

SENATE No. 1765

The Commonwealth of Massachusetts

SENATE, April 28, 1987.

The committee on Public Service, to whom was referred the petition (accompanied by bill, Senate, No. 1173) of Royal L. Bolling, Sr., for legislation to provide for the payment of interest on monies owed to certain state employees; the petition (accompanied by bill, House, No. 1382) of Fred Trusten and John A. Businger relative to certain payments due to employees of the Commonwealth; and the petition (accompanied by bill, House, No. 3550) of Joseph M. Bonavita and Salvatore F. DiMasi that provision be made for the payment of interest on monies owed to certain state employees; reports the accompanying bill (Senate, No. 1765).

For the committee,

ROYAL L. BOLLING, SR.

The Commonwealth of Massachusetts

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

AN ACT PROVIDING FOR INTEREST PENALTIES ON CERTAIN PAYMENTS
DUE EMPLOYEES OF THE COMMONWEALTH.

*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
2 amended by inserting after section 14A, as appearing in the
3 1984 Official Edition, the following section: —

4 Section 14B. The commissioner of administration shall
5 adopt rules and regulations, providing for payment by the
6 commonwealth of late penalty interest in accordance with the
7 provisions of section twenty-nine C of chapter twenty-nine.

1 SECTION 2. Chapter 29 of the General Laws is hereby
2 amended by inserting after section 20B, as appearing in the
3 1984 Official Edition, the following section: —

4 Section 20C. Any employee of the commonwealth to whom
5 any state agency of the commonwealth is liable for late penalty
6 interest under the provisions of section twenty-nine B shall,
7 prior to payment of said interest, submit to said agency an
8 invoice therefor in accordance with applicable rules and regula-
9 tions established under section fourteen B of chapter seven,
10 provided that in the case of any such employee subject to the
11 provisions of chapter one hundred and fifty E, such invoice
12 shall be submitted by the appropriate employee organization
13 on behalf of such employee.

1 SECTION 3. Said chapter 29 is hereby further amended by
2 inserting after section 29B, as appearing in the 1984 Official
3 Edition, the following section: —

4 Section 29C. Except as otherwise provided for by law, each
5 state agency of the executive and judicial branches of the

6 government of the commonwealth, including without limitation
7 the institutions and boards of the system of higher education,
8 which employs state employees paid from the "01" and "02"
9 subsidiary accounts, so-called, and which does not make full
10 payment by the required payment date, as herein defined, for
11 such employment, including payment for any increases pursu-
12 ant to, without limitation, the provisions of a collective bar-
13 gaining agreement under chapter one hundred and fifty E, any
14 promotion, or any upgrading, reallocation or reclassification of
15 any title, office, position, or class, shall be liable for late
16 penalty interest to any employee to whom such amount is due
17 on the amount which is due as follows:

18 (a) the required payment date shall be the date which is the
19 later of (i) the date which is fifteen days, excluding Saturdays,
20 Sundays, and legal holidays, after the date on which payment
21 is due or the increase is effective under the terms of the agree-
22 ment or such fifteen days after the effective date of any such
23 upgrading, reallocation or reclassification or promotion, and
24 (ii) fifteen such days after the legislature has appropriated or
25 otherwise made available for expenditure or approved the
26 expenditure of funds for the purpose of such agreement, pro-
27 motion, upgrading reallocation, or reclassification;

28 (b) the late interest penalty provided for under this section
29 shall be computed at a rate to be set semi-annually by the
30 commissioner of administration on the first of January and the
31 first of July of each year; provided, however, that said rate
32 shall be equal to the average rates paid on individual savings
33 accounts as determined by the commissioner pursuant to a
34 representative sample of not less than ten financial institutions;

35 (c) the provisions of this section shall apply to any late
36 penalty interest which may be due in accordance with the pro-
37 visions of this section;

38 (d) within fifteen days after the date on which any invoice is
39 received pursuant to section twenty C, the agency receiving
40 such agency shall notify any such employee or employee
41 organization, as applicable, of any defect or impropriety in
42 such invoice which would prevent payment pursuant thereto.

43 Any agency required to pay any interest penalty under the

44 provisions of this section shall pay any amount required out of
45 funds appropriated for the administration or operation of the
46 program under which the employee for whom such penalty
47 was incurred is employed.

48 The commissioner of administration shall, not later than the
49 first Monday in September of each year, file with the house
50 and senate committees on ways and means a summary report
51 of any interest penalties paid under this section during the
52 preceding fiscal year. Such report shall include the number,
53 amounts, frequency of interest penalty payments, and the rea-
54 sons such interest payments were made, displayed and
55 summarized by agency and secretariat, where applicable.

56 Any rules and regulations promulgated pursuant to this sec-
57 tion, or pursuant to section fourteen B of chapter seven, or
58 any amendment or repeal of any such rules or regulations,
59 shall be filed with the house and senate committees on ways
60 and means at least thirty days prior to their taking effect.

1 SECTION 4. The provisions of this act shall apply only to
2 those payments first becoming due after the effective date of
3 this act.