

HOUSE BILL NO. 375

INTRODUCED BY MCBRIDE, FABREGA, HARPER,
STOBIE, SCHYE

IN THE HOUSE

January 19, 1983	Introduced and referred to Committee on State Administration.
February 2, 1983	Committee recommend bill do pass as amended. Report adopted.
February 3, 1983	Bill printed and placed on members' desks.
February 4, 1983	Second reading, do pass.
February 5, 1983	Considered correctly engrossed.
February 7, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 8, 1983	Introduced and referred to Committee on State Administration.
March 8, 1983	Committee recommend bill be concurrent in as amended. Report adopted.
March 10, 1983	Second reading, concurred in. On motion, segregated from report of Committee of the Whole.
March 11, 1983	Second reading, concurred in as amended.
March 14, 1983	Third reading, concurred in. Ayes, 38; Noes, 11.

IN THE HOUSE

March 14, 1983

Returned to House with
amendments.

March 31, 1983

Second reading, amendments
concurred in.

April 1, 1983

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

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20*House* BILL NO. *375*INTRODUCED BY *McBride* *Salas* *Hager* *Stabie*
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A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE STATE TO
PAY A CLAIM WITHIN 30 DAYS; AND TO PROVIDE FOR INTEREST ON
THE UNPAID BALANCE; AMENDING SECTION 18-4-214, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 18-4-214, MCA, is amended to read:

"18-4-214. Payment by department. (1) All valid claims
on account of such contract, purchases, leases, or rental
agreements negotiated by the department shall be audited and
paid from the sums severally set aside for the use of the
department by the contract, purchase, lease, or rental
agreement estimate or requisition.

(2) Unless otherwise provided in the contract or
purchase, lease, or rental agreement, valid claims must be
paid within 30 days of receipt of invoice. If not paid
within 30 days of receipt of invoice, the unpaid balance
accrues interest at .05% a day."

-End-

INTRODUCED BILL
HB 375

STATE OF MONTANA

REQUEST NO. 187-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 83, there is hereby submitted a Fiscal Note for House Bill 375 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 375 is an act to require the state to pay a claim within 30 days and to provide interest on the unpaid balance.

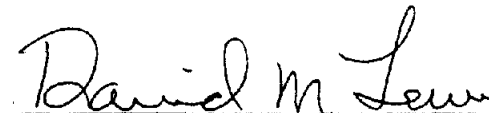
COMMENTS:

No dollar estimates are available. Department of Administration (D of A) has no valid estimates of the dollar amount of invoices not paid within 30 days by agencies. Agencies turn an approved invoice for payment into the Accounting Division (under D of A) for processing through the state's accounting system. It usually only takes one day for processing. D of A has no control over the time period it takes agencies to approve the invoices and submit them to Accounting Division or the time it takes the State Auditor's Office to issue a warrant.

TECHNICAL NOTE:

At least three different agencies are involved in the payment of invoices. These are the particular agency that incurred the claim, D of A (Accounting and Computer Services Divisions), and the State Auditor. If there were complications, such as a computer breakdown, then the bill does not state who should pay the interest if the 30 day period is not met. It is assumed that the agency which incurred the claim would be responsible (and not D of A or the State Auditor) for the interest on the unpaid balance. Another problem with the bill is, it does not specify when an invoice is considered paid (for example - when claim approved for payment by agency, processed through state's accounting system, warrant issued, mailed, etc.).

FISCAL NOTE 6:Y/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-83

Approved by Committee
on State Administration

HOUSE BILL NO. 375

INTRODUCED BY MCBRIDE, FABREGA, HARPER,

STOBIE, SCHYE

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE STATE TO
PAY A CLAIM WITHIN 30 DAYS OR WHEN SPECIFIED IN A CONTRACT
OR AGREEMENT; AND TO PROVIDE FOR INTEREST ON THE UNPAID
BALANCE; ~~AMENDING SECTION 10-4-214, MCA.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

Section 1. Definitions. As used in [sections 1 through
4], the following definitions apply:

(1) "Services" means the furnishing of labor, time, or
effort, including construction services, purchased or
contracted for by the state or any agency thereof.

(2) "Supplies" means all personal property purchased,
leased, or contracted for by the state or any agency
thereof, including leases of equipment and buildings.

Section 2. Interest assessed on amounts due. (1)
Except as provided in [section 3], a state agency shall pay
simple interest at the rate of 0.05% each day, on amounts
due for supplies and services received if the agency fails
to make timely payment.

(2) For purposes of this section, payment is timely if
a warrant is mailed or is otherwise made available to the
payee when due and for the amount specified in the
applicable contract or agreement. If no date is specified in
the applicable contract or agreement, payment is timely if
paid within 30 days after receipt of a properly completed
invoice, addressed to the payer agency, or receipt of the
supplies or services by the agency, whichever is later.

Section 3. Exemptions. [Section 2] does not apply to
the following:

(1) interagency or intergovernmental transactions;

(2) claims subject to a good faith dispute;

(3) delinquencies due to natural disasters,
disruptions in postal or delivery service, work stoppage due
to labor disputes, power failures, or any other cause
resulting from circumstances clearly beyond the control of
the payer agency;

(4) contracts entered into before [the effective date
of this act];

(5) wages due and payable to state employees or
payments from any state retirement system created pursuant
to Title 19; or

(6) claims submitted to the state or to its fiscal
intermediary by providers of supplies or services under the
Montana medicaid program if reasonable cause for nonpayment

1 exists.

2 Section 4. Source for payment of interest. Any
3 interest owing under [sections 1 through 4] must be paid
4 from funds designated for administrative costs of the agency
5 receiving the supplies and services.

