

SENATE CS FOR CS FOR HOUSE BILL NO. 133(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES HIMSCHOOT, Fields, Kopp, Mears, Mina, Holland, Frier, Dibert, Schrage, Jimmie, Josephson, Foster, Hannan, Galvin, Stutes

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing deadlines for the payment of contracts under the State
2 Procurement Code; establishing deadlines for the payment of grants, contracts, and
3 reimbursement agreements to nonprofit organizations, municipalities, and Alaska
4 Native organizations; relating to reports from state agencies to the legislature detailing
5 late payments made during 2026; relating to the state financial transactions Internet
6 website; and providing for an effective date."

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1.** AS 36.30 is amended by adding a new section to read:

9 **Sec. 36.30.970. Payment deadline and interest.** (a) An agency shall pay a
10 contractor for satisfactory performance on a contract within 45 calendar days after the
11 agency receives a payment request from the contractor that complies with the contract.

12 (b) If a contractor is not paid as required by (a) of this section, the agency
13 shall pay interest on the unpaid amount of the required payment from the 46th

1 calendar day after the date the agency receives a payment request under (a) of this
2 section at an interest rate that is equal to the rate set out in AS 45.45.010(a).

3 (c) If an agency withholds payment because of unsatisfactory performance or
4 if the payment request made under (a) of this section does not comply with the
5 requirements of the contract, within eight working days after receipt of the payment
6 request the agency shall notify the contractor in writing stating specifically why
7 payment is being withheld and what remedial actions may be taken by the contractor
8 to receive the full payment.

9 (d) If the notification by the agency required by (c) of this section does not
10 comply with (c) of this section, the agency shall pay interest on the withheld amount
11 from the eighth working day after receipt of the initial payment request until the
12 agency provides notice that does comply with (c) of this section.

13 (e) If payment is withheld under (c) of this section, the agency shall pay the
14 withheld amount within 45 calendar days after the contractor satisfactorily completes
15 the remedial actions identified in the notice. If the withheld amount is not paid within
16 the 45 calendar days, the agency shall pay interest on the withheld amount from the
17 45th calendar day at an interest rate that is equal to the rate set out in AS 45.45.010(a).

18 (f) The obligation to pay interest under this section does not apply to
19 retainage.

20 (g) This section does not apply to

21 (1) a public construction or public works contract subject to
22 AS 36.90.200;

23 (2) an agreement subject to AS 36.90.310; or

24 (3) the division in the Department of Military and Veterans' Affairs
25 that is responsible for homeland security and emergency management; however, the
26 division shall make reasonable efforts to comply with the deadlines established under
27 this section.

28 (h) In this section, "contractor" means a person who has been awarded a
29 contract with an agency.

30 * **Sec. 2.** AS 36.30.970(a), enacted by sec. 1 of this Act, is amended to read:

31 (a) An agency shall pay a contractor for satisfactory performance on a contract

1 within 30 [45] calendar days after the agency receives a payment request from the
2 contractor that complies with the contract.

3 * **Sec. 3.** AS 36.30.970(b), enacted by sec. 1 of this Act, is amended to read:

4 (b) If a contractor is not paid as required by (a) of this section, the agency
5 shall pay interest on the unpaid amount of the required payment from the 31st [46th]
6 calendar day after the date the agency receives a payment request under (a) of this
7 section at an interest rate that is equal to the rate set out in AS 45.45.010(a).

8 * **Sec. 4.** AS 36.30.970(e), enacted by sec. 1 of this Act, is amended to read:

9 (e) If payment is withheld under (c) of this section, the agency shall pay the
10 withheld amount within 30 [45] calendar days after the contractor satisfactorily
11 completes the remedial actions identified in the notice. If the withheld amount is not
12 paid within the 30 [45] calendar days, the agency shall pay interest on the withheld
13 amount from the 30th [45th] calendar day at an interest rate that is equal to the rate set
14 out in AS 45.45.010(a).

15 * **Sec. 5.** AS 36.90 is amended by adding a new section to article 4 to read:

16 **Sec. 36.90.310. Payment deadline and interest for grants and**
17 **reimbursement agreements to nonprofit organizations, municipalities, and**
18 **Alaska Native organizations.** (a) An agency shall pay a nonprofit organization,
19 municipality, or Alaska Native organization for satisfactory performance of a grant or
20 reimbursement agreement within 45 calendar days after the agency receives a payment
21 request from the nonprofit organization, municipality, or Alaska Native organization
22 that complies with the grant or reimbursement agreement. If the agency uses federal
23 funds to pay the grant or reimbursement agreement, the agency shall pay for
24 satisfactory performance within 45 calendar days after the agency receives a payment
25 request that complies with the grant or reimbursement agreement, or within 45
26 calendar days after the agency receives the federal funds, whichever is later.

27 (b) If a nonprofit organization, municipality, or Alaska Native organization is
28 not paid as required by (a) of this section, the agency shall pay interest on the unpaid
29 amount of the required payment at an interest rate that is equal to the rate set out in
30 AS 45.45.010(a) from

31 (1) the 45th calendar day after the date the agency receives a payment

1 request under (a) of this section if the agency uses federal funds to make the payment;

2 (2) the 45th calendar day after the date the agency receives a payment
3 request under (a) of this section for all other payments for grants and reimbursement
4 agreements.

