



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB3172

Introduced 2/19/2021, by Rep. Michael Halpin

#### SYNOPSIS AS INTRODUCED:

30 ILCS 540/12 new

Amends the State Prompt Payment Act. Provides for the Flexible Vendor Payment Program. Provides minimum requirements for the Program. Provides for a Program administrator. Provides for capital providers to the Program. Provides that the Program shall be accessible to any State vendor that wishes to enter into the Program. Provides that a vendor shall assign its interest in a voucher to an eligible capital provider, and select a timeframe upon which the capital provider shall pay to the vendor 100% percent of the payable voucher, minus any fees that may be associated with how soon the vendor wants to be paid. Specifies payment timeframe. Provides for the payment of invoices by the State to capital providers. Establishes a variable interest rate. Authorizes late payment agreements. Provides for the adoption of rules.

LRB102 12082 RJF 17419 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 adding Section 12 as follows:

6 (30 ILCS 540/12 new)

7 Sec. 12. Flexible Vendor Payment Program.

8 (a) In addition to the program established under Section  
9 8, the State Comptroller and the Department of Central  
10 Management Services are authorized to establish and implement  
11 a Flexible Vendor Payment Program as provided under this  
12 Section.

13 (b) At a minimum, the Program established under this  
14 Section shall provide or allow for the following:

15 (1) Allow vendors to manage the timing of payments  
16 from the State to allow better management of their  
17 business and cash flow.

18 (2) Allow the State to manage its payment cycle based  
19 off of its own cash flow, without being a burden to its  
20 vendors, or adding any unnecessary cost to its vendors.  
21 The State shall also be able to maintain its current 90 day  
22 payment cycle, before it begins incurring any interest  
23 cost due to deferred vendor payments.

1           (3) Allow the State to reduce its interest expense  
2           with reduced interest rates.

3           (4) Create a more competitive bidding process for  
4           State contracts.

5           (c) For purposes of establishing the Program under this  
6           Section, the Comptroller shall contract with an external  
7           entity, to be known as the Program administrator, who, in  
8           consultation with the Comptroller, shall be capable of  
9           implementing the Program and capable of establishing the  
10           criteria for the Program provided under subsection (b). The  
11           Program administrator shall implement the Program without any  
12           cash requirement from the State and only be compensated by a  
13           transaction fee to implement and oversee the Program.

14           (d) The Comptroller shall establish by rule the  
15           requirements that any capital provider to the Program must  
16           meet in order to participate in the Program. The Program shall  
17           allow for a capital provider to the Program to be affiliated  
18           with, or be the Program administrator of, the Program if the  
19           capital provider meets the minimum requirements to be a  
20           capital provider that are established by the Comptroller. The  
21           Comptroller is authorized to, but not required to, contract  
22           exclusively with one entity that has the capability of  
23           designing, implementing, and providing the required capital  
24           necessary to implement the Program under this Section.

25           (e) The Program shall be accessible to any State vendor  
26           that wishes to enter into the Program. A vendor shall assign

1 its interest in a voucher to an eligible capital provider, and  
2 select a timeframe upon which the capital provider shall pay  
3 to the vendor 100% percent of the payable voucher, minus any  
4 fees that may be associated with how soon the vendor wants to  
5 be paid. A vendor may select to be paid by the capital provider  
6 between 1 day and 90 days after an invoice is converted to a  
7 voucher.

8 (f) The State shall pay for invoices on a payment cycle  
9 that is suitable to the cash flow of the State or as may be  
10 otherwise established under State law. The State shall pay an  
11 interest rate on those invoices that shall be paid when the  
12 invoices are paid. Notwithstanding any other provision of law  
13 to the contrary, the interest rate shall be a variable  
14 interest rate tied to commercially published rates, and shall  
15 be lower than any other rate that may be charged for unpaid  
16 invoices under this Act. The Comptroller is authorized to  
17 enter into an agreement specifying late payment terms with  
18 eligible capital providers for the purposes of paying a bill  
19 or invoice under this Section.

20 (g) The Comptroller shall adopt all rules necessary for  
21 the implementation of the Program created under this Section.