



Rep. Frank J. Mautino

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1 AMENDMENT TO HOUSE BILL 3449

2 AMENDMENT NO. _____. Amend House Bill 3449 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Comptroller Act is amended by
5 changing Section 9.03 as follows:

6 (15 ILCS 405/9.03) (from Ch. 15, par. 209.03)

7 Sec. 9.03. Direct deposit of State payments.

8 (a) The Comptroller, with the approval of the State
9 Treasurer, may provide by rule or regulation for the direct
10 deposit of any payment lawfully payable from the State Treasury
11 and in accordance with federal banking regulations including
12 but not limited to payments to (i) persons paid from personal
13 services, (ii) persons receiving benefit payments from the
14 Comptroller ~~him~~ under the State pension systems, (iii)
15 individuals who receive assistance under Articles III, IV, and
16 VI of the Illinois Public Aid Code, (iv) providers of services

1 under the Mental Health and Developmental Disabilities
2 Administrative Act, (v) providers of community-based mental
3 health services, and (vi) providers of services under programs
4 administered by the State Board of Education, in the accounts
5 of those persons or entities maintained at a bank, savings and
6 loan association, or credit union, where authorized by the
7 payee. The Comptroller also may deposit public aid payments for
8 individuals who receive assistance under Articles III, IV, VI,
9 and X of the Illinois Public Aid Code directly into an
10 electronic benefits transfer account in a financial
11 institution approved by the State Treasurer as prescribed by
12 the Illinois Department of Human Services and in accordance
13 with the rules and regulations of that Department and the rules
14 and regulations ~~regulation~~ adopted by the Comptroller and the
15 State Treasurer. The Comptroller, with the approval of the
16 State Treasurer, may provide by rule for the electronic direct
17 deposit of payments to public agencies and any other payee of
18 the State. The electronic direct deposits may be made to the
19 designated account in those financial institutions specified
20 in this Section for the direct deposit of payments. Within 6
21 months after the effective date of this amendatory Act of 1994,
22 the Comptroller shall establish a pilot program for the
23 electronic direct deposit of payments to local school
24 districts, municipalities, and units of local government. The
25 payments may be made without the use of the voucher-warrant
26 system, provided that documentation of approval by the

1 Treasurer of each group of payments made by direct deposit
2 shall be retained by the Comptroller. The form and method of
3 the Treasurer's approval shall be established by the rules or
4 regulations adopted by the Comptroller under this Section.

5 (b) All State payments for an employee's payroll or an
6 employee's expense reimbursement must be made through direct
7 deposit. It is the responsibility of the paying State agency to
8 ensure compliance with this mandate. If a State agency pays an
9 employee's payroll or an employee's expense reimbursement
10 without using direct deposit, the Comptroller may charge that
11 employee a processing fee of \$2.50 per paper warrant. The
12 processing fee may be withheld from the employee's payment or
13 reimbursement. The amount collected from the fee shall be
14 deposited into the Comptroller's Administrative Fund.

15 (c) All State payments to a vendor that exceed the
16 allowable limit of paper warrants in a fiscal year, by the same
17 agency, must be made through direct deposit. It is the
18 responsibility of the paying State agency to ensure compliance
19 with this mandate. If a State agency pays a vendor more times
20 than the allowable limit in a single fiscal year without using
21 direct deposit, the Comptroller may charge the vendor a
22 processing fee of \$2.50 per paper warrant. The processing fee
23 may be withheld from the vendor's payment. The amount collected
24 from the processing fee shall be deposited into the
25 Comptroller's Administrative Fund. The Office of the
26 Comptroller shall define "allowable limit" in the

1 Comptroller's Statewide Accounting Management System (SAMS)
2 manual, except that the allowable limit shall not be less than
3 30 paper warrants. The Office of the Comptroller shall also
4 provide reasonable notice to all State agencies of the
5 allowable limit of paper warrants.

6 (d) State employees covered by provisions in collective
7 bargaining agreements that do not require direct deposit of
8 paychecks are exempt from this mandate. No later than 60 days
9 after the effective date of this amendatory Act of the 97th
10 General Assembly, all State agencies must provide to the Office
11 of the Comptroller a list of employees that are exempt under
12 this subsection (d) from the direct deposit mandate. In
13 addition, a State employee or vendor may file a hardship
14 petition with the Office of the Comptroller requesting an
15 exemption from the direct deposit mandate under this Section. A
16 hardship petition shall be made available for download on the
17 Comptroller's official Internet website.

