



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB6849

Introduced 4/15/2010, by Rep. Robert W. Pritchard

#### SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2  
30 ILCS 540/3-2.1 new

Amends the State Prompt Payment Act. Provides that interest penalties amounting to \$50 or more (instead of interest and penalties in any amount) shall be paid automatically. Provides that, for interest of at least \$5 but less than \$50, the vendor must initiate a written request for the interest penalty when the interest is due and payable. Provides that 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. Provides that the State Comptroller, in conjunction with the Department of Central Management Services, shall submit a report concerning the processing of interest penalty payments to the General Assembly no later than January 31, 2011. Provides that the report must include certain information. Effective 30 days after becoming law.

LRB096 21950 HLH 40078 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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 and by adding Section 3-2.1 as follows:

6 (30 ILCS 540/3-2)

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

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

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

23          (2) Where a State official or agency is late in payment  
24          of a vendor's bill or invoice properly approved in  
25          accordance with this Act, and different late payment terms  
26          are not reduced to writing as a contractual agreement, the

1 State official or agency shall automatically pay interest  
2 penalties required by this Section amounting to \$50 or more  
3 to the appropriate vendor. Each agency shall be responsible  
4 for determining whether an interest penalty is owed and for  
5 paying the interest to the vendor. For interest of at least  
6 \$5 but less than \$50, the vendor must initiate a written  
7 request for the interest penalty when such interest is due  
8 and payable. The Department of Central Management Services  
9 and the State Comptroller shall jointly promulgate rules  
10 establishing the conditions under which interest of less  
11 than \$5 may be claimed and paid. In the event an individual  
12 has paid a vendor for services in advance, the provisions  
13 of this Section shall apply until payment is made to that  
14 individual.

15 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;  
16 revised 11-25-09.)

17 (30 ILCS 540/3-2.1 new)

18 Sec. 3-2.1. Interest penalty report. The State  
19 Comptroller, in conjunction with the Department of Central  
20 Management Services, shall submit a report to the General  
21 Assembly no later than January 31, 2011. The report shall  
22 include the following information, which shall be broken down  
23 by State agency and vendor:

24 (1) the number and total dollar amount of interest  
25 penalty payment vouchers submitted to the Comptroller's

1 office on or after August 18, 2009 and before January 1,  
2 2011 for interest payments of less than \$5;

3 (2) the number and total dollar amount of interest  
4 penalty payment vouchers submitted to the Comptroller's  
5 office on or after August 18, 2009 and before January 1,  
6 2011 for interest payments of at least \$5 but less than  
7 \$50; the report shall indicate the number and total dollar  
8 amount of (i) those paid automatically and (ii) those  
9 initiated by written request of the vendor; and

10 (3) the aggregate cost of processing the interest  
11 penalty payment vouchers referenced in items (1) and (2).

12 The report shall also include recommendations regarding  
13 establishing a minimum threshold for payment of interest  
14 penalties to vendors and increased efficiencies, including,  
15 but not limited to, consolidation of multiple payments to the  
16 same vendor.

17 Section 99. Effective date. This Act takes effect 30 days  
18 after becoming law.