

1 AN ACT in relation to 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 4, 5, 6, 7, and 8 and adding  
10 Section 10 as follows:

11 (30 ILCS 210/4) (from Ch. 15, par. 154)

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

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

19 (2) systems to age accounts receivable of State  
20 agencies;

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

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

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

29 (b) State agencies shall report to the Comptroller

1 information concerning their accounts receivable and  
2 uncollectible claims in accordance with the rules of the  
3 Comptroller, which may provide for summary reporting. The  
4 Department of Revenue is exempt from the provisions of this  
5 subsection with regard to debts the confidentiality of which  
6 the Department of Revenue is required by law to maintain.

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

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

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

19 (30 ILCS 210/5) (from Ch. 15, par. 155)

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

21 (a) Until July 1, 2004 for the Department of Public Aid  
22 and July 1, 2005 for Universities and all other State  
23 agencies, State agencies shall adopt rules establishing  
24 formal due dates for amounts owing to the State and for the  
25 referral of seriously past due accounts to private collection  
26 agencies, unless otherwise expressly provided by law or rule,  
27 except that on and after July 1, 2005, the Department of  
28 Employment Security may continue to refer to private  
29 collection agencies past due amounts that are exempt from  
30 subsection (g). Such procedures shall be established in  
31 accord with sound business practices.

32 (b) Until July 1, 2004 for the Department of Public Aid  
33 and July 1, 2005 for Universities and all other State

1 agencies, agencies may enter deferred payment plans for  
2 debtors of the agency and documentation of this fact retained  
3 by the agency, where the deferred payment plan is likely to  
4 increase the net amount collected by the State, except that,  
5 on and after July 1, 2005, the Department of Employment  
6 Security may continue to enter deferred payment plans for  
7 debts that are exempt from subsection (g).

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

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

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

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

31 (g) Beginning July 1, 2004 for the Departments of Public  
32 Aid and Employment Security and July 1, 2005 for Universities  
33 and other State agencies, State agencies shall refer to the  
34 Department of Revenue Debt Collection Bureau (the Bureau) all

1 debt to the State, provided that the debt satisfies the  
2 requirements for referral of delinquent debt as established  
3 by rule by the Department of Revenue.

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

21 (h-1) The Department of Employment Security is exempt  
22 from subsection (g) with regard to debts to any federal  
23 account, including but not limited to the Unemployment Trust  
24 Fund, and penalties and interest assessed under the  
25 Unemployment Insurance Act. The Department of Employment  
26 Security may refer those debts to the Bureau, provided the  
27 debt satisfies the requirements for referral of delinquent  
28 debt as established by rule by the Department of Revenue. The  
29 Bureau shall use all legal means available to collect the  
30 debts, including those authorizing the Department of Revenue  
31 to collect debt and those authorizing the Department of  
32 Employment Security to collect debt. All referred debt shall  
33 remain an obligation to the account to which it is owed.

34 (i) All debt referred to the Bureau for collection shall

1 remain the property of the referring agency. The Bureau shall  
2 collect debt on behalf of the referring agency using all  
3 legal means available, including those authorizing the  
4 Department of Revenue to collect debt and those authorizing  
5 the referring agency to collect debt.

6 (j) No debt secured by an interest in real property  
7 granted by the debtor in exchange for the creation of the  
8 debt shall be referred to the Bureau. The Bureau shall have  
9 no obligation to collect debts secured by an interest in real  
10 property.

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

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

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

19 (30 ILCS 210/6) (from Ch. 15, par. 156)

20 Sec. 6. The Comptroller with the approval of the  
21 Governor may provide by rule and regulation for the creation  
22 of a special fund or funds for the deposit of designated  
23 receipts by designated agencies to be known as the Accounts  
24 Receivable Fund or Funds. Deposits shall be segregated by  
25 the creditor agency. No deposit shall be made unless the  
26 collection is of an account receivable more than 120 days  
27 past due.

28 Seventy-five percent of the amounts deposited each  
29 quarter into such a special fund shall be transferred to the  
30 General Revenue Fund or such other fund that would have  
31 originally received the receipts. The remaining amounts may  
32 be used by the creditor agency for collecting overdue  
33 accounts pursuant to appropriation by the General Assembly.

1           An agency, with the approval of the Comptroller, may  
2 deposit all receipts into the General Revenue Fund or other  
3 such fund that would have originally received the receipts.  
4 Twenty-five percent of such deposits made each quarter for  
5 accounts receivable more than 120 days past due shall be  
6 transferred to the Accounts Receivable Fund or Funds. The  
7 transferred amounts may be used by the creditor agency for  
8 collecting overdue accounts pursuant to appropriation by the  
9 General Assembly.

