

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 \$50,000 or more made by
8 the State of Illinois or any State agency to any person for
9 any purpose.

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

12 "Person" means any individual, corporation, partnership,
13 unincorporated association, limited liability company,
14 limited liability partnership, or other entity.

15 "Designated individuals" means:

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

18 (ii) In the case of a corporation, all shareholders
19 with 10% or more equity or ownership interest in the
20 corporation.

21 (iii) In the case of one or more individuals, all
22 of the individuals.

23 (iv) In the case of any other entity, all
24 individuals with any equity or ownership interest in the
25 entity.

26 Section 10. Disclosure. Before any State loan may be
27 made to any person or renewed (and before repayment of any
28 part of a State loan may be forgiven or renegotiated), the
29 names and addresses of each designated individual of the
30 person must be disclosed and made public.

1 Section 15. Guarantee. Before any State loan may be
2 made to any person or renewed or renegotiated, each
3 designated individual of the person must personally guarantee
4 repayment of the loan. A guarantee remains in effect until
5 the loan has been repaid in full. A guarantee may not be
6 rescinded or abrogated under any circumstances. Any
7 agreement that purports to rescind or abrogate a guarantee is
8 null and void.

9 Section 20. Certain contracts prohibited. No State
10 agency may enter into any contract with any person if the
11 person or any designated individual of the person is in
12 default on any State loan.

13 Section 25. Disclosure of contributions. No State loan
14 may be made or renewed, nor may repayment of any part of a
15 State loan be forgiven or renegotiated, unless each
16 designated individual of the person with which the State
17 loan, renewal, forgiveness, or renegotiation is proposed to
18 be made has publicly disclosed all contributions made by the
19 designated individual in the past 5 years. As used in this
20 Act, "contribution" includes any contribution as defined in
21 Section 9-1.4 of the Election Code and any contribution to a
22 political committee. As used in this Act, "political
23 committee" means the same as in Section 9-1.9 of the Election
24 Code.

25 Section 30. Default; Attorney General investigation. In
26 the case of any default on a State loan, the State agency
27 making the loan shall notify the Attorney General. The
28 Attorney General shall investigate the circumstances of the
29 default. Unless the Attorney General determines that the
30 loan is uncollectible, the Attorney General shall take
31 appropriate action to collect any amount owing to the State

1 and enforce the State's rights under the loan agreement.

2 Section 35. Uncollected State Claims Act and the
3 Illinois State Collection Act of 1986. Any renegotiation or
4 forgiveness of a State loan must be in compliance with the
5 provisions of the Uncollected State Claims Act and the
6 Illinois State Collection Act of 1986 regarding reporting and
7 recording of debt collections and the writing off of debts.

8 Section 40. Report.

9 The Attorney General shall report to the General Assembly
10 by February 1 of each year the following:

11 (1) the total number and dollar amount of loans about
12 which the Attorney General was notified in accordance with
13 this Act in the preceding calendar year;

14 (2) the total amount actually collected;

15 (3) the number of cases by agency; and

16 (4) the names and addresses of all designated
17 individuals of any person that is a party to a State loan
18 about which the Attorney General was notified in accordance
19 with this Act in the preceding calendar year.

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

22 (30 ILCS 205/2) (from Ch. 15, par. 102)

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

1 claim or account receivable to be uncollectible.

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

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

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

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

31 (f) Claims and receivables due from another State agency
32 may be written off if the agency has pursued all reasonable
33 means of collection and if the amount (1) is payable from an
34 appropriation which has lapsed; (2) may not properly be

1 charged against a current appropriation; and (3) was not
2 originally payable from federal funds, a trust fund or
3 locally held funds. Each agency which writes off claims or
4 receivables pursuant to this subparagraph shall submit a
5 listing of all such write-offs to the Comptroller within 60
6 days of taking such action.

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

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

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

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

20 (2) For debts of \$1,000 or more that are less than
21 5 years old, when the agency determines pursuant to rules
22 and regulations promulgated by the Comptroller that such
23 deletion is in the best economic interest of the State;

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

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

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

31 (2) the total amount actually collected;

32 (3) the number of cases by agency.

33 (k) Each State agency shall report in its annual report
34 the total amount and the number of claims due and payable to

1 the State. Each agency shall also describe in its annual
2 report the method used in collecting debts, whether by a
3 private collection service or by the Attorney General.

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

7 (1) Any renegotiation or forgiveness of a State loan to
8 which the State Loan Act applies must be in compliance with
9 the provisions of this Act regarding reporting and recording
10 of debt collections and the writing off of debts.

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

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

14 (30 ILCS 210/4) (from Ch. 15, par. 154)

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

20 (1) the manner by which State agencies shall recognize
21 debts;

22 (2) systems to age accounts receivable of State
23 agencies;

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

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

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

31 (b) State agencies shall report to the Comptroller
32 information concerning their accounts receivable and

1 uncollectible claims in accordance with the rules of the
2 Comptroller, which may provide for summary reporting.

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

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

14 (e) Any renegotiation or forgiveness of a State loan to
15 which the State Loan Act applies must be in compliance with
16 the provisions of this Act regarding reporting and recording
17 of debt collections and the writing off of debts.

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

19 Section 999. Effective date. This Act takes effect upon
20 becoming law.