



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB2396

Introduced 2/16/2005, by Rep. Ruth Munson

SYNOPSIS AS INTRODUCED:

30 ILCS 540/1
30 ILCS 540/3-2

from Ch. 127, par. 132.401
from Ch. 127, par. 132.403-2

Amends the State Prompt Payment Act. Requires vendors who are small businesses to be paid within 10 days (now, 60 days for all businesses). Defines a "small business" as one that employs fewer than 50 employees.

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FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning State government.

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 Sections 1 and 3-2 as follows:

6 (30 ILCS 540/1) (from Ch. 127, par. 132.401)

7 Sec. 1. This Act applies to any State official or agency
8 authorized to provide for payment from State funds, by virtue
9 of any appropriation of the General Assembly, for goods or
10 services furnished to the State.

11 For purposes of this Act, "goods or services furnished to
12 the State" include but are not limited to covered health care
13 provided to eligible members and their covered dependents in
14 accordance with the State Employees Group Insurance Act of
15 1971, including coverage through a physician-owned health
16 maintenance organization under Section 6.1 of that Act.

17 For the purposes of this Act, "appropriate State official
18 or agency" is defined as the Director or Chief Executive or his
19 designee of that State agency or department or facility of such
20 agency or department. With respect to covered health care
21 provided to eligible members and their dependents in accordance
22 with the State Employees Group Insurance Act of 1971,
23 "appropriate State official or agency" also includes an
24 administrator of a program of health benefits under that Act.

25 As used in this Act, "eligible member" means a member who
26 is eligible for health benefits under the State Employees Group
27 Insurance Act of 1971, and "member" and "dependent" have the
28 meanings ascribed to those terms in that Act.

29 As used in this Act, "a proper bill or invoice" means a
30 bill or invoice that includes the information necessary for
31 processing the payment as may be specified by a State agency
32 and in rules adopted in accordance with this Act.

1 As used in this Act, "small business" means a business that
2 employs fewer than 50 employees.

3 (Source: P.A. 91-266, eff. 7-23-99; 92-384, eff. 7-1-02.)

4 (30 ILCS 540/3-2) (from Ch. 127, par. 132.403-2)

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

12 (1) Any bill approved for payment under this Section
13 must be paid or the payment issued to the payee within 60
14 days of receipt of a proper bill or invoice or, after the
15 effective date of this amendatory Act of the 94th General
16 Assembly, within 10 days of receipt of a proper bill or
17 invoice if the vendor is a small business. If payment is
18 not issued to the payee within this 60-day or 10-day ~~60-day~~
19 period, as applicable, an interest penalty of 1.0% of any
20 amount approved and unpaid shall be added for each month or
21 fraction thereof after the end of this 60-day or 10-day ~~60~~
22 ~~day~~ period, as applicable, until final payment is made.

23 (1.1) A State agency shall review in a timely manner
24 each bill or invoice after its receipt. If the State agency
25 determines that the bill or invoice contains a defect
26 making it unable to process the payment request, the agency
27 shall notify the vendor requesting payment as soon as
28 possible after discovering the defect pursuant to rules
29 promulgated under Section 3-3. The notice shall identify
30 the defect and any additional information necessary to
31 correct the defect.

32 (2) Where a State official or agency is late in payment
33 of a vendor's bill or invoice properly approved in
34 accordance with this Act, and different late payment terms
35 are not reduced to writing as a contractual agreement, the

1 State official or agency shall automatically pay interest
2 penalties required by this Section amounting to \$50 or more
3 to the appropriate vendor. Each agency shall be responsible
4 for determining whether an interest penalty is owed and for
5 paying the interest to the vendor. For interest of at least
6 \$5 but less than \$50, the vendor must initiate a written
7 request for the interest penalty when such interest is due
8 and payable. The Department of Central Management Services
9 and the State Comptroller shall jointly promulgate rules
10 establishing the conditions under which interest of less
11 than \$5 may be claimed and paid. In the event an individual
12 has paid a vendor for services in advance, the provisions
13 of this Section shall apply until payment is made to that
14 individual.

15 (Source: P.A. 92-384, eff. 7-1-02.)