10           In determining the types of receipts to be deposited  
11 pursuant to this Section the Comptroller and the Governor  
12 shall consider the following factors:

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

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

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

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

22           (5) Such other factors as the Comptroller and the  
23 Governor deem relevant.

24           This Section shall not apply to the Department of Revenue  
25 nor the Department of Employment Security.

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

29           (Source: P.A. 86-194.)

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

31           Sec. 7. Upon agreement of the Attorney General, the  
32 Bureau ~~agencies~~ may contract for legal assistance in  
33 collecting past due accounts. Any contract entered into under

1 this Section before the effective date of this amendatory Act  
 2 of the 93rd General Assembly shall remain valid but may not  
 3 be renewed. In-addition,-agencies-may-contract-for-collection  
 4 assistance-where-such-assistance-is-determined-by-the--agency  
 5 to--be--in-the-best-economic-interest-of-the-State.--Agencies  
 6 may-utilize-monies-in-the-Accounts-Receivable-Fund-to-pay-for  
 7 such-legal-and-collection-assistance;-provided,-however,-that  
 8 no-more-than-20%-of-collections-on-an--account--may--be--paid  
 9 from--the--Accounts-Receivable-Fund-as-compensation-for-legal  
 10 and-collection-assistance-on-that--account.---If--the--amount  
 11 available--for--expenditure-from-the-Accounts-Receivable-Fund  
 12 is-insufficient--to--pay--the--cost--of--such--services,-the  
 13 difference,-up--to-40%-of-the-total-collections-per-account,-  
 14 may-be-paid-from-other-monies-which-may-be-available--to--the  
 15 Agency-

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

17 (30 ILCS 210/8) (from Ch. 15, par. 158)

18 Sec. 8. Debt Collection Board. There is created a Debt  
 19 Collection Board consisting of the Director of Central  
 20 Management Services as chairman, the State Comptroller, and  
 21 the Attorney General, or their respective designees. The  
 22 Board shall establish a centralized collections service to  
 23 undertake further collection efforts on delinquent accounts  
 24 or claims of the State which have not been collected through  
 25 the reasonable efforts of the respective State agencies.  
 26 The Board shall promulgate rules and regulations pursuant to  
 27 the Illinois Administrative Procedure Act with regard to the  
 28 establishment of timetables and the assumption of  
 29 responsibility for agency accounts receivable that have not  
 30 been collected by the agency, are not subject to a current  
 31 repayment plan, or have not been certified as uncollectible  
 32 as of the date specified by the Board. The Board shall make  
 33 a final evaluation of those accounts and either (i) direct or

1 conduct further collection activities when further collection  
2 efforts are in the best economic interest of the State or  
3 (ii) in accordance with Section 2 of the Uncollected State  
4 Claims Act, certify the receivable as uncollectible or submit  
5 the account to the Attorney General for that certification.

6 The Board is empowered to adopt rules and regulations  
7 subject to the provisions of the Illinois Administrative  
8 Procedure Act.

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

25 The authority granted the Debt Collection Board under  
26 this Section shall be limited to the administration of debt  
27 not otherwise required by the provisions of this amendatory  
28 Act of the 93rd General Assembly to be referred to the  
29 Department of Revenue's Debt Collection Bureau. Upon referral  
30 to and acceptance of any debt by the Bureau, the provisions  
31 of this Section shall be rendered null and void as to that  
32 debt and the Board shall promptly deliver its entire file and  
33 all records relating to such debt to the Bureau, together  
34 with a status report describing all action taken by the Board



1 or any entity on its behalf to collect the debt, and  
2 including an accounting of all payments received.

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

4 (30 ILCS 210/10 new)

5 Sec. 10. Department of Revenue Debt Collection Bureau to  
6 assume collection duties.

7 (a) The Department of Revenue's Debt Collection Bureau  
8 shall serve as the primary debt collecting entity for the  
9 State and in that role shall collect debts on behalf of  
10 agencies of the State. All debts owed the State of Illinois  
11 shall be referred to the Bureau, subject to such limitations  
12 as the Department of Revenue shall by rule establish. The  
13 Bureau shall utilize the Comptroller's offset system and  
14 private collection agencies, as well as its own collections  
15 personnel. The Bureau shall collect debt using all legal  
16 authority available to the Department of Revenue to collect  
17 debt and all legal authority available to the referring  
18 agency.

19 (b) The Bureau shall have the sole authority to let  
20 contracts with persons specializing in debt collection for  
21 the collection of debt referred to and accepted by the  
22 Bureau. Any contract with the debt collector shall specify  
23 that the collector's fee shall be on a contingency basis and  
24 that the debt collector shall not be entitled to collect a  
25 contingency fee for any debt collected through the efforts of  
26 any State offset system.

