

By Mr. Grenier of Spencer, petition of Henry R. Grenier for legislation to require the Commonwealth to pay interest on certain unpaid bills. State Administration.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT REQUIRING THE COMMONWEALTH TO PAY INTEREST ON CERTAIN UNPAID BILLS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 7 of the General Laws is hereby amended
2 by inserting after section 22B the following section: —

3 *Section 22C.* The state purchasing agent shall adopt rules and
4 regulations, subject to the approval of the commissioner of admin-
5 istration, providing for the mandatory payment by the common-
6 wealth of interest at the rate of fourteen percent per annum on all
7 outstanding accounts of the commonwealth relating to the pur-
8 chase of supplies and the rendition of services which remain
9 unpaid sixty days of the submission of the bill therefor.

1 SECTION 2. Chapter 29 of the General Laws is hereby amended
2 by inserting after section 20B the following section: —

3 *Section 20C.* There shall be added to the payment of all
4 accounts of the commonwealth, properly authorized, approved,
5 and submitted, interest at the rate of eight per cent per annum,
6 commencing forty-five days after the submission of demand for
7 payment.

1 SECTION 3. Chapter 29 of the General Laws is hereby amended
2 by adding at the end of section 29B thereof a new section as
3 follows: —

4 *Section 29C.* In accordance with regulations promulgated by
5 the Secretary of Administration, and except as otherwise provided
6 for by any other general or special law, each agency of the legisla-

7 tive, executive and judicial branches of the government of the
8 Commonwealth which acquires property or services from a busi-
9 ness concern but which does not make payment for each such
10 complete delivered item of property or serve by the required
11 payment date shall pay an interest penalty to such business concern
12 in accordance with this section on the amount of payment which is
13 due. Such regulations shall specify the following: —

14 (A) that the required payment date shall be: —

15 (1) the date on which payment is due under the terms of the
16 contract for the provision of such property or services; or,

17 (2) not more than thirty (30) working days after receipt of a
18 proper invoice for the amount of payment due, if a specific date on
19 which payment is due is not established by contract; except in the
20 case of any acquisition of meat or of a meat product shall specify a
21 required payment date which is not later than seven days after the
22 date of delivery of such meat food product.

23 (c) that, within fifteen (15) working days after the date on which
24 any invoice is received, state agencies notify the business concern
25 of any defect or impropriety in such invoice which would prevent
26 the running of the time period specified in this section.

27 Interest payments on amounts due to a business concern for the
28 period beginning on the day after the required payment date and
29 shall end on the day after the required payment date and shall end
30 on the date on which payment of the amount is made, except no
31 interest payment shall be paid if payment for the item of property
32 or service concerned is made on or before the third day after the
33 required payment date.

34 Any amount of interest payment which remains unpaid at the
35 end of any thirty day period shall be added to the principle amount
36 of the debt and thereafter interest penalties shall accrue on such
37 added amount.

38 This section does not authorize the appropriation of additional
39 funds for the payment of interest penalties required hereunder. An
40 agency of the Commonwealth shall pay any interest penalties
41 required by this section out of funds appropriated for the adminis-
42 tration or operation of the program for which the penalty was
43 incurred.

44 Interest penalties provided for under this section shall be com-
45 puted at a rate to be set semi-annually by the Secretary of Adminis-

46 tration on January 1 and July 1 of each year, providing however,
47 that such rate shall not be lower than 8% per annum.

48 Each agency of government in the Commonwealth shall file
49 with the Secretary of Administration a detailed report on any
50 interest penalties made under this section during the preceding
51 fiscal year. Such report shall include the number, amounts, fre-
52 quency of interest penalty payments, and the reasons such pay-
53 ments were not of Administration not more than sixty days after
54 the conclusion of each fiscal year. The Secretary shall then file a
55 copy of such reports with the Committees on Ways and Means of
56 the House of Representatives and the Senate of the Commonwealth.

57 This section shall apply to all property or services acquired on or
58 after the first day of the month next succeeding the effective date of
59 the Act establishing this section or July 1, 1983, whichever comes
60 later and the Secretary of Administration shall promulgate such
61 regulations as required herein by such date. The provisions of this
62 section shall be enforceable by a suit brought in the Trial Court of
63 the Commonwealth.

64 Any regulation, or any amendment or repeal of any such regula-
65 tions shall, after compliance with all applicable provisions of this
66 chapter, be submitted to the general court for approval. The
67 agency shall file the proposed regulation, amendment or repeal
68 with the clerk of the house of representatives. Any regulation,
69 accompanied by a summary of the regulation in laymen's terms.
70 The clerk shall refer such regulation to the appropriate joint
71 standing committee within five days of the filing thereof. The
72 committee shall consider the proposed regulation, amendment or
73 repeal shall not be subject to amendment by the general court.

74 The clerk of the senate shall cause any regulation, amendment
75 or repeal, approved by both branches of the general court within
76 seventy-five days from the time of the filing of the same with the
77 clerk of the house of representatives, to be forwarded to the
78 governor for his approval; provided, that any such regulation,
79 amendment or repeal which is not approved by the general court
80 and the governor within ninety days of such filing shall be deemed
81 to have been disapproved.

82 If the governor approves any regulation, amendment or repeal
83 submitted to him, as hereinbefore provided, he shall forward the
84 same to the state secretary who shall publish the same.

85 Emergency regulations may be adopted during the prorogation
86 of the general court, provided, that such regulation shall be filed
87 with the clerk of the house of representatives for submission the
88 next session of the general court for approval as hereinbefore
89 provided; and provided, further that such regulation shall not
90 remain in force for more than ninety days after the general court
91 has convened for such session.

92 The state secretary shall not accept for filing any regulations or
93 any amendment or repeal of any regulation unless such regulation,
94 amendment or repeal has in addition to compliance with all appli-
95 cable provisions of this chapter, been approved by the general
96 court and the governor as provided in this section and has pre-
97 pared a summary in laymen's terms which is filed therewith.