



Rep. Frank J. Mautino

Filed: 3/8/2011

09700HB3449ham001

LRB097 10811 RLJ 52394 a

1 AMENDMENT TO HOUSE BILL 3449

2 AMENDMENT NO. _____. Amend House Bill 3449 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Comptroller Act is amended by
5 changing 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 the
14 Comptroller ~~him~~ under the State pension systems, (iii)
15 individuals who receive assistance under Articles III, IV, and
16 VI of the Illinois Public Aid Code, (iv) providers of services

1 under the Mental Health and Developmental Disabilities
2 Administrative Act, (v) providers of community-based mental
3 health services, and (vi) providers of services under programs
4 administered by the State Board of Education, in the accounts
5 of those persons or entities maintained at a bank, savings and
6 loan association, or credit union, where authorized by the
7 payee. The Comptroller also may deposit public aid payments for
8 individuals who receive assistance under Articles III, IV, VI,
9 and X of the Illinois Public Aid Code directly into an
10 electronic benefits transfer account in a financial
11 institution approved by the State Treasurer as prescribed by
12 the Illinois Department of Human Services and in accordance
13 with the rules and regulations of that Department and the rules
14 and regulation adopted by the Comptroller and the State
15 Treasurer. The Comptroller, with the approval of the State
16 Treasurer, may provide by rule for the electronic direct
17 deposit of payments to public agencies and any other payee of
18 the State. The electronic direct deposits may be made to the
19 designated account in those financial institutions specified
20 in this Section for the direct deposit of payments. Within 6
21 months after the effective date of this amendatory Act of 1994,
22 the Comptroller shall establish a pilot program for the
23 electronic direct deposit of payments to local school
24 districts, municipalities, and units of local government. The
25 payments may be made without the use of the voucher-warrant
26 system, provided that documentation of approval by the

1 Treasurer of each group of payments made by direct deposit
2 shall be retained by the Comptroller. The form and method of
3 the Treasurer's approval shall be established by the rules or
4 regulations adopted by the Comptroller under this Section.

5 (b) All State payments for an employee's payroll or an
6 employee's expense reimbursement must be made through direct
7 deposit. It is the responsibility of the paying State agency to
8 ensure compliance with this mandate. If a State agency pays an
9 employee's payroll or an employee's expense reimbursement
10 without using direct deposit, the Comptroller may charge that
11 employee a processing fee of \$2.50 per paper warrant. The
12 amount collected from the fee shall be deposited into the
13 Comptroller's Administrative Fund.

14 (c) A State employee or vendor may file a hardship petition
15 with the Office of the Comptroller requesting an exemption from
16 the direct deposit mandate under this Section. A hardship
17 petition shall be made available for download on the
18 Comptroller's official Internet website.

19 (d) All State payments to a vendor that exceed the
20 allowable limit of paper warrants in a fiscal year, by the same
21 agency, must be made through direct deposit. It is the
22 responsibility of the paying State agency to ensure compliance
23 with this mandate. If a State agency pays a vendor more times
24 than the allowable limit in a single fiscal year without using
25 direct deposit, the Comptroller may charge the vendor a
26 processing fee of \$2.50 per paper warrant. The amount collected

1 from the processing fee shall be deposited into the
2 Comptroller's Administrative Fund. The Office of Comptroller
3 shall define "vendor" and "allowable limit" in the Statewide
4 Accounting Management Manual System (SAMS) manual and shall
5 provide such notice to all State agencies.

6 (e) Notwithstanding any provision of law to the contrary,
7 the direct deposit of State payments under this Section for an
8 employee's payroll, an employee's expense reimbursement, or a
9 State vendor's payment does not authorize the State to
10 automatically withdraw funds from those accounts.

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

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

15 (30 ILCS 540/3-2)

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

23 (1) Any bill, except a bill submitted under Article V
24 of the Illinois Public Aid Code, approved for payment under

1 this Section must be paid or the payment issued to the
2 payee within 60 days of receipt of a proper bill or
3 invoice. If payment is not issued to the payee within this
4 60-day ~~60-day~~ period, an interest penalty of 1.0% of any
5 amount approved and unpaid shall be added for each month or
6 fraction thereof after the end of this 60-day ~~60-day~~
7 period, until final payment is made. Any bill, except a
8 bill for pharmacy or nursing facility services or goods,
9 submitted under Article V of the Illinois Public Aid Code
10 approved for payment under this Section must be paid or the
11 payment issued to the payee within 60 days after receipt of
12 a proper bill or invoice, and, if payment is not issued to
13 the payee within this 60-day period, an interest penalty of
14 2.0% of any amount approved and unpaid shall be added for
15 each month or fraction thereof after the end of this 60-day
16 period, until final payment is made. Any bill for pharmacy
17 or nursing facility services or goods submitted under
18 Article V of the Illinois Public Aid Code and~~7~~ approved for
19 payment under this Section must be paid or the payment
20 issued to the payee within 60 days of receipt of a proper
21 bill or invoice. If payment is not issued to the payee
22 within this 60-day ~~60-day~~ period, an interest penalty of
23 1.0% of any amount approved and unpaid shall be added for
24 each month or fraction thereof after the end of this 60-day
25 ~~60-day~~ period, until final payment is made.

26 (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. Except as provided in
24 paragraph (4), an individual interest payment amounting to
25 \$5 or less shall not be paid by the State. Interest due to
26 a vendor that amounts to greater than \$5 and less than \$50

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

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

19 (4) Interest amounting to less than \$5 shall not be
20 paid by the State, except for claims for prescriptive
21 services submitted pursuant to Article V of the Illinois
22 Public Aid Code, the Covering ALL KIDS Health Insurance
23 Act, or the Children's Health Insurance Program Act by a
24 pharmacy to the Department of Healthcare and Family
25 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; revised 2-22-11.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.".