

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1833

6
7 H.P. 1411

House of Representatives, January 4, 1984

8 Reference to the Committee on State Government. Ordered printed and
9 sent up for concurrence.

10 Approved for introduction by the Legislative Council pursuant to Joint
Rule 26.

EDWIN H. PERT, Clerk

Presented by Representative Mitchell of Vassalboro.

11 Cosponsors: Senator Violette of Aroostook, Representative Pouliot of
Lewiston and Senator Dutremble of York.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FOUR
16

17 AN ACT to Require the State of Maine
18 to Pay Late Fees on Overdue Payments.
19

20 Be it enacted by the People of the State of Maine as
21 follows:

22 5 MRSA, c. 144 is enacted to read:

23 CHAPTER 144

24 PAYMENT OF INVOICES RECEIVED

25 FROM BUSINESS CONCERNS

26 §1551. Purpose

27 The purpose of this chapter is to promote prompt
28 payment of obligations incurred by agencies of State
29 Government. It is the intent of the Legislature to
30 prevent hardship for any business concern due to late
31 payment of proper invoices for obligations incurred

1 by state agencies. It is also the intent of the Leg-
2 islature to encourage business concerns to provide
3 prompt, dependable services and products of a high
4 quality and at a reasonable cost to State Government.

5 §1552. Definitions

6 As used in this chapter, unless the context oth-
7 erwise indicates, the following terms have the fol-
8 lowing meanings.

9 1. Business concern. "Business concern" means a
10 person, partnership or corporation engaged in pro-
11 viding property, products or services for the purpose
12 of gain, benefit or advantage, either direct or indi-
13 rect, whether or not the concern is organized for
14 profit or not for profit.

15 2. Commissioner. "Commissioner" means the Com-
16 missioner of Finance and Administration.

17 3. Controller. "Controller" means the State
18 Controller.

19 4. Improper invoice. "Improper invoice" means
20 an invoice which is:

21 A. Incorrectly calculated;

22 B. Received for property, products or services
23 that are unsatisfactory with respect to quantity
24 or quality; or

25 C. Received for property, products or services
26 for which there is no request.

27 5. Proper invoice. "Proper invoice" means an
28 invoice for property, products or services deemed to
29 be satisfactory in quality and quantity, in conform-
30 ance with the request of the state agency and on
31 which the amount due has been correctly calculated.

32 6. State agency. "State agency" means any body
33 of State Government authorized by law to adopt rules,
34 to issue licenses or to take final action in adjudi-
35 catory proceedings, including, but not limited to,
36 every authority, board, bureau, commission, depart-

1 ment or officer of the State Government so autho-
2 rized; but the term does not include the Legislature,
3 Governor, courts, University of Maine, Maine Maritime
4 Academy, school districts, special purpose districts
5 or municipalities, counties or other political subdivi-
6 sions of the State.

7 §1553. Standards

8 The commissioner shall require state agencies to
9 assure prompt payment by means of the following stan-
10 dards.

11 1. Required payment date. The required payment
12 date for any proper invoice for which a state agency
13 has incurred an obligation to a business concern
14 shall be no more than 30 days from the date the state
15 agency receives a proper invoice or from the date of
16 receipt of the property, products or services, which-
17 ever is later, unless the agency and the business
18 concern have agreed to another payment date.

19 2. Notice of receipt of improper invoice. In
20 the event the state agency receives an improper in-
21 voice, the agency shall immediately notify the busi-
22 ness concern in writing. This written notice shall
23 reasonably describe why the invoice is deemed to be
24 improper. Disputes shall be handled under section
25 1510-A.

26 3. Specifications of a required payment date for
27 corrected invoices. In the event that an improper
28 invoice is received by a state agency, it shall be
29 returned within 15 days of receipt to the business
30 concern for correction. Upon receiving a corrected
31 invoice, payment shall be made in accordance with
32 subsection 1.

33 4. Procedure for submitting invoices to control-
34 ler. An expeditious procedure shall be developed for
35 the submission of invoices received by a state agency
36 to the controller. In the event that obligations of
37 an agency are not paid through the controller, a pro-
38 cedure shall be developed by the commissioner to en-
39 sure prompt payment.

40 §1554. Payment of late fees

1 In the event that a proper invoice is not paid
2 within 30 days after receipt of the invoice, or with-
3 in 15 days following another date agreed to by the
4 state agency and the business concern, the agency
5 shall be liable to pay a late fee on the amount due
6 on the invoice.

7 The late fee shall be computed at the same inter-
8 est rate established by the State Treasury pursuant
9 to Title 36, section 505, subsection 4.

10 §1555. Period of time for which late fees are im-
11 posed

12 The late fee shall apply to the period beginning
13 on the day after the required payment date and ending
14 on the date on which payment of the amount due on the
15 invoice is made. An amount of a late fee which re-
16 mains unpaid at the end of any 30-day period shall be
17 added to the principal amount of the debt and, there-
18 after, late fees shall accrue on the added amount.

19 §1556. Source of payment for late fees

20 Any late fee authorized by this chapter to be ap-
21 plied to a proper invoice shall be paid from funds
22 made available for the administration or operation of
23 the program or state agency for which the obligation
24 was incurred.

25 §1557. Late fees and improper invoices

26 With respect to an improper invoice, the late fee
27 shall apply to the period beginning on the day after
28 the required payment date is due as specified on the
29 corrected and proper invoice and ending on the date
30 on which payment of the amount due on the invoice is
31 made.

32 §1558. Annual report

33 The State Controller shall annually report on the
34 amount of late fees incurred by the various state
35 agencies.

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STATEMENT OF FACT

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The purpose of this bill is to prevent any hardships that a business concern may incur as a result of late payments from State Government. This bill uses the federal statute, Public Law 97-177, adopted May 21, 1982, as a guide. Over 20 states have now adopted some form of prompt pay legislation.

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This bill requires the Commissioner of Finance and Administration to direct state agencies to ensure prompt payment of obligations incurred by the State. Any proper invoice that is not paid within 30 days from the date the agency receives the invoice is subject to late fees. The late fee will be determined by reference to the interest rate established by the Treasurer of State from municipalities on delinquent taxes.

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