



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB0688

Introduced 2/25/2021, by Sen. Laura M. Murphy

#### SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that by July 1, 2021, and by July 1 of each year thereafter, the State Comptroller shall determine the prompt payment interest rate for the fiscal year beginning on that July 1. Provides that any bill approved for payment on or after July 1, 2021 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 calculated using the prompt payment interest rate shall be added for each month or fraction thereof after the end of this 90-day period until final payment is made. Provides for the prompt payment interest rate under the applicable provisions. Makes conforming and other changes. Effective immediately.

LRB102 11553 RJF 16887 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 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 on or after July 1, 2021. 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  
19 this Section must be paid or the payment issued to the  
20 payee within 60 days of receipt of a proper bill or  
21 invoice. If payment is not issued to the payee within this  
22 60-day period, an interest penalty of 1.0% of any amount  
23 approved and unpaid shall be added for each month or

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

24 (1.05) For State fiscal year 2012 and through June 30,  
25 2021 ~~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, 2021, except for bills for  
10 nursing facility services submitted under Article V of the  
11 Illinois Public Aid Code. By July 1, 2021, and by July 1 of  
12 each year thereafter, the State Comptroller shall  
13 determine the prompt payment interest rate for the fiscal  
14 year beginning on that July 1. Any bill approved for  
15 payment under this Section on or after July 1, 2021 must be  
16 paid or the payment issued to the payee within 90 days of  
17 receipt of a proper bill or invoice. If payment is not  
18 issued to the payee within this 90-day period, an interest  
19 penalty calculated using the prompt payment interest rate  
20 shall be added for each month or fraction thereof after  
21 the end of this 90-day period until final payment is made.  
22 For the purposes of this paragraph (1.06), the prompt  
23 payment interest rate shall be decreased from (i) 1% per  
24 month (or 0.033% per day) for bills approved for payment  
25 on or after July 1, 2021 to (ii) the greater of (A) 0.25%  
26 per month (or an annual rate of 3%) or (B) an annual rate

1       of 2 times the percentage increase, if any, in the  
2       Consumer Price Index For All Urban Consumers during the  
3       12-month period immediately preceding that July 1 for  
4       bills approved for payment on or after July 1, 2021.

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

20           (2) Where a State official or agency is late in  
21      payment 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  
26      more to the appropriate vendor. Each agency shall be

1 responsible for determining whether an interest penalty is  
2 owed and for paying the interest to the vendor. Except as  
3 provided in paragraph (4), an individual interest payment  
4 amounting to \$5 or less shall not be paid by the State.  
5 Interest due to a vendor that amounts to greater than \$5  
6 and less than \$50 shall not be paid but shall be accrued  
7 until all interest due the vendor for all similar warrants  
8 exceeds \$50, at which time the accrued interest shall be  
9 payable and interest will begin accruing again, except  
10 that interest accrued as of the end of the fiscal year that  
11 does not exceed \$50 shall be payable at that time. In the  
12 event an individual has paid a vendor for services in  
13 advance, the provisions of this Section shall apply until  
14 payment is 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  
21 of 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 Notwithstanding any provision to the contrary, interest  
7 may not be paid under this Act when: (1) a Chief Procurement  
8 Officer has voided the underlying contract for goods or  
9 services under Article 50 of the Illinois Procurement Code; or  
10 (2) the Auditor General is conducting a performance or program  
11 audit and the Comptroller has held or is holding for review a  
12 related contract or vouchers for payment of goods or services  
13 in the exercise of duties under Section 9 of the State  
14 Comptroller Act. In such event, interest shall not accrue  
15 during the pendency of the Auditor General's review.

16 (Source: P.A. 100-1064, eff. 8-24-18.)

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