable and  
25 uncollectible claims in accordance with the rules of the  
26 Comptroller, which may provide for summary reporting.

27 (c) The rules of the Comptroller authorized by this  
28 Section may specify varying procedures and forms of reporting  
29 dependent upon the nature and amount of the account  
30 receivable or uncollectible claim, the age of the debt, the  
31 probability of collection and such other factors that will  
32 increase the net benefit to the State of the collection  
33 effort.

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

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

6 (30 ILCS 210/5) (from Ch. 15, par. 155)

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

8 (a) State agencies shall adopt rules establishing formal  
9 due dates for amounts owing to the State and, until July 1,  
10 2004, for the referral of seriously past due accounts to  
11 private collection agencies, unless otherwise expressly  
12 provided by law or rule. Such procedures shall be  
13 established in accord with sound business practices.

14 (b) Until July 1, 2004, agencies may enter deferred  
15 payment plans for debtors of the agency and documentation of  
16 this fact retained by the agency, where the deferred payment  
17 plan is likely to increase the net amount collected by the  
18 State.

19 (c) State agencies may use the Comptroller's Offset  
20 System provided in Section 10.05 of the State Comptroller Act  
21 for the collection of debts owed to the agency. Until July  
22 1, 2004, all debts that exceed \$1,000 and are more than 90  
23 days past due shall be placed in the Comptroller's Offset  
24 System, unless the State agency shall have entered into a  
25 deferred payment plan or demonstrates to the Comptroller's  
26 satisfaction that referral for offset is not cost effective.

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

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

33 (f) State agencies may use the Comptroller's Offset

1 System to determine if any State agency is attempting to  
2 collect debt from a contractor, bidder, or other proposed  
3 contracting party.

4 (g) Beginning July 1, 2004, State agencies other than  
5 universities shall determine that a debt is uncollectible in  
6 accordance with rules adopted by the Auditor General under  
7 Section 10 and shall turn over to the Debt Collection Unit of  
8 the Auditor General's Office any debt that is more than 90  
9 days overdue to the State. Beginning July 1, 2004,  
10 universities may determine that a debt is uncollectible in  
11 accordance with rules adopted by the Auditor General under  
12 Section 10 and may turn over to the Debt Collection Unit of  
13 the Auditor General's Office any debt that is more than 90  
14 days overdue to the State. The Department of Revenue is  
15 exempt from this subsection with regard to debts the  
16 confidentiality of which the Department of Revenue is  
17 required by law to maintain. The Department of Public Aid is  
18 exempt from the requirements of this subsection with regard  
19 to child support debts, the collection of which is governed  
20 by the requirements of Title IV, Part D of the federal Social  
21 Security Act. The Department of Public Aid may refer child  
22 support debts more than 90 days overdue to the State to the  
23 Unit. In the event a child support debt is referred to the  
24 Unit, the Unit must use any appropriate means for collection  
25 of the debt that are normally available to the Unit under  
26 State law. The debt, however, remains an obligation owed  
27 under the Department of Public Aid's Child Support  
28 Enforcement Program subject to the requirements of Title IV,  
29 Part D of the federal Social Security Act, including the  
30 continued use of federally mandated enforcement remedies and  
31 techniques by the Department of Public Aid.

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

33 (30 ILCS 210/6) (from Ch. 15, par. 156)

1           Sec. 6.    The Comptroller with the approval of the  
2    Governor may provide by rule and regulation for the creation  
3    of a special fund or funds for the deposit of designated  
4    receipts by designated agencies to be known as the Accounts  
5    Receivable Fund or Funds. Deposits shall be segregated by  
6    the creditor agency. No deposit shall be made unless the  
7    collection is of an account receivable more than 120 days  
8    past due.

9           Seventy-five percent of the amounts deposited each  
10   quarter into such a special fund shall be transferred to the  
11   General Revenue Fund or such other fund that would have  
12   originally received the receipts. The remaining amounts may  
13   be used by the creditor agency for collecting overdue  
14   accounts pursuant to appropriation by the General Assembly.

