

# SB2255



## 100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2255

Introduced 11/1/2017, by Sen. Laura M. Murphy

### SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that, for bills approved for payment on or after July 1, 2018, the prompt payment interest rate for the fiscal year shall be the greater of (i) 3% or (ii) 2 times the percentage increase, if any, in the Consumer Price Index For All Urban Consumers during the 12-month period immediately preceding the first day of the fiscal year (currently, 1% generally and 2% for certain bills submitted under Article V of the Illinois Public Aid Code). Effective immediately.

LRB100 15201 HLH 30097 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) This paragraph (1) applies to bills approved for  
15 payment prior to July 1, 2018. Any bill, except a bill  
16 submitted under Article V of the Illinois Public Aid Code  
17 and except as provided under paragraphs ~~paragraph~~ (1.05)  
18 and (1.06) of this Section, approved for payment under this  
19 Section must be paid or the payment issued to the payee  
20 within 60 days of receipt of a proper bill or invoice. If  
21 payment is not issued to the payee within this 60-day  
22 period, an interest penalty of 1.0% of any amount approved  
23 and unpaid shall be added for each month or fraction

1       thereof after the end of this 60-day period, until final  
2       payment is made. Any bill, except a bill for pharmacy or  
3       nursing facility services or goods, and except as provided  
4       under paragraphs ~~paragraph~~ (1.05) and (1.06) of this  
5       Section, submitted under Article V of the Illinois Public  
6       Aid Code approved for payment under this Section must be  
7       paid or the payment issued to the payee within 60 days  
8       after receipt of a proper bill or invoice, and, if payment  
9       is not issued to the payee within this 60-day period, an  
10      interest penalty of 2.0% of any amount approved and unpaid  
11      shall be added for each month or fraction thereof after the  
12      end of this 60-day period, until final payment is made. Any  
13      bill for pharmacy or nursing facility services or goods  
14      submitted under Article V of the Illinois Public Aid Code,  
15      except as provided under paragraphs ~~paragraph~~ (1.05) and  
16      (1.06) of this Section, and approved for payment under this  
17      Section must be paid or the payment issued to the payee  
18      within 60 days of receipt of a proper bill or invoice. If  
19      payment is not issued to the payee within this 60-day  
20      period, an interest penalty of 1.0% of any amount approved  
21      and unpaid shall be added for each month or fraction  
22      thereof after the end of this 60-day period, until final  
23      payment is made.

24           (1.05) For State fiscal year 2012 and through June 30,  
25      2018 ~~future fiscal years~~, any bill approved for payment  
26      under this Section must be paid or the payment issued to

1 the payee within 90 days of receipt of a proper bill or  
2 invoice. If payment is not issued to the payee within this  
3 90-day period, an interest penalty of 1.0% of any amount  
4 approved and unpaid shall be added for each month, or  
5 0.033% (one-thirtieth of one percent) of any amount  
6 approved and unpaid for each day, after the end of this  
7 90-day period, until final payment is made.

8 (1.06) This paragraph (1.06) applies to bills approved  
9 for payment on or after July 1, 2018. By July 1, 2018, and  
10 by July 1 of each year thereafter, the State Comptroller  
11 shall determine the prompt payment interest rate for the  
12 fiscal year beginning on that July 1. Any bill approved for  
13 payment under this Section on or after July 1, 2018 must be  
14 paid or the payment issued to the payee within 90 days of  
15 receipt of a proper bill or invoice. If payment is not  
16 issued to the payee within this 90-day period, an interest  
17 penalty calculated using the prompt payment interest rate  
18 shall be added for each month or fraction thereof after the  
19 end of this 90-day period until final payment is made. As  
20 used in this paragraph (1.06), "prompt payment interest  
21 rate" means the greater of (i) 3% or (ii) 2 times the  
22 percentage increase, if any, in the Consumer Price Index  
23 For All Urban Consumers during the 12-month period  
24 immediately preceding that July 1.

25 (1.1) A State agency shall review in a timely manner  
26 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; provided, however, that the  
6 notice for construction related bills or invoices must be  
7 given not later than 30 days after the bill or invoice was  
8 first submitted. The notice shall identify the defect and  
9 any additional information necessary to correct the  
10 defect. If one or more items on a construction related bill  
11 or invoice are disapproved, but not the entire bill or  
12 invoice, then the portion that is not disapproved shall be  
13 paid.

14 (2) Where a State official or agency is late in payment  
15 of a vendor's bill or invoice properly approved in  
16 accordance with this Act, and different late payment terms  
17 are not reduced to writing as a contractual agreement, the  
18 State official or agency shall automatically pay interest  
19 penalties required by this Section amounting to \$50 or more  
20 to the appropriate vendor. Each agency shall be responsible  
21 for determining whether an interest penalty is owed and for  
22 paying the interest to the vendor. Except as provided in  
23 paragraph (4), an individual interest payment amounting to  
24 \$5 or less shall not be paid by the State. Interest due to  
25 a vendor that amounts to greater than \$5 and less than \$50  
26 shall not be paid but shall be accrued until all interest

1 due the vendor for all similar warrants exceeds \$50, at  
2 which time the accrued interest shall be payable and  
3 interest will begin accruing again, except that interest  
4 accrued as of the end of the fiscal year that does not  
5 exceed \$50 shall be payable at that time. In the event an  
6 individual has paid a vendor for services in advance, the  
7 provisions of this Section shall apply until payment is  
8 made to that individual.

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

17 (4) Interest amounting to less than \$5 shall not be  
18 paid by the State, except for claims (i) to the Department  
19 of Healthcare and Family Services or the Department of  
20 Human Services, (ii) pursuant to Article V of the Illinois  
21 Public Aid Code, the Covering ALL KIDS Health Insurance  
22 Act, or the Children's Health Insurance Program Act, and  
23 (iii) made (A) by pharmacies for prescriptive services or  
24 (B) by any federally qualified health center for  
25 prescriptive services or any other services.

26 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;

1 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.  
2 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff.  
3 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932,  
4 eff. 8-10-12; 97-1142, eff. 12-28-12.)

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.