



**Department of General Services
Procurement Division**

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Broadcast Date: May 11, 2011

**TO: Purchasing Authority Contacts (PACs)
Procurement and Contracting Officers (PCOs)**

RE: Changes to the Prompt Payment Act

This broadcast announces changes to the Prompt Payment Act (Government Code 927) made via SB 856 (Chapter 719, Statutes of 2010). This bill reduces the interest rate paid to vendors entitled to receive penalties, restricts entitlement to late payment penalties caused by a late budget, increases reporting requirement to DGS, and reduced penalty exemption thresholds. The Department of Finance has provided guidance on calculating late payment penalties in budget letter BL 10-35:

- http://www.dof.ca.gov/budgeting/budget_letters/

The Office of Small Business and DVBE Services has updated the form required to report Late Payment Penalties. Departments are advised that reporting requirements are now stricter:

- <http://www.documents.dgs.ca.gov/pd/promptpay/promptpayLateForm.doc>

Additional Information can be found at DGS's Office of Small Business and DVBE Services:

- <http://www.documents.dgs.ca.gov/pd/smallbus/PromptPaymentAct.doc>

If you have any questions regarding this notification, please contact:

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