

Article - State Finance and Procurement

15-224. RESERVED.

15-225. RESERVED.

PART IV. CONSTRUCTION CONTRACTS - PROMPT PAYMENT OF SUBCONTRACTORS.

15-226.

(A) IN THIS SECTION, "UNDISPUTED AMOUNT" MEANS AN AMOUNT OWED BY A CONTRACTOR TO A SUBCONTRACTOR FOR WHICH THERE IS NO GOOD FAITH DISPUTE, INCLUDING ANY RETAINAGE WITHHELD.

(B) IT IS THE POLICY OF THE STATE THAT A CONTRACTOR SHALL PROMPTLY PAY TO A SUBCONTRACTOR ANY UNDISPUTED AMOUNT TO WHICH THE SUBCONTRACTOR IS ENTITLED FOR WORK UNDER A STATE PROCUREMENT CONTRACT FOR CONSTRUCTION.

(C) (1) A CONTRACTOR SHALL PAY A SUBCONTRACTOR AN UNDISPUTED AMOUNT TO WHICH THE SUBCONTRACTOR IS ENTITLED WITHIN 10 DAYS OF RECEIVING A PROGRESS OR FINAL PAYMENT FROM THE STATE.

(2) IF A CONTRACTOR WITHHOLDS PAYMENT FROM A SUBCONTRACTOR, WITHIN THE TIME PERIOD IN WHICH PAYMENT NORMALLY WOULD BE MADE, THE CONTRACTOR SHALL:

(I) NOTIFY THE SUBCONTRACTOR IN WRITING AND STATE THE REASON WHY PAYMENT IS BEING WITHHELD; AND

(II) PROVIDE A COPY OF THE NOTICE TO THE PROCUREMENT OFFICER.

(D) (1) IF A SUBCONTRACTOR DOES NOT RECEIVE A PAYMENT WITHIN THE REQUIRED TIME PERIOD, THE SUBCONTRACTOR MAY GIVE WRITTEN NOTICE OF THE NONPAYMENT TO THE PROCUREMENT OFFICER.

(2) THE NOTICE SHALL:

(I) INDICATE THE NAME OF THE CONTRACTOR, THE PROJECT UNDER WHICH THE DISPUTE EXISTS, AND THE AMOUNT IN DISPUTE;

(II) PROVIDE AN ITEMIZED DESCRIPTION ON WHICH THE AMOUNT IS BASED; AND

(III) IF KNOWN, PROVIDE AN EXPLANATION FOR ANY DISPUTE CONCERNING PAYMENT BY THE CONTRACTOR.

(E) (1) WITHIN 2 BUSINESS DAYS OF RECEIPT OF WRITTEN NOTICE FROM A SUBCONTRACTOR, A REPRESENTATIVE OF THE UNIT DESIGNATED BY THE PROCUREMENT OFFICER SHALL VERBALLY CONTACT THE CONTRACTOR TO ASCERTAIN WHETHER THE AMOUNT WITHHELD IS AN UNDISPUTED AMOUNT.