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FINANCE

(30 ILCS 540/) State Prompt Payment Act.

(30 ILCS 540/0.01) (from Ch. 127, par. 132.400)

Sec. 0.01. Short title. This Act may be cited as the State Prompt Payment Act.
(Source: P.A. 86-1324.)

(30 ILCS 540/1) (from Ch. 127, par. 132.401)

Sec. 1. This Act applies to any State official or agency authorized to provide for payment from State funds, by virtue of any appropriation of the General Assembly, for goods or services furnished to the State.

For purposes of this Act, "goods or services furnished to the State" include but are not limited to (i) covered health care provided to eligible members and their covered dependents in accordance with the State Employees Group Insurance Act of 1971, including coverage through a physician-owned health maintenance organization under Section 6.1 of that Act, (ii) prevention, intervention, or treatment services and supports for persons with developmental disabilities, mental health services, alcohol and substance abuse services, rehabilitation services, and early intervention services provided by a vendor, and (iii) prevention, intervention, or treatment services and supports for youth provided by a vendor by virtue of a contractual grant agreement. For the purposes of items (ii) and (iii), a vendor includes but is not limited to sellers of goods and services, including community-based organizations that are licensed to provide prevention, intervention, or treatment services and supports for persons with developmental disabilities, mental illness, and substance abuse problems, or that provides prevention, intervention, or treatment services and supports for youth.

For the purposes of this Act, "appropriate State official or agency" is defined as the Director or Chief Executive or his designee of that State agency or department or facility of such agency or department. With respect to covered health care provided to eligible members and their dependents in accordance with the State Employees Group Insurance Act of 1971, "appropriate State official or agency" also includes an administrator of a program of health benefits under that Act.

As used in this Act, "eligible member" means a member who is eligible for health benefits under the State Employees Group Insurance Act of 1971, and "member" and "dependent" have the meanings ascribed to those terms in that Act.

As used in this Act, "a proper bill or invoice" means a bill or invoice, including, but not limited to, an invoice

issued under a contractual grant agreement, that includes the information necessary for processing the payment as may be specified by a State agency and in rules adopted in accordance with this Act.

(Source: P.A. 100-549, eff. 1-1-18.)

(30 ILCS 540/2) (from Ch. 127, par. 132.402)

Sec. 2. (Repealed).

(Source: Repealed by P.A. 87-1232.)

(30 ILCS 540/2.1) (from Ch. 127, par. 132.402.1)

Sec. 2.1. (Repealed).

(Source: Repealed by P.A. 87-1232.)

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

Sec. 3. (Repealed).

(Source: Repealed by P.A. 87-1232.)

(30 ILCS 540/3-1) (from Ch. 127, par. 132.403-1)

Sec. 3-1. The Illinois Court of Claims shall, in its investigation of payments due claimants, provide for interest penalties as prescribed in this Act; however, interest penalties in claims pursuant to the Line of Duty Compensation Act shall be paid in accordance with subsection (3) of Section 24 of the Court of Claims Act.

(Source: P.A. 95-928, eff. 8-26-08.)

(30 ILCS 540/3-2)

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

(1) Any bill, except a bill submitted under Article V of the Illinois Public Aid Code and except as provided under paragraph (1.05) of this Section, approved for payment under this Section must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 60-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made. Any bill, except a bill for pharmacy or nursing facility services or goods, and except as provided under paragraph (1.05) of this Section, submitted under Article V of the Illinois Public Aid Code approved for payment under this Section must be paid or the payment issued to the payee within 60 days after receipt of a proper bill or invoice, and, if payment is not issued to the payee within this 60-day period, an interest penalty of 2.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made. Any bill for pharmacy or nursing facility services or goods submitted under Article V of the Illinois Public Aid Code, except as provided under paragraph (1.05) of

this Section, and approved for payment under this Section must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 60-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made.

(1.05) For State fiscal year 2012 and future fiscal years, any bill approved for payment under this Section must be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% (one-thirtieth of one percent) of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made.

