



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

**HB3449**

Introduced 2/24/2011, by Rep. Frank J. Mautino

#### SYNOPSIS AS INTRODUCED:

15 ILCS 405/9.03  
30 ILCS 540/3-2

from Ch. 15, par. 209.03

Amends the State Comptroller Act. Provides that all State payments for an employee's payroll, a retiree's pension, or an employee's expense reimbursement must be made through direct deposit. Provides that all State payments to a vendor that exceed a certain allowable limit of paper warrants in a fiscal year, by the same agency, must be made through direct deposit. Provides that, if a State agency fails to meet the direct deposit requirements, the Comptroller may charge the employee, retiree, or vendor a processing fee of \$2.50 per paper warrant. Amends the State Prompt Payment Act. Provides that an individual interest penalty for a late payment owed by the State amounting to \$5 or less shall not be paid by the State. Provides that the Comptroller may require all interest penalty payments to be made through direct deposit. Effective immediately.

LRB097 10811 PJG 51265 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Comptroller Act is amended by changing  
5 Section 9.03 as follows:

6 (15 ILCS 405/9.03) (from Ch. 15, par. 209.03)

7 Sec. 9.03. Direct deposit of State payments.

8 (a) The Comptroller, with the approval of the State  
9 Treasurer, may provide by rule or regulation for the direct  
10 deposit of any payment lawfully payable from the State Treasury  
11 and in accordance with federal banking regulations including  
12 but not limited to payments to (i) persons paid from personal  
13 services, (ii) persons receiving benefit payments from him  
14 under the State pension systems, (iii) individuals who receive  
15 assistance under Articles III, IV, and VI of the Illinois  
16 Public Aid Code, (iv) providers of services under the Mental  
17 Health and Developmental Disabilities Administrative Act, (v)  
18 providers of community-based mental health services, and (vi)  
19 providers of services under programs administered by the State  
20 Board of Education, in the accounts of those persons or  
21 entities maintained at a bank, savings and loan association, or  
22 credit union, where authorized by the payee. The Comptroller  
23 also may deposit public aid payments for individuals who

1 receive assistance under Articles III, IV, VI, and X of the  
2 Illinois Public Aid Code directly into an electronic benefits  
3 transfer account in a financial institution approved by the  
4 State Treasurer as prescribed by the Illinois Department of  
5 Human Services and in accordance with the rules and regulations  
6 of that Department and the rules and regulation adopted by the  
7 Comptroller and the State Treasurer. The Comptroller, with the  
8 approval of the State Treasurer, may provide by rule for the  
9 electronic direct deposit of payments to public agencies and  
10 any other payee of the State. The electronic direct deposits  
11 may be made to the designated account in those financial  
12 institutions specified in this Section for the direct deposit  
13 of payments. Within 6 months after the effective date of this  
14 amendatory Act of 1994, the Comptroller shall establish a pilot  
15 program for the electronic direct deposit of payments to local  
16 school districts, municipalities, and units of local  
17 government. The payments may be made without the use of the  
18 voucher-warrant system, provided that documentation of  
19 approval by the Treasurer of each group of payments made by  
20 direct deposit shall be retained by the Comptroller. The form  
21 and method of the Treasurer's approval shall be established by  
22 the rules or regulations adopted by the Comptroller under this  
23 Section.

24 (b) All State payments for an employee's payroll, a  
25 retiree's pension benefit, or an employee's expense  
26 reimbursement must be made through direct deposit. It is the

1 responsibility of the paying State agency to ensure compliance  
2 with this mandate. If a State agency pays an employee's  
3 payroll, a retiree's pension benefit, or an employee's expense  
4 reimbursement without using direct deposit, the Comptroller  
5 may charge that employee a processing fee of \$2.50 per paper  
6 warrant. The amount collected from the fee shall be deposited  
7 into the Comptroller's Administrative Fund.

