

SAM - DISBURSEMENTS

PENALTY REQUIREMENTS

8474.2

(Revised 06/2016)

A. Small Businesses and Nonprofits

If the claimant is a certified small business, a nonprofit organization, a nonprofit public benefit corporation, or a small business or nonprofit organization that provides services or equipment under the Medi-Cal program, the state department or Controller shall pay the claimant a penalty at a rate of 10 percent above the United States Prime Rate on June 30 of the prior fiscal year. However, a nonprofit organization shall only be eligible to receive a penalty payment if it has been awarded a contract or grant for victim services and prevention programs in an amount less than five hundred thousand dollars (\$500,000). If the amount of the penalty is ten dollars (\$10) or less, the penalty shall be waived and not paid by the state department or Controller.

It is the responsibility of each state department to determine whether or not a claim has been submitted by a qualified small business.

It is the responsibility of the DGS Office of Small Business and Disabled Veteran Business Enterprise Services ([OSDS](#)) to verify which firms qualify as "small business" under the general provisions, California Code of Regulations, [Title 2, Division 2, Chapter 3, Subchapter 8, section 1896](#) et seq. Any questions regarding whether a particular vendor contractor or service firm is a certified small business should be directed to OSDS at osdshelp@dgs.ca.gov. This information may also be accessed by using the OSDS search engine located on the DGS web site at: <https://www.dgs.ca.gov/pd/Programs/caleprocure.aspx>.

It is the responsibility of DHCS to verify/certify which providers under the Medi-Cal program qualify as a "small business." See SAM section 8474.4, paragraph (n).

B. Other Businesses and Defined Grantees

For all other businesses and victim services and prevention program grantees, the state department or the Controller shall pay a penalty at a rate of one percent above the Pooled Money Investment Account daily rate on June 30 of the prior fiscal year, not to exceed a rate of 15 percent. However, if the amount of the penalty is one hundred dollars (\$100) or less, the penalty shall be waived and not paid by the state department or Controller.

(Continued)

SAM - DISBURSEMENTS

(Continued)

PENALTY REQUIREMENTS

8474.2 (Cont. 1)

(Revised 6/2016)

C. Refunds and Other Payments to Individuals

For refunds or other payments due to individuals, the state department or the Controller shall pay a penalty at a rate equal to the Pooled Money Investment Account daily rate on June 30 of the prior fiscal year minus one percent. However, if the amount of the penalty is ten dollars (\$10) or less, the penalty shall be waived and not paid by the state department or Controller.

This section requires:

1. No penalty shall accrue on any refund or payment due to individuals that is the result of a federally mandated program or directly depends upon the receipt of federal funds.

This section does not apply to:

1. Late payments for goods and services covered under SAM sections 8473 and 8473.1.
2. Income tax payments, refunds, or credits.
3. Reimbursement for health care services or mental health services provided under the Medi-Cal program, pursuant to the Welfare and Institutions Code section [14000](#) et seq.
4. Benefit payments to participants of public social service or public health programs.
5. Claims to the Department of General Services.
6. Payments made by the Commission on State Mandates.
7. Department of Human Resources payments pursuant to Government Code section [19823](#).