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

(2) Where a State official or agency is late in payment of a vendor's bill or invoice properly approved in accordance with this Act, and different late payment terms are not reduced to writing as a contractual agreement, the State official or agency shall automatically pay interest penalties required by this Section amounting to \$50 or more to the appropriate vendor. Each agency shall be responsible for determining whether an interest penalty is owed and for paying the interest to the vendor. Except as provided in paragraph (4), an individual interest payment amounting to \$5 or less shall not be paid by the State. Interest due to a vendor that amounts to greater than \$5 and less than \$50 shall not be paid but shall be accrued until all interest due the vendor for all similar warrants exceeds \$50, at which time the accrued interest shall be payable and interest will begin accruing again, except that interest accrued as of the end of the fiscal year that does not exceed \$50 shall be payable at that time. In the event an individual has paid a vendor for services in advance, the provisions of this Section shall apply until payment is made to that individual.

(3) The provisions of Public Act 96-1501 reducing the interest rate on pharmacy claims under Article V of the Illinois Public Aid Code to 1.0% per month shall apply to any pharmacy bills for services and goods under Article V of the Illinois Public Aid Code received on or after the date 60 days before January 25, 2011 (the effective date

of Public Act 96-1501) except as provided under paragraph (1.05) of this Section.

(4) Interest amounting to less than \$5 shall not be paid by the State, except for claims (i) to the Department of Healthcare and Family Services or the Department of Human Services, (ii) pursuant to Article V of the Illinois Public Aid Code, the Covering ALL KIDS Health Insurance Act, or the Children's Health Insurance Program Act, and (iii) made (A) by pharmacies for prescriptive services or (B) by any federally qualified health center for prescriptive services or any other services.

Notwithstanding any provision to the contrary, interest may not be paid under this Act when: (1) a Chief Procurement Officer has voided the underlying contract for goods or services under Article 50 of the Illinois Procurement Code; or (2) the Auditor General is conducting a performance or program audit and the Comptroller has held or is holding for review a related contract or vouchers for payment of goods or services in the exercise of duties under Section 9 of the State Comptroller Act. In such event, interest shall not accrue during the pendency of the Auditor General's review.

(Source: P.A. 100-1064, eff. 8-24-18.)

(30 ILCS 540/3-2.1)

Sec. 3-2.1. Interest penalty report. The State Comptroller, in conjunction with the Department of Central Management Services, shall submit a report to the General Assembly no later than January 31, 2011. The report shall include the following information, which shall be broken down by State agency and vendor:

(1) the number and total dollar amount of interest penalty payment vouchers submitted to the Comptroller's office on or after August 18, 2009 and before January 1, 2011 for interest payments of less than \$5;

(2) the number and total dollar amount of interest penalty payment vouchers submitted to the Comptroller's office on or after August 18, 2009 and before January 1, 2011 for interest payments of at least \$5 but less than \$50; the report shall indicate the number and total dollar amount of (i) those paid automatically and (ii) those initiated by written request of the vendor; and

(3) the aggregate cost of processing the interest penalty payment vouchers referenced in items (1) and (2).

The report shall also include recommendations regarding establishing a minimum threshold for payment of interest penalties to vendors and increased efficiencies, including, but not limited to, consolidation of multiple payments to the same vendor.

(Source: P.A. 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10.)

(30 ILCS 540/3-2.5)

Sec. 3-2.5. Advance payment reimbursement and interest. If a vendor provides goods or services to an individual and requires that individual to pay all or part of the cost of the goods or services in advance of the vendor being paid for those goods or services by the State, then the amount of the individual's advance payment, and any interest under this Act attributable to the advance payment, that is paid by the State to the vendor is the property of the individual and, to the

extent received by the vendor, must be promptly disbursed by the vendor to that individual.

(Source: P.A. 96-1085, eff. 1-1-11.)

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

Sec. 3-3. The State Comptroller and the Department of Central Management Services shall jointly promulgate rules and policies to govern the uniform application of this Act. These rules and policies shall include procedures and time frames for approving a bill or invoice from a vendor for goods or services furnished to the State. These rules and policies shall provide for procedures and time frames applicable to payment plans as may be agreed upon between State agencies and vendors. These rules and policies shall be binding on all officials and agencies under this Act's jurisdiction. These rules and policies may be made effective no earlier than July 1, 1993.

