

Arizona Prompt Pay Act Update
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The Arizona Prompt Pay Act (A.R.S. §32-1129 et seq.) applies only to private work in Arizona and does not apply to any state or political subdivisions of the state.¹

In the case of *Zumar Industries v. Caymus Corp.* (418 P.3d 936, 244 Ariz. 163, App. 2017), a supplier tried to argue that the Prompt Pay Act should apply to payments between a general contractor and a subcontractor or supplier on a federal project located in Arizona. The supplier argued that even though payments from the federal government to the general contractor were not covered by the Prompt Pay Act, payments from the general contractor to the supplier should be covered by the Act.

The Court of Appeals rejected this argument, finding that the Act links payments from the owner to the general contractor and then from the general contractor to the subcontractor or supplier. If the owner is not subject to the Act then those down the line cannot benefit from the payment provisions of the Act.

¹ The Prompt Pay Act governs the timing of payments by owners to general contractors and then from general contractors to subcontractors and suppliers. Pay applications must be reviewed and disapproved in writing within 14 days of receipt or they are deemed certified and approved, with payment due 7 days thereafter. Failure to make timely payment is grounds for suspension or termination of the work by the general contractor, subcontractor or supplier.