

1 AMENDMENT TO HOUSE BILL 89

2 AMENDMENT NO. _____. Amend House Bill 89, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The State Finance Act is amended by adding
6 Section 5.595 as follows:

7 (30 ILCS 105/5.595 new)

8 Sec. 5.595. The Debt Collection Fund.

9 Section 10. The Illinois State Collection Act of 1986 is
10 amended by changing Sections 4, 5, 6, 7, and 8 and adding
11 Section 10 as follows:

12 (30 ILCS 210/4) (from Ch. 15, par. 154)

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

18 (1) the manner by which State agencies shall recognize
19 debts;

20 (2) systems to age accounts receivable of State

1 agencies;

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

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

7 (5) accounting procedures for writing off bad debts and
8 uncollectible claims prior to referring them to the
9 Department of Revenue Collections Bureau for collection.

10 (b) State agencies shall report to the Comptroller
11 information concerning their accounts receivable and
12 uncollectible claims in accordance with the rules of the
13 Comptroller, which may provide for summary reporting. The
14 Department of Revenue is exempt from the provisions of this
15 subsection with regard to debts the confidentiality of which
16 the Department of Revenue is required by law to maintain.

17 (c) The rules of the Comptroller authorized by this
18 Section may specify varying procedures and forms of reporting
19 dependent upon the nature and amount of the account
20 receivable or uncollectible claim, the age of the debt, the
21 probability of collection and such other factors that will
22 increase the net benefit to the State of the collection
23 effort.

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

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

29 (30 ILCS 210/5) (from Ch. 15, par. 155)

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

31 (a) Until July 1, 2004 for the Department of Public Aid
32 and July 1, 2005 for Universities and all other State
33 agencies, State agencies shall adopt rules establishing

1 formal due dates for amounts owing to the State and for the
2 referral of seriously past due accounts to private collection
3 agencies, unless otherwise expressly provided by law or rule,
4 except that on and after July 1, 2005, the Department of
5 Employment Security may continue to refer to private
6 collection agencies past due amounts that are exempt from
7 subsection (g). Such procedures shall be established in
8 accord with sound business practices.

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

18 (c) Until July 1, 2004 for the Department of Public Aid
19 and July 1, 2005 for Universities and all other State
20 agencies, State agencies may use the Comptroller's Offset
21 System provided in Section 10.05 of the State Comptroller Act
22 for the collection of debts owed to the agency, except that,
23 on and after July 1, 2005, the Department of Employment
24 Security may continue to use the Comptroller's offset system
25 to collect amounts that are exempt from subsection (g). All
26 debts that exceed \$1,000 and are more than 90 days past due
27 shall be placed in the Comptroller's Offset System, unless
28 the State agency shall have entered into a deferred payment
29 plan or demonstrates to the Comptroller's satisfaction that
30 referral for offset is not cost effective.

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

34 (e) State agencies or the Comptroller may remove claims

1 from the Comptroller's Offset System, where such claims have
2 been inactive for more than one year.

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

7 (g) Beginning July 1, 2004 for the Departments of Public
8 Aid and Employment Security and July 1, 2005 for Universities
9 and other State agencies, State agencies shall refer to the
10 Department of Revenue Debt Collection Bureau (the Bureau) all
11 debt to the State, provided that the debt satisfies the
12 requirements for referral of delinquent debt as established
13 by rule by the Department of Revenue.

14 (h) The Department of Public Aid shall be exempt from
15 the requirements of this Section with regard to child support
16 debts, the collection of which is governed by the
17 requirements of Title IV, Part D of the federal Social
18 Security Act. The Department of Public Aid may refer child
19 support debts to the Bureau, provided that the debt satisfies
20 the requirements for referral of delinquent debt as
21 established by rule by the Department of Revenue. The Bureau
22 shall use all legal means available to collect child support
23 debt, including those authorizing the Department of Revenue
24 to collect debt and those authorizing the Department of
25 Public Aid to collect debt. All such referred debt shall
26 remain an obligation under the Department of Public Aid's
27 Child Support Enforcement Program subject to the requirements
28 of Title IV, Part D of the federal Social Security Act,
29 including the continued use of federally mandated enforcement
30 remedies and techniques by the Department of Public Aid.

31 (h-1) The Department of Employment Security is exempt
32 from subsection (g) with regard to debts to any federal
33 account, including but not limited to the Unemployment Trust
34 Fund, and penalties and interest assessed under the

1 Unemployment Insurance Act. The Department of Employment
2 Security may refer those debts to the Bureau, provided the
3 debt satisfies the requirements for referral of delinquent
4 debt as established by rule by the Department of Revenue. The
5 Bureau shall use all legal means available to collect the
6 debts, including those authorizing the Department of Revenue
7 to collect debt and those authorizing the Department of
8 Employment Security to collect debt. All referred debt shall
9 remain an obligation to the account to which it is owed.

