

SAM - DISBURSEMENTS

PENALTY FOR LATE PAYMENT ON CONSTRUCTION CONTRACT CLAIMS

8473.1

(New 3/1991)

Section [10261.5](#) of the Public Contract Code provides for the payment of interest on construction contracts at an annual rate of 10% (i.e., the rate set forth in subdivision (a) of Section [685.010](#) of the Code of Civil Procedure) when a State agency fails to pay a contractor's properly submitted and undisputed payment request within 30 days of receipt of such request by the State agency.

Section 10261.5 of the Public Contract Code also provides as follows:

1. Any State agency which independently calculates the amount due on a progress payment and fails to make the progress payment within 30 days of the first submittal of the estimate by the contractor shall pay interest to the contractor at the rate specified above.
2. A State agency shall pay interest to the contractor at the rate specified above when the payment is not made within 30 days of receipt of a properly submitted and undisputed request for payment and the State Controller processes the payment within 14 days of receipt of the payment claim filed by the contracting State agency.
3. The State Controller shall pay interest to the contractor at the rate specified above when the payment is not made within 30 days of a properly submitted and undisputed request for payment and the contracting State agency has filed and the State Controller has accepted the payment claim within 16 days after receipt of the contractor's request for payment by the State agency.