

Arizona Prompt Pay Act Update
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A.R.S. Section 32-1182

A. By mutual agreement with a contractor, an owner may make progress payments on construction contracts of less than sixty days. An owner shall make progress payments to a contractor on all other construction contracts. Progress payments shall be made on the basis of a duly certified and approved billing or estimate of the work performed and the materials supplied. The billing or estimate for a progress payment shall be submitted on a thirty day billing cycle unless the construction contract and each page of the plans, including bid plans and construction plans, shall specifically identify a different billing cycle in a clear and conspicuous manner as prescribed in subsection B of this section. If any work is performed during a billing cycle, a contractor shall timely submit a billing or estimate to the owner. Except as provided in subsection C of this section, the owner shall make progress payments to the contractor within seven days after the date the billing or estimate is certified and approved pursuant to subsection D of this section. Except as provided in subsection C of this section, an owner shall release retention to the contractor within seven days after the date the billing or estimate for release of retention is certified and approved pursuant to subsection H of this section. Except as provided in subsection C of this section, an owner shall make final payment to the contractor within seven days after the billing or estimate for final payment is certified and approved pursuant to subsection K of this section.

D. Except as provided in subsection F of this section, a billing or estimate for a progress payment shall be deemed certified and approved fourteen days after the owner receives the billing or estimate, unless before that time the owner or the owner's agent prepares and issues a written statement stating in reasonable detail the owner's reasons for not certifying or approving all or a portion of the billing or estimate. The owner is deemed to have received the billing or estimate when the billing or estimate is submitted to any person designated by the owner for receipt or for certification and approval of the billing or estimate. The owner may withhold from a progress payment a reasonable amount for retention. An owner may decline to certify and approve a billing or estimate or portion of a billing or estimate for any of the following reasons:

1. Unsatisfactory job progress.
2. Defective construction work or materials not remedied.
3. Disputed work or materials.
4. Failure to comply with other material provisions of the construction contract.
5. Third-party claims filed or reasonable evidence that a claim will be filed.
6. Failure of the contractor or a subcontractor to make timely payments for labor, equipment and materials.
7. Damage to the owner.
8. Reasonable evidence that the construction contract cannot be completed for the unpaid balance of the construction contract sum.