OLR Bill Analysis
SB 683

AN ACT CONCERNING A PENALTY FOR LATE PAYMENTS OF STATE CONTRACTORS BY THIRD-PARTY ENTITIES.

SUMMARY

This bill requires contracts between state agencies and third-party administrators (TPAs) to include prompt payment provisions (see BACKGROUND). For such contracts executed or renewed beginning as of July 1, 2019, they must contain a provision requiring TPAs to (1) make agency payments to state contractors within 45 days of receiving a properly completed claim or goods or services and (2) pay the contractor a penalty equal to 0.5% of the payment if they fail to do so.

Under the bill, a state contractor means a person, business, or nonprofit contracting with the state for public works, personal services, goods, services, equipment, and travel.

EFFECTIVE DATE: July 1, 2019

BACKGROUND

Prompt Payment Laws

Generally, prompt payment laws set out a schedule for project owners to pay contractors and contractors to, in turn, pay subcontractors. In Connecticut, payments by state agencies are due either on the date specified in the contract or, if no date is specified, within 45 days of a properly completed claim or receipt of services, whichever is later. The state must pay interest on late payments at a rate equal to the monthly effective yield for the state's Short Term Investment Fund (2.47% in February 2019).

COMMITTEE ACTION

Government Administration and Elections Committee
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