

# SB2202



## 100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2202

Introduced 4/27/2017, by Sen. Dan McConchie

### SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that for State fiscal year 2018 and future fiscal years, any bill approved for payment under this Section must be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. Provides that if payment is not issued to the payee within this 90-day period, an interest penalty of 0.3% (currently, 1%) of any amount approved and unpaid shall be added for each month, or 0.01% (currently, 0.033%) of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made. Makes conforming changes.

LRB100 12218 MLM 24711 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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)

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) or (1.07) of this Section, approved  
17 for 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) or (1.07) of  
3 this Section, submitted under Article V of the Illinois  
4 Public Aid Code approved for payment under this Section  
5 must be paid or the payment issued to the payee within 60  
6 days after receipt of a proper bill or invoice, and, if  
7 payment is not issued to the payee within this 60-day  
8 period, an interest penalty of 2.0% of any amount approved  
9 and unpaid shall be added for each month or fraction  
10 thereof after the end of this 60-day period, until final  
11 payment is made. Any bill for pharmacy or nursing facility  
12 services or goods submitted under Article V of the Illinois  
13 Public Aid Code, except as provided under paragraph (1.05)  
14 or (1.07) of this Section, and approved for payment under  
15 this Section must be paid or the payment issued to the  
16 payee within 60 days of receipt of a proper bill or  
17 invoice. If payment is not issued to the payee within this  
18 60-day period, an interest penalty of 1.0% of any amount  
19 approved and unpaid shall be added for each month or  
20 fraction thereof after the end of this 60-day period, until  
21 final payment is made.

22 (1.05) For State fiscal year 2012 through State fiscal  
23 year 2017 ~~and future fiscal years~~, any bill approved for  
24 payment under this Section must be paid or the payment  
25 issued to the payee within 90 days of receipt of a proper  
26 bill or invoice. If payment is not issued to the payee

1 within this 90-day period, an interest penalty of 1.0% of  
2 any amount approved and unpaid shall be added for each  
3 month, or 0.033% (one-thirtieth of one percent) of any  
4 amount approved and unpaid for each day, after the end of  
5 this 90-day period, until final payment is made.

6 (1.07) For State fiscal year 2018 and future fiscal  
7 years, any bill approved for payment under this Section  
8 must be paid or the payment issued to the payee within 90  
9 days of receipt of a proper bill or invoice. If payment is  
10 not issued to the payee within this 90-day period, an  
11 interest penalty of 0.3% of any amount approved and unpaid  
12 shall be added for each month, or 0.01% (one-thirtieth of  
13 0.3%) of any amount approved and unpaid for each day, after  
14 the end of this 90-day period, until final payment is made.

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

1 or invoice are disapproved, but not the entire bill or  
2 invoice, then the portion that is not disapproved shall be  
3 paid.

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

25 (3) The provisions of Public Act 96-1501 reducing the  
26 interest rate on pharmacy claims under Article V of the

1 Illinois Public Aid Code to 1.0% per month shall apply to  
2 any pharmacy bills for services and goods under Article V  
3 of the Illinois Public Aid Code received on or after the  
4 date 60 days before January 25, 2011 (the effective date of  
5 Public Act 96-1501) except as provided under paragraph  
6 (1.05) of this Section.

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

16 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;  
17 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.  
18 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff.  
19 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932,  
20 eff. 8-10-12; 97-1142, eff. 12-28-12.)