

**ACT 147**

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**H. B. NO. 49**

**A Bill for an Act Relating to Payment of Subcontractors and Amending Chapter 444 of the Hawaii Revised Statutes.**

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

SECTION 1. Findings and purpose. The legislature finds that a substantial number of subcontractors who contract to sell goods and services to contractors must frequently wait 90 to 120 or more days to receive payment. The purpose of this Act is to require prompt payment on such contracts.

SECTION 2. Chapter 444 of the Hawaii Revised Statutes is amended by adding the following new section to be appropriately designated and to read as follows:

**“Sec. 444- . Payment for goods and services.** A contractor shall pay his subcontractor for any goods and services rendered within sixty days after receipt of a proper statement by the subcontractor that the goods have been delivered or services have been performed. The subcontractor shall be entitled to receive interest on the unpaid principal amount at the rate of one percent per month commencing on the sixtieth day following receipt of the statement by the contractor, provided that this section shall not apply if the delay in payment is due to a bona fide dispute between the contractor and the subcontractor concerning the goods and services contracted for.

“If payment is contingent upon receipt of funds held in escrow or trust, the contractor shall clearly state this fact in his solicitation of bids. If the solicitation for bids contains the statement that the time of payment is contingent upon the receipt of funds held in escrow or trust and a contract is awarded in response to the solicitation, interest will not begin to accrue upon any unpaid balance until the sixtieth day following receipt by the contractor of the subcontractor’s statement or the thirtieth day following receipt of the escrow or trust funds, whichever occurs later.”

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

(Approved June 30, 1969.)