

HB0464



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0464

Introduced 2/4/2009, by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

from Ch. 127, par. 132.403-2

Amends the State Prompt Payment Act. Provides that interest is payable to vendors beginning 45 days (instead of 60 days) after receipt of a proper bill or invoice.

LRB096 04782 RCE 14846 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 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 received
17 before the effective date of this amendatory Act of the
18 96th General Assembly or within 45 days of receipt of a
19 proper bill or invoice if received on or after the
20 effective date of this amendatory Act of the 96th General
21 Assembly. If payment is not issued to the payee within this
22 45-day or 60-day ~~60-day~~ period, as applicable, an interest
23 penalty of 1.0% of any amount approved and unpaid shall be

1 added for each month or fraction thereof after the end of
2 this 45-day or 60-day ~~60-day~~ period, as applicable, until
3 final payment is made.

4 (1.1) A State agency shall review in a timely manner
5 each bill or invoice after its receipt. If the State agency
6 determines that the bill or invoice contains a defect
7 making it unable to process the payment request, the agency
8 shall notify the vendor requesting payment as soon as
9 possible after discovering the defect pursuant to rules
10 promulgated under Section 3-3; provided, however, that the
11 notice for construction related bills or invoices must be
12 given not later than 30 days after the bill or invoice was
13 first submitted. The notice shall identify the defect and
14 any additional information necessary to correct the
15 defect. If one or more items on a construction related bill
16 or invoice are disapproved, but not the entire bill or
17 invoice, then the portion that is not disapproved shall be
18 paid.

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

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

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