27 (c) The Department of Revenue shall adopt rules for the  
28 certification of debt from referring agencies and shall adopt  
29 rules for the certification of collection specialists to be  
30 employed by the Bureau.

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

1       (e) Once an agency's debt is deemed by the Bureau to be  
2       uncollectible, the Bureau shall return the debt to the  
3       referring agency which shall then write the debt off as  
4       uncollectible or return the debt to the Bureau for additional  
5       collection efforts. The Bureau shall refuse to accept debt  
6       that has been deemed uncollectible absent factual assertions  
7       from the referring agency that due to circumstances not known  
8       at the time the debt was deemed uncollectible that the debt  
9       is worthy of additional collection efforts.

10       (f) For each debt referred, the State agency shall  
11       retain all documents and records relating to or supporting  
12       the debt. In the event a debtor shall raise a reasonable  
13       doubt as to the validity of the debt, the Bureau may in its  
14       discretion refer the debt back to the referring agency for  
15       further review and recommendation.

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

33       (g-1) The Department of Employment Security is exempt  
34       from subsection (a) with regard to debts to any federal

1 account, including but not limited to the Unemployment Trust  
2 Fund, and penalties and interest assessed under the  
3 Unemployment Insurance Act. The Department of Employment  
4 Security may refer those debts to the Bureau, provided the  
5 debt satisfies the requirements for referral of delinquent  
6 debt as established by rule by the Department of Revenue. The  
7 Bureau shall use all legal means available to collect the  
8 debts, including those authorizing the Department of Revenue  
9 to collect debt and those authorizing the Department of  
10 Employment Security to collect debt. All referred debt shall  
11 remain an obligation to the account to which it is owed.

12 (h) The Debt Collection Fund is created as a special  
13 fund in the State treasury. Debt collection contractors under  
14 this Act shall receive a contingency fee as provided by the  
15 terms of their contracts with the Department of Revenue.  
16 Thereafter, 20% of all amounts collected by the Bureau,  
17 excluding amounts collected on behalf of the Departments of  
18 Public Aid and Revenue, shall be deposited into the Debt  
19 Collection Fund. All remaining amounts collected shall be  
20 deposited into the General Revenue Fund unless the funds are  
21 owed to any State fund or funds other than the General  
22 Revenue Fund. Moneys in the Debt Collection Fund shall be  
23 appropriated only for the administrative costs of the Bureau.  
24 On the last day of each fiscal year, unappropriated moneys  
25 and moneys otherwise deemed unneeded for the next fiscal year  
26 remaining in the Debt Collection Fund may be transferred into  
27 the General Revenue Fund at the Governor's reasonable  
28 discretion. The provisions of this subsection do not apply to  
29 debt that is exempt from subsection (a) pursuant to  
30 subsection (g-1) or child support debt referred to the Bureau  
31 by the Department of Public Aid pursuant to this amendatory  
32 Act of the 93rd General Assembly. Collections arising from  
33 referrals from the Department of Public Aid shall be  
34 deposited into such fund or funds as the Department of Public

1 Aid shall direct, in accordance with the requirements of  
2 Title IV, Part D of the federal Social Security Act,  
3 applicable provisions of State law, and the rules of the  
4 Department of Public Aid. Collections arising from referrals  
5 from the Department of Employment Security shall be deposited  
6 into the fund or funds that the Department of Employment  
7 Security shall direct, in accordance with the requirements of  
8 Section 3304(a)(3) of the federal Unemployment Tax Act,  
9 Section 303(a)(4) of the federal Social Security Act, and the  
10 Unemployment Insurance Act.

11 (i) The Attorney General and the State Comptroller may  
12 assist in the debt collection efforts of the Bureau, as  
13 requested by the Department of Revenue.

14 (j) The Director of Revenue shall report annually to the  
15 General Assembly and State Comptroller upon the debt  
16 collection efforts of the Bureau. Each report shall include  
17 an analysis of the overdue debts owed to the State.

18 (k) The Department of Revenue shall adopt rules and  
19 procedures for the administration of this amendatory Act of  
20 the 93rd General Assembly. The rules shall be adopted under  
21 the Department of Revenue's emergency rulemaking authority  
22 within 90 days following the effective date of this  
23 amendatory Act of the 93rd General Assembly due to the budget  
24 crisis threatening the public interest.

25 (l) The Department of Revenue's Debt Collection Bureau's  
26 obligations under this Section 10 shall be subject to  
27 appropriation by the General Assembly.

28 Section 99. Effective date. This Act shall take effect  
29 upon becoming law.