8 (c) All State payments to a vendor that exceed the  
9 allowable limit of paper warrants in a fiscal year, by the same  
10 agency, must be made through direct deposit. It is the  
11 responsibility of the paying State agency to ensure compliance  
12 with this mandate. If a State agency pays a vendor more times  
13 than the allowable limit in a single fiscal year without using  
14 direct deposit, the Comptroller may charge the vendor a  
15 processing fee of \$2.50 per paper warrant. The amount collected  
16 from the processing fee shall be deposited into the  
17 Comptroller's Administrative Fund. The Office of Comptroller  
18 shall define "vendor" and "allowable limit" in the Statewide  
19 Accounting Management Manual System (SAMS) manual and shall  
20 provide such notice to all State agencies.

21 (Source: P.A. 88-641, eff. 9-9-94; 88-643, eff. 1-1-95; 89-235,  
22 eff. 8-4-95; 89-507, eff. 7-1-97.)

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

1 (30 ILCS 540/3-2)

2 Sec. 3-2. Beginning July 1, 1993, in any instance where a  
3 State official or agency is late in payment of a vendor's bill  
4 or invoice for goods or services furnished to the State, as  
5 defined in Section 1, properly approved in accordance with  
6 rules promulgated under Section 3-3, the State official or  
7 agency shall pay interest to the vendor in accordance with the  
8 following:

9 (1) Any bill, except a bill submitted under Article V  
10 of the Illinois Public Aid Code, approved for payment under  
11 this Section must be paid or the payment issued to the  
12 payee within 60 days of receipt of a proper bill or  
13 invoice. If payment is not issued to the payee within this  
14 60-day ~~60-day~~ period, an interest penalty of 1.0% of any  
15 amount approved and unpaid shall be added for each month or  
16 fraction thereof after the end of this 60-day ~~60-day~~  
17 period, until final payment is made. Any bill, except a  
18 bill for pharmacy or nursing facility services or goods,  
19 submitted under Article V of the Illinois Public Aid Code  
20 approved for payment under this Section must be paid or the  
21 payment issued to the payee within 60 days after receipt of  
22 a proper bill or invoice, and, if payment is not issued to  
23 the payee within this 60-day period, an interest penalty of  
24 2.0% of any amount approved and unpaid shall be added for  
25 each month or fraction thereof after the end of this 60-day  
26 period, until final payment is made. Any bill for pharmacy

1 or nursing facility services or goods submitted under  
2 Article V of the Illinois Public Aid Code and, approved for  
3 payment under this Section must be paid or the payment  
4 issued to the payee within 60 days of receipt of a proper  
5 bill or invoice. If payment is not issued to the payee  
6 within this 60-day ~~60-day~~ period, an interest penalty of  
7 1.0% of any amount approved and unpaid shall be added for  
8 each month or fraction thereof after the end of this 60-day  
9 ~~60-day~~ period, until final payment is made.

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

25 (2) Where a State official or agency is late in payment  
26 of a vendor's bill or invoice properly approved in

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

19 (3) The provisions of Public Act 96-1501 ~~this~~  
20 ~~amendatory Act of the 96th General Assembly~~ reducing the  
21 interest rate on pharmacy claims under Article V of the  
22 Illinois Public Aid Code to 1.0% per month shall apply to  
23 any pharmacy bills for services and goods under Article V  
24 of the Illinois Public Aid Code received on or after the  
25 date 60 days before January 25, 2011 (the effective date of  
26 Public Act 96-1501) ~~this amendatory Act of the 96th General~~

1 ~~Assembly.~~

2 (4) The Office Of Comptroller may require all interest  
3 penalty payments made under item (2) to be made through  
4 direct deposit. The Comptroller may charge a vendor a fee  
5 of \$2.50 per paper warrant issued. The fee must be  
6 deposited into the Comptroller's Administrative Fund.

7 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;  
8 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.  
9 1-25-11; 96-1530, eff. 2-16-11; revised 2-22-11.)

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.