



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0549

Introduced 2/1/2007, by Rep. Jil Tracy

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

from Ch. 127, par. 132.403-2

Amends the Prompt Payment Act. Provides that any bill submitted under Article V of the Illinois Public Aid Code approved for payment must be paid or the payment issued to the payee within 30 days (now, 60 days) of receipt of a proper bill or invoice, and, if payment is not issued to the payee within this 30-day period, an interest penalty of 2.0% (now, 1.0%) of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 30-day period, until final payment is made.

LRB095 05325 BDD 25406 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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

4 Section 5. The State Prompt Payment Act is amended by
5 changing Section 3-2 as follows:

6 (30 ILCS 540/3-2) (from Ch. 127, par. 132.403-2)

7 (Text of Section before amendment by P.A. 94-972)

8 Sec. 3-2. Beginning July 1, 1993, in any instance where a
9 State official or agency is late in payment of a vendor's bill
10 or invoice for goods or services furnished to the State, as
11 defined in Section 1, properly approved in accordance with
12 rules promulgated under Section 3-3, the State official or
13 agency shall pay interest to the vendor in accordance with the
14 following:

15 (1) Any bill, except a bill submitted under Article V
16 of the Illinois Public Aid Code, approved for payment under
17 this Section must be paid or the payment issued to the
18 payee within 60 days of receipt of a proper bill or
19 invoice. If payment is not issued to the payee within this
20 60 day period, an interest penalty of 1.0% of any amount
21 approved and unpaid shall be added for each month or
22 fraction thereof after the end of this 60 day period, until
23 final payment is made. Any bill submitted under Article V

1 of the Illinois Public Aid Code approved for payment under
2 this Section must be paid or the payment issued to the
3 payee within 30 days of receipt of a proper bill or
4 invoice, and, if payment is not issued to the payee within
5 this 30-day period, an interest penalty of 2.0% of any
6 amount approved and unpaid shall be added for each month or
7 fraction thereof after the end of this 30-day period, until
8 final payment is made.

9 (1.1) A State agency shall review in a timely manner
10 each bill or invoice after its receipt. If the State agency
11 determines that the bill or invoice contains a defect
12 making it unable to process the payment request, the agency
13 shall notify the vendor requesting payment as soon as
14 possible after discovering the defect pursuant to rules
15 promulgated under Section 3-3. The notice shall identify
16 the defect and any additional information necessary to
17 correct the defect.

18 (2) Where a State official or agency is late in payment
19 of a vendor's bill or invoice properly approved in
20 accordance with this Act, and different late payment terms
21 are not reduced to writing as a contractual agreement, the
22 State official or agency shall automatically pay interest
23 penalties required by this Section amounting to \$50 or more
24 to the appropriate vendor. Each agency shall be responsible
25 for determining whether an interest penalty is owed and for
26 paying the interest to the vendor. For interest of at least

1 \$5 but less than \$50, the vendor must initiate a written
2 request for the interest penalty when such interest is due
3 and payable. The Department of Central Management Services
4 and the State Comptroller shall jointly promulgate rules
5 establishing the conditions under which interest of less
6 than \$5 may be claimed and paid. In the event an individual
7 has paid a vendor for services in advance, the provisions
8 of this Section shall apply until payment is made to that
9 individual.

10 (Source: P.A. 92-384, eff. 7-1-02.)

11 (Text of Section after amendment by P.A. 94-972)

12 Sec. 3-2. Beginning July 1, 1993, in any instance where a
13 State official or agency is late in payment of a vendor's bill
14 or invoice for goods or services furnished to the State, as
15 defined in Section 1, properly approved in accordance with
16 rules promulgated under Section 3-3, the State official or
17 agency shall pay interest to the vendor in accordance with the
18 following:

19 (1) Any bill, except a bill submitted under Article V
20 of the Illinois Public Aid Code, approved for payment under
21 this Section must be paid or the payment issued to the
22 payee within 60 days of receipt of a proper bill or
23 invoice. If payment is not issued to the payee within this
24 60 day period, an interest penalty of 1.0% of any amount
25 approved and unpaid shall be added for each month or

1 fraction thereof after the end of this 60 day period, until
2 final payment is made. Any bill submitted under Article V
3 of the Illinois Public Aid Code approved for payment under
4 this Section must be paid or the payment issued to the
5 payee within 30 days of receipt of a proper bill or
6 invoice, and, if payment is not issued to the payee within
7 this 30-day period, an interest penalty of 2.0% of any
8 amount approved and unpaid shall be added for each month or
9 fraction thereof after the end of this 30-day period, until
10 final payment is made.

11 (1.1) A State agency shall review in a timely manner
12 each bill or invoice after its receipt. If the State agency
13 determines that the bill or invoice contains a defect
14 making it unable to process the payment request, the agency
15 shall notify the vendor requesting payment as soon as
16 possible after discovering the defect pursuant to rules
17 promulgated under Section 3-3; provided, however, that the
18 notice for construction related bills or invoices must be
19 given not later than 30 days after the bill or invoice was
20 first submitted. The notice shall identify the defect and
21 any additional information necessary to correct the
22 defect. If one or more items on a construction related bill
23 or invoice are disapproved, but not the entire bill or
24 invoice, then the portion that is not disapproved shall be
25 paid.

26 (2) Where a State official or agency is late in payment

1 of a vendor's bill or invoice properly approved in
2 accordance with this Act, and different late payment terms
3 are not reduced to writing as a contractual agreement, the
4 State official or agency shall automatically pay interest
5 penalties required by this Section amounting to \$50 or more
6 to the appropriate vendor. Each agency shall be responsible
7 for determining whether an interest penalty is owed and for
8 paying the interest to the vendor. For interest of at least
9 \$5 but less than \$50, the vendor must initiate a written
10 request for the interest penalty when such interest is due
11 and payable. The Department of Central Management Services
12 and the State Comptroller shall jointly promulgate rules
13 establishing the conditions under which interest of less
14 than \$5 may be claimed and paid. In the event an individual
15 has paid a vendor for services in advance, the provisions
16 of this Section shall apply until payment is made to that
17 individual.

18 (Source: P.A. 94-972, eff. 7-1-07.)

19 Section 95. No acceleration or delay. Where this Act makes
20 changes in a statute that is represented in this Act by text
21 that is not yet or no longer in effect (for example, a Section
22 represented by multiple versions), the use of that text does
23 not accelerate or delay the taking effect of (i) the changes
24 made by this Act or (ii) provisions derived from any other
25 Public Act.