



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB4458

Introduced 2/3/2020, by Rep. Allen Skillicorn

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that for State fiscal year 2021 and future fiscal years, any bill approved for payment under provisions concerning late payment interest 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 of 0.3% (currently, 1%) of any amount approved and unpaid shall be added for each month, or 0.01% (currently, 0.033%) of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made. Makes conforming changes.

LRB101 16445 RJF 65824 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) Any bill, except a bill submitted under Article V
15 of the Illinois Public Aid Code and except as provided
16 under paragraph (1.05) or (1.07) of this Section, approved
17 for payment under this Section must be paid or the payment
18 issued to the payee within 60 days of receipt of a proper
19 bill or invoice. If payment is not issued to the payee
20 within this 60-day period, an interest penalty of 1.0% of
21 any amount approved and unpaid shall be added for each
22 month or fraction thereof after the end of this 60-day
23 period, until final payment is made. Any bill, except a

1 bill for pharmacy or nursing facility services or goods,
2 and except as provided under paragraph (1.05) or (1.07) of
3 this Section, submitted under Article V of the Illinois
4 Public Aid Code approved for payment under this Section
5 must be paid or the payment issued to the payee within 60
6 days after receipt of a proper bill or invoice, and, if
7 payment is not issued to the payee within this 60-day
8 period, an interest penalty of 2.0% of any amount approved
9 and unpaid shall be added for each month or fraction
10 thereof after the end of this 60-day period, until final
11 payment is made. Any bill for pharmacy or nursing facility
12 services or goods submitted under Article V of the Illinois
13 Public Aid Code, except as provided under paragraph (1.05)
14 or (1.07) of this Section, and approved for payment under
15 this Section must be paid or the payment issued to the
16 payee within 60 days of receipt of a proper bill or
17 invoice. If payment is not issued to the payee within this
18 60-day period, an interest penalty of 1.0% of any amount
19 approved and unpaid shall be added for each month or
20 fraction thereof after the end of this 60-day period, until
21 final payment is made.

22 (1.05) For State fiscal year 2012 through State fiscal
23 year 2020 ~~and future fiscal years~~, any bill approved for
24 payment under this Section must be paid or the payment
25 issued to the payee within 90 days of receipt of a proper
26 bill or invoice. If payment is not issued to the payee

1 within this 90-day period, an interest penalty of 1.0% of
2 any amount approved and unpaid shall be added for each
3 month, or 0.033% (one-thirtieth of one percent) of any
4 amount approved and unpaid for each day, after the end of
5 this 90-day period, until final payment is made.

6 (1.07) For State fiscal year 2021 and future fiscal
7 years, any bill approved for payment under this Section
8 must be paid or the payment issued to the payee within 90
9 days of receipt of a proper bill or invoice. If payment is
10 not issued to the payee within this 90-day period, an
11 interest penalty of 0.3% of any amount approved and unpaid
12 shall be added for each month, or 0.01% (one-thirtieth of
13 0.3%) of any amount approved and unpaid for each day, after
14 the end of this 90-day period, until final payment is made.

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

1 or invoice are disapproved, but not the entire bill or
2 invoice, then the portion that is not disapproved shall be
3 paid.

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

25 (3) The provisions of Public Act 96-1501 reducing the
26 interest rate on pharmacy claims under Article V of the

1 Illinois Public Aid Code to 1.0% per month shall apply to
2 any pharmacy bills for services and goods under Article V
3 of the Illinois Public Aid Code received on or after the
4 date 60 days before January 25, 2011 (the effective date of
5 Public Act 96-1501) except as provided under paragraph
6 (1.05) of this Section.

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

16 Notwithstanding any provision to the contrary, interest
17 may not be paid under this Act when: (1) a Chief Procurement
18 Officer has voided the underlying contract for goods or
19 services under Article 50 of the Illinois Procurement Code; or
20 (2) the Auditor General is conducting a performance or program
21 audit and the Comptroller has held or is holding for review a
22 related contract or vouchers for payment of goods or services
23 in the exercise of duties under Section 9 of the State
24 Comptroller Act. In such event, interest shall not accrue
25 during the pendency of the Auditor General's review.

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