

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 approved for payment under this Section  
15 must be paid or the payment issued to the payee within 60  
16 days of receipt of a proper bill or invoice. If payment is  
17 not issued to the payee within this 60 day period, an  
18 interest penalty of 1.0% of any amount approved and unpaid  
19 shall be added for each month or fraction thereof after the  
20 end of this 60 day period, until final payment is made.

21 (1.1) A State agency shall review in a timely manner  
22 each bill or invoice after its receipt. If the State agency  
23 determines that the bill or invoice contains a defect  
24 making it unable to process the payment request, the agency  
25 shall notify the vendor requesting payment as soon as  
26 possible after discovering the defect pursuant to rules  
27 promulgated under Section 3-3. The notice shall identify  
28 the defect and any additional information necessary to  
29 correct the defect. State agencies are prohibited from  
30 delaying the review of bills or the submission of bills to  
31 the Comptroller unless a defect in the bill is identified.

32 (2) Where a State official or agency is late in payment

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

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