



DIGEST

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

Released

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B-191493

APR 5 1978

The Honorable Peter W. Rodino, Jr.
Chairman, Committee on the Judiciary
House of Representatives

Dear Mr. Chairman:

By letter of March 17, 1978, you transmitted copies of H.R. 9072, 95th Congress, 1st session, entitled "A Bill for the relief of the Kurz and Root Company, Appleton, Wisconsin," and requested our views on the proposed legislation.

The bill would authorize the Secretary of the Treasury to pay \$501,472 to Kurz and Root Company, in full settlement of all claims of such company against the United States for losses incurred as the result of improper delay in payment of sums owed by the United States pursuant to a settlement agreement between such company and the United States Marine Corps.

We have no firsthand knowledge of the relevant facts, and no claims relating to the contract have been filed in our Office. However, it appears that the bill would reimburse Kurz and Root for the interest and other costs it incurred during the time period when the settlement agreement was made by the contracting officer in December 1970 and the agreement was held valid by the Armed Services Board of Contract Appeals (ASBCA) on March 18, 1974 (ASBCA 17146, 74-1 BCA 10,543). ✓

We do not recommend favorable consideration of the proposed bill since it has been consistently held by our Office, the ASBCA and the courts that a contractor is not entitled to interest for delay in paying a contract claim (B-187877, April 14, 1977, 77-1 CPD 325; Appeal of Cneves Construction Co., ASBCA 15239, 71-2 BCA 8937 (1971); and Economy Plumbing & Heating Co., Inc. v. United States, 197 Ct. Cl. 839, 470 F.2d 585 (1972)), absent a contract provision permitting such payment, or unless payment is specifically directed by statute, and passage of this private legislation would accord preferential treatment not available to other contractors similarly situated.

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As requested, four copies of this letter are enclosed.

Sincerely yours,

R.F. KELLER

Deputy Comptroller General
of the United States

Enclosures - 4