

WEST VIRGINIA LEGISLATURE

2023 REGULAR SESSION

Introduced

Senate Bill 436

By Senators Tarr, Swope, and Jeffries

[Introduced January 23, 2023; referred
to the Committee on Government Organization; and
then to the Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
2 designated §12-10-1 and §12-10-2, all relating to prompt payment of legitimate,
3 uncontested invoices by state agencies; providing that registered and qualified vendors
4 shall be entitled to prompt payment upon presentation to a state agency of a legitimate,
5 uncontested invoice; providing the rate of interest and manner of calculation; determining
6 the date an invoice is considered received by a state agency; outlining rights of state
7 agencies to receive updated invoices with interest prior to payment; requiring state
8 agencies to explain and calculate interest on the payment claim at the time it is submitted
9 to the State Auditor; providing the timeline in which state agencies shall process payments;
10 providing the timeline in which state agencies shall process payments for other agencies;
11 providing for the definition of a "state agency"; and providing for exceptions.

Be it enacted by the Legislature of West Virginia:

ARTICLE 10. PROMPT PAYMENT ACT OF 2023.

§12-10-1. Short title.

1 This article shall be known and cited as the "Prompt Payment Act of 2023".

§12-10-2. Payment of legitimate uncontested invoices; interest on late payments.

1 (a) Any properly registered and qualified vendor who supplies services or commodities to
2 any state agency shall be entitled to prompt payment upon presentation to that state agency of a
3 legitimate uncontested invoice: *Provided*, That employees of the state shall not be considered
4 vendors under this article.

5 (b)(1) For purchases of services or commodities made on or after July 1, 2023, a check,
6 state warrant, purchasing card transaction, or electronic payment shall be issued in payment
7 thereof within 45 days after a legitimate uncontested invoice is received by the state agency
8 receiving the services or commodities. Any check, state warrant, purchasing card transaction, or
9 electronic payment issued after the 45 days shall include three percent interest, compounded
10 weekly at the beginning of each week and calculated from the 46th day after the invoice was

received by the state agency until the date on which the check or warrant is mailed to the vendor, the electronic payment is issued and cleared through the bank, or the purchasing card transaction is initiated and cleared by the bank. For the purposes of computation under this section the week shall end on Saturday and start on Sunday of a given week.

(2) For purposes of this subsection, an invoice shall be deemed to be received by a state agency on the date on which the invoice is marked as received by the state agency, the date of the postmark made by the United States postal service as evidenced on the envelope in which the invoice is mailed, or the date the invoice is logged received or confirmed on an electronic mailbox or messaging system, whichever is earlier, unless the vendor can provide sufficient evidence that the invoice was received by the state agency on an earlier date: *Provided*, That in the event an invoice is received by a state agency prior to the date on which the commodities or services covered by the invoice are delivered and accepted or fully performed and accepted, the invoice shall be deemed to be received on the date on which the commodities or services covered by the invoice were actually delivered and accepted or fully performed and accepted.

(c) Prior to initiating payment that includes interest as provided in section (b) of this article, a state agency may request a vendor present a revised invoice for payment including itemized interest and all other charges authorized under this article. The state agency reserves the right to recalculate and ensure the itemized interest amounts are correct prior to payment of a late invoice and shall ensure interest is appropriate and due before payment of an invoice with interest added for late payment. The state agency shall add explanatory documentation to the claim for payment prior to submitting it to the State Auditor's Office to explain the difference between the amount of the invoice and the amount requested to pay the vendor in the statewide accounting system. For reporting purposes, the State Auditor may require agencies to properly separate reporting of the payment for commodities and services and the payment of interest in the statewide accounting system using budgetary object codes or tracking codes.

(d) The state agency initially receiving a legitimate uncontested invoice shall process the

invoice within 10 business days from its receipt. Failure to comply with the requirements of this subsection shall render the state agency liable for payment of the interest mandated by this section when there is a failure to promptly pay a legitimate uncontested invoice: *Provided*, That a state agency shall not be liable for payment of interest owed by another state agency under this section: *Provided, however*, That the State Auditor's Office shall not be liable for payment of interest when an invoice is delayed due to the State Auditor's Office's refusal of the payment request due to the state agency's noncompliance with the payment standards promulgated by the State Auditor when submitting payment.

(e) Any other state agency charged by law with processing a state agency's requisition for payment of a legitimate uncontested invoice shall either process the claim or reject it for good cause within 10 business days after such processing state agency receives it. Failure to comply with the requirements of this subsection shall render the processing state agency liable for payment of the interest mandated by this section when there is a failure to promptly pay a legitimate uncontested invoice unless the processing state agency did not receive the invoice from the paying agency timely.

(f) For purposes of this section, the phrase "state agency" means any agency, department, board, office, bureau, commission, authority or any other entity of the executive, judicial, elected, or legislative branch of state government.

(g) The provisions of this article do not apply to any vendor, grantee, or subgrantee who is debarred, whose payments are required to be offset and intercepted to a state or federal agency, or who is otherwise ineligible to receive payment from the state by any act provided for in this code.

(h) Nothing in this article should be construed to limit the right of a state agency to refuse illegitimate, erroneous, fraudulent, or disputed claims for payment.

NOTE: The purpose of this bill is to provide for the prompt payment of legitimate, uncontested invoices by state agencies. The bill provides that registered and qualified vendors shall be entitled to prompt payment upon presentation to a state agency of a legitimate, uncontested invoice. The bill provides for the rate of interest and manner of calculation. The bill determines the date an invoice is considered received by a state

agency. The bill outlines the rights of state agencies to receive updated invoices with interest prior to payment. The bill requires state agencies to explain and calculate interest on the payment claim at the time it is submitted to the State Auditor. The bill provides the timeline in which state agencies shall process payments. The bill provides the timeline in which state agencies shall process payments for other agencies. The bill provides for the definition of a state agency. Finally, the bill provides for exceptions.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.