



Office of Budget and Management

John R. Kasich
Governor

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Director

October 29, 2015

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

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

SUBJECT: **Prompt Payment: Calendar Year 2016 Interest Rate for Late Payments to Suppliers**

In accordance with the provisions of 126.30 of the Revised Code (ORC) and Section 126-3-01 of the Administrative Code (OAC), state agencies are required to make prompt payment for all purchases. **A state agency that fails to make payment by the required payment date shall pay an interest charge to the supplier.** Please refer to the statute and rule for additional information on prompt payment requirements.

The interest rate for calendar year 2016 has been established by the Tax Commissioner pursuant to Section 5703.47 of the Ohio Revised Code (ORC). You are hereby advised that late payment interest charges owed to suppliers for calendar year 2016 shall be paid at the per annum rate of three (3) percent compounded every thirty days.

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>Voucher Review to assist you in calculating an interest charge owed to a supplier for calendar year 2016.

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, you are directed to 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 2014 was three (3) percent; calendar year 2015 was three (3) percent per annum compounded every thirty days.