

1 AN ACT concerning prompt payment.

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) (from Ch. 127, par. 132.403-2)

7 Sec. 3-2. Beginning July 1, 1993, in any instance where
8 a State official or agency is late in payment of a vendor's
9 bill or invoice for goods or services furnished to the State,
10 as 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
13 the following:

14 (1) Except as provided in paragraph (1.5) of this
15 Section, any bill approved for payment under this Section
16 must be paid or the payment mailed to the payee within 60
17 days of the date of approval. If payment is not made or
18 mailed to the payee within this 60 day period, an
19 interest penalty of 1.0% of any amount approved and
20 unpaid shall be added for each month or fraction thereof
21 after the end of this 60 day period, until final payment
22 is made.

23 (1.5) A bill from a community service provider for
24 services purchased by the Department of Human Services
25 under the Mental Health and Developmental Disabilities
26 Administrative Act must be paid within 30 days after the
27 bill is approved for payment. If payment is not made
28 within the 30-day period, a late fee in an amount equal
29 to 75% of the underpayment interest rate specified in the
30 federal IRS Revenue Ruling 99-36 charged on any amount
31 approved and unpaid shall be added for each month, or

1 fraction thereof, after the end of the 30-day period
2 until a final payment is made.

3 (2) Where a State official or agency is late in
4 payment of a vendor's bill or invoice properly approved
5 in accordance with this Act, and different late payment
6 terms are not reduced to writing as a contractual
7 agreement, the State official or agency shall
8 automatically pay interest penalties or late fees
9 required by this Section amounting to \$50 or more to the
10 appropriate vendor. For interest or late fees of at
11 least \$5 but less than \$50, the vendor must initiate a
12 written request for the interest penalty or late fee when
13 such interest or fee is due and payable. The Department
14 of Central Management Services and the State Comptroller
15 shall jointly promulgate rules establishing the
16 conditions under which interest and late fees of less
17 than \$5 may be claimed and paid. In the event an
18 individual has paid a vendor for services in advance, the
19 provisions of this Section shall apply until payment is
20 made to that individual.

21 (Source: P.A. 87-1232; 88-494.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.