

1 AMENDMENT TO SENATE BILL 1923

2 AMENDMENT NO. _____. Amend Senate Bill 1923 by replacing
3 everything after the enacting clause with the following:

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;

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

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

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

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

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

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

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

28 (30 ILCS 210/5) (from Ch. 15, par. 155)

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

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

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

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

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

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

33 (e) State agencies or the Comptroller may remove claims
34 from the Comptroller's Offset System, where such claims have

1 been inactive for more than one year.

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

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

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

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

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

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

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

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

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

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

28 (30 ILCS 210/6) (from Ch. 15, par. 156)

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

1 the creditor agency. No deposit shall be made unless the
2 collection is of an account receivable more than 120 days
3 past due.

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

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

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

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

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

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

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

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

33 This Section shall not apply to the Department of Revenue
34 nor the Department of Employment Security.

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

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

5 (30 ILCS 210/7) (from Ch. 15, par. 157)

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

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

25 (30 ILCS 210/8) (from Ch. 15, par. 158)

26 Sec. 8. Debt Collection Board. There is created a Debt
27 Collection Board consisting of the Director of Central
28 Management Services as chairman, the State Comptroller, and
29 the Attorney General, or their respective designees. The
30 Board shall establish a centralized collections service to
31 undertake further collection efforts on delinquent accounts
32 or claims of the State which have not been collected through

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

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

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

34 The authority granted the Debt Collection Board under

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

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

13 (30 ILCS 210/10 new)

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

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

28 (b) The Bureau shall have the sole authority to let
29 contracts with persons specializing in debt collection for
30 the collection of debt referred to and accepted by the
31 Bureau. Any contract with the debt collector shall specify
32 that the collector's fee shall be on a contingency basis and
33 that the debt collector shall not be entitled to collect a

1 contingency fee for any debt collected through the efforts of
2 any State offset system.

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

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

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

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

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

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

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

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

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

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

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

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

34 (l) The Department of Revenue's Debt Collection Bureau's

1 obligations under this Section 10 shall be subject to
2 appropriation by the General Assembly.

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