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

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

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

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

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

29 (30 ILCS 210/6) (from Ch. 15, par. 156)

30 Sec. 6. The Comptroller with the approval of the
31 Governor may provide by rule and regulation for the creation
32 of a special fund or funds for the deposit of designated
33 receipts by designated agencies to be known as the Accounts

1 Receivable Fund or Funds. Deposits shall be segregated by
2 the creditor agency. No deposit shall be made unless the
3 collection is of an account receivable more than 120 days
4 past due.

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

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

20 In determining the types of receipts to be deposited
21 pursuant to this Section the Comptroller and the Governor
22 shall consider the following factors:

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

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

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

30 (4) The impact of the retention of 25% of receipts on
31 the relevant fund balances; and

32 (5) Such other factors as the Comptroller and the
33 Governor deem relevant.

34 This Section shall not apply to the Department of Revenue

1 nor the Department of Employment Security.

2 This Section is repealed July 1, 2004. On that date any
3 moneys in the Accounts Receivable Funds created under this
4 Section shall be transferred to the General Revenue Fund.

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

6 (30 ILCS 210/7) (from Ch. 15, par. 157)

7 Sec. 7. Upon agreement of the Attorney General, the
8 Bureau ageneies may contract for legal assistance in
9 collecting past due accounts. Any contract entered into under
10 this Section before the effective date of this amendatory Act
11 of the 93rd General Assembly shall remain valid but may not
12 be renewed. In-addition, agencies may contract for collection
13 assistance where such assistance is determined by the agency
14 to be in the best economic interest of the State. Agencies
15 may utilize monies in the Accounts Receivable Fund to pay for
16 such legal and collection assistance; provided, however, that
17 no more than 20% of collections on an account may be paid
18 from the Accounts Receivable Fund as compensation for legal
19 and collection assistance on that account. If the amount
20 available for expenditure from the Accounts Receivable Fund
21 is insufficient to pay the cost of such services, the
22 difference, up to 40% of the total collections per account,
23 may be paid from other monies which may be available to the
24 Agency.

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

26 (30 ILCS 210/8) (from Ch. 15, par. 158)

27 Sec. 8. Debt Collection Board. There is created a Debt
28 Collection Board consisting of the Director of Central
29 Management Services as chairman, the State Comptroller, and
30 the Attorney General, or their respective designees. The
31 Board shall establish a centralized collections service to
32 undertake further collection efforts on delinquent accounts

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

16 The Board is empowered to adopt rules and regulations
17 subject to the provisions of the Illinois Administrative
18 Procedure Act.

19 The Board is empowered to enter into one or more
20 contracts with outside vendors with demonstrated capabilities
21 in the area of account collection. The contracts shall be
22 let on the basis of competitive proposals secured from
23 responsible proposers. The Board may require that vendors be
24 prequalified. All contracts shall provide for a contingent
25 fee based on the age, nature, amount and type of delinquent
26 account. The Board may adopt a reasonable classification
27 schedule for the various receivables. The contractor shall
28 remit the amount collected, net of the contingent fee, to the
29 respective State agency which shall deposit the net amount
30 received into the fund that would have received the receipt
31 had it been collected by the State agency. No portion of the
32 collections shall be deposited into an Accounts Receivable
33 Fund established under Section 6 of this Act. The Board
34 shall act only upon the unanimous vote of its members.

1 The authority granted the Debt Collection Board under
2 this Section shall be limited to the administration of debt
3 not otherwise required by the provisions of this amendatory
4 Act of the 93rd General Assembly to be referred to the
5 Department of Revenue's Debt Collection Bureau. Upon referral
6 to and acceptance of any debt by the Bureau, the provisions
7 of this Section shall be rendered null and void as to that
8 debt and the Board shall promptly deliver its entire file and
9 all records relating to such debt to the Bureau, together
10 with a status report describing all action taken by the Board
11 or any entity on its behalf to collect the debt, and
12 including an accounting of all payments received.

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

14 (30 ILCS 210/10 new)

15 Sec. 10. Department of Revenue Debt Collection Bureau to
16 assume collection duties.

17 (a) The Department of Revenue's Debt Collection Bureau
18 shall serve as the primary debt collecting entity for the
19 State and in that role shall collect debts on behalf of
20 agencies of the State. All debts owed the State of Illinois
21 shall be referred to the Bureau, subject to such limitations
22 as the Department of Revenue shall by rule establish. The
23 Bureau shall utilize the Comptroller's offset system and
24 private collection agencies, as well as its own collections
25 personnel. The Bureau shall collect debt using all legal
26 authority available to the Department of Revenue to collect
27 debt and all legal authority available to the referring
28 agency.

29 (b) The Bureau shall have the sole authority to let
30 contracts with persons specializing in debt collection for
31 the collection of debt referred to and accepted by the
32 Bureau. Any contract with the debt collector shall specify
33 that the collector's fee shall be on a contingency basis and

1 that the debt collector shall not be entitled to collect a
2 contingency fee for any debt collected through the efforts of
3 any State offset system.

4 (c) The Department of Revenue shall adopt rules for the
5 certification of debt from referring agencies and shall adopt
6 rules for the certification of collection specialists to be
7 employed by the Bureau.

8 (d) The Department of Revenue shall adopt rules for
9 determining when a debt referred by an agency shall be deemed
10 by the Bureau to be uncollectible.

