

Vehicle Vendor Prompt Payment Policy

Vendors of public transit vehicles are charged interest by vehicle manufacturers if vehicles are not paid for in a timely manner, typically 30 days. These vendors are unable to pay the bus manufacturers until payment is received from the purchasing public transit agency. For these reasons, the Iowa DOT Office of Public Transit instates the following policy:

Public transit vehicle vendors must be paid by the public transit agency within 30 days of final acceptance¹ of the vehicle, or receipt of invoice and all required documentation from the vendor, whichever is later. For vehicles not paid for within 30 days, the vehicle vendor may charge up to 5-percent APR interest for each day² the payment is late. This 5-percent APR interest penalty is not a reimbursable cost on vehicle joint participation agreements through the Iowa DOT and will be considered a local expense.

This policy is applicable to vehicles funded through the Iowa DOT and/or vehicles purchased off Iowa DOT-conducted procurements.

This policy effective July 1, 2018.

¹Final acceptance of a vehicle indicates the vehicle has passed inspection by the transit agency following delivery, meeting specifications outlined in the procurement documents, and the vehicle is ready for installation of decals and other make-ready equipment. In the event the vehicle does not pass inspection but is put into revenue service by the transit agency regardless, the vehicle will be considered accepted and the 30 days will begin on the date the vehicle was put into revenue service. Delays due to installing aftermarket "make ready" options not purchased through the bus vendor will not justify a delay to the 30-day prompt payment requirement.

²Example interest penalty calculation:

$$((5\%/365) \times \text{Vehicle Price}) \times \text{Days overdue} = \text{Interest Penalty}$$

Example

$$5.0\%/365 = 0.00013699$$

$$0.00013699 \times \$85,000 \text{ vehicle price} = \$11.64 \text{ per day}$$

$$\$11.64 \text{ per day} \times 20 \text{ days late} = \$232.80$$