

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

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

21 (1.1) A State agency shall review in a timely manner
22 each bill or invoice after its receipt. If the State agency
23 determines that the bill or invoice contains a defect
24 making it unable to process the payment request, the agency
25 shall notify the vendor requesting payment as soon as
26 possible after discovering the defect pursuant to rules
27 promulgated under Section 3-3; provided, however, that the
28 notice for construction related bills or invoices must be
29 given not later than 30 days after the bill or invoice was
30 first submitted or not later than 30 days after the receipt
31 of the goods or services, whichever is later. The notice
32 shall identify the defect and any additional information

1 necessary to correct the defect.

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

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