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ACT 51

S.B. NO. 1261

A Bill for an Act Relating to Procurement Card Payments.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 103D-104, Hawaii Revised Statutes, is amended by adding the definition of “procurement card” to be appropriately inserted and to read as follows:

““Procurement card” means a charge card, with predetermined limitations, used by government agencies in place of cash or purchase orders for the purchase of goods, services, or construction.”

SECTION 2. Section 103-10, Hawaii Revised Statutes, is amended to read as follows:

**“§103-10 Payment for goods and services.** (a) Any person who renders a proper statement for goods delivered or services performed, pursuant to contract, to any agency of the State or any county, shall be paid no later than thirty calendar days following receipt of the statement or satisfactory delivery of the goods or performance of the services. In the event circumstances prevent the paying agency from complying with this section, the person shall be entitled to interest from the paying agency on the principal amount remaining unpaid at a rate equal to the prime rate for each calendar quarter plus two per cent, but in no event shall exceed twelve per cent a year, commencing on the thirtieth day following receipt of the statement or satisfactory delivery of the goods or performance of the services, whichever is later, and ending on the date of the [~~warrant.~~] check. As used in this subsection, “prime

rate” means the prime rate as posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter.

(b) This section shall not apply in those cases where delay in payment is due to:

- (1) A bona fide dispute between the State or any county and the contractor concerning the services or goods contracted for;
- (2) A labor dispute;
- (3) A power or mechanical failure;
- (4) Fire;
- (5) Acts of God; or
- (6) Any similar circumstances beyond the control of the State or any county.

Where the time of payment is contingent upon the receipt of federal funds, or federal approval, the solicitation of bids for contracts shall clearly state that payment is contingent upon those conditions. If the solicitation for bids contains the warning and a contract is awarded in response to the solicitation then interest shall not begin to accrue upon any unpaid voucher until the thirtieth day following receipt by the State or county of the contractor’s statement or the thirtieth day following receipt of the federal funds or approval, whichever occurs later, and shall end as of the date of the ~~[warrant.]~~ check.

(c) All ~~[payments for]~~ goods ~~[delivered]~~ or services ~~[performed to]~~ purchased by a state agency which are less than \$25, except those purchased through the use of a state procurement card, shall be ~~[made]~~ paid from the petty cash funds of the agency; provided that the comptroller may establish a higher threshold for petty cash payments and may grant exceptions to this requirement.

(d) Any other law to the contrary notwithstanding, the payments for goods and services obtained through use of any state or county procurement card shall be made under the terms and conditions specified in the contract under which the procurement card was established.’’

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved May 12, 2003.)