15          An agency, with the approval of the Comptroller, may  
16   deposit all receipts into the General Revenue Fund or other  
17   such fund that would have originally received the receipts.  
18   Twenty-five percent of such deposits made each quarter for  
19   accounts receivable more than 120 days past due shall be  
20   transferred to the Accounts Receivable Fund or Funds. The  
21   transferred amounts may be used by the creditor agency for  
22   collecting overdue accounts pursuant to appropriation by the  
23   General Assembly.

24          In determining the types of receipts to be deposited  
25   pursuant to this Section the Comptroller and the Governor  
26   shall consider the following factors:

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

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

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

34           (4) The impact of the retention of 25% of receipts on

1 the relevant fund balances; and

2 (5) Such other factors as the Comptroller and the  
3 Governor deem relevant.

4 This Section shall not apply to the Department of Revenue  
5 nor the Department of Employment Security.

6 This Section is repealed July 1, 2004. On that date any  
7 moneys in the Accounts Receivable Funds created under this  
8 Section shall be transferred into the General Revenue Fund.

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

10 (30 ILCS 210/7) (from Ch. 15, par. 157)

11 Sec. 7. Upon agreement of the Attorney General, agencies  
12 may contract for legal assistance in collecting past due  
13 accounts. In addition, agencies may contract for collection  
14 assistance where such assistance is determined by the agency  
15 to be in the best economic interest of the State. Agencies  
16 may utilize monies in the Accounts Receivable Fund to pay for  
17 such legal and collection assistance; provided, however, that  
18 no more than 20% of collections on an account may be paid  
19 from the Accounts Receivable Fund as compensation for legal  
20 and collection assistance on that account. If the amount  
21 available for expenditure from the Accounts Receivable Fund  
22 is insufficient to pay the cost of such services, the  
23 difference, up to 40% of the total collections per account,  
24 may be paid from other monies which may be available to the  
25 Agency.

26 This Section is repealed July 1, 2004. Any contract  
27 entered into under this Section before that date shall remain  
28 valid but may not be renewed.

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

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

31 Sec. 8. Debt Collection Board. There is created a Debt  
32 Collection Board consisting of the Director of Central

1 Management Services as chairman, the State Comptroller, and  
2 the Attorney General, or their respective designees. The  
3 Board shall establish a centralized collections service to  
4 undertake further collection efforts on delinquent accounts  
5 or claims of the State which have not been collected through  
6 the reasonable efforts of the respective State agencies.  
7 The Board shall promulgate rules and regulations pursuant to  
8 the Illinois Administrative Procedure Act with regard to the  
9 establishment of timetables and the assumption of  
10 responsibility for agency accounts receivable that have not  
11 been collected by the agency, are not subject to a current  
12 repayment plan, or have not been certified as uncollectible  
13 as of the date specified by the Board. The Board shall make  
14 a final evaluation of those accounts and either (i) direct or  
15 conduct further collection activities when further collection  
16 efforts are in the best economic interest of the State or  
17 (ii) in accordance with Section 2 of the Uncollected State  
18 Claims Act, certify the receivable as uncollectible or submit  
19 the account to the Attorney General for that certification.

20 The Board is empowered to adopt rules and regulations  
21 subject to the provisions of the Illinois Administrative  
22 Procedure Act.

23 The Board is empowered to enter into one or more  
24 contracts with outside vendors with demonstrated capabilities  
25 in the area of account collection. The contracts shall be  
26 let on the basis of competitive proposals secured from  
27 responsible proposers. The Board may require that vendors be  
28 prequalified. All contracts shall provide for a contingent  
29 fee based on the age, nature, amount and type of delinquent  
30 account. The Board may adopt a reasonable classification  
31 schedule for the various receivables. The contractor shall  
32 remit the amount collected, net of the contingent fee, to the  
33 respective State agency which shall deposit the net amount  
34 received into the fund that would have received the receipt

1 had it been collected by the State agency. No portion of the  
2 collections shall be deposited into an Accounts Receivable  
3 Fund established under Section 6 of this Act. The Board  
4 shall act only upon the unanimous vote of its members.

