

1 AN ACT concerning State collection of debts, amending  
2 named Acts.

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

5 Section 5. The State Finance Act is amended by adding  
6 Section 5.545 as follows:

7 (30 ILCS 105/5.545 new)

8 Sec. 5.545. The Debt Collection Fund.

9 Section 10. The Illinois State Collection Act of 1986 is  
10 amended by changing Sections 2, 4, 5, 6, 7, and 8 and adding  
11 Section 10 as follows:

12 (30 ILCS 210/2) (from Ch. 15, par. 152)

13 Sec. 2. This Act applies to all accounts or claims owed  
14 to "State agencies", as that term is defined in the Illinois  
15 State Auditing Act, except that the debt collection and  
16 write-off provisions of this Act shall not apply to the  
17 Illinois State Scholarship Commission in the administration  
18 of its student loan programs. To the extent that some other  
19 statute prescribes procedures for collection of particular  
20 types of accounts or claims owed to State agencies in  
21 conflict with the provisions of this Act, such other statute  
22 shall continue in full force and effect. The debt collection  
23 and write-off provisions of this Act may be utilized by the  
24 General Assembly, the Supreme Court and the several courts of  
25 this State, and the constitutionally elected State Officers,  
26 at their discretion, except that Section 10 applies to all  
27 State agencies unless otherwise specified in that Section.

28 However reporting requirements established by the comptroller  
29 shall be followed by all State agencies. The provisions of

1 this Act shall be utilized at all times by all departments,  
2 agencies, divisions, and offices under the jurisdiction of  
3 the Governor.

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

5 (30 ILCS 210/4) (from Ch. 15, par. 154)

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

11 (1) the manner by which State agencies shall recognize  
12 debts;

13 (2) systems to age accounts receivable of State  
14 agencies;

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

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

20 (5) accounting procedures for writing off bad debts and  
21 uncollectible claims, subject to the requirement of Section  
22 10 that debts more than 90 days overdue be turned over to the  
23 Debt Collection Unit of the Auditor General's Office.

24 (b) State agencies shall report to the Comptroller  
25 information concerning their accounts receivable and  
26 uncollectible claims in accordance with the rules of the  
27 Comptroller, which may provide for summary reporting.

28 (c) The rules of the Comptroller authorized by this  
29 Section may specify varying procedures and forms of reporting  
30 dependent upon the nature and amount of the account  
31 receivable or uncollectible claim, the age of the debt, the  
32 probability of collection and such other factors that will  
33 increase the net benefit to the State of the collection

1 effort.

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

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

7 (30 ILCS 210/5) (from Ch. 15, par. 155)

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

9 (a) State agencies shall adopt rules establishing formal  
10 due dates for amounts owing to the State and, until July 1,  
11 2002, for the referral of seriously past due accounts to  
12 private collection agencies, unless otherwise expressly  
13 provided by law or rule. Such procedures shall be  
14 established in accord with sound business practices.

15 (b) Until July 1, 2002, agencies may enter deferred  
16 payment plans for debtors of the agency and documentation of  
17 this fact retained by the agency, where the deferred payment  
18 plan is likely to increase the net amount collected by the  
19 State.

20 (c) 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. Until July 1,  
23 2002, all debts that exceed \$1,000 and are more than 90 days  
24 past due shall be placed in the Comptroller's Offset System,  
25 unless the State agency shall have entered into a deferred  
26 payment plan or demonstrates to the Comptroller's  
27 satisfaction that referral for offset is not cost effective.

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

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

1       (f) Beginning July 1, 2002, State agencies other than  
2 universities shall determine that a debt is uncollectible in  
3 accordance with rules adopted by the Auditor General under  
4 Section 10 and shall turn over to the Debt Collection Unit of  
5 the Auditor General's Office any debt that is more than 90  
6 days overdue to the State. Beginning July 1, 2002,  
7 universities may determine that a debt is uncollectible in  
8 accordance with rules adopted by the Auditor General under  
9 Section 10 and may turn over to the Debt Collection Unit of  
10 the Auditor General's Office any debt that is more than 90  
11 days overdue to the State. The Department of Revenue is  
12 exempt from this subsection with regard to debts the  
13 confidentiality of which the Department of Revenue is  
14 required by law to maintain.

15       (Source: P.A. 90-332, eff. 1-1-98.)

16       (30 ILCS 210/6) (from Ch. 15, par. 156)

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

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

31       An agency, with the approval of the Comptroller, may  
32 deposit all receipts into the General Revenue Fund or other  
33 such fund that would have originally received the receipts.

1 Twenty-five percent of such deposits made each quarter for  
 2 accounts receivable more than 120 days past due shall be  
 3 transferred to the Accounts Receivable Fund or Funds. The  
 4 transferred amounts may be used by the creditor agency for  
 5 collecting overdue accounts pursuant to appropriation by the  
 6 General Assembly.

7 In determining the types of receipts to be deposited  
 8 pursuant to this Section the Comptroller and the Governor  
 9 shall consider the following factors:

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

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

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

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

19 (5) Such other factors as the Comptroller and the  
 20 Governor deem relevant.

