

SB1728



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1728

Introduced 2/9/2011, by Sen. Tim Bivins

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that interest payments under the Act must be made by electronic funds transfer. Provides that the State official or agency may not share the vendor's account information with any other State agency. Effective July 1, 2011.

LRB097 00134 HLH 40142 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 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) Any bill, except a bill submitted under Article V
15 of the Illinois Public Aid Code, approved for payment under
16 this Section must be paid or the payment issued to the
17 payee within 60 days of receipt of a proper bill or
18 invoice. If payment is not issued to the payee within this
19 60 day period, an interest penalty of 1.0% of any amount
20 approved and unpaid shall be added for each month or
21 fraction thereof after the end of this 60 day period, until
22 final payment is made. Any bill submitted under Article V
23 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 after receipt of a proper bill or
3 invoice, and, if payment is not issued to the payee within
4 this 60-day period, an interest penalty of 2.0% of any
5 amount approved and unpaid shall be added for each month or
6 fraction thereof after the end of this 60-day period, until
7 final payment is made.

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

23 (2) Where a State official or agency is late in payment
24 of a vendor's bill or invoice properly approved in
25 accordance with this Act, and different late payment terms
26 are not reduced to writing as a contractual agreement, the

1 State official or agency shall automatically pay interest
2 penalties required by this Section amounting to \$50 or more
3 to the appropriate vendor. Each agency shall be responsible
4 for determining whether an interest penalty is owed and for
5 paying the interest to the vendor. Interest due to a vendor
6 that amounts to less than \$50 shall not be paid but shall
7 be accrued until all interest due the vendor for all
8 similar warrants exceeds \$50, at which time the accrued
9 interest shall be payable and interest will begin accruing
10 again, except that interest accrued as of the end of the
11 fiscal year that does not exceed \$50 shall be payable at
12 that time. In the event an individual has paid a vendor for
13 services in advance, the provisions of this Section shall
14 apply until payment is made to that individual. Interest
15 payments made under this item (2) must be made by
16 electronic funds transfer. The State official or agency may
17 not share the vendor's account information with any other
18 State agency.

19 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;
20 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10.)

21 Section 99. Effective date. This Act takes effect July 1,
22 2011.