

2014 -- H 7882

=====
LC004722
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

—————
A N A C T

RELATING TO LABOR AND LABOR RELATIONS

Introduced By: Representatives Almeida, Marshall, Edwards, Canario, and Ucci

Date Introduced: March 06, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 28 of the General Laws entitled "LABOR AND LABOR
2 RELATIONS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 56

4 PROMPT PAY ACT

5 **28-56-1. Payments to private enterprises.** – (a) As used in this chapter, “private
6 enterprise” means a business which provides goods or services and which is not a governmental
7 entity.

8 (b) As used in this chapter, “change order” refers to a change in agreed upon work or
9 payment from the original contract created and agreed by both the private enterprise and state
10 department or agency.

11 (c) Unless otherwise agreed in writing, any state department or agency shall take all steps
12 necessary to assure that:

13 (1) Payment applications by private enterprises are submitted no later than thirty (30)
14 days after work is completed and must be approved or rejected within fifteen (15) days after
15 receiving payment application.

16 (2) Payment for goods or services is mailed to a private enterprise within forty-five (45)
17 days after the state department or agency receives the goods or services, a complete invoice for
18 the goods or services, or a complete contract for goods or services, whichever is later.

19 (d) If an invoice for goods or services received by a state department or agency is filled

1 out incorrectly or contains a defect or impropriety, the state department shall notify the private
2 enterprise, which submitted the invoice, within ten (10) days after the invoice is received.

3 (e) If an invoice error, other defect or impropriety is corrected by a private enterprise
4 within five (5) days after receipt of the notice required by § 28-56-1(d), the state department or
5 agency shall make payment within the time period required by § 28-56-1(c).

6 (f) Except as provided in § 28-56-1(h), if a payment owed by a state department or
7 agency to a private enterprise for goods or services is past due, a contractor or subcontractor can
8 cease continuation of work thirty (30) days after payment was due. Also, the state department or
9 agency shall pay an additional amount equal to one percent (1%) of the payment to the private
10 enterprise to which payment is due. The state department or agency shall pay this additional
11 amount equal to one percent (1%) of the payment due for the first month and each succeeding
12 month the payment remains past due.

13 (g) A state department or agency shall not require a private enterprise to submit a
14 petition, bill, statement, or other additional notice in order to collect an amount due hereunder.
15 Only the payment application shall be submitted to collect amount due.

16 (h) Subsection 28-56-1(f) shall not apply:

17 (1) If a payment is delayed because of a good faith disagreement between a state
18 department or agency and a private enterprise, unless the dispute is resolved in favor of the
19 private enterprise in which case § 28-56-1(f) shall apply;

20 (2) If a payment by a state department or agency is past due because of an executive
21 order budget cut; or

22 (3) If a state department or agency instead pays a penalty or interest payment charged by
23 a private enterprise for late payment.

24 (i) “Pay when paid” clauses will remain intact between state department or agency and a
25 private enterprise.

26 (j) If a change order needs to be submitted by private enterprise to state department or
27 agency, it will be paid or rejected within thirty (30) days of change order submission or beginning
28 of new work, whichever is later.

29 (k) Any disputes between parties regarding rejected payment applications or change order
30 requests can be resolved via arbitration, litigation or other procedure within sixty (60) days after
31 rejection.

32 (l) This act will only be applied to private enterprises and not to municipal, state, or
33 federal enterprises and provided further, this act shall apply only to goods or services which are
34 received and for which a complete invoice is received by a state department or agency after the

1 [effective date of this act.](#)

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

=====
LC004722
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO LABOR AND LABOR RELATIONS

- 1 This act would provide for prompt payment by the state to private enterprises for goods
- 2 or services rendered to the state, and would prescribe penalties for delays in such payments.
- 3 This act would take effect upon passage.

=====
LC004722
=====