

1 AN ACT in relation to State loans.

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

4 Section 1. Short title. This Act may be cited as the
5 State Loan Act.

6 Section 5. Definitions. As used in this Act:

7 "State loan" means any loan of, or combination of loans
8 totaling, \$50,000 or more made by the State of Illinois or
9 any State agency to any person for any purpose except for
10 participation loans or financial transactions through
11 statutorily-authorized financial intermediaries in support of
12 small business loans and investments.

13 "State agencies" has the meaning ascribed to that term in
14 Section 1-7 of the Illinois State Auditing Act.

15 "Person" means any individual, corporation, partnership,
16 unincorporated association, limited liability company,
17 limited liability partnership, or other entity.

18 "Designated individuals" means:

19 (i) In the case of a partnership, all general and
20 limited partners of the partnership.

21 (ii) In the case of a corporation, all shareholders
22 with 10% or more equity or ownership interest in the
23 corporation.

24 (iii) In the case of one or more individuals, all
25 of the individuals.

26 (iv) In the case of any other entity, all
27 individuals with any equity or ownership interest in the
28 entity.

29 Section 10. Disclosure. Each contract providing for a
30 State loan shall contain a disclosure setting forth the names

1 and addresses of each designated individual of the person
2 receiving the loan. The contract must state that this
3 disclosure is a public record and is not subject to any
4 exemptions or exceptions under the Freedom of Information
5 Act. A State agency making, renegotiating, or renewing a
6 State loan shall maintain a publicly-available record of the
7 names and addresses of each person and each designated
8 individual of the person receiving, renegotiating, or
9 renewing a State loan.

10 Section 15. Guarantee. Before any State loan may be
11 made to any person or renewed or renegotiated, each
12 designated individual of the person must personally guarantee
13 repayment of the loan. A guarantee remains in effect until
14 the loan has been repaid in full. A guarantee may not be
15 rescinded or abrogated under any circumstances. Any
16 agreement that purports to rescind or abrogate a guarantee is
17 null and void.

18 Section 20. Certain contracts prohibited. No State
19 agency may enter into any contract with any person if the
20 person or any designated individual of the person is in
21 default on any State loan. The person and each designated
22 individual of the person receiving a State loan must certify
23 to the State agency that he or she is not delinquent in the
24 payment of any debt to the State. The contract must provide
25 that the contract may be declared void if the certification
26 is false or the contractor later becomes delinquent and has
27 not entered into a deferred payment plan to pay off the debt.

28 Section 30. Default; Attorney General investigation. In
29 the case of any default on a State loan, the State agency
30 making the loan shall notify the Attorney General. The
31 Attorney General shall investigate the circumstances of the

1 default. Unless the Attorney General determines that the
2 loan is uncollectible, the Attorney General shall take
3 appropriate action to collect any amount owing to the State
4 and enforce the State's rights under the loan agreement.

5 Section 35. Uncollected State Claims Act and the
6 Illinois State Collection Act of 1986. Any renegotiation of
7 a State Loan resulting in acceptance of an offer in
8 compromise for an amount less than the total amount due and
9 owing on the loan shall require the approval of the Attorney
10 General and must be in compliance with the provisions of the
11 Uncollected State Claims Act and the Illinois State
12 Collection Act of 1986 regarding the reporting and recording
13 of debt collections and the writing off of debts.

14 Section 40. Report. The Attorney General shall report to
15 the General Assembly by February 1 of each year the
16 following:

- 17 (1) the total number and dollar amount of loans about
18 which the Attorney General was notified in accordance with
19 this Act in the preceding calendar year;
- 20 (2) the total amount actually collected;
- 21 (3) the number of cases by agency; and
- 22 (4) the names and addresses of all designated
23 individuals of any person that is a party to a State loan
24 about which the Attorney General was notified in accordance
25 with this Act in the preceding calendar year.

26 Section 800. The Uncollected State Claims Act is amended
27 by changing Section 2 as follows:

28 (30 ILCS 205/2) (from Ch. 15, par. 102)

29 Sec. 2. (a) When any State agency is unable to collect
30 any claim or account receivable of \$1,000 or more due the

1 agency after having pursued the procedure prescribed by law
2 or applicable rules and regulations for the collection
3 thereof or, if no procedure is so prescribed, then after
4 having undertaken all reasonable and appropriate procedures
5 available to the agency to effectuate collection, the State
6 agency shall request the Attorney General to certify the
7 claim or account receivable to be uncollectible.

