

# UNIVERSITY OF HAWAII

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Disbursing Office

December 21, 2005

Business Affairs Circular 2005-11

**MEMORANDUM TO:** Chancellors and Systemwide Administrators

**ATTENTION:** Administrative Fiscal Officers

**FROM:** Howard Todo   
Vice President for Budget and Finance  
Chief Financial Officer

**SUBJECT:** **QUARTERLY INTEREST RATE FOR LATE VENDOR PAYMENTS**

Act 213, Session Laws of Hawai'i 1996, amended Section 103-10 of the Hawai'i Revised Statutes by setting the interest rate for obligations related to goods delivered or services performed remaining unpaid after 30 days equal to the prime rate for each calendar quarter plus 2 percent. The Act limits the interest rate from exceeding 12% and allows it to be adjusted quarterly using the prime rate as posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter.

The State Comptroller has informed the University that the interest rate for the quarter beginning January 1, 2006 and ending March 31, 2006 will be 9% per annum. The authorized quarterly rate of interest is prorated into a daily rate by dividing by 365 days, the total number of calendar days in the year. You will be informed of the effective interest rate at the beginning of each calendar quarter.

Should there be any questions regarding the change, please call the Disbursing Office at 956-6621.