6 Section 5. Codification instruction. Sections 1
7 through 4 are intended to be codified as an integral part of
8 Title 17, and the provisions of Title 17 apply to sections 1
9 through 4.

-End-

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2 INTRODUCED BY MCBRIDE, FABREGA, HARPER,
3 STOBIE, SCHYE
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5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE STATE TO
6 PAY A CLAIM WITHIN 30 DAYS ~~OR WHEN SPECIFIED IN A CONTRACT~~
7 ~~OR AGREEMENT~~; AND TO PROVIDE FOR INTEREST ON THE UNPAID
8 BALANCE;--AMENDING-SECTION-18-4-214-MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 (Refer to Introduced Bill)

12 Strike everything after the enacting clause and insert:

13 Section 1. Definitions. As used in [sections 1 through
14 4], the following definitions apply:

15 (1) "Services" means the furnishing of labor, time, or
16 effort, including construction services, purchased or
17 contracted for by the state or any agency thereof.

18 (2) "Supplies" means all personal property purchased,
19 leased, or contracted for by the state or any agency
20 thereof, including leases of equipment and buildings.

21 Section 2. Interest assessed on amounts due. (1)
22 Except as provided in [section 3], a state agency shall pay
23 simple interest at the rate of 0.05% each day, on amounts
24 due for supplies and services received if the agency fails
25 to make timely payment.

1 (2) For purposes of this section, payment is timely if
2 a warrant is mailed or is otherwise made available to the
3 payee when due and for the amount specified in the
4 applicable contract or agreement. If no date is specified in
5 the applicable contract or agreement, payment is timely if
6 paid within 30 days after receipt of a properly completed
7 invoice, addressed to the payer agency, or receipt of the
8 supplies or services by the agency, whichever is later.

9 Section 3. Exemptions. [Section 2] does not apply to
10 the following:

- 11 (1) interagency or intergovernmental transactions;
12 (2) claims subject to a good faith dispute;
13 (3) delinquencies due to natural disasters,
14 disruptions in postal or delivery service, work stoppage due
15 to labor disputes, power failures, or any other cause
16 resulting from circumstances clearly beyond the control of
17 the payer agency;
18 (4) contracts entered into before [the effective date
19 of this act];
20 (5) wages due and payable to state employees or
21 payments from any state retirement system created pursuant
22 to Title 19; or
23 (6) claims submitted to the state or to its fiscal
24 intermediary by providers of supplies or services under the
25 Montana medicaid program if reasonable cause for nonpayment

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2 Section 4. Source for payment of interest. Any
3 interest owing under [sections 1 through 4] must be paid
4 from funds designated for administrative costs of the agency
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7 through 4 are intended to be codified as an integral part of
8 Title 17, and the provisions of Title 17 apply to sections 1
9 through 4.

-End-

March 8, 1983

SENATE STANDING COMMITTEE REPORT
(State Administration)

That House Bill No. 375 be amended as follows:

1. Page 1, line 20.
Strike: "and buildings "
Insert: " The term also includes leases
of buildings or other real property
by the state or any agency thereof."
2. Page 2, line 25.
Following: "medicaid"
Insert: "or workers compensation"

March 11, 1983

SENATE COMMITTEE OF THE WHOLE AMENDMENT

That House Bill No. 375 be amended as follows:

1. Page 3, line 5.

Following: "services"

Insert: "unless the delay was caused by a different agency and
then the interest must be paid from the administrative costs
of that agency."

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STOBIE, SCHYE

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(2) "Supplies" means all personal property purchased,
leased, or contracted for by the state or any agency
thereof, including leases of equipment and buildings. ~~THE~~
~~TERM ALSO INCLUDES LEASES OF BUILDINGS OR OTHER REAL~~
~~PROPERTY BY THE STATE OR ANY AGENCY THEREOF.~~

Section 2. Interest assessed on amounts due. (1)
Except as provided in [section 3], a state agency shall pay
simple interest at the rate of 0.05% each day, on amounts

due for supplies and services received if the agency fails
to make timely payment.

(2) For purposes of this section, payment is timely if
a warrant is mailed or is otherwise made available to the
payee when due and for the amount specified in the
applicable contract or agreement. If no date is specified in
the applicable contract or agreement, payment is timely if
paid within 30 days after receipt of a properly completed
invoice, addressed to the payer agency, or receipt of the
supplies or services by the agency, whichever is later.

Section 3. Exemptions. [Section 2] does not apply to
the following:

(1) interagency or intergovernmental transactions;

(2) claims subject to a good faith dispute;

(3) delinquencies due to natural disasters,
disruptions in postal or delivery service, work stoppage due
to labor disputes, power failures, or any other cause
resulting from circumstances clearly beyond the control of
the payer agency;

(4) contracts entered into before [the effective date
of this act];

(5) wages due and payable to state employees or
payments from any state retirement system created pursuant
to Title 19; or

(6) claims submitted to the state or to its fiscal

1 intermediary by providers of supplies or services under the
2 Montana medicaid ~~OR WORKERS' COMPENSATION~~ program if
3 reasonable cause for nonpayment exists.

4 Section 4. Source for payment of interest. Any
5 interest owing under [sections 1 through 4] must be paid
6 from funds designated for administrative costs of the agency
7 receiving the supplies and services ~~UNLESS THE DELAY WAS~~
8 ~~CAUSED BY A DIFFERENT AGENCY, AND THEN THE INTEREST MUST BE~~
9 ~~PAID FROM THE ADMINISTRATIVE COSTS OF THAT AGENCY.~~

10 Section 5. Codification instruction. Sections 1
11 through 4 are intended to be codified as an integral part of
12 Title 17, and the provisions of Title 17 apply to sections 1
13 through 4.

-End-