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An Act To Encourage Prompt Payments by the State When It Contracts with Outside Agencies

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

Sec. 1. 5 MRSA §1554, as enacted by PL 1983, c. 655, is amended to read:

§ 1554. Payment of late fees

In the event that a proper invoice is not paid within 25 working days after receipt of the invoice, or within 15 days following another date agreed to by the state agency and the business concern, the agency ~~shall be~~ is liable to pay a reasonable late fee that ~~shall not exceed the normal late charge that the business concern levies on the amount due on the invoice of 1 1/2% of the amount owed on the invoice per month~~ except when the contract includes a specific late fee of a different amount to be levied.

In the event that federal ~~moneys are~~ money is the budgeted source of funds for payment to business concerns for state agency purchases of goods, property or services, and ~~these moneys are~~ this money is unexpectedly withheld and delayed from reaching the State in time to pay proper invoices without incurring a late fee, the state agency ~~which~~ that made the purchases and the State of Maine ~~shall~~ are not be liable for any late fees on overdue payments.

SUMMARY

Current law allows a vendor to charge a reasonable late fee if a state agency does not make the required payment for an invoice on time. This bill requires a state agency that does not make the required payment on time to pay a late fee of 1 1/2% per month unless the contract includes a different amount to be levied if payment is late.