18 (e) Notwithstanding any provision of law to the contrary,
19 the direct deposit of State payments under this Section for an
20 employee's payroll, an employee's expense reimbursement, or a
21 State vendor's payment does not authorize the State to
22 automatically withdraw funds from those accounts.

23 (f) For the purposes of this Section, "vendor" means a
24 non-governmental entity with a taxpayer identification number
25 issued by the Social Security Administration or Internal
26 Revenue Service that receives payments through the

1 Comptroller's commercial system. The term does not include
2 State agencies.

3 (g) The requirements of this Section do not apply to the
4 legislative or judicial branches of State government.

5 (Source: P.A. 88-641, eff. 9-9-94; 88-643, eff. 1-1-95; 89-235,
6 eff. 8-4-95; 89-507, eff. 7-1-97.)

7 Section 10. The State Prompt Payment Act is amended by
8 changing Section 3-2 as follows:

9 (30 ILCS 540/3-2)

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

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

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

20 (1.1) A State agency shall review in a timely manner
21 each bill or invoice after its receipt. If the State agency
22 determines that the bill or invoice contains a defect
23 making it unable to process the payment request, the agency
24 shall notify the vendor requesting payment as soon as
25 possible after discovering the defect pursuant to rules
26 promulgated under Section 3-3; provided, however, that the

1 notice for construction related bills or invoices must be
2 given not later than 30 days after the bill or invoice was
3 first submitted. The notice shall identify the defect and
4 any additional information necessary to correct the
5 defect. If one or more items on a construction related bill
6 or invoice are disapproved, but not the entire bill or
7 invoice, then the portion that is not disapproved shall be
8 paid.

9 (2) Where a State official or agency is late in payment
10 of a vendor's bill or invoice properly approved in
11 accordance with this Act, and different late payment terms
12 are not reduced to writing as a contractual agreement, the
13 State official or agency shall automatically pay interest
14 penalties required by this Section amounting to \$50 or more
15 to the appropriate vendor. Each agency shall be responsible
16 for determining whether an interest penalty is owed and for
17 paying the interest to the vendor. Except as provided in
18 paragraph (4), an individual interest payment amounting to
19 \$5 or less shall not be paid by the State. Interest due to
20 a vendor that amounts to greater than \$5 and less than \$50
21 shall not be paid but shall be accrued until all interest
22 due the vendor for all similar warrants exceeds \$50, at
23 which time the accrued interest shall be payable and
24 interest will begin accruing again, except that interest
25 accrued as of the end of the fiscal year that does not
26 exceed \$50 shall be payable at that time. In the event an

1 individual has paid a vendor for services in advance, the
2 provisions of this Section shall apply until payment is
3 made to that individual.

4 (3) The provisions of Public Act 96-1501 ~~this~~
5 ~~amendatory Act of the 96th General Assembly~~ reducing the
6 interest rate on pharmacy claims under Article V of the
7 Illinois Public Aid Code to 1.0% per month shall apply to
8 any pharmacy bills for services and goods under Article V
9 of the Illinois Public Aid Code received on or after the
10 date 60 days before January 25, 2011 (the effective date of
11 Public Act 96-1501) ~~this amendatory Act of the 96th General~~
12 ~~Assembly.~~

13 (4) Interest amounting to less than \$5 shall not be
14 paid by the State, except for claims (i) to the Department
15 of Healthcare and Family Services or the Department of
16 Human Services, (ii) pursuant to Article V of the Illinois
17 Public Aid Code, the Covering ALL KIDS Health Insurance
18 Act, or the Children's Health Insurance Program Act, and
19 (iii) made (A) by pharmacies for prescriptive services or
20 (B) by any federally qualified health center for
21 prescriptive services or any other services.

22 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;
23 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.
24 1-25-11; 96-1530, eff. 2-16-11; revised 2-22-11.)

25 Section 99. Effective date. This Act takes effect upon

1 becoming law.".