

AN ACT concerning finance.

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

Section 5. The State Prompt Payment Act is amended by changing Sections 1 and 3-2 as follows:

(30 ILCS 540/1) (from Ch. 127, par. 132.401)

Sec. 1. This Act applies to any State official or agency authorized to provide for payment from State funds, by virtue of any appropriation of the General Assembly, for goods or services furnished to the State.

For purposes of this Act, "goods or services furnished to the State" include but are not limited to (i) covered health care provided to eligible members and their covered dependents in accordance with the State Employees Group Insurance Act of 1971, including coverage through a physician-owned health maintenance organization under Section 6.1 of that Act, and (ii) prevention, intervention, or treatment services and supports for persons with developmental disabilities, mental health services, alcohol and substance abuse services, rehabilitation services, and early intervention services provided by a vendor. For the purposes of item (ii), a vendor includes but is not limited to sellers of goods and services, including community-based organizations that are licensed to

provide prevention, intervention, or treatment services and supports for persons with developmental disabilities, mental illness, and substance abuse problems.

For the purposes of this Act, "appropriate State official or agency" is defined as the Director or Chief Executive or his designee of that State agency or department or facility of such agency or department. With respect to covered health care provided to eligible members and their dependents in accordance with the State Employees Group Insurance Act of 1971, "appropriate State official or agency" also includes an administrator of a program of health benefits under that Act.

As used in this Act, "eligible member" means a member who is eligible for health benefits under the State Employees Group Insurance Act of 1971, and "member" and "dependent" have the meanings ascribed to those terms in that Act.

As used in this Act, "a proper bill or invoice" means a bill or invoice that includes the information necessary for processing the payment as may be specified by a State agency and in rules adopted in accordance with this Act.

(Source: P.A. 91-266, eff. 7-23-99; 92-384, eff. 7-1-02.)

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

Sec. 3-2. Beginning July 1, 1993, in any instance where a State official or agency is late in payment of a vendor's bill or invoice for goods or services furnished to the State, as defined in Section 1, properly approved in accordance with

rules promulgated under Section 3-3, the State official or agency shall pay interest to the vendor in accordance with the following:

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

(1.1) A State agency shall review in a timely manner each bill or invoice after its receipt. If the State agency determines that the bill or invoice contains a defect making it unable to process the payment request, the agency shall notify the vendor requesting payment as soon as possible after discovering the defect pursuant to rules

promulgated under Section 3-3; provided, however, that the notice for construction related bills or invoices must be given not later than 30 days after the bill or invoice was first submitted. The notice shall identify the defect and any additional information necessary to correct the defect. If one or more items on a construction related bill or invoice are disapproved, but not the entire bill or invoice, then the portion that is not disapproved shall be paid.

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

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individual.

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