

Illinois Compiled Statutes
Local Government
Local Government Prompt Payment Act
50 ILCS 505/

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(50 ILCS 505/)

(50 ILCS 505/1)

Sec. 1. This Act shall be known and may be cited as the "Local Government Prompt Payment Act".

(Source: P.A. 84-731.)

(50 ILCS 505/2)

Sec. 2. This Act shall apply to every county, township, municipality, municipal corporation, school district, school board, forest preserve district, park district, fire protection district, sanitary district and all other local governmental units. It shall not apply to the State or any office, officer, department, division, bureau, board, commission, university or similar agency of the State, except as provided in Section 7.

(Source: P.A. 85-1159.)

(50 ILCS 505/3)

Sec. 3. The appropriate local governmental official or agency receiving goods or services must approve or disapprove a bill from a vendor or contractor for goods or services furnished the local governmental agency within 30 days after the receipt of such bill or within 30 days after the date on which the goods or services were received, whichever is later. When safety or quality assurance testing of goods by the local governmental agency is necessary before the approval or disapproval of a bill and such testing cannot be completed within 30 days after receipt of the goods, approval or disapproval of the bill must be made immediately upon completion of the testing or within 60 days after receipt of the goods, whichever occurs first. Written notice shall be mailed to the vendor or contractor immediately if a bill is disapproved.

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

(50 ILCS 505/4)

Sec. 4. Any bill approved for payment pursuant to Section 3 shall be paid within 30 days after the date of approval. If payment is not made within such 30 day period, an interest penalty of 1% of any amount approved and unpaid shall be added for each month or fraction thereof after the expiration of such 30 day period, until final payment is made.

(Source: P.A. 84-731.)

(50 ILCS 505/5)

Sec. 5. If the local governmental official or agency whose approval is required for any bill fails to approve or disapprove that bill within the period provided for approval by Section 3, the penalty for late payment of that bill shall be computed from the date 60 days after the

receipt of that bill or the date 60 days after the goods or services are received, whichever is later.

(Source: P.A. 84-731.)

(50 ILCS 505/6)

Sec. 6. The time periods specified in Sections 3, 4 and 5, as they pertain to particular goods or services, are superseded by any greater time periods as agreed to by the local government agency and the particular vendor or contractor.

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

(50 ILCS 505/7)

Sec. 7. If the funds from which the local governmental official or agency is to pay for goods or services are funds appropriated or controlled by the State, then the local governmental official or agency may certify to the State Treasurer, Comptroller and State agency responsible for administering such funds that a specified amount is anticipated to be necessary within 45 days after certification to pay for specified goods or services and that such amount is not currently available to the local governmental official or agency. The State Treasurer, Comptroller and State agency shall then expedite distribution of funds to the local governmental unit to make such payments. The certification shall be mailed on the date of certification by certified U. S. mail, return receipt requested. Any interest penalty incurred by the local governmental unit under Section 3 or 4 because of the failure of funds to be distributed from the State to the local governmental unit within the 45 day period shall be reimbursed by the State to the local governmental unit as an amount in addition to the funds to be otherwise distributed from the State.

(Source: P.A. 85-1159.)

(50 ILCS 505/9)

Sec. 9. 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 their application less any retention. 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, with the contractor, subcontractors and material suppliers each receiving a prorated portion based on the amount of payment. When, however, the public owner does not release the full payment due under the contract because there are specific areas of work or materials the contractor is rejecting or because the contractor has otherwise determined such areas are not suitable for payment, then those specific subcontractors or suppliers involved shall not be paid for that portion of the work rejected or deemed not suitable for payment and all other subcontractors and suppliers shall be paid in full.

If the contractor, without reasonable cause, fails to make any payment to his subcontractors and material suppliers within 15 days after receipt of payment under the public construction contract, the contractor shall pay to his 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 also 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.

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