

HB 3264 -1 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 4/12, 4/17

WHAT THE MEASURE DOES:

Requires public contracting agency to pay certified small business contractor within 15 days of receipt of invoice or by date payment is due, whichever is later. Requires contracting agency to pay interest of one percent per week on amounts not paid promptly. Creates crime (Class A misdemeanor) of knowingly supplying false information when certifying as a small business. Punishes by maximum of one year's imprisonment, \$6,250 fine, or both. Becomes operative July 1, 2018.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces original measure. Requires Department of Transportation to conduct pilot program to promptly pay small business owners. Defines small business as one that employs no more than 50 employees. Applies to contracts executed on or after January 1, 2018, and to invoices received before June 30, 2019, for architectural, engineering and related services. Requires ODOT to report to Legislative Assembly by March 31, 2019. Sunsets January 2, 2020.

BACKGROUND:

For public improvement projects (e.g., construction projects) public contracting agencies must make monthly progress payments on the contract as work progresses. The contracting agency must pay interest on the progress payment due to the contractor. The interest begins 30 days after the contracting agency receives the invoice or 15 days after the agency approves payment, whichever is earlier. The rate of interest charged on the amount due is to be three times the discount rate on 90-day commercial paper, but the rate of interest may not exceed 30 percent. There are no prompt pay requirements for public procurements for goods and services.

House Bill 3264 requires contracting agencies to promptly pay small business contractors. It applies to procurements for goods and services as well as public improvement contracts. "Small business" is defined as a business with no more than 200 employees.