

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 10.05 and by adding Section 10.05d as follows:

(15 ILCS 405/10.05) (from Ch. 15, par. 210.05)

Sec. 10.05. Deductions from warrants; statement of reason for deduction. Whenever any person shall be entitled to a warrant or other payment from the treasury or other funds held by the State Treasurer, on any account, against whom there shall be any then due and payable account or claim in favor of the State, ~~or to~~ the United States upon certification by the Secretary of the Treasury of the United States, or his or her delegate, pursuant to a reciprocal offset agreement under subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986, or a unit of local government, a school district, or a public institution of higher education, as defined in Section 1 of the Board of Higher Education Act, upon certification by that entity ~~then due and payable~~, the Comptroller, upon notification thereof, shall ascertain the amount due and payable to the State, ~~or to~~ the United States, the unit of local government, the school district, or the public institution of higher education, as aforesaid, and draw

a warrant on the treasury or on other funds held by the State Treasurer, stating the amount for which the party was entitled to a warrant or other payment, the amount deducted therefrom, and on what account, and directing the payment of the balance; which warrant or payment as so drawn shall be entered on the books of the Treasurer, and such balance only shall be paid. The Comptroller may deduct any one or more of the following: (i) the entire amount due and payable to the State or ~~may deduct~~ a portion of the amount due and payable to the State in accordance with the request of the notifying agency; (ii) ~~and may deduct~~ the entire amount due and payable to the United States, or ~~may deduct~~ a portion of the amount due and payable to the United States, in accordance with a reciprocal offset agreement under subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986; or (iii) the entire amount due and payable to the unit of local government, school district, or public institution of higher education or a portion of the amount due and payable to that entity in accordance with an intergovernmental agreement authorized under this Section and Section 10.05d. No request from a notifying agency, ~~or from~~ the Secretary of the Treasury of the United States, a unit of local government, a school district, or a public institution of higher education for an amount to be deducted under this Section from a wage or salary payment, or from a contractual payment to an individual for personal services, shall exceed 25% of the net amount of such payment. "Net amount" means that

part of the earnings of an individual remaining after deduction of any amounts required by law to be withheld. For purposes of this provision, wage, salary or other payments for personal services shall not include final compensation payments for the value of accrued vacation, overtime or sick leave. Whenever the Comptroller draws a warrant or makes a payment involving a deduction ordered under this Section, the Comptroller shall notify the payee and the State agency that submitted the voucher of the reason for the deduction and he or she shall retain a record of such statement in his or her records. As used in this Section, an "account or claim in favor of the State" includes all amounts owing to "State agencies" as defined in Section 7 of this Act. However, the Comptroller shall not be required to accept accounts or claims owing to funds not held by the State Treasurer, where such accounts or claims do not exceed \$50, nor shall the Comptroller deduct from funds held by the State Treasurer under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act or for payments to institutions from the Illinois Prepaid Tuition Trust Fund (unless the Trust Fund moneys are used for child support). The Comptroller and the Department of Revenue shall enter into an interagency agreement to establish responsibilities ~~responsibility~~, duties, and procedures relating to deductions from lottery prizes awarded under Section 20.1 of the Illinois Lottery Law. The Comptroller may enter into an intergovernmental agreement with the

Department of Revenue and the Secretary of the Treasury of the United States, or his or her delegate, to establish responsibilities, duties, and procedures relating to reciprocal offset of delinquent State and federal obligations pursuant to subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986. The Comptroller may enter into intergovernmental agreements with any unit of local government, school district, or public institution of higher education to establish responsibilities, duties, and procedures to provide for the offset, by the Comptroller, of obligations owed to those entities.

(Source: P.A. 97-269, eff. 1-1-12.)

(15 ILCS 405/10.05d new)

Sec. 10.05d. Deductions for delinquent obligations owed to units of local government, school districts, and public institutions of higher education. Pursuant to Section 10.05 and this Section, the Comptroller may enter into intergovernmental agreements with a unit of local government, a school district, or a public institution of higher education in order to provide for (i) the use of the Comptroller's offset system to collect delinquent obligations owed to that entity and (ii) the payment to the Comptroller of a processing charge of up to \$15 per transaction for such offsets. The Comptroller shall deduct, from a warrant or other payment described in Section 10.05, in accordance with the procedures provided therein, its

processing charge and the amount certified as necessary to satisfy, in whole or in part, the delinquent obligation owed to the unit of local government, school district, or public institution of higher education, as applicable. The Comptroller shall provide the unit of local government, school district, or public institution of higher education, as applicable, with the address to which the warrant or other payment was to be mailed and any other information pertaining to each person from whom a deduction is made pursuant to this Section. All deductions ordered under this Section and processing charges imposed under this Section shall be deposited into the Comptroller Debt Recovery Trust Fund, a special fund that the Comptroller shall use for the collection of deductions and processing charges, as provided by law, and the payment of deductions and administrative expenses, as provided by law.

Upon processing a deduction, 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. The intergovernmental agreement entered into under Section 10.05 and this Section shall establish procedures through which the Comptroller shall determine the validity of the protest and

shall make a final disposition concerning the deduction. 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 unit of local government, school district, or public institution of higher education, as applicable, from the Comptroller Debt Recovery Trust Fund.

Section 10. The Illinois Income Tax Act is amended by changing Section 911.3 as follows:

(35 ILCS 5/911.3)

Sec. 911.3. Refunds withheld; order of honoring requests. The Department shall honor refund withholding requests in the following order:

(1) a refund withholding request to collect an unpaid State tax;

(2) a refund withholding request to collect certified past due child support amounts under Section 2505-650 of the Department of Revenue Law of the Civil Administrative Code of Illinois;

(3) a refund withholding request to collect any debt owed to the State;

(4) a refund withholding request made by the Secretary of the Treasury of the United States, or his or her

delegate, to collect any tax liability arising from Title 26 of the United States Code;

(4.5) a refund withholding request made by the Secretary of the Treasury of the United States, or his or her delegate, to collect any nontax debt owed to the United States as authorized under subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986;

(4.6) a refund withholding request to collect any debt owed to a unit of local government, school district, or public institution of higher education collected under an intergovernmental agreement entered into under Sections 10.05 and 10.05d of the State Comptroller Act;

(5) a refund withholding request pursuant to Section 911.2 of this Act; and

(6) a refund withholding request to collect certified past due fees owed to the Clerk of the Circuit Court as authorized under Section 2505-655 of the Department of Revenue Law of the Civil Administrative Code of Illinois.

(Source: P.A. 97-269, eff. 1-1-12.)

Section 15. "An Act concerning State government", approved August 8, 2011, Public Act 97-269, is amended by adding Section 99 as follows:

(P.A. 97-269, Sec. 99 new)

Sec. 99. Effective date. This Act (Public Act 97-269) takes

Public Act 097-0632

HB0384 Enrolled

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effect on the effective date of this amendatory Act of the 97th
General Assembly or January 1, 2012, whichever is earlier.

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