

**ACT 292**

H. B. 385.

A Bill for an Act Relating to Payment of Government Contracts and Amending Chapter 9 of the Revised Laws of Hawaii 1955.

*Be It Enacted by the Legislature of the State of Hawaii:*

**SECTION 1.** Findings and purpose. The legislature finds that a substantial number of contractors selling goods and services to the state and county governments must frequently wait 90 to 120 or more days to receive payment. The purpose of this Act is to require prompt payment on government contracts.

**SECTION 2.** Chapter 9 of the Revised Laws of Hawaii 1955 is amended by adding the following section to be appropriately numbered:

**“Sec. 9-..... Payment for goods and services.** Any person who

renders a proper statement for goods delivered or services performed pursuant to contract, to any agency of the State or any county, shall be paid no later than sixty calendar days following receipt of the statement. In the event circumstances prevent the paying agency from complying with this section, the person shall be entitled to interest on the principal amount remaining unpaid at the rate of one-half of one per cent per month commencing on the sixtieth day following receipt of the statement. It is provided, however, that this section shall not apply in those cases where delay in payment is due to a bona fide dispute between the State and the contractor concerning the services or goods contracted for. This section shall apply only to those cases where payment was withheld arbitrarily or erroneously. It is further provided that in cases where the time of payment is contingent upon the receipt of federal funds, or federal approval, the solicitation of bids for contracts shall clearly state that payment is contingent upon such conditions. In cases where the solicitation for bids contains such warning and a contract is awarded in response to such solicitation then interest will not begin to accrue upon any unpaid voucher until the sixtieth day following receipt by the State of the contractor's statement, or the thirtieth day following receipt of such federal funds or approval, which occurs later."

SECTION 3. This Act shall take effect upon its approval.

(Approved June 10, 1967.)