

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4275
(562) 995-4610

Date: April 19, 1999 **Code:** AD 99-07
To: Vice Presidents for Administration
From: William P. Musselman
Acting Accounting Director
Business and Finance
Subject: Prompt Pay Act Memo

On January 1, 1999, the State's prompt payment laws, Government Code sections 926.15, 926.17 and 926.18 were repealed and Government Code section 927 *et seq.*, the California Prompt Payment Act (the Act) took effect. The Act, much like the prior code sections require State agencies to calculate and pay late penalties to vendors who do not receive payment of their invoices within a specified period of time.

Section 927(c) of the Act includes the following:

“Notwithstanding any other provision of law, this chapter shall apply to all state agencies, including, but not limited to, the Public Employees' Retirement System, the State Teachers' Retirement System, the Treasurer, and the Department of General Services”.

To be applicable to the CSU, it is the intent of the Legislature that newly enacted State laws must comply with section 66606.2(b) of the Education Code which requires an express statement that the CSU is to be governed by the statute. Therefore, without the express inclusion of CSU in such a statement in Government Code section 927 *et seq.*, the Act does not apply to the CSU.

Although the CSU is not obligated to make interest penalty payments as required by the Act, it is still the policy of the CSU to pay vendors as expeditiously as possible.

Questions may be directed to Mr. Mark Osborne at (562) 995-4610 or via e-mail at mosborne@calstate.edu.


WPM:tp AD 99-07

Distribution: Presidents
Financial Managers
Accounting Officers
Budget Officers
Chancellor's Office

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