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STATE CONTRACTS

House Bill 4582

Sponsor: Rep. Harold Voorhees

Committee: Consumers

Complete to 10-11-93

A SUMMARY OF HOUSE BILL 4582 AS INTRODUCED 4-1-93

The bill would amend Public Act 279 of 1984, which imposes penalties for state agencies that fail to promptly pay private businesses for contracted goods and services, to add penalties for state agencies failing to pay promptly for contracted construction after June 30, 1993.

Public Act 279 of 1984 requires state agencies ("a principal executive department") to pay for goods and services from private enterprises within 45 days after the agency receives either the goods or services, a complete invoice for the goods and services, or a complete contract for goods and services, whichever is later. If a payment to a private enterprise for goods and services is past due, the state agency is required to pay an additional amount equal to 0.75 percent of the payment to the private enterprise. The act applies only to goods and services received -- and for which a complete invoice was received -- by a state agency after September 30, 1984.

The bill would amend the act to make similar requirements regarding construction projects done by private enterprises for state agencies. State agencies would be required to mail payment to a private enterprise within 45 after the date the state agency determined that a construction project had been completed or within 45 days after the scheduled completion date of the project, adjusted for any approved extensions, whichever was earlier. The penalty would be an additional amount equal to 0.75 percent of a late payment to a private enterprise, and would apply to construction contracts entered into after June 30, 1993.

MCL 17.51 et al.

House Bill 4582 (10-11-93)