WEST VIRGINIA CODE CHAPTER 12 ARTICLE 10

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§12-10-1. Short title.

This article shall be known and cited as the "Prompt Payment Act of 2025".

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§12-10-2. Definitions.

The words defined in this section have the meanings given them for purposes of this article, unless the context clearly requires otherwise.

“Grantee” means any entity receiving a state grant, including a state spending unit, local government, corporation, partnership, association, individual, or other legal entity.

“Legitimate claim for payment” means:

(1) A notification of an entitlement to a disbursement of state funds pursuant to an awarded state grant; and

(2) A vendor’s legitimate uncontested invoice for commodities or services provided to any state spending unit.

“Payment” means:

(1) A disbursement of funds to a grantee pursuant to a state grant; and

(2) A state agency’s payment, via check, state warrant, purchasing card transaction, or electronic payment, of a legitimate uncontested invoice for commodities or services.

“State agency” means any agency, department, board, office, bureau, commission, authority or any other entity of the executive, judicial, elected, or legislative branch of state government.

“State grant” means funding provided by a grantor, regardless of the original source of the funds, to a grantee upon application for a specific purpose. The term “state grant” does not include:

(1) Payments for commodities and services purchased by a state spending unit;

(2) Compensation to state employees and public officials;

(3) Reimbursements to state employees and public officials for travel or incidental expenses;

(4) Grants of student aid;

(5) Government transfer payments;

(6) Direct benefits provided under state insurance and welfare programs;

(7) Funds reimbursed to a person for expenditures made for qualified purposes when receipts for the expenditures are required prior to receiving the funds;

(8) Retirement benefits;

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(9) Federal pass-through funds that are subject to the federal Single Audit Act Amendments of 1996, 31 U.S.C. § 7501 *et seq.*, and the funds required to match the federal funds;

(10) Distributions to volunteer and part-volunteer fire departments and fire companies made pursuant to §33-3-14d, §33-3-33, and §33-12C-7 of this code;

(11) Money received from the Fire Service Equipment and Training Fund as provided in §29-3-5f of this code; and

(12) Grants made by the West Virginia Water Development Authority.

"Vendor" means any person or entity that may, through contract or other means, supply the state or its subdivisions with commodities or services, and lessors of real property: *Provided*, That employees of the state shall not be considered vendors under this article.

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§12-10-3. Payment of legitimate claims for payment.

(a) Every grantee and vendor shall be entitled to prompt payment upon presentation to a state agency of a legitimate claim for payment.

(b)(1) For grants awarded on or after July 1, 2025, and for purchases of commodities or services made on or after July 1, 2025, a payment shall be issued in payment thereof within 45 days after a legitimate claim for payment is received by the state agency that has awarded the grant or received the commodities or services.

(2) For purposes of this section, a legitimate claim for payment shall be deemed to be received by a state agency on the date on which the legitimate claim for payment is marked as received by the state agency, the date of the postmark made by the United States postal service as evidenced on the envelope in which the legitimate claim for payment is mailed, or the date the legitimate claim for payment is logged received or confirmed on an electronic mailbox or messaging system, whichever is earlier, unless the grantee or vendor can provide sufficient evidence that the legitimate claim for payment was received by the state agency on an earlier date: *Provided*, That in the event an invoice is received by a state agency prior to the date on which the commodities or services covered by the invoice are delivered and accepted or fully performed and accepted, the invoice shall be deemed to be received on the date on which the commodities or services covered by the invoice were actually delivered and accepted or fully performed and accepted.

(c) An agency that issues a payment after 45 days, in violation of this section, shall report the violation to the State Auditor. A vendor or grantee who has not received a payment within 45 days, in violation of this section, may report that violation to the State Auditor. The State Auditor shall make a list of state agencies that are in violation of this section publicly available on its website and update the list on at least a monthly basis.

(d) The state agency initially receiving a legitimate claim for payment shall disburse the grant funds or process the invoice within 10 business days from its receipt.

(e) Any other state agency charged by law with processing a state agency's requisition for payment of a legitimate uncontested invoice shall either process the claim or reject it for good cause within 10 business days after such processing state agency receives it.

(f) The provisions of this article do not apply to any grantee or vendor who is debarred, whose payments are required to be offset and intercepted to a state or federal agency, or who is otherwise ineligible to receive payment from the state by any act provided for in this code.

(g) Nothing in this article should be construed to limit the right of a state agency to refuse illegitimate, erroneous, fraudulent, or disputed claims for payment.

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