(Source: P.A. 92-384, eff. 7-1-02.)

(30 ILCS 540/3-3.5)

Sec. 3-3.5. Vendor payment contracts. Any contract executed under the Vendor Payment Program specified in Section 900.125 of Title 74 of the Illinois Administrative Code prior to June 30, 2018 shall remain in effect until those contracts have expired. Those parties with existing contracts shall comply with additional reporting requirements established under this amendatory Act of the 100th General Assembly or rules adopted hereunder.

(Source: P.A. 100-1089, eff. 8-24-18.)

(30 ILCS 540/3-4)

Sec. 3-4. The State Comptroller must specify the manner in which State agencies shall record interest penalty payments made under this Act. The State Comptroller may require vouchers submitted for payment, including submission by electronic or other means approved by the Comptroller, to indicate the appropriate date from which interest penalties may be calculated as required under this Act.

(Source: P.A. 92-384, eff. 7-1-02.)

(30 ILCS 540/3-5)

Sec. 3-5. Budget Stabilization Fund; insufficient appropriation. If an agency incurs an interest liability under this Act that is ordinarily payable from the Budget Stabilization Fund, but the agency has insufficient appropriation authority from the Budget Stabilization Fund to make the interest payment at the time the interest payment is due, the agency is authorized to pay the interest from its available appropriations from the General Revenue Fund.

(Source: P.A. 100-23, eff. 7-6-17.)

(30 ILCS 540/3-6)

Sec. 3-6. Federal funds; lack of authority. If an agency incurs an interest liability under this Act that cannot be charged to the same expenditure authority account to which the related goods or services were charged due to federal prohibitions, the agency is authorized to pay the interest from its available appropriations from the General Revenue

Fund.

(Source: P.A. 100-587, eff. 6-4-18.)

(30 ILCS 540/4) (from Ch. 127, par. 132.404)

Sec. 4. Nothing in this Act shall be construed to deprive the Comptroller of his power to examine vouchers as specified in the State Comptroller Act.

(Source: P.A. 92-384, eff. 7-1-02.)

(30 ILCS 540/5) (from Ch. 127, par. 132.405)

Sec. 5. The State remittance shall indicate that payment of interest may be available for failure to comply with this Act.

(Source: P.A. 92-384, eff. 7-1-02.)

(30 ILCS 540/6) (from Ch. 127, par. 132.406)

Sec. 6. A State official or agency may not request any vendor or contractor to waive his rights, under this Act, to recover a penalty for late payment as a condition of, or inducement to enter into, any contract for goods or services.

(Source: P.A. 87-773.)

(30 ILCS 540/7) (from Ch. 127, par. 132.407)

Sec. 7. Payments to subcontractors and material suppliers.

(a) When a State official or agency responsible for administering a contract submits a voucher to the Comptroller for payment to a contractor, that State official or agency shall promptly make available electronically the voucher number, the date of the voucher, and the amount of the voucher. The State official or agency responsible for administering the contract shall provide subcontractors and material suppliers, known to the State official or agency, with instructions on how to access the electronic information.

(a-5) When a contractor receives any payment, the contractor shall pay each subcontractor and material supplier in proportion to the work completed by each subcontractor and material supplier its application or pay estimate, plus interest received under this Act. When a contractor receives any payment, the contractor shall pay each lower-tiered subcontractor and material supplier and each subcontractor and material supplier shall make payment to its own respective subcontractors and material suppliers. If the contractor receives less than the full payment due under the public construction contract, the contractor shall be obligated to disburse on a pro rata basis those funds received, plus interest received under this Act, with the contractor, subcontractors and material suppliers each receiving a prorated portion based on the amount of payment each has earned. When, however, the State official or agency does not release the full payment due under the contract because there are specific areas of work or materials the State agency or official has determined are not suitable for payment, then those specific subcontractors or material suppliers involved shall not be paid for that portion of work rejected or deemed not suitable for payment and all other subcontractors and suppliers shall be paid based upon the amount of payment each has earned, plus interest received under this Act.

