



1 the contractor receives less than the full payment due under  
2 the public construction contract, the contractor shall be  
3 obligated to disburse on a pro rata basis those funds  
4 received, with the contractor, subcontractors and material  
5 suppliers each receiving a prorated portion based on the  
6 amount of payment. When, however, the public owner does not  
7 release the full payment due under the contract because there  
8 are specific areas of work or materials the contractor is  
9 rejecting or because the contractor has otherwise determined  
10 such areas are not suitable for payment, then those specific  
11 subcontractors or suppliers involved shall not be paid for  
12 that portion of work rejected or deemed not suitable for  
13 payment and all other subcontractors and suppliers shall be  
14 paid in full.

15 (b) If the contractor, without reasonable cause, fails  
16 to make full any payment of amounts due under subsection (a)  
17 to his subcontractors and material suppliers within 15 days  
18 after receipt of payment under the public construction  
19 contract, the contractor shall pay to his subcontractors and  
20 material suppliers, in addition to the payment due them,  
21 interest in the amount of 4% 2% per month, calculated from  
22 the expiration of the 15-day period until fully paid. This  
23 subsection shall also apply to any payments made by  
24 subcontractors and material suppliers to their subcontractors  
25 and material suppliers and to all payments made to lower tier  
26 subcontractors and material suppliers throughout the  
27 contracting chain. If a State official or agency responsible  
28 for administering a contract determines, after notice to  
29 appropriate parties and a hearing, that a contractor has  
30 failed to make payment in full as provided in this subsection  
31 within 45 days after receipt of payment under the public  
32 construction contract, then that contractor is barred from  
33 entering into a State public construction contract for a  
34 period of one year beginning on that 45th day. The hearing

1 must be held within 30 days after the official or agency is  
2 notified that there is reason to believe a violation has  
3 occurred.

4 (Source: P.A. 87-773.)".