



UNIVERSITY OF HAWAII

Vice President for Budget and Finance and Chief Financial Officer

March 9, 2006

Business Affairs Circular 2006-02

MEMORANDUM TO: Chancellors and Systemwide Administrators

ATTENTION: Administrative Fiscal Officers

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

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

Act 213, Session Laws of Hawaii 1996, amended Section 103-10 of the Hawaii 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 April 1, 2006 and ending June 30, 2006 will be 9.5% 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.