



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB2057

Introduced 2/15/2019, by Sen. Laura M. Murphy

#### SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that by July 1, 2019, and by July 1 of each year thereafter, the State Comptroller shall determine the prompt payment interest rate for the fiscal year beginning on that July 1. Provides that any bill approved for payment on or after July 1, 2019 must be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. Provides that if payment is not issued to the payee within this 90-day period, an interest penalty calculated using the prompt payment interest rate shall be added for each month or fraction thereof after the end of this 90-day period until final payment is made. Provides for the prompt payment interest rate under the applicable provisions. Makes conforming and other changes. Effective immediately.

LRB101 10798 RJF 55927 b

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)

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) This paragraph (1) applies to bills approved for  
15 payment on or after July 1, 2019. Any bill, except a bill  
16 submitted under Article V of the Illinois Public Aid Code  
17 and except as provided under paragraphs ~~paragraph~~ (1.05)  
18 and (1.06) of this Section, approved for payment under this  
19 Section must be paid or the payment issued to the payee  
20 within 60 days of receipt of a proper bill or invoice. If  
21 payment is not issued to the payee within this 60-day  
22 period, an interest penalty of 1.0% of any amount approved  
23 and unpaid shall be added for each month or fraction

1       thereof after the end of this 60-day period, until final  
2       payment is made. Any bill, except a bill for pharmacy or  
3       nursing facility services or goods, and except as provided  
4       under paragraphs ~~paragraph~~ (1.05) and (1.06) of this  
5       Section, submitted under Article V of the Illinois Public  
6       Aid Code approved for payment under this Section must be  
7       paid or the payment issued to the payee within 60 days  
8       after receipt of a proper bill or invoice, and, if payment  
9       is not issued to the payee within this 60-day period, an  
10      interest penalty of 2.0% of any amount approved and unpaid  
11      shall be added for each month or fraction thereof after the  
12      end of this 60-day period, until final payment is made. Any  
13      bill for pharmacy or nursing facility services or goods  
14      submitted under Article V of the Illinois Public Aid Code,  
15      except as provided under paragraph (1.05) of this Section,  
16      and approved for payment under this Section must be paid or  
17      the payment issued to the payee within 60 days of receipt  
18      of a proper bill or invoice. If payment is not issued to  
19      the payee within this 60-day period, an interest penalty of  
20      1.0% of any amount approved and unpaid shall be added for  
21      each month or fraction thereof after the end of this 60-day  
22      period, until final payment is made.

23           (1.05) For State fiscal year 2012 and through June 30,  
24      2019 ~~future fiscal years~~, any bill approved for payment  
25      under this Section must be paid or the payment issued to  
26      the payee within 90 days of receipt of a proper bill or

1 invoice. If payment is not issued to the payee within this  
2 90-day period, an interest penalty of 1.0% of any amount  
3 approved and unpaid shall be added for each month, or  
4 0.033% (one-thirtieth of one percent) of any amount  
5 approved and unpaid for each day, after the end of this  
6 90-day period, until final payment is made.

7 (1.06) This paragraph (1.06) applies to bills approved  
8 for payment on or after July 1, 2019, except for bills for  
9 nursing facility services submitted under Article V of the  
10 Illinois Public Aid Code. By July 1, 2019, and by July 1 of  
11 each year thereafter, the State Comptroller shall  
12 determine the prompt payment interest rate for the fiscal  
13 year beginning on that July 1. Any bill approved for  
14 payment under this Section on or after July 1, 2019 must be  
15 paid or the payment issued to the payee within 90 days of  
16 receipt of a proper bill or invoice. If payment is not  
17 issued to the payee within this 90-day period, an interest  
18 penalty calculated using the prompt payment interest rate  
19 shall be added for each month or fraction thereof after the  
20 end of this 90-day period until final payment is made. For  
21 the purposes of this paragraph (1.06), the prompt payment  
22 interest rate shall be decreased from (i) 1% per month (or  
23 0.033% per day) for bills approved for payment on or after  
24 July 1, 2019 to (ii) the greater of (A) 0.25% per month (or  
25 an annual rate of 3%) or (B) an annual rate of 2 times the  
26 percentage increase, if any, in the Consumer Price Index

1 For All Urban Consumers during the 12-month period  
2 immediately preceding that July 1 for bills approved for  
3 payment on or after July 1, 2019.

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. Except as provided in  
2 paragraph (4), an individual interest payment amounting to  
3 \$5 or less shall not be paid by the State. Interest due to  
4 a vendor that amounts to greater than \$5 and less than \$50  
5 shall not be paid but shall be accrued until all interest  
6 due the vendor for all similar warrants exceeds \$50, at  
7 which time the accrued interest shall be payable and  
8 interest will begin accruing again, except that interest  
9 accrued as of the end of the fiscal year that does not  
10 exceed \$50 shall be payable at that time. In the event an  
11 individual has paid a vendor for services in advance, the  
12 provisions of this Section shall apply until payment is  
13 made to that individual.

14 (3) The provisions of Public Act 96-1501 reducing the  
15 interest rate on pharmacy claims under Article V of the  
16 Illinois Public Aid Code to 1.0% per month shall apply to  
17 any pharmacy bills for services and goods under Article V  
18 of the Illinois Public Aid Code received on or after the  
19 date 60 days before January 25, 2011 (the effective date of  
20 Public Act 96-1501) except as provided under paragraph  
21 (1.05) of this Section.

22 (4) Interest amounting to less than \$5 shall not be  
23 paid by the State, except for claims (i) to the Department  
24 of Healthcare and Family Services or the Department of  
25 Human Services, (ii) pursuant to Article V of the Illinois  
26 Public Aid Code, the Covering ALL KIDS Health Insurance

1 Act, or the Children's Health Insurance Program Act, and  
2 (iii) made (A) by pharmacies for prescriptive services or  
3 (B) by any federally qualified health center for  
4 prescriptive services or any other services.

5 Notwithstanding any provision to the contrary, interest  
6 may not be paid under this Act when: (1) a Chief Procurement  
7 Officer has voided the underlying contract for goods or  
8 services under Article 50 of the Illinois Procurement Code; or  
9 (2) the Auditor General is conducting a performance or program  
10 audit and the Comptroller has held or is holding for review a  
11 related contract or vouchers for payment of goods or services  
12 in the exercise of duties under Section 9 of the State  
13 Comptroller Act. In such event, interest shall not accrue  
14 during the pendency of the Auditor General's review.

15 (Source: P.A. 100-1064, eff. 8-24-18.)

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law.