



Office of Budget and Management


John R. Kasich
Governor

Timothy S. Keen
Director

MEMORANDUM

November 4, 2011

MEMORANDUM TO: All Departments, Offices, Institutions, Boards, Commissions, and Agencies

FROM: Timothy S. Keen 
Director
Office of Budget and Management

SUBJECT: **Prompt Payment: Calendar Year 2012 Interest Rate for Late Payments to Vendors**

This memorandum is to advise you that late payment interest charges owed to vendors for Calendar Year 2012 shall be paid at the per annum rate of three (3) percent compounded every thirty days. The rate for Calendar Year 2012 has been established by the State Tax Commissioner pursuant to Section 5703.47 of the Ohio Revised Code (ORC).

Section 126.30 of the ORC and Section 126-3-01 of the Ohio Administrative Code (OAC) require state agencies to make prompt payment for all purchases. A state agency which fails to make payment by the required payment date **shall pay an interest charge to the vendor**. Please refer to the statute and rule for additional information on prompt payment requirements.

Agencies are reminded that any interest charges shall be paid within thirty days after paying the principal. ORC Section 126.30 states that interest charges **do not have to be paid when the amount of the interest is less than ten dollars**.

You can access the Late Payment Calculator on OBM's website <http://obm.ohio.gov> under State Accounting>Links and Documents to assist you in calculating an interest charge owed to a vendor for Calendar Year 2012.

Receipt of a proper invoice is defined in Section 126-3-01(A)(5) of the OAC. The required payment date is the last day on which payment of an invoice is considered to be timely. Payment made after the required payment date is subject to the interest requirements of the prompt payment statute (Section 126.30 of the ORC) and the prompt payment rule (Section 126-3-01) of the OAC. The interest charge shall be calculated separately for each invoice.

If interest is owed for a period covering portions of two calendar years, calculate the interest owed for the appropriate part of each year at the rate for that year. Note that the interest rate for Calendar Year 2003 was six (6) percent; Calendar Year 2004 was four (4) percent; Calendar Year 2005 was five (5) percent; Calendar Year 2006 was six (6) percent; Calendar Year 2007 was eight (8) percent; Calendar Year 2008 was eight (8) percent; Calendar Year 2009 was five (5) percent; Calendar Year 2010 was four (4) percent; and Calendar Year 2011 was four (4) percent per annum compounded every thirty days.