(a-10) For construction contracts with the Department of

Transportation, the contractor, subcontractor, or material supplier, regardless of tier, shall not offset, decrease, or diminish payment or payments that are due to its subcontractors or material suppliers without reasonable cause.

A contractor, who refuses to make prompt payment, in whole or in part, shall provide to the subcontractor or material supplier and the public owner or its agent, a written notice of that refusal. The written notice shall be made by a contractor no later than 5 calendar days after payment is received by the contractor. The written notice shall identify the Department of Transportation's contract, any subcontract or material purchase agreement, a detailed reason for refusal, the value of the payment to be withheld, and the specific remedial actions required of the subcontractor or material supplier so that payment may be made. Written notice of refusal may be given in a form and method which is acceptable to the parties and public owner.

(b) If the contractor, without reasonable cause, fails to make full payment of amounts due under subsection (a) to its subcontractors and material suppliers within 15 calendar days after receipt of payment from the State official or agency, the contractor shall pay to its subcontractors and material suppliers, in addition to the payment due them, interest in the amount of 2% per month, calculated from the expiration of the 15-day period until fully paid. This subsection shall further apply to any payments made by subcontractors and material suppliers to their subcontractors and material suppliers and to all payments made to lower tier subcontractors and material suppliers throughout the contracting chain.

(1) If a contractor, without reasonable cause, fails to make payment in full as provided in subsection (a-5) within 15 calendar days after receipt of payment under the public construction contract, any subcontractor or material supplier to whom payments are owed may file a written notice and request for administrative hearing with the State official or agency setting forth the amount owed by the contractor and the contractor's failure to timely pay the amount owed. The written notice and request for administrative hearing shall identify the public construction contract, the contractor, and the amount owed, and shall contain a sworn statement or attestation to verify the accuracy of the notice. The notice and request for administrative hearing shall be filed with the State official for the public construction contract, with a copy of the notice concurrently provided to the contractor. Notice to the State official may be made by certified or registered mail, messenger service, or personal service, and must include proof of delivery to the State official.

(2) The State official or agency, within 15 calendar days after receipt of a subcontractor's or material supplier's written notice and request for administrative hearing, shall hold a hearing convened by an administrative law judge to determine whether the contractor withheld payment, without reasonable cause, from the subcontractors or material suppliers and what amount, if any, is due to the subcontractors or material suppliers, and the reasonable cause or causes asserted by the contractor. The State official or agency shall provide

appropriate notice to the parties of the date, time, and location of the hearing. Each contractor, subcontractor, or material supplier has the right to be represented by counsel at a hearing and to cross-examine witnesses and challenge documents. Upon the request of the subcontractor or material supplier and a showing of good cause, reasonable continuances may be granted by the administrative law judge.

(3) Upon a finding by the administrative law judge that the contractor failed to make payment in full, without reasonable cause, as provided in subsection (a-10), then the administrative law judge shall, in writing, order the contractor to pay the amount owed to the subcontractors or material suppliers plus interest within 15 calendar days after the order.

(4) If a contractor fails to make full payment as ordered under paragraph (3) of this subsection (b) within 15 days after the administrative law judge's order, then the contractor shall be barred from entering into a State public construction contract for a period of one year beginning on the date of the administrative law judge's order.

(5) If, on 2 or more occasions within a 3-calendar-year period, there is a finding by an administrative law judge that the contractor failed to make payment in full, without reasonable cause, and a written order was issued to a contractor under paragraph (3) of this subsection (b), then the contractor shall be barred from entering into a State public construction contract for a period of 6 months beginning on the date of the administrative law judge's second written order, even if the payments required under the orders were made in full.

(6) If a contractor fails to make full payment as ordered under paragraph (4) of this subsection (b), the subcontractor or material supplier may, within 30 days of the date of that order, petition the State agency for an order for reasonable attorney's fees and costs incurred in the prosecution of the action under this subsection (b). Upon that petition and taking of additional evidence, as may be required, the administrative law judge may issue a supplemental order directing the contractor to pay those reasonable attorney's fees and costs.

(7) The written order of the administrative law judge shall be final and appealable under the Administrative Review Law.

