

## **CHAPTER 13-01.1 INTEREST ON DELINQUENT ACCOUNTS**

**13-01.1-01. Prompt payment required.** Every state agency, political subdivision, or school district, which acquires property or services pursuant to a contract with a business shall pay for each complete delivered item of property or service on the date required by contract between such business and agency or, if no date for payment is specified by contract, within forty-five days after receipt of the invoice covering the delivered items or services. The acquisition of property includes the rental of real or personal property.

**13-01.1-02. When interest payment required.** Interest must accrue and be made on payments overdue under section 13-01.1-01 at the rate of one and three-fourths percent per month, unless a different rate is specified within the contract upon which the claim is based. Interest must accrue beginning on the day after payment is due, if payment due date is specified by contract, or on the day of receipt of the invoice covering the delivered goods or services, if payment is not made within forty-five days. Interest ceases to accrue on the date payment is made.

**13-01.1-03. Interest must compound.** Any interest which remains unpaid at the end of any forty-five-day period or which remains unpaid at the end of any specified period provided by contract must be added to the principal amount of the debt and must thereafter accumulate interest.

**13-01.1-04. Additional appropriation prohibited.** An agency of the state is prohibited from seeking additional appropriations to pay interest which accrues as a result of the agency's failure to make payments as required by section 13-01.1-01.

**13-01.1-05. When this chapter is inapplicable.** If the agency or business fails to timely pay interest as required by sections 13-01.1-02 and 13-01.1-06 and the failure is the result of a dispute between the agency and the business, or a dispute between the business and a subcontractor or supplier, over the amount due or over compliance with the contract, the provisions of this chapter are inapplicable. If the settlement of a dispute is found in favor of the business, or the subcontractor or supplier, interest must accrue and be paid as provided in section 13-01.1-03.

**13-01.1-06. Subcontractor prompt payment required.** Upon payment by a state agency, political subdivision, school district, or agency of the United States, a business which has acquired under contract, property or services in connection with its contract with such agency, political subdivision, or school district, from a subcontractor or supplier, shall pay such subcontractor or supplier within forty-five days after payment from such agency. Interest at the rate specified in section 13-01.1-02 accrues and is due any subcontractor or supplier who is not paid within forty-five days after the business receives payment from the agency, political subdivision, or school district, unless otherwise provided by contract between the business and the subcontractor or supplier.