



Sen. Laura M. Murphy

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1 AMENDMENT TO SENATE BILL 44

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 44 by replacing  
3 everything after the enacting clause with the following:

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, 2018. Any bill, except a bill  
16 submitted under Article V of the Illinois Public Aid Code

1 and except as provided under paragraphs ~~paragraph~~ (1.05)  
2 and (1.06) of this Section, approved for payment under this  
3 Section must be paid or the payment issued to the payee  
4 within 60 days of receipt of a proper bill or invoice. If  
5 payment is not issued to the payee within this 60-day  
6 period, an interest penalty of 1.0% of any amount approved  
7 and unpaid shall be added for each month or fraction  
8 thereof after the end of this 60-day period, until final  
9 payment is made. Any bill, except a bill for pharmacy or  
10 nursing facility services or goods, and except as provided  
11 under paragraphs ~~paragraph~~ (1.05) and (1.06) of this  
12 Section, submitted under Article V of the Illinois Public  
13 Aid Code approved for payment under this Section must be  
14 paid or the payment issued to the payee within 60 days  
15 after receipt of a proper bill or invoice, and, if payment  
16 is not issued to the payee within this 60-day period, an  
17 interest penalty of 2.0% of any amount approved and unpaid  
18 shall be added for each month or fraction thereof after the  
19 end of this 60-day period, until final payment is made. Any  
20 bill for pharmacy or nursing facility services or goods  
21 submitted under Article V of the Illinois Public Aid Code,  
22 except as provided under paragraphs ~~paragraph~~ (1.05) and  
23 (1.06) of this Section, and approved for payment under this  
24 Section must be paid or the payment issued to the payee  
25 within 60 days of receipt of a proper bill or invoice. If  
26 payment is not issued to the payee within this 60-day

1 period, an interest penalty of 1.0% of any amount approved  
2 and unpaid shall be added for each month or fraction  
3 thereof after the end of this 60-day period, until final  
4 payment is made.

5 (1.05) For State fiscal year 2012 and through June 30,  
6 2018 ~~future fiscal years~~, any bill approved for payment  
7 under this Section must be paid or the payment issued to  
8 the payee within 90 days of receipt of a proper bill or  
9 invoice. If payment is not issued to the payee within this  
10 90-day period, an interest penalty of 1.0% of any amount  
11 approved and unpaid shall be added for each month, or  
12 0.033% (one-thirtieth of one percent) of any amount  
13 approved and unpaid for each day, after the end of this  
14 90-day period, until final payment is made.

15 (1.06) This paragraph (1.06) applies to bills approved  
16 for payment on or after July 1, 2018. By July 1, 2018, and  
17 by July 1 of each year thereafter, the State Comptroller  
18 shall determine the prompt payment interest rate for the  
19 fiscal year beginning on that July 1. Any bill approved for  
20 payment under this Section on or after July 1, 2018 must be  
21 paid or the payment issued to the payee within 90 days of  
22 receipt of a proper bill or invoice. If payment is not  
23 issued to the payee within this 90-day period, an interest  
24 penalty calculated using the prompt payment interest rate  
25 shall be added for each month or fraction thereof after the  
26 end of this 90-day period until final payment is made. For

1       the purposes of this paragraph (1.06), the prompt payment  
2       interest rate shall be decreased from (i) 1% per month (or  
3       0.033% per day) for bills approved for payment on or after  
4       July 1, 2018 to (ii) the greater of (A) 0.25% per month (or  
5       an annual rate of 3%) or (B) an annual rate of 2 times the  
6       percentage increase, if any, in the Consumer Price Index  
7       For All Urban Consumers during the 12-month period  
8       immediately preceding that July 1 for bills approved for  
9       payment on or after July 1, 2018.

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

25       (2) Where a State official or agency is late in payment  
26       of a vendor's bill or invoice properly approved in

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

20           (3) The provisions of Public Act 96-1501 reducing the  
21      interest rate on pharmacy claims under Article V of the  
22      Illinois Public Aid Code to 1.0% per month shall apply to  
23      any pharmacy bills for services and goods under Article V  
24      of the Illinois Public Aid Code received on or after the  
25      date 60 days before January 25, 2011 (the effective date of  
26      Public Act 96-1501) except as provided under paragraph

1 (1.05) of this Section.

2 (4) Interest amounting to less than \$5 shall not be  
3 paid by the State, except for claims (i) to the Department  
4 of Healthcare and Family Services or the Department of  
5 Human Services, (ii) pursuant to Article V of the Illinois  
6 Public Aid Code, the Covering ALL KIDS Health Insurance  
7 Act, or the Children's Health Insurance Program Act, and  
8 (iii) made (A) by pharmacies for prescriptive services or  
9 (B) by any federally qualified health center for  
10 prescriptive services or any other services.

11 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;  
12 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.  
13 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff.  
14 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932,  
15 eff. 8-10-12; 97-1142, eff. 12-28-12.)

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