21 This Section shall not apply to the Department of Revenue  
 22 nor the Department of Employment Security.

23 This Section is repealed July 1, 2002. On that date any  
 24 moneys in the Accounts Receivable Funds created under this  
 25 Section shall be transferred into the General Revenue Fund.

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

27 (30 ILCS 210/7) (from Ch. 15, par. 157)

28 Sec. 7. Upon agreement of the Attorney General, agencies  
 29 may contract for legal assistance in collecting past due  
 30 accounts. In addition, agencies may contract for collection  
 31 assistance where such assistance is determined by the agency  
 32 to be in the best economic interest of the State. Agencies  
 33 may utilize monies in the Accounts Receivable Fund to pay for

1 such legal and collection assistance; provided, however, that  
2 no more than 20% of collections on an account may be paid  
3 from the Accounts Receivable Fund as compensation for legal  
4 and collection assistance on that account. If the amount  
5 available for expenditure from the Accounts Receivable Fund  
6 is insufficient to pay the cost of such services, the  
7 difference, up to 40% of the total collections per account,  
8 may be paid from other monies which may be available to the  
9 Agency.

10 This Section is repealed July 1, 2002. Any contract  
11 entered into under this Section before that date shall remain  
12 valid but may not be renewed.

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

14 (30 ILCS 210/8) (from Ch. 15, par. 158)

15 Sec. 8. Debt Collection Board. There is created a Debt  
16 Collection Board consisting of the Director of Central  
17 Management Services as chairman, the State Comptroller, and  
18 the Attorney General, or their respective designees. The  
19 Board shall establish a centralized collections service to  
20 undertake further collection efforts on delinquent accounts  
21 or claims of the State which have not been collected through  
22 the reasonable efforts of the respective State agencies.  
23 The Board shall promulgate rules and regulations pursuant to  
24 the Illinois Administrative Procedure Act with regard to the  
25 establishment of timetables and the assumption of  
26 responsibility for agency accounts receivable that have not  
27 been collected by the agency, are not subject to a current  
28 repayment plan, or have not been certified as uncollectible  
29 as of the date specified by the Board. The Board shall make  
30 a final evaluation of those accounts and either (i) direct or  
31 conduct further collection activities when further collection  
32 efforts are in the best economic interest of the State or  
33 (ii) in accordance with Section 2 of the Uncollected State

1 Claims Act, certify the receivable as uncollectible or submit  
2 the account to the Attorney General for that certification.

3 The Board is empowered to adopt rules and regulations  
4 subject to the provisions of the Illinois Administrative  
5 Procedure Act.

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

22 This Section is repealed July 1, 2002.

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

24 (30 ILCS 210/10 new)

25 Sec. 10. Debt Collection Unit of the Auditor General's  
26 Office.

27 (a) The Auditor General shall establish and maintain a  
28 division within his or her office to be known as the Debt  
29 Collection Unit. The purpose of the Unit shall be the  
30 collection of debts more than 90 days overdue to the State.  
31 The Auditor General shall adopt rules for the administration  
32 and procedures of the Unit.

33 (b) The Auditor General shall adopt rules for the

1 certification of debt collection specialists to be employed  
2 by the Unit.

3 (c) The Auditor General shall adopt rules for  
4 determining when a debt owed to a State agency is  
5 uncollectible. The rules shall be used by State agencies  
6 other than universities beginning July 1, 2002 and may be  
7 used by universities beginning July 1, 2002. The Department  
8 of Revenue is exempt from those rules with regard to debts  
9 the confidentiality of which the Department of Revenue is  
10 required by law to maintain.

11 (d) Beginning July 1, 2002, a State agency other than a  
12 university shall turn over, and a university may turn over,  
13 to the Unit for collection any debt that is more than 90 days  
14 overdue to the State. The Department of Revenue is exempt  
15 from turning over to the Unit any debt the confidentiality of  
16 which the Department of Revenue is required by law to  
17 maintain. When turning over a debt, the State agency shall  
18 also turn over all documents and records relating to the  
19 debt. In collecting a debt, the Unit may exercise the same  
20 rights and powers with regard to debt collection possessed by  
21 the State agency that turned over the debt to the Unit.

22 (e) The Debt Collection Fund is created as a special  
23 fund in the State treasury. Ten percent of the amount  
24 collected on each debt by the Unit shall be deposited into  
25 the Debt Collection Fund; the remaining 90% of the amount  
26 collected shall be deposited into the appropriate State fund  
27 or funds to which the debt was owed. Moneys in the Debt  
28 Collection Fund shall be appropriated only for the  
29 administrative costs of the Unit. At the end of each fiscal  
30 year, moneys remaining unappropriated in the Debt Collection  
31 Fund shall be transferred into the General Revenue Fund.

32 (f) The Attorney General and State Comptroller shall  
33 assist in the debt collection efforts of the Unit as  
34 requested by the Unit.



1       (g) The Auditor General shall report semi-annually to  
2       the General Assembly and State Comptroller upon the debt  
3       collection efforts of the Unit. Each report shall include an  
4       analysis of the overdue debts owed to the State.

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