



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2662

by Rep. Stephanie A. Kifowit

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2
30 ILCS 540/3-5 new

Amends the State Prompt Payment Act. Provides that in order to receive payment under the Act, State agencies shall submit all invoices to the State Comptroller within 30 days after receiving sufficient information to create a proper bill or invoice. Provides that no contracts shall be entered into by a State agency without appropriation authority for the term of the contract. Effective immediately.

LRB100 08993 MLM 19139 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 changing Section 3-2 and by adding Section 3-5 as follows:

6 (30 ILCS 540/3-2)

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 and except as provided
16 under paragraph (1.05) of this Section, approved for
17 payment under this Section must be paid or the payment
18 issued to the payee within 60 days of receipt of a proper
19 bill or invoice. If payment is not issued to the payee
20 within this 60-day period, an interest penalty of 1.0% of
21 any amount approved and unpaid shall be added for each
22 month or fraction thereof after the end of this 60-day
23 period, until final payment is made. Any bill, except a

1 bill for pharmacy or nursing facility services or goods,
2 and except as provided under paragraph (1.05) of this
3 Section, submitted under Article V of the Illinois Public
4 Aid Code approved for payment under this Section must be
5 paid or the payment issued to the payee within 60 days
6 after receipt of a proper bill or invoice, and, if payment
7 is not issued to the payee within this 60-day period, an
8 interest penalty of 2.0% of any amount approved and unpaid
9 shall be added for each month or fraction thereof after the
10 end of this 60-day period, until final payment is made. Any
11 bill for pharmacy or nursing facility services or goods
12 submitted under Article V of the Illinois Public Aid Code,
13 except as provided under paragraph (1.05) of this Section,
14 and approved for payment under this Section must be paid or
15 the payment issued to the payee within 60 days of receipt
16 of a proper bill or invoice. If payment is not issued to
17 the payee within this 60-day period, an interest penalty of
18 1.0% of any amount approved and unpaid shall be added for
19 each month or fraction thereof after the end of this 60-day
20 period, until final payment is made.

21 (1.05) For State fiscal year 2012 and future fiscal
22 years, any bill approved for payment under this Section
23 must be paid or the payment issued to the payee within 90
24 days of receipt of a proper bill or invoice. If payment is
25 not issued to the payee within this 90-day period, an
26 interest penalty of 1.0% of any amount approved and unpaid

1 shall be added for each month, or 0.033% (one-thirtieth of
2 one percent) of any amount approved and unpaid for each
3 day, after the end of this 90-day period, until final
4 payment is made.

5 (1.1) A State agency shall review in a timely manner
6 each bill or invoice after its receipt. If the State agency
7 determines that the bill or invoice contains a defect
8 making it unable to process the payment request, the agency
9 shall notify the vendor requesting payment as soon as
10 possible after discovering the defect pursuant to rules
11 promulgated under Section 3-3; provided, however, that the
12 notice for construction related bills or invoices must be
13 given not later than 30 days after the bill or invoice was
14 first submitted. The notice shall identify the defect and
15 any additional information necessary to correct the
16 defect. If one or more items on a construction related bill
17 or invoice are disapproved, but not the entire bill or
18 invoice, then the portion that is not disapproved shall be
19 paid.

20 (2) Where a State official or agency is late in payment
21 of a vendor's bill or invoice properly approved in
22 accordance with this Act, and different late payment terms
23 are not reduced to writing as a contractual agreement, the
24 State official or agency shall automatically pay interest
25 penalties required by this Section amounting to \$50 or more
26 to the appropriate vendor. Each agency shall be responsible

1 for determining whether an interest penalty is owed and for
2 paying the interest to the vendor. Except as provided in
3 paragraph (4), an individual interest payment amounting to
4 \$5 or less shall not be paid by the State. Interest due to
5 a vendor that amounts to greater than \$5 and less than \$50
6 shall not be paid but shall be accrued until all interest
7 due the vendor for all similar warrants exceeds \$50, at
8 which time the accrued interest shall be payable and
9 interest will begin accruing again, except that interest
10 accrued as of the end of the fiscal year that does not
11 exceed \$50 shall be payable at that time. In the event an
12 individual has paid a vendor for services in advance, the
13 provisions of this Section shall apply until payment is
14 made to that individual.

15 (3) The provisions of Public Act 96-1501 reducing the
16 interest rate on pharmacy claims under Article V of the
17 Illinois Public Aid Code to 1.0% per month shall apply to
18 any pharmacy bills for services and goods under Article V
19 of the Illinois Public Aid Code received on or after the
20 date 60 days before January 25, 2011 (the effective date of
21 Public Act 96-1501) except as provided under paragraph
22 (1.05) of this Section.

23 (4) Interest amounting to less than \$5 shall not be
24 paid by the State, except for claims (i) to the Department
25 of Healthcare and Family Services or the Department of
26 Human Services, (ii) pursuant to Article V of the Illinois

1 Public Aid Code, the Covering ALL KIDS Health Insurance
2 Act, or the Children's Health Insurance Program Act, and
3 (iii) made (A) by pharmacies for prescriptive services or
4 (B) by any federally qualified health center for
5 prescriptive services or any other services.

6 (5) In order to receive payment under this Act, State
7 agencies shall submit all invoices to the State Comptroller
8 for payment within 30 days after receiving sufficient
9 information to create a proper bill or invoice.

10 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;
11 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.
12 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff.
13 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932,
14 eff. 8-10-12; 97-1142, eff. 12-28-12.)

15 (30 ILCS 540/3-5 new)

16 Sec. 3-5. Contracts; appropriations. Notwithstanding any
17 other provision of law to the contrary, no contracts shall be
18 entered into by a State agency without appropriation authority
19 for the term of the contract.

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.