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AB-547 California Prompt Payment Act: disabled veteran business enterprises. (2017-2018)

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CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

ASSEMBLY BILL

NO. 547

Introduced by Assembly Member Chávez
(Coauthors: Assembly Members Harper and Mathis)

February 14, 2017

An act to amend Section 927 of, and to add Section 927.14 to, the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 547, Chávez. California Prompt Payment Act: disabled veteran business enterprises.

The California Prompt Payment Act requires a state agency that acquires property or services pursuant to a contract with a business, including any approved change order or contract amendment, to make payment to the person or business on the date required by contract and within 45 days of receipt of an undisputed invoice or be subject to a late payment penalty, as provided. The act applies to all state agencies.

This bill would require state agencies to pay an undisputed invoice from a certified disabled veteran business enterprise that is also a small business, as defined, within 30 days of initial receipt. The bill would require a state agency to submit a claim on an undisputed invoice to the Controller for payment within 15 calendar days of the agency's receipt. If an agency fails to submit a correct claim schedule within 15 days of receiving an invoice, and payment is not made within 30 days of receipt, the bill would require the agency to pay penalties from its funds, as specified. The bill would create similar penalties and procedures to be applied to the Controller if the Controller fails to make payment within 15 days of receipt of a correct claim schedule and payment is not made within 30 days of agency receipt of an undisputed invoice.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 927 of the Government Code is amended to read:

927. (a) This chapter shall be known and may be cited as the California Prompt Payment Act.

(b) It is the intent of the Legislature that state agencies pay properly submitted, undisputed invoices, refunds, or other undisputed payments due to individuals within 45 days of receipt or notification thereof, or automatically calculate and pay the appropriate late payment penalties as specified in this chapter.

(c) In the case of contracts with disabled veteran-owned business enterprises, it is the intent of the Legislature that state agencies pay properly submitted, undisputed invoices, refunds, or other undisputed payments due to individuals within 30 days of receipt or notification thereof or automatically calculate and pay the appropriate late payment penalties as specified in this chapter.

(d) Notwithstanding any other law, this chapter shall apply to all state agencies, including, but not limited to, the Public Employees' Retirement System, the State Teachers' Retirement System, the Treasurer, and the Department of General Services.

SEC. 2. Section 927.14 is added to the Government Code, to read:

927.14. (a) An undisputed invoice from a certified disabled veteran business enterprise that is also a small business, both as defined in Section 14837, shall be paid within 30 calendar days of initial receipt pursuant to the requirements and conditions of this chapter and subject to the specific requirements of this section.

(b) (1) A claim on an undisputed invoice received by a state agency shall be submitted to the Controller for payment within 15 calendar days of the agency's receipt of the invoice.

(2) If the state agency fails to submit a correct claim schedule to the Controller within 15 days of receiving an undisputed invoice, and payment is not issued within 30 calendar days from the state agency's receipt of an undisputed invoice, the state agency shall pay applicable penalties. The penalty shall cease to accrue on the date the state agency submits the claim schedule to the Controller for payment or pays the claimant directly, and shall be paid for out of the state agency's support appropriation. The claimant shall be paid a penalty at a rate of 10 percent above the United States Prime Rate on June 30 of the prior fiscal year, beginning on and after the 16th calendar day following receipt of the undisputed invoice.

(3) On an exception basis, state agencies may avoid payment of penalties for failure to submit a correct claim schedule to the Controller by paying the claimant directly from the state agency's revolving fund within 30 calendar days following the agency's receipt of the undisputed invoice.

(c) The Controller shall pay claimants within 15 calendar days of receipt of a correct claim schedule from the state agency. If the Controller fails to make payment within 15 calendar days of receipt of the claim schedule from a state agency, and payment is not issued within 30 calendar days from state agency receipt of an undisputed invoice, the Controller shall pay applicable penalties to the claimant without requiring that the claimant submit an invoice for these amounts. Penalties shall cease to accrue on the date full payment is made and shall be paid for out of the Controller's funds. The Controller shall pay to the claimant a penalty at a rate of 10 percent above the United States Prime Rate on June 30 of the prior fiscal year, beginning on and after the 16th calendar day following receipt of the claim schedule from the state agency.