

## **CS/HB 1157 — Local Government Prompt Payment Act**

by Economic Development and Community Affairs Policy Council; and Reps. Eisnaugle, Adkins, and others (CS/CS/SB 1056 by Judiciary Committee, Community Affairs Committee; and Senator Baker)

The bill revises provisions relating to the timely payment for purchases of construction services for public construction projects. The bill requires that the requirements for a proper invoice, the dispute resolution procedure, and the agent acting on behalf of the local governmental entity be identified in the contract for the project. The bill provides that the local governmental entity must reject a payment request or invoice that does not meet the contract requirements. The bill provides that each contract for construction services between a local governmental entity and a contractor must provide for the development of a single list of items required to be completed. The bill provides that the final contract completion date must be at least 30 days after the delivery of the list of items. Items not included in the list may not affect the final payment of retainage. The bill further provides that if the local governmental entity fails to comply with its responsibilities to develop the list, the contractor may request payment of any remaining undisputed contract amount and that amount must be paid within 20 business days.

The bill requires that the local governmental entity notify vendors in writing within 10 days that the request or invoice for payment is improper. If the local governmental entity does not commence the dispute resolution procedure within 45 days, the contractor may give written notice to the local governmental entity of the failure to timely commence the dispute resolution procedure. If the local governmental entity does not commence the dispute resolution procedure within 4 business days after receiving the notice, the objection to payment shall be deemed to have been waived and any amounts resolved in the contractor's favor are subject to at least 1 percent interest per month. The bill also expands the attorney fee provision to permit courts to award attorney fees to the prevailing party.

If approved by the Governor, these provisions take effect October 1, 2010.

*Vote: Senate 38-0; House 104-0*