11 (e) Once an agency's debt is deemed by the Bureau to be
12 uncollectible, the Bureau shall return the debt to the
13 referring agency which shall then write the debt off as
14 uncollectible or return the debt to the Bureau for additional
15 collection efforts. The Bureau shall refuse to accept debt
16 that has been deemed uncollectible absent factual assertions
17 from the referring agency that due to circumstances not known
18 at the time the debt was deemed uncollectible that the debt
19 is worthy of additional collection efforts.

20 (f) For each debt referred, the State agency shall
21 retain all documents and records relating to or supporting
22 the debt. In the event a debtor shall raise a reasonable
23 doubt as to the validity of the debt, the Bureau may in its
24 discretion refer the debt back to the referring agency for
25 further review and recommendation.

26 (g) The Department of Public Aid shall be exempt from
27 the requirements of this Section with regard to child support
28 debts, the collection of which is governed by the
29 requirements of Title IV, Part D of the federal Social
30 Security Act. The Department of Public Aid may refer child
31 support debts to the Bureau, provided that the debt satisfies
32 the requirements for referral of delinquent debt as
33 established by rule by the Department of Revenue. The Bureau
34 shall use all legal means available to collect child support

1 debt, including those authorizing the Department of Revenue
2 to collect debt and those authorizing the Department of
3 Public Aid to collect debt. All such referred debt shall
4 remain an obligation under the Department of Public Aid's
5 Child Support Enforcement Program subject to the requirements
6 of Title IV, Part D of the federal Social Security Act,
7 including the continued use of federally mandated enforcement
8 remedies and techniques by the Department of Public Aid.

9 (g-1) The Department of Employment Security is exempt
10 from subsection (a) with regard to debts to any federal
11 account, including but not limited to the Unemployment Trust
12 Fund, and penalties and interest assessed under the
13 Unemployment Insurance Act. The Department of Employment
14 Security may refer those debts to the Bureau, provided the
15 debt satisfies the requirements for referral of delinquent
16 debt as established by rule by the Department of Revenue. The
17 Bureau shall use all legal means available to collect the
18 debts, including those authorizing the Department of Revenue
19 to collect debt and those authorizing the Department of
20 Employment Security to collect debt. All referred debt shall
21 remain an obligation to the account to which it is owed.

22 (h) The Debt Collection Fund is created as a special
23 fund in the State treasury. Debt collection contractors under
24 this Act shall receive a contingency fee as provided by the
25 terms of their contracts with the Department of Revenue.
26 Thereafter, 20% of all amounts collected by the Bureau,
27 excluding amounts collected on behalf of the Departments of
28 Public Aid and Revenue, shall be deposited into the Debt
29 Collection Fund. All remaining amounts collected shall be
30 deposited into the General Revenue Fund unless the funds are
31 owed to any State fund or funds other than the General
32 Revenue Fund. Moneys in the Debt Collection Fund shall be
33 appropriated only for the administrative costs of the Bureau.
34 On the last day of each fiscal year, unappropriated moneys

1 and moneys otherwise deemed unneeded for the next fiscal year
2 remaining in the Debt Collection Fund may be transferred into
3 the General Revenue Fund at the Governor's reasonable
4 discretion. The provisions of this subsection do not apply to
5 debt that is exempt from subsection (a) pursuant to
6 subsection (g-1) or child support debt referred to the Bureau
7 by the Department of Public Aid pursuant to this amendatory
8 Act of the 93rd General Assembly. Collections arising from
9 referrals from the Department of Public Aid shall be
10 deposited into such fund or funds as the Department of Public
11 Aid shall direct, in accordance with the requirements of
12 Title IV, Part D of the federal Social Security Act,
13 applicable provisions of State law, and the rules of the
14 Department of Public Aid. Collections arising from referrals
15 from the Department of Employment Security shall be deposited
16 into the fund or funds that the Department of Employment
17 Security shall direct, in accordance with the requirements of
18 Section 3304(a)(3) of the federal Unemployment Tax Act,
19 Section 303(a)(4) of the federal Social Security Act, and the
20 Unemployment Insurance Act.

21 (i) The Attorney General and the State Comptroller shall
22 assist in the debt collection efforts of the Bureau, as
23 requested by the Department of Revenue.

24 (j) The Director of Revenue shall report annually to the
25 General Assembly and State Comptroller upon the debt
26 collection efforts of the Bureau. Each report shall include
27 an analysis of the overdue debts owed to the State.

28 (k) The Department of Revenue shall adopt rules and
29 procedures for the administration of this amendatory Act of
30 the 93rd General Assembly. The rules shall be adopted under
31 the Department of Revenue's emergency rulemaking authority
32 within 90 days following the effective date of this
33 amendatory Act of the 93rd General Assembly due to the budget
34 crisis threatening the public interest.

1 (1) The Department of Revenue's Debt Collection Bureau's
2 obligations under this Section 10 shall be subject to
3 appropriation by the General Assembly.

4 Section 99. Effective date. This Act shall take effect
5 upon becoming law.".