

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 Comptroller Act is amended by changing
5 Section 9.03 as follows:

6 (15 ILCS 405/9.03) (from Ch. 15, par. 209.03)

7 Sec. 9.03. Direct deposit of State payments.

8 (a) The Comptroller, with the approval of the State
9 Treasurer, may provide by rule or regulation for the direct
10 deposit of any payment lawfully payable from the State Treasury
11 and in accordance with federal banking regulations including
12 but not limited to payments to (i) persons paid from personal
13 services, (ii) persons receiving benefit payments from the
14 Comptroller ~~him~~ under the State pension systems, (iii)
15 individuals who receive assistance under Articles III, IV, and
16 VI of the Illinois Public Aid Code, (iv) providers of services
17 under the Mental Health and Developmental Disabilities
18 Administrative Act, (v) providers of community-based mental
19 health services, and (vi) providers of services under programs
20 administered by the State Board of Education, in the accounts
21 of those persons or entities maintained at a bank, savings and
22 loan association, or credit union, where authorized by the
23 payee. The Comptroller also may deposit public aid payments for

1 individuals who receive assistance under Articles III, IV, VI,
2 and X of the Illinois Public Aid Code directly into an
3 electronic benefits transfer account in a financial
4 institution approved by the State Treasurer as prescribed by
5 the Illinois Department of Human Services and in accordance
6 with the rules and regulations of that Department and the rules
7 and regulations ~~regulation~~ adopted by the Comptroller and the
8 State Treasurer. The Comptroller, with the approval of the
9 State Treasurer, may provide by rule for the electronic direct
10 deposit of payments to public agencies and any other payee of
11 the State. The electronic direct deposits may be made to the
12 designated account in those financial institutions specified
13 in this Section for the direct deposit of payments. Within 6
14 months after the effective date of this amendatory Act of 1994,
15 the Comptroller shall establish a pilot program for the
16 electronic direct deposit of payments to local school
17 districts, municipalities, and units of local government. The
18 payments may be made without the use of the voucher-warrant
19 system, provided that documentation of approval by the
20 Treasurer of each group of payments made by direct deposit
21 shall be retained by the Comptroller. The form and method of
22 the Treasurer's approval shall be established by the rules or
23 regulations adopted by the Comptroller under this Section.

24 (b) All State payments for an employee's payroll or an
25 employee's expense reimbursement must be made through direct
26 deposit. It is the responsibility of the paying State agency to

1 ensure compliance with this mandate. If a State agency pays an
2 employee's payroll or an employee's expense reimbursement
3 without using direct deposit, the Comptroller may charge that
4 employee a processing fee of \$2.50 per paper warrant. The
5 processing fee may be withheld from the employee's payment or
6 reimbursement. The amount collected from the fee shall be
7 deposited into the Comptroller's Administrative Fund.

8 (c) All State payments to a vendor that exceed the
9 allowable limit of paper warrants in a fiscal year, by the same
10 agency, must be made through direct deposit. It is the
11 responsibility of the paying State agency to ensure compliance
12 with this mandate. If a State agency pays a vendor more times
13 than the allowable limit in a single fiscal year without using
14 direct deposit, the Comptroller may charge the vendor a
15 processing fee of \$2.50 per paper warrant. The processing fee
16 may be withheld from the vendor's payment. The amount collected
17 from the processing fee shall be deposited into the
18 Comptroller's Administrative Fund. The Office of the
19 Comptroller shall define "allowable limit" in the
20 Comptroller's Statewide Accounting Management System (SAMS)
21 manual, except that the allowable limit shall not be less than
22 30 paper warrants. The Office of the Comptroller shall also
23 provide reasonable notice to all State agencies of the
24 allowable limit of paper warrants.

25 (d) State employees covered by provisions in collective
26 bargaining agreements that do not require direct deposit of

1 paychecks are exempt from this mandate. No later than 60 days
2 after the effective date of this amendatory Act of the 97th
3 General Assembly, all State agencies must provide to the Office
4 of the Comptroller a list of employees that are exempt under
5 this subsection (d) from the direct deposit mandate. In
6 addition, a State employee or vendor may file a hardship
7 petition with the Office of the Comptroller requesting an
8 exemption from the direct deposit mandate under this Section. A
9 hardship petition shall be made available for download on the
10 Comptroller's official Internet website.

11 (e) Notwithstanding any provision of law to the contrary,
12 the direct deposit of State payments under this Section for an
13 employee's payroll, an employee's expense reimbursement, or a
14 State vendor's payment does not authorize the State to
15 automatically withdraw funds from those accounts.

16 (f) For the purposes of this Section, "vendor" means a
17 non-governmental entity with a taxpayer identification number
18 issued by the Social Security Administration or Internal
19 Revenue Service that receives payments through the
20 Comptroller's commercial system. The term does not include
21 State agencies.

22 (g) The requirements of this Section do not apply to the
23 legislative or judicial branches of State government.

24 (Source: P.A. 88-641, eff. 9-9-94; 88-643, eff. 1-1-95; 89-235,
25 eff. 8-4-95; 89-507, eff. 7-1-97.)

1 Section 10. The State Prompt Payment Act is amended by
2 changing Section 3-2 as follows:

3 (30 ILCS 540/3-2)

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

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

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

13 (1.1) A State agency shall review in a timely manner
14 each bill or invoice after its receipt. If the State agency
15 determines that the bill or invoice contains a defect
16 making it unable to process the payment request, the agency
17 shall notify the vendor requesting payment as soon as
18 possible after discovering the defect pursuant to rules
19 promulgated under Section 3-3; provided, however, that the
20 notice for construction related bills or invoices must be
21 given not later than 30 days after the bill or invoice was
22 first submitted. The notice shall identify the defect and
23 any additional information necessary to correct the
24 defect. If one or more items on a construction related bill
25 or invoice are disapproved, but not the entire bill or
26 invoice, then the portion that is not disapproved shall be

1 paid.

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

23 (3) The provisions of Public Act 96-1501 ~~this~~
24 ~~amendatory Act of the 96th General Assembly~~ reducing the
25 interest rate on pharmacy claims under Article V of the
26 Illinois Public Aid Code to 1.0% per month shall apply to

1 any pharmacy bills for services and goods under Article V
2 of the Illinois Public Aid Code received on or after the
3 date 60 days before January 25, 2011 (the effective date of
4 Public Act 96-1501) ~~this amendatory Act of the 96th General~~
5 ~~Assembly.~~

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

15 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;
16 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.
17 1-25-11; 96-1530, eff. 2-16-11; revised 2-22-11.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.