5 This Section is repealed July 1, 2004.

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

7 (30 ILCS 210/10 new)

8 Sec. 10. Debt Collection Unit of the Auditor General's  
9 Office.

10 (a) The Auditor General shall establish and maintain a  
11 division within his or her office to be known as the Debt  
12 Collection Unit. The purpose of the Unit shall be the  
13 collection of debts more than 90 days overdue to the State.  
14 The Auditor General shall adopt rules for the administration  
15 and procedures of the Unit.

16 (b) The Auditor General shall adopt rules for the  
17 certification of debt collection specialists to be employed  
18 by the Unit.

19 (c) The Auditor General shall adopt rules for  
20 determining when a debt owed to a State agency is  
21 uncollectible. The rules shall be used by State agencies  
22 other than universities beginning July 1, 2004 and may be  
23 used by universities beginning July 1, 2004. The Department  
24 of Revenue is exempt from those rules with regard to debts  
25 the confidentiality of which the Department of Revenue is  
26 required by law to maintain. The Auditor General may contract  
27 with private collection entities and attorneys to pursue the  
28 collection of a debt determined to be uncollectable.

29 (d) Beginning July 1, 2004, a State agency other than a  
30 university shall turn over, and a university may turn over,  
31 to the Unit for collection any debt that is more than 90 days  
32 overdue to the State. The Department of Revenue is exempt  
33 from turning over to the Unit any debt the confidentiality of



1 which the Department of Revenue is required by law to  
2 maintain. When turning over a debt, the State agency shall  
3 also turn over all documents and records relating to the  
4 debt. In collecting a debt, the Unit may exercise the same  
5 rights and powers with regard to debt collection possessed by  
6 the State agency that turned over the debt to the Unit. The  
7 Department of Public Aid is exempt from the requirements of  
8 this subsection with regard to child support debts, the  
9 collection of which is governed by the requirements of Title  
10 IV, Part D of the federal Social Security Act. The  
11 Department of Public Aid may refer child support debts more  
12 than 90 days overdue to the State to the Unit. In the event  
13 a child support debt is referred to the Unit, the Unit must  
14 use any appropriate means for collection of the debt that are  
15 normally available to the Unit under State law. The debt,  
16 however, remains an obligation owed under the Department of  
17 Public Aid's Child Support Enforcement Program subject to the  
18 requirements of Title IV, Part D of the federal Social  
19 Security Act, including the continued use of federally  
20 mandated enforcement remedies and techniques by the  
21 Department of Public Aid.

22 (e) The Debt Collection Fund is created as a special  
23 fund in the State treasury. Ten percent of the amount  
24 collected on each debt by the Unit shall be deposited into  
25 the Debt Collection Fund; the remaining 90% of the amount  
26 collected shall be deposited into the appropriate State fund  
27 or funds to which the debt was owed. Moneys in the Debt  
28 Collection Fund shall be appropriated only for the  
29 administrative costs of the Unit. At the end of each fiscal  
30 year, moneys remaining unappropriated in the Debt Collection  
31 Fund shall be transferred into the General Revenue Fund. The  
32 provisions of this subsection do not apply to any child  
33 support debt referred to the Unit by the Department of Public  
34 Aid under this Section or Section 5. Collections resulting

1 from the referrals must be distributed and disbursed at the  
2 direction of the Department of Public Aid in accordance with  
3 the requirements of Title IV, Part D of the federal Social  
4 Security Act, applicable provisions of State law, and the  
5 rules of the Department of Public Aid.

6 (f) The Attorney General and State Comptroller shall  
7 assist in the debt collection efforts of the Unit as  
8 requested by the Unit.

9 (g) The Auditor General shall report semi-annually to  
10 the General Assembly and State Comptroller upon the debt  
11 collection efforts of the Unit. Each report shall include an  
12 analysis of the overdue debts owed to the State.

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