



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5898

by Rep. Robert F. Flider

SYNOPSIS AS INTRODUCED:

15 ILCS 20/50-5
30 ILCS 540/3-2

was 15 ILCS 20/38
from Ch. 127, par. 132.403-2

Amends the State Budget Law of the Civil Administrative Code of Illinois. Requires that the Governor's submitted budget include information concerning the amount and description of overdue bills and invoices under the State Prompt Payment Act. Amends the Prompt Payment Act. Accelerates the payment period from 60 days after the bill is submitted to 30 days after the bill is submitted. Increases the interest penalty from 1% to 1.5% if the payment is not made within 60 days after the bill is submitted. Effective immediately.

LRB095 18934 BDD 45088 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 Budget Law of the Civil Administrative
5 Code of Illinois is amended by changing Section 50-5 as
6 follows:

7 (15 ILCS 20/50-5) (was 15 ILCS 20/38)

8 Sec. 50-5. Governor to submit State budget. The Governor
9 shall, as soon as possible and not later than the first
10 Wednesday in March in 2007 (March 7, 2007) and the third
11 Wednesday in February of each year beginning in 2008, except as
12 otherwise provided in this Section, submit a State budget,
13 embracing therein the amounts recommended by the Governor to be
14 appropriated to the respective departments, offices, and
15 institutions, and for all other public purposes, the estimated
16 revenues from taxation, the estimated revenues from sources
17 other than taxation, ~~and~~ an estimate of the amount required to
18 be raised by taxation, and the amount and description of
19 overdue bills and invoices under the State Prompt Payment Act.
20 In 2004 only, the Governor shall submit the capital development
21 section of the State budget not later than the fourth Tuesday
22 of March (March 23, 2004). The amounts recommended by the
23 Governor for appropriation to the respective departments,

1 offices and institutions shall be formulated according to the
2 various functions and activities for which the respective
3 department, office or institution of the State government
4 (including the elective officers in the executive department
5 and including the University of Illinois and the judicial
6 department) is responsible. The amounts relating to particular
7 functions and activities shall be further formulated in
8 accordance with the object classification specified in Section
9 13 of the State Finance Act.

10 The amount and description of overdue bills and invoices
11 under the State Prompt Payment Act must include:

12 (1) the total number of and amount of bills or invoices
13 that were not paid within 30 days after submission during
14 the prior fiscal year;

15 (2) the total number of and amount of bills or invoices
16 that were not paid within 60 days after submission during
17 the prior fiscal year;

18 (3) the total amount of interest penalties that the
19 State incurred during the prior fiscal year under Section
20 3-2 of the State Prompt Payment Act; and

21 (4) the estimated amount of all moneys that will be due
22 under Section 3-2 of the State Prompt Payment Act as of May
23 31 of the current year.

24 The Governor shall not propose expenditures and the General
25 Assembly shall not enact appropriations that exceed the
26 resources estimated to be available, as provided in this

1 Section.

2 For the purposes of Article VIII, Section 2 of the 1970
3 Illinois Constitution, the State budget for the following funds
4 shall be prepared on the basis of revenue and expenditure
5 measurement concepts that are in concert with generally
6 accepted accounting principles for governments:

7 (1) General Revenue Fund.

8 (2) Common School Fund.

9 (3) Educational Assistance Fund.

10 (4) Road Fund.

11 (5) Motor Fuel Tax Fund.

12 (6) Agricultural Premium Fund.

13 These funds shall be known as the "budgeted funds". The
14 revenue estimates used in the State budget for the budgeted
15 funds shall include the estimated beginning fund balance, plus
16 revenues estimated to be received during the budgeted year,
17 plus the estimated receipts due the State as of June 30 of the
18 budgeted year that are expected to be collected during the
19 lapse period following the budgeted year, minus the receipts
20 collected during the first 2 months of the budgeted year that
21 became due to the State in the year before the budgeted year.
22 Revenues shall also include estimated federal reimbursements
23 associated with the recognition of Section 25 of the State
24 Finance Act liabilities. For any budgeted fund for which
25 current year revenues are anticipated to exceed expenditures,
26 the surplus shall be considered to be a resource available for

1 expenditure in the budgeted fiscal year.

2 Expenditure estimates for the budgeted funds included in
3 the State budget shall include the costs to be incurred by the
4 State for the budgeted year, to be paid in the next fiscal
5 year, excluding costs paid in the budgeted year which were
6 carried over from the prior year, where the payment is
7 authorized by Section 25 of the State Finance Act. For any
8 budgeted fund for which expenditures are expected to exceed
9 revenues in the current fiscal year, the deficit shall be
10 considered as a use of funds in the budgeted fiscal year.

11 Revenues and expenditures shall also include transfers
12 between funds that are based on revenues received or costs
13 incurred during the budget year.

14 By March 15 of each year, the Commission on Government
15 Forecasting and Accountability shall prepare revenue and fund
16 transfer estimates in accordance with the requirements of this
17 Section and report those estimates to the General Assembly and
18 the Governor.

19 For all funds other than the budgeted funds, the proposed
20 expenditures shall not exceed funds estimated to be available
21 for the fiscal year as shown in the budget. Appropriation for a
22 fiscal year shall not exceed funds estimated by the General
23 Assembly to be available during that year.

24 (Source: P.A. 93-1, eff. 2-6-03; 93-662, eff. 2-11-04; 93-1067,
25 eff. 1-15-05; 94-1108, eff. 2-16-07.)

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

3 (30 ILCS 540/3-2) (from Ch. 127, par. 132.403-2)

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 approved for payment under this Section
12 must be paid or the payment issued to the payee within 30
13 days after the ~~60 days of~~ receipt of a proper bill or
14 invoice. If payment is not issued to the payee within this
15 30-day ~~60-day~~ period, then an interest penalty of 1.0% of
16 any amount approved and unpaid shall be added for each
17 month or fraction thereof after the end of this 30-day ~~60~~
18 ~~day~~ period, until the earlier of (i) the date that final
19 payment is made or (ii) 60 days after the receipt of the
20 bill or invoice. If payment is not issued to the payee
21 within 60 days after the receipt of the bill or invoice,
22 then an interest penalty of 1.5% of any amount approved and
23 unpaid is added for each month or fraction thereof after
24 the end of this 60-day period until final payment is made.

25 (1.1) A State agency shall review in a timely manner

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

15 (2) Where a State official or agency is late in payment
16 of a vendor's bill or invoice properly approved in
17 accordance with this Act, and different late payment terms
18 are not reduced to writing as a contractual agreement, the
19 State official or agency shall automatically pay interest
20 penalties required by this Section amounting to \$50 or more
21 to the appropriate vendor. Each agency shall be responsible
22 for determining whether an interest penalty is owed and for
23 paying the interest to the vendor. For interest of at least
24 \$5 but less than \$50, the vendor must initiate a written
25 request for the interest penalty when such interest is due
26 and payable. The Department of Central Management Services

1 and the State Comptroller shall jointly promulgate rules
2 establishing the conditions under which interest of less
3 than \$5 may be claimed and paid. In the event an individual
4 has paid a vendor for services in advance, the provisions
5 of this Section shall apply until payment is made to that
6 individual.

7 (Source: P.A. 94-972, eff. 7-1-07.)

8 Section 999. Effective date. This Act takes effect upon
9 becoming law.