

AN ACT concerning finance.

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

Section 5. The Uncollected State Claims Act is amended by changing Sections 2 and 2.1 as follows:

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

Sec. 2. (a) When any State agency is unable to collect any claim or account receivable of \$1,000 or more due the agency after having pursued the procedure prescribed by law or applicable rules and regulations for the collection thereof or, if no procedure is so prescribed, then after having undertaken all reasonable and appropriate procedures available to the agency to effectuate collection, the State agency shall request the Attorney General to certify the claim or account receivable to be uncollectible.

(b) Each request to the Attorney General asking that a claim or account receivable of \$1,000 or more be declared uncollectible shall be in a format prescribed by the Attorney General and shall include at a minimum the following information: debtor's name, debtor's social security number or comparable identifying number, debtor's last known address, nature of the debt, efforts made to collect the debt and the time period covered by those efforts, the age of the debt, the

age of the debtor and the specific reason the State agency believes the debt to be uncollectible. Nothing in this provision should be interpreted as a limitation on the authority of the Attorney General to require additional information that he may find to be necessary to evaluate requests sent him pursuant to this provision.

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

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

(e) A State agency participating in a federal student loan program may remove student loans from its records by assigning or referring such student loans to the federal government for collection pursuant to the procedures prescribed by federal laws and regulations.

(f) Claims and receivables due from another State agency may be written off if the agency has pursued all reasonable means of collection and if the amount (1) is payable from an appropriation which has lapsed; (2) may not properly be charged against a current appropriation; and (3) was not originally

payable from federal funds, a trust fund or locally held funds. Each agency which writes off claims or receivables pursuant to this subparagraph shall submit a listing of all such write-offs to the Comptroller within 60 days of taking such action.

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

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

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

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

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

(3) For debts of \$1,000 or more, ~~when~~ the debt is more than 5 years old or, in the case of a public university, more than 8 years old.

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

(1) the total number and dollar amount of debts referred to him for collection in the preceding calendar year;

(2) the total amount actually collected;

(3) the number of cases by agency.

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

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

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

(30 ILCS 205/2.1)

Sec. 2.1. Sale of debts certified as uncollectible. After accounts have been certified by the Attorney General, or the State agency for accounts of less than \$1,000, as uncollectible pursuant to this Act, the Department of Revenue may sell the debts to one or more outside private vendors. Sales shall be conducted under rules adopted by the Department of Revenue using a request for proposals procedure similar to that procedure under the Illinois Procurement Code. The outside private vendors shall remit to the Department of Revenue the purchase price for debts sold under this Section. The

Department of Revenue shall deposit the money received under this Section into the General Revenue Fund. The State Comptroller shall provide the Department of Revenue with any information that the Department requests for the purpose of administering this Section. This Section does not apply to any tax debt owing to the Department of Revenue. This Section does not apply to (i) debts, in the case of a public university, when the debt is less than 8 years old; (ii) child support debts enforced by the Department of Healthcare and Family Services pursuant to Title IV-D of the federal Social Security Act and Article X of the Illinois Public Aid Code; and (iii) debts that are enforced by the Department of Employment Security and owed to any federal account, including but not limited to the Unemployment Trust Fund, and penalties and interest assessed under the Unemployment Insurance Act.

(Source: P.A. 96-1435, eff. 8-16-10.)

Section 10. The Illinois State Collection Act of 1986 is amended by renumbering and changing Section 9 added by Public Act 96-1383 and Section 9 added by Public Act 96-1435 as follows:

(30 ILCS 210/10.1)

Sec. 10.1 ~~9~~. Collection agency fees. Except where prohibited by federal law or regulation, in the case of any liability referred to a collection agency on or after July 1,

2010, any fee charged to the State by the collection agency (i) may not exceed 25% for a first placement of the underlying liability referred to the collection agency unless the liability is for a tax debt, (ii) is considered an additional liability owed to the State, (iii) is immediately subject to all collection procedures applicable to the liability referred to the collection agency, and (iv) must be separately stated in any statement or notice of the liability issued by the collection agency to the debtor. The fee limitations of this Section do not apply to a second, third, or subsequent placement or to litigation activities.

(Source: P.A. 96-1383, eff. 1-1-11; revised 9-7-10.)

(30 ILCS 210/10.2)

Sec. 10.2 ~~9~~. Deferral and compromise of past due debt.

(a) In this Section, "past due debt" means any debt owed to the State that has been outstanding for more than 12 months. "Past due debt" does not include any debt if any of the actions required under this Section would violate federal law or regulation.

(b) State agencies may enter into a deferred payment plan for the purpose of satisfying a past due debt. Except for a deferred payment plan entered into by any Illinois public university, as defined in Section 10 of the Illinois Prepaid Tuition Act, or by the Illinois Department of Transportation or for debts owed to the Illinois Department of Transportation for

deposit into the Road Fund, the ~~The~~ deferred payment plan must meet the following requirements:

(1) The term of the deferred payment plan may not exceed 2 years.

(2) The first payment of the deferred payment plan must be at least 10% of the total amount due.

(3) All subsequent monthly payments for the deferred payment plan must be assessed as equal monthly principal payments, together with interest.

(4) The deferred payment plan must include interest at a rate that is the same as the interest required under the State Prompt Payment Act.

(5) The deferred payment plan must be approved by the Secretary or Director of the State agency.

(c) State agencies may compromise past due debts. Any action taken by a State agency to compromise a past due debt, other than an action taken by an Illinois public university, as defined in Section 10 of the Illinois Prepaid Tuition Act, to compromise past due debt, must meet the following requirements:

(1) The amount of the compromised debt shall be no less than 80% of the total of the past due debt.

(2) Once a past due debt has been compromised, the debtor must remit to the State agency the total amount of the compromised debt. However, the State agency may collect the compromised debt through a payment plan not to exceed 6 months. If the State agency accepts the compromised debt

through a payment plan, then the compromised debt shall be subject to the same rate of interest as required under the State Prompt Payment Act.

(3) Before a State agency accepts a compromised debt, the amount of the compromised debt must be approved by the Secretary or Director of the agency ~~Department of Revenue~~.

(d) State agencies may sell a past due debt to one or more outside private vendors. Sales shall be conducted under rules adopted by the Department of Revenue using a request for proposals procedure similar to that procedure under the Illinois Procurement Code. The outside private vendors shall remit to the State agency the purchase price for debts sold under this subsection.

(e) The State agency shall deposit all amounts received under this Section into the General Revenue Fund. For Illinois public universities, as defined in Section 10 of the Illinois Prepaid Tuition Act, the requirement of this subsection (e) applies to amounts received from the sale of past due debt and does not apply to amounts received under a deferred payment plan or a compromised debt payment plan.

(f) This Section does not apply to any tax debt owing to the Department of Revenue.

(g) This Section does not apply to child support debts enforced by the Department of Healthcare and Family Services pursuant to Title IV-D of the federal Social Security Act and Article X of the Illinois Public Aid Code.

(h) This Section does not apply to debts that are enforced by the Department of Employment Security and owed to any federal account, including but not limited to the Unemployment Trust Fund, and penalties and interest assessed under the Unemployment Insurance Act.

(Source: P.A. 96-1435, eff. 8-16-10; revised 9-7-10.)

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