



We Urge Your Support of Timely Payment for Sub-Contractors

Please Pass House Bill 4034

- Prompt payment laws are designed to ensure that sub-contractors and suppliers are paid in a timely manner for completed work. Oregon has prompt payment laws but unfortunately these laws contain provisions that allow erroneous delays in payment.
- A tactic that is used to avoid paying sub-contractors in a timely manner is arbitrarily changing the payment request process during the life of existing contracts. Current law allows the general contractor to change the payment request process midstream without adequate notification to the sub-contractor. This leads to sub-contractors submitting payment requests that the general can reject because the sub-contractor seemingly did not comply with the proper request process. This loophole allows general contractors to delay payment indefinitely.

HB 4034 incentivizes general contractors to abide by Oregon's prompt payment law by:

- Requiring that consistent payment request forms and administrative processes remain intact through the life of a public improvement contract.
- Requiring general contractors to give advanced notice to sub-contractors when payment request processes are amended.
- Imposing stiffer penalties on general contractors who do not pay their sub-contractors in a timely manner, including up to 9% interest on late payments made to sub-contractors.