(c) This Section shall not be construed to in any manner diminish, negate, or interfere with the contractor-subcontractor or contractor-material supplier relationship or commercially useful function.

(d) This Section shall not preclude, bar, or stay the rights, remedies, and defenses available to the parties by way of the operation of their contract, purchase agreement, the Mechanics Lien Act, or the Public Construction Bond Act.

(e) State officials and agencies may adopt rules as may be deemed necessary in order to establish the formal procedures required under this Section.

(f) As used in this Section:

"Payment" means the discharge of an obligation in money or

other valuable consideration or thing delivered in full or partial satisfaction of an obligation to pay. "Payment" shall include interest paid pursuant to this Act.

"Reasonable cause" may include, but is not limited to, unsatisfactory workmanship or materials; failure to provide documentation required by the contract, subcontract, or material purchase agreement; claims made against the Department of Transportation or the subcontractor pursuant to subsection (c) of Section 23 of the Mechanics Lien Act or the Public Construction Bond Act; judgments, levies, garnishments, or other court-ordered assessments or offsets in favor of the Department of Transportation or other State agency entered against a subcontractor or material supplier. "Reasonable cause" does not include payments issued to the contractor that create a negative or reduced valuation pay application or pay estimate due to a reduction of contract quantities or work not performed or provided by the subcontractor or material supplier; the interception or withholding of funds for reasons not related to the subcontractor's or material supplier's work on the contract; anticipated claims or assessments of third parties not a party related to the contract or subcontract; asserted claims or assessments of third parties that are not authorized by court order, administrative tribunal, or statute. "Reasonable cause" further does not include the withholding, offset, or reduction of payment, in whole or in part, due to the assessment of liquidated damages or penalties assessed by the Department of Transportation against the contractor, unless the subcontractor's performance or supplied materials were the sole and proximate cause of the liquidated damage or penalty.

(Source: P.A. 100-43, eff. 8-9-17; 100-376, eff. 1-1-18; 100-863, eff. 8-14-18.)

(30 ILCS 540/8)

Sec. 8. Vendor Payment Program.

(a) As used in this Section:

"Applicant" means any entity seeking to be designated as a qualified purchaser.

"Application period" means the time period when the Program is accepting applications as determined by the Department of Central Management Services.

"Assigned penalties" means penalties payable by the State in accordance with this Act that are assigned to the qualified purchaser of an assigned receivable.

"Assigned receivable" means the base invoice amount of a qualified account receivable and any associated assigned penalties due, currently and in the future, in accordance with this Act.

"Assignment agreement" means an agreement executed and delivered by a participating vendor and a qualified purchaser, in which the participating vendor will assign one or more qualified accounts receivable to the qualified purchaser and make certain representations and warranties in respect thereof.

"Base invoice amount" means the unpaid principal amount of the invoice associated with an assigned receivable.

"Department" means the Department of Central Management Services.

"Medical assistance program" means any program which provides medical assistance under Article V of the Illinois Public Aid Code, including Medicaid.

"Participating vendor" means a vendor whose application for the sale of a qualified account receivable is accepted for purchase by a qualified purchaser under the Program terms.

"Program" means a Vendor Payment Program.

"Prompt payment penalties" means penalties payable by the State in accordance with this Act.

"Purchase price" means 100% of the base invoice amount associated with an assigned receivable minus: (1) any deductions against the assigned receivable arising from State offsets; and (2) if and to the extent exercised by a qualified purchaser, other deductions for amounts owed by the participating vendor to the qualified purchaser for State offsets applied against other accounts receivable assigned by the participating vendor to the qualified purchaser under the Program.

"Qualified account receivable" means an account receivable due and payable by the State that is outstanding for 90 days or more, is eligible to accrue prompt payment penalties under this Act and is verified by the relevant State agency. A qualified account receivable shall not include any account receivable related to medical assistance program (including Medicaid) payments or any other accounts receivable, the transfer or assignment of which is prohibited by, or otherwise prevented by, applicable law.

"Qualified purchaser" means any entity that, during any application period, is approved by the Department of Central Management Services to participate in the Program on the basis of certain qualifying criteria as determined by the Department.

