

VOTE YES: HB 480

Strengthen and Codify Regulations to Ensure Prompt Payment Processes for Charitable Nonprofit Grants & Contracts with State Government

THE ISSUE: Late payments to charitable nonprofits destabilize operations, compound workforce shortages, and delay services that negatively impact workforce participation, self-sufficiency, and safety for all Kentuckians.

HB 480 Ensures a Framework for Efficient Government

Sponsors: Rep. Shawn McPherson, Rep. Jason Petrie

- ✓ Codifies regulatory improvements proposed by the Finance & Administration Cabinet in collaboration with Kentucky Nonprofit Network:
 - ➔ Requires payments within 30 days of invoice unless otherwise negotiated in the agreement
 - ➔ Provides 12% interest penalty per annum for late payments
 - ➔ Requires regulations instituting a payment dispute resolution process for contractors/grantees
 - ➔ Requires contractor/grantee rights to prompt payment and interest penalties be referenced in all agreements
 - ➔ Requires that agreements include specific terms to address payment of completed services
 - ➔ Requires data collection to better understand the cause of delays and guide additional improvements
- ✓ Requires the establishment of regulations allowing reimbursement to entities forced to use lines of credit, equity loans, and other financial tools to float the Commonwealth's late payments

HB 480:

- Creates foundational, structural solutions for the state's payment processes to save the state and charitable nonprofits time and money
- Helps nonprofit employers, Kentucky's fourth largest private sector employer, recruit and retain staff
- Helps ensure nonprofits can pay their vendors on time
- Allows Kentucky to maximize and leverage federal dollars
- Ensures Kentuckians can access the care and services they need
- Ensures the necessary supports are in place to encourage workforce participation
- Stabilizes nonprofit operations and cash flow - allowing organizations to focus on effectively providing care and services instead of worrying if they can meet payroll