



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4126

Introduced 10/17/2005, by Rep. Bill Mitchell - Robert W. Pritchard

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

from Ch. 127, par. 132.403-2

Amends the Prompt Payment Act. Provides that any bill submitted under Article V of the Illinois Public Aid Code approved for payment must be paid or the payment issued to the payee within 30 days (now, 60 days) of receipt of a proper bill or invoice, and, if payment is not issued to the payee within this 30-day period, an interest penalty of 2.0% (now, 1.0%) of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 30-day period, until final payment is made.

LRB094 14444 BDD 49379 b

FISCAL NOTE ACT
MAY APPLY

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) (from Ch. 127, par. 132.403-2)

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, approved for payment under
16 this Section must be paid or the payment issued to the
17 payee within 60 days of receipt of a proper bill or
18 invoice. If payment is not issued to the payee within this
19 60 day period, an interest penalty of 1.0% of any amount
20 approved and unpaid shall be added for each month or
21 fraction thereof after the end of this 60 day period, until
22 final payment is made. Any bill submitted under Article V
23 of the Illinois Public Aid Code approved for payment under
24 this Section must be paid or the payment issued to the
25 payee within 30 days of receipt of a proper bill or
26 invoice, and, if payment is not issued to the payee within
27 this 30-day period, an interest penalty of 2.0% of any
28 amount approved and unpaid shall be added for each month or
29 fraction thereof after the end of this 30-day period, until
30 final payment is made.

31 (1.1) A State agency shall review in a timely manner
32 each bill or invoice after its receipt. If the State agency

1 determines that the bill or invoice contains a defect
2 making it unable to process the payment request, the agency
3 shall notify the vendor requesting payment as soon as
4 possible after discovering the defect pursuant to rules
5 promulgated under Section 3-3. The notice shall identify
6 the defect and any additional information necessary to
7 correct the defect.

8 (2) Where a State official or agency is late in payment
9 of a vendor's bill or invoice properly approved in
10 accordance with this Act, and different late payment terms
11 are not reduced to writing as a contractual agreement, the
12 State official or agency shall automatically pay interest
13 penalties required by this Section amounting to \$50 or more
14 to the appropriate vendor. Each agency shall be responsible
15 for determining whether an interest penalty is owed and for
16 paying the interest to the vendor. For interest of at least
17 \$5 but less than \$50, the vendor must initiate a written
18 request for the interest penalty when such interest is due
19 and payable. The Department of Central Management Services
20 and the State Comptroller shall jointly promulgate rules
21 establishing the conditions under which interest of less
22 than \$5 may be claimed and paid. In the event an individual
23 has paid a vendor for services in advance, the provisions
24 of this Section shall apply until payment is made to that
25 individual.

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