



SENATE MAJORITY OFFICE

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Prompt pay bill will help small businesses cover bottom line *HB 4034 will improve conditions for sub-contractors to get paid*

SALEM – A bill that makes several revisions to the public construction law that oversees requirements between a contractor and a first-tier subcontractor received unanimous support in the Senate this morning.

House Bill 4034 ensures that contractors can't use paper work changes as a reason not to pay subcontractors in a timely fashion. The new law will require that subcontractors be notified of changes in invoicing procedures 45 days in advance and requires owners and upstream contractors to provide copies of new forms they will use.

“Prompt payment keeps living-wages flowing,” said Senator Chip Shields (D-Portland), who worked on similar legislation during the 2011 Session. “HB 4034 presents a common-sense, accountable solution that will help small businesses and make sure that funds spent on public projects are helping to create jobs.”

HB 4034 also increases penalties for late payments on public construction projects. Instead of indexing payment penalties to three times the discount rate on 90-day commercial paper, which presently sits at 0.45 percent a year, the bill establishes a flat rate of nine percent.

“Many first-tier subcontractors are small, locally-owned businesses,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “This bill will help make sure that these small businesses are getting paid on time, allowing those small business owners to make payroll and pay other bills.”

The bill now goes to the Governor for his approval.

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