

2019 -- H 5638

LC001786

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- PROMPT PAYMENT BY
DEPARTMENT OF ADMINISTRATION

Introduced By: Representatives Edwards, Canario, Phillips, Almeida, and Maldonado

Date Introduced: February 27, 2019

Referred To: House Finance

(Dept. of Administration)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-11.1-3 of the General Laws in Chapter 42-11.1 entitled "Prompt
2 Payment by Department of Administration" is hereby amended to read as follows:

3 **42-11.1-3. Time period for payment.**

4 (a) All bills shall be paid within thirty (30) ~~working~~ calendar days of receipt of a proper
5 invoice or other contractual dates for periodic payments, except when a contractor has failed to
6 submit a bill in accordance with contractually imposed time frames.

7 (b) Each contractor shall make payment to subcontractors within ~~ten (10)~~ five (5)
8 calendar days of receipt of payment by the state; provided, however, that the contractor may
9 setoff a payment due to a subcontractor by an amount equal to the amount of an unpaid legally
10 enforceable debt owed by the subcontractor to the contractor or any amount which the contractor
11 is entitled to withhold under the terms of the contract entered into by the contractor and
12 subcontractor, or any amount owed by the subcontractor to the contractor by way of a statutory
13 obligation, or enforceable lien, of which the contractor or subcontractor had previous knowledge
14 or notice, or has reason to believe exists.

15 (c) The director of the department of administration shall have the power to impose
16 sanctions upon a contractor that has failed to comply with subsection (b) of this section or upon a
17 subcontractor who has failed to comply with subsection (c) of this section. Such sanctions may
18 include, but are not limited to, the sanctions set forth in § 37-14.1-8. The division of purchases, in

1 consultation with the office of diversity, equity, and opportunity, shall establish, by rule and
2 regulations promulgated in accordance with chapter 35 of title 42, standards for enforcement and
3 procedures for receiving and reviewing inquiries regarding a contractor's noncompliance with
4 subsections (b) and (c) of this section.

5 ~~(e)~~(d) This section shall not apply to contractors or subcontractors performing work
6 pursuant to a contract awarded by the department of transportation unless the subcontractor
7 provides a payment and performance bond in an amount equal to the contract between the
8 contractor and subcontractor.

9 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would amend the provisions for the timely payment of monies owed by the
2 department of administration to contractors and would further require prompt payment by the
3 contractors to their subcontractors and payments by subcontractors to lower tier subcontractors
4 and would allow the department to impose sanctions for failure to comply with any prompt
5 payment provisions.

6 This act would take effect upon passage.

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