

HB 3264 A STAFF MEASURE SUMMARY

Carrier: Rep. Bynum

House Committee On Business and Labor

Action Date: 04/17/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 9-0-0-0

Yeas: 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Requires Department of Transportation (ODOT) 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.

ISSUES DISCUSSED:

- Access to capital can make or break small business
- Experience small business owner had in getting payment on invoice
- Scaling back original measure to pilot program at ODOT

EFFECT OF AMENDMENT:

Replaces original measure.

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-A establishes a pilot program at ODOT that will require prompt payment to small businesses who are under contract for engineering, architectural and related services. A small business is defined as a business with no more than 50 employees. If payment is not made within 15 days of receiving the invoice or date payment is due, ODOT must pay interest of 1.5 percent per month on the amount due.