"State offsets" means any amount deducted from payments made by the State in respect of any qualified account receivable due to the State's exercise of any offset or other contractual rights against a participating vendor. For the purpose of this Section, "State offsets" include statutorily required administrative fees imposed under the State Comptroller Act.

"Sub-participant" means any individual or entity that intends to purchase assigned receivables, directly or indirectly, by or through an applicant or qualified purchaser for the purposes of the Program.

"Sub-participant certification" means an instrument executed and delivered to the Department of Central Management Services by a sub-participant, in which the sub-participant certifies its agreement, among others, to be bound by the terms and conditions of the Program as a condition to its participation in the Program as a sub-participant.

(b) This Section reflects the provisions of Section 900.125 of Title 74 of the Illinois Administrative Code prior to January 1, 2018. The requirements of this Section establish the criteria for participation by participating vendors and qualified purchasers in a Vendor Payment Program. Information regarding the Vendor Payment Program may be found at the Internet website for the Department of Central Management

Services.

(c) The State Comptroller and the Department of Central Management Services are authorized to establish and implement the Program under Section 3-3. This Section applies to all qualified accounts receivable not otherwise excluded from receiving prompt payment interest under Section 900.120 of Title 74 of the Illinois Administrative Code. This Section shall not apply to the purchase of any accounts receivable related to payments made under a medical assistance program, including Medicaid payments, or any other purchase of accounts receivable that is otherwise prohibited by law.

(d) Under the Program, qualified purchasers may purchase from participating vendors certain qualified accounts receivable owed by the State to the participating vendors. A participating vendor shall not simultaneously apply to sell the same qualified account receivable to more than one qualified purchaser. In consideration of the payment of the purchase price, a participating vendor shall assign to the qualified purchaser all of its rights to payment of the qualified account receivable, including all current and future prompt payment penalties due to that qualified account receivable in accordance with this Act.

(e) A vendor may apply to participate in the Program if:

(1) the vendor is owed an account receivable by the State for which prompt payment penalties have commenced accruing;

(2) the vendor's account receivable is eligible to accrue prompt payment penalty interest under this Act;

(3) the vendor's account receivable is not for payments under a medical assistance program; and

(4) the vendor's account receivable is not prohibited by, or otherwise prevented by, applicable law from being transferred or assigned under this Section.

(f) The Department shall review and approve or disapprove each applicant seeking a qualified purchaser designation. Factors to be considered by the Department in determining whether an applicant shall be designated as a qualified purchaser include, but are not limited to, the following:

(1) the qualified purchaser's agreement to commit a minimum purchase amount as established from time to time by the Department based upon the current needs of the Program and the qualified purchaser's demonstrated ability to fund its commitment;

(2) the demonstrated ability of a qualified purchaser's sub-participants to fund their portions of a qualified purchaser's minimum purchase commitment;

(3) the ability of a qualified purchaser and its sub-participants to meet standards of responsibility substantially in accordance with the requirements of the Standards of Responsibility found in subsection (b) of Section 1.2046 of Title 44 of the Illinois Administrative Code concerning government contracts, procurement, and property management;

(4) the agreement of each qualified purchaser, at its sole cost and expense, to administer and facilitate the operation of the Program with respect to that qualified purchaser, including, without limitation, assisting potential participating vendors with the application and assignment process;

(5) the agreement of each qualified purchaser, at its sole cost and expense, to establish a website that is determined by the Department to be sufficient to administer the Program in accordance with the terms and conditions of the Program;

(6) the agreement of each qualified purchaser, at its sole cost and expense, to market the Program to potential participating vendors;

(7) the agreement of each qualified purchaser, at its sole cost and expense, to educate participating vendors about the benefits and risks associated with participation in the Program;

(8) the agreement of each qualified purchaser, at its sole cost and expense, to deposit funds into, release funds from, and otherwise maintain all required accounts in accordance with the terms and conditions of the Program. Subject to the Program terms, all required accounts shall be maintained and controlled by the qualified purchaser at the qualified purchaser's sole cost and at no cost, whether in the form of fees or otherwise, to the participating vendors;