8 (b) Each request to the Attorney General asking that a
9 claim or account receivable of \$1,000 or more be declared
10 uncollectible shall be in a format prescribed by the Attorney
11 General and shall include at a minimum the following
12 information: debtor's name, debtor's social security number
13 or comparable identifying number, debtor's last known
14 address, nature of the debt, efforts made to collect the debt
15 and the time period covered by those efforts, the age of the
16 debt, the age of the debtor and the specific reason the State
17 agency believes the debt to be uncollectible. Nothing in
18 this provision should be interpreted as a limitation on the
19 authority of the Attorney General to require additional
20 information that he may find to be necessary to evaluate
21 requests sent him pursuant to this provision.

22 (c) Claims or accounts receivable of less than \$1,000
23 may be certified as uncollectible by the agency when the
24 agency determines that further collection efforts are not in
25 the best economic interest of the State. Such determination
26 shall be made in accordance with rules of the Comptroller.

27 (d) If any item of information required by this
28 provision or any item of additional information required by
29 the Attorney General is not available, the State agency shall
30 specifically so state in its request to the Attorney General
31 asking that the debt be declared uncollectible.

32 (e) A State agency participating in a federal student
33 loan program may remove student loans from its records by
34 assigning or referring such student loans to the federal

1 government for collection pursuant to the procedures
2 prescribed by federal laws and regulations.

3 (f) Claims and receivables due from another State agency
4 may be written off if the agency has pursued all reasonable
5 means of collection and if the amount (1) is payable from an
6 appropriation which has lapsed; (2) may not properly be
7 charged against a current appropriation; and (3) was not
8 originally payable from federal funds, a trust fund or
9 locally held funds. Each agency which writes off claims or
10 receivables pursuant to this subparagraph shall submit a
11 listing of all such write-offs to the Comptroller within 60
12 days of taking such action.

13 (g) Debts certified as uncollectible may be reopened for
14 collection by an agency upon the approval of the Attorney
15 General.

16 (h) Agencies shall submit a list of debts certified as
17 uncollectible to the Comptroller in the form and manner
18 specified by the Comptroller. The Comptroller shall take
19 reasonable steps to accept information on agency computer
20 tapes.

21 (i) After compliance with all provisions of this
22 Section, an agency may delete from its records debts
23 certified as uncollectible as follows:

24 (1) When the debt is less than \$1,000, immediately
25 upon certification by the agency;

26 (2) For debts of \$1,000 or more that are less than
27 5 years old, when the agency determines pursuant to rules
28 and regulations promulgated by the Comptroller that such
29 deletion is in the best economic interest of the State;

30 (3) For debts of \$1,000 or more when, the debt is
31 more than 5 years old.

32 (j) The Attorney General shall report to the General
33 Assembly by February 1 of each year the following:

34 (1) the total number and dollar amount of debts

1 referred to him for collection in the preceding calendar
2 year;

3 (2) the total amount actually collected;

4 (3) the number of cases by agency.

5 (k) Each State agency shall report in its annual report
6 the total amount and the number of claims due and payable to
7 the State. Each agency shall also describe in its annual
8 report the method used in collecting debts, whether by a
9 private collection service or by the Attorney General.

10 (l) The provisions of Section 2505-250 of the Department
11 of Revenue Law (20 ILCS 2505/2505-250) take precedence over
12 the provisions of this Section.

13 (m) Any renegotiation of a State Loan resulting in
14 acceptance of an offer in compromise for an amount less than
15 the total amount due and owing on the loan shall require the
16 approval of the Attorney General and shall comply with the
17 reporting and uncollectible certification requirements of
18 this Act.

19 (Source: P.A. 91-239, eff. 1-1-00.)

20 Section 900. The Illinois State Collection Act of 1986
21 is amended by changing Section 4 as follows:

22 (30 ILCS 210/4) (from Ch. 15, par. 154)

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

28 (1) the manner by which State agencies shall recognize
29 debts;

30 (2) systems to age accounts receivable of State
31 agencies;

32 (3) standards by which State agencies' claims may be

1 entered and removed from the Comptroller's Offset System
2 authorized by Section 10.05 of the State Comptroller Act;

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

5 (5) accounting procedures for writing off bad debts and
6 uncollectible claims.

7 (b) State agencies shall report to the Comptroller
8 information concerning their accounts receivable and
9 uncollectible claims in accordance with the rules of the
10 Comptroller, which may provide for summary reporting.

11 (c) The rules of the Comptroller authorized by this
12 Section shall may specify varying procedures and forms of
13 reporting dependent upon the nature and amount of the account
14 receivable or uncollectible claim, the age of the debt, the
15 probability of collection and such other factors that will
16 increase the net benefit to the State of the collection
17 effort.

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

22 (e) Any renegotiation of a State Loan resulting in
23 acceptance of an offer in compromise for an amount less than
24 the total amount due and owing on the loan shall require the
25 approval of the Attorney General and shall comply with the
26 reporting and uncollectible certification requirements of
27 this Act.

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

29 Section 999. Effective date. This Act takes effect upon
30 becoming law.