PAYMENT DUE

A payment owed by the District based on a contract executed on or after September 1, 1987, is overdue on the 31st day after the date on which the District received the goods under the contract or the date on which the performance of services under the contract was completed, or the date on which the District received the invoice for the goods or services, whichever is later. However, if the Board meets only once a month, the payment is not overdue until the 45th day after the date of receipt of goods, performance of services, or receipt of invoice, whichever is later. The renewal, amendment, or extension of a contract executed on or before September 1, 1993, is considered to be the execution of a new contract. *Gov't Code 2251.021*

INTEREST

A payment begins to accrue interest on the date the payment becomes overdue. The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The rate in effect on September 1 is equal to the sum of one percent and the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.

Interest on an overdue payment stops accruing on the date the District or vendor mails or electronically transmits the payment.

The unpaid balance of a partial payment made within the prescribed period accrues interest, unless the balance is in dispute.

Gov't Code 2251.025, 2251.029

The District shall compute and pay interest at the time the payment is made on the principal. Interest payments shall accompany payment of the net amount due for the goods or service. The District may not require a vendor to petition, invoice, bill, or wait additional days to receive the interest due. The District may not require a vendor or subcontractor to agree to waive the vendor's or subcontractor's right to interest as a condition of the contract. *Gov't Code 2251.027*

EARLY PAYMENT DISCOUNT

The District shall attempt to take advantage of an offer for an early payment discount, but may not take an early payment discount unless it makes a full payment within the discount period. If the District takes an early payment discount later, the unpaid balance accrues interest beginning on the date the discount offer expires. *Gov't Code 2251.030*

EXCEPTIONS

These provisions do not apply to payments made by the District or a vendor if:

1. There is a bona fide dispute between the District and a vendor, contractor, subcontractor, or supplier concerning the

goods delivered or the service performed that causes the payment to be late;

2. There is a bona fide dispute between a vendor and a subcontractor or between a subcontractor and its supplier about the goods delivered or the services performed that causes the payment to be late;

3. The terms of a federal contract, grant, regulation, or statute prevent the District from making a timely payment with federal funds; or

4. The invoice is not mailed to the person to whom it is addressed in strict accordance with any instructions on the purchase order relating to the payment.

Gov't Code 2251.002

ALTERNATE VENDOR REMEDY FOR NONPAYMENT OF CONTRACT

A vendor may suspend performance required under a contract with the District if the District does not pay the vendor an undisputed amount within the time limits provided above and the vendor gives the District written notice informing the District that payment has not been received and stating the intent of the vendor to suspend performance for nonpayment.

The vendor may not suspend performance before the tenth day after the date the vendor gives this notice.

A vendor who suspends performance is not required to supply further labor, services, or materials until the vendor is paid the amount provided for under Government Code Section 2251, plus costs for demobilization and remobilization. The vendor is also not responsible for damages resulting from suspending work if the governmental entity with which the vendor has the contract has not notified the vendor in writing before performance is suspended that payment has been made or that a bona fide dispute for payment exists.

A notification under Government Code 2251.051(c)(2) that a bona fide dispute for payment exists must include a list of the specific reasons for nonpayment. If a reason specified is that labor, services, or materials provided by the vendor or the vendor's subcontractor are not provided in compliance with the contract, the vendor is entitled to a reasonable opportunity to cure the noncompliance of the listed items; or offer a reasonable amount to compensate for listed items for which noncompliance cannot be promptly cured.

Gov't Code Sec. 2251.051

DISPUTED PAYMENT

The District shall notify a vendor of an error in an invoice submitted for payment by the vendor not later than the 21st day after the date the District receives the invoice. If a dispute is resolved in favor of the vendor, the vendor shall receive interest on the unpaid balance beginning on the date that the payment for the invoice is overdue. If a dispute is resolved in favor of the District, the vendor shall submit a corrected invoice that shall be paid within 30 days of receipt. The unpaid balance accrues interest if it is not paid by the appropriate date. *Gov't Code 2251.042*