(9) the agreement of each qualified purchaser, at its sole cost and expense, to submit a monthly written report, in an acceptable electronic format, to the State Comptroller or its designee and the Department or its designee, within 10 days after the end of each month, which, unless otherwise specified by the Department, at a minimum, shall contain:

(A) a listing of each assigned receivable purchased by that qualified purchaser during the month, specifying the base invoice amount and invoice date of that assigned receivable and the name of the participating vendor, State contract number, voucher number, and State agency associated with that assigned receivable;

(B) a listing of each assigned receivable with respect to which the qualified purchaser has received payment of the base invoice amount from the State during that month, including the amount of and date on which that payment was made and the name of the participating vendor, State contract number, voucher number, and State agency associated with the assigned receivable, and identifying the relevant application period for each assigned receivable;

(C) a listing of any payments of assigned penalties received from the State during the month, including the amount of and date on which the payment was made, the name of the participating vendor, the voucher number for the assigned penalty receivable, and the associated assigned receivable, including the State contract number, voucher number, and State agency associated with the assigned receivable, and identifying the relevant application period for each assigned receivable;

(D) the aggregate number and dollar value of assigned receivables purchased by the qualified purchaser from the date on which that qualified purchaser commenced participating in the Program through the last day of the month;

(E) the aggregate number and dollar value of assigned receivables purchased by the qualified purchaser for which no payment by the State of the base invoice amount has yet been received, from the date on which the qualified purchaser commenced participating in the Program through the last day of the month;

(F) the aggregate number and dollar value of invoices purchased by the qualified purchaser for which no voucher has been submitted; and

(G) any other data the State Comptroller and the Department may reasonably request from time to time;

(10) the agreement of each qualified purchaser to use its reasonable best efforts, and for any sub-participant to cause a qualified purchaser to use its reasonable best efforts, to diligently pursue receipt of assigned penalties associated with the assigned receivables, including, without limitation, by promptly notifying the relevant State agency that an assigned penalty is due and, if necessary, seeking payment of assigned penalties through the Illinois Court of Claims; and

(11) the agreement of each qualified purchaser and any sub-participant to use their reasonable best efforts to implement the Program terms and to perform their obligations under the Program in a timely fashion.

(g) Each qualified purchaser's performance and implementation of its obligations under subsection (f) shall be subject to review by the Department and the State Comptroller at any time to confirm that the qualified purchaser is undertaking those obligations in a manner consistent with the terms and conditions of the Program. A qualified purchaser's failure to so perform its obligations including, without limitation, its obligations to diligently pursue receipt of assigned penalties associated with assigned receivables, shall be grounds for the Department and the State Comptroller to terminate the qualified purchaser's participation in the Program under subsection (i). Any such termination shall be without prejudice to any rights a participating vendor may have against that qualified purchaser, in law or in equity, including, without limitation, the right to enforce the terms of the assignment agreement and of the Program against the qualified purchaser.

(h) In determining whether any applicant shall be designated as a qualified purchaser, the Department shall have the right to review or approve sub-participants that intend to purchase assigned receivables, directly or indirectly, by or through the applicant. The Department reserves the right to reject or terminate the designation of any applicant as a qualified purchaser or require an applicant to exclude a proposed sub-participant in order to become or remain a qualified purchaser on the basis of a review, whether prior to or after the designation. Each applicant and each qualified purchaser has an affirmative obligation to promptly notify the Department of any change or proposed change in the identity of the sub-participants that it disclosed to the Department no later than 3 business days after that change. Each sub-participant shall be required to execute a sub-participant

certification that will be attached to the corresponding qualified purchaser designation. Sub-participants shall meet, at a minimum, the requirements of paragraphs (2), (3), (10), and (11) of subsection (f).

(i) The Program, as codified under this Section, shall continue until terminated or suspended as follows:

(1) The Program may be terminated or suspended: (A) by the State Comptroller, after consulting with the Department, by giving 10 days prior written notice to the Department and the qualified purchasers in the Program; or (B) by the Department, after consulting with the State Comptroller, by giving 10 days prior written notice to the State Comptroller and the qualified purchasers in the Program.

(2) In the event a qualified purchaser or sub-participant breaches or fails to meet any of the terms or conditions of the Program, that qualified purchaser or sub-participant may be terminated from the Program: (A) by the State Comptroller, after consulting with the Department. The termination shall be effective immediately upon the State Comptroller giving written notice to the Department and the qualified purchaser or sub-participant; or (B) by the Department, after consulting with the State Comptroller. The termination shall be effective immediately upon the Department giving written notice to the State Comptroller and the qualified purchaser or sub-participant.

(3) A qualified purchaser or sub-participant may terminate its participation in the Program, solely with respect to its own participation in the Program, in the event of any change to this Act from the form that existed on the date that the qualified purchaser or the sub-participant, as applicable, submitted the necessary documentation for admission into the Program if the change materially and adversely affects the qualified purchaser's or the sub-participant's ability to purchase and receive payment on receivables on the terms described in this Section.

If the Program, a qualified purchaser, or a sub-participant is terminated or suspended under paragraphs (1) or (2) of this subsection (i), the Program, qualified purchaser, or sub-participant may be reinstated only by written agreement of the State Comptroller and the Department. No termination or suspension under paragraphs (1), (2), or (3) of this subsection (i) shall alter or affect the qualified purchaser's or sub-participant's obligations with respect to assigned receivables purchased by or through the qualified purchaser prior to the termination.

(Source: P.A. 100-1089, eff. 8-24-18.)

(30 ILCS 540/9)

Sec. 9. Vendor Payment Program financial backer disclosure.

(a) Within 60 days after the effective date of this amendatory Act of the 100th General Assembly, at the time of application, and annually on July 1 of each year, each qualified purchaser shall submit to the Department and the State Comptroller the following information about each person, director, owner, officer, association, financial backer,

partnership, other entity, corporation, or trust with an indirect or direct financial interest in each qualified purchaser:

- (1) percent ownership;
- (2) type of ownership;
- (3) first name, middle name, last name, maiden name (if applicable), including aliases or former names;
- (4) mailing address;
- (5) type of business entity, if applicable;
- (6) dates and jurisdiction of business formation or incorporation, if applicable;
- (7) names of controlling shareholders, class of stock, percentage ownership;
- (8) any indirect earnings resulting from the Program; and
- (9) any earnings associated with the Program to any parties not previously disclosed.

(b) Within 60 days after the effective date of this amendatory Act of the 100th General Assembly, at the time of application, and annually on July 1 of each year, each trust associated with the qualified purchaser shall submit to the Department and the State Comptroller the following information:

- (1) names, addresses, dates of birth, and percentages of interest of all beneficiaries;
- (2) any indirect earnings resulting from the Program; and
- (3) any earnings associated with the Program to any parties not previously disclosed.

(c) Each qualified purchaser must submit a statement to the State Comptroller and the Department of Central Management Services disclosing whether such qualified purchaser or any related person, director, owner, officer, or financial backer has previously or currently retained or contracted with any registered lobbyist, lawyer, accountant, or other consultant to prepare the disclosure required under this Section.

(Source: P.A. 100-1089, eff. 8-24-18.)

(30 ILCS 540/10)

Sec. 10. Vendor Payment Program audit. The Office of the Auditor General shall perform a performance audit of the Program established under Section 8. The audit shall include, but not be limited to, a review of the administration of the Program and compliance with requirements applicable to participating vendors, qualified purchasers, qualified accounts receivable, and financial backer disclosures. The audit shall cover the Program's operations for fiscal years 2019 and 2020. Upon its completion and release, the Auditor General's report shall be posted on the Internet website of the Auditor General.

(Source: P.A. 100-1089, eff. 8-24-18.)

(30 ILCS 540/11)

Sec. 11. Vendor Payment Program accountability portal. The Department of Central Management Services and the State Comptroller shall publish on their respective Internet websites: (1) the monthly report information submitted under paragraph 9 of subsection (f) of Section 8; and (2) the

information required to be submitted under Section 9.
(Source: P.A. 100-1089, eff. 8-24-18.)