5 (c) If an agency withholds payment because of unsatisfactory performance or
6 if the payment request made under (a) of this section does not comply with the
7 requirements of the grant or reimbursement agreement, within eight working days
8 after receipt of the payment request the agency shall notify the nonprofit organization,
9 municipality, or Alaska Native organization in writing stating specifically why the
10 payment is being withheld and what remedial actions may be taken by the nonprofit
11 organization, municipality, or Alaska Native organization to receive the full payment.

12 (d) If the notification by the agency required by (c) of this section does not
13 comply with (c) of this section, the agency shall pay interest on the withheld amount
14 from the eighth working day after receipt of the initial payment request until the
15 agency provides notice that does comply with (c) of this section.

16 (e) If payment is withheld under (c) of this section, the agency shall pay the
17 withheld amount within 45 calendar days after the nonprofit organization,
18 municipality, or Alaska Native organization satisfactorily completes the remedial
19 actions identified in the notice. If the withheld amount is not paid within the 45
20 calendar days, the agency shall pay interest on the withheld amount from the 45th
21 calendar day at an interest rate that is equal to the rate set out in AS 45.45.010(a).

22 (f) This section does not apply to the division in the Department of Military
23 and Veterans' Affairs that is responsible for homeland security and emergency
24 management. However, the division shall make reasonable efforts to comply with the
25 deadlines established under this section.

26 (g) In this section,

27 (1) "agency" has the meaning given in AS 36.30.990;

28 (2) "Alaska Native organization" has the meaning given in
29 AS 18.66.020(d);

30 (3) "grant" means a legal instrument of financial assistance between an
31 agency and a nonstate entity that is used to enter into a relationship for which the

1 principal purpose is to provide funds to the nonstate entity; "grant" does not include

2 (A) a cooperative agreement that provides for substantial
3 involvement between the agency and the recipient in carrying out the activity
4 contemplated by the award;

5 (B) a legal instrument used by an agency to acquire property or
6 services for the direct benefit of an agency;

7 (C) cash assistance to an individual;

8 (D) a subsidy;

9 (E) a loan;

10 (F) a loan guarantee;

11 (G) insurance;

12 (H) state funding that is required annually and is calculated
13 through a formula set in statute;

14 (I) a permanent fund dividend; or

15 (J) a grant appropriated to a municipality under AS 37.05.315
16 or a named recipient under AS 37.05.316;

17 (4) "nonprofit organization" has the meaning given in
18 AS 38.05.097(c).

19 * **Sec. 6.** AS 36.90.310(a), enacted by sec. 5 of this Act, is amended to read:

20 (a) An agency shall pay a nonprofit organization, municipality, or Alaska
21 Native organization for satisfactory performance of a grant or reimbursement
22 agreement within 30 [45] calendar days after the agency receives a payment request
23 from the nonprofit organization, municipality, or Alaska Native organization that
24 complies with the grant or reimbursement agreement. If the agency uses federal funds
25 to pay the grant or reimbursement agreement, the agency shall pay for satisfactory
26 performance within 30 [45] calendar days after the agency receives a payment request
27 that complies with the grant or reimbursement agreement, or within 30 [45] calendar
28 days after the agency receives the federal funds, whichever is later.

29 * **Sec. 7.** AS 36.90.310(b), enacted by sec. 5 of this Act, is amended to read:

30 (b) If a nonprofit organization, municipality, or Alaska Native organization is
31 not paid as required by (a) of this section, the agency shall pay interest on the unpaid

1 amount of the required payment at an interest rate that is equal to the rate set out in
2 AS 45.45.010(a) from

3 (1) the 30th [45th] calendar day after the date the agency receives a
4 payment request under (a) of this section if the agency uses federal funds to make the
5 payment;

6 (2) the 30th [45th] calendar day after the date the agency receives a
7 payment request under (a) of this section for all other payments for grants and
8 reimbursement agreements.

9 * **Sec. 8.** AS 36.90.310(e), enacted by sec. 5 of this Act, is amended to read:

10 (e) If payment is withheld under (c) of this section, the agency shall pay the
11 withheld amount within 30 [45] calendar days after the nonprofit organization,
12 municipality, or Alaska Native organization satisfactorily completes the remedial
13 actions identified in the notice. If the withheld amount is not paid within the 30 [45]
14 calendar days, the agency shall pay interest on the withheld amount from the 30th
15 [45th] calendar day at an interest rate that is equal to the rate set out in
16 AS 45.45.010(a).

17 * **Sec. 9.** AS 37.05.215(a) is amended to read:

18 (a) The Department of Administration shall develop, operate, and maintain a
19 searchable Internet website that is accessible to the public at no cost and that provides
20 financial information available from the central accounting system or the annual
21 financial report prepared and filed under AS 37.05.210(a)(1), describing

22 (1) unaudited state revenue for the preceding month, including

23 (A) a receipt or deposit by a state agency into a fund or account
24 established within the state treasury;

25 (B) proceeds from taxes received, categorized by source type,
26 including a compulsory contribution imposed by the state for the purpose of
27 financing services;

28 (C) state agency earnings, including amounts collected for sales
29 or services, licenses or permits issued, or otherwise received by a state agency
30 under the agency's regulations;

31 (D) revenue received for the use of state money or property,

1 including interest and lease payments;

2 (E) gifts, donations, and federal receipts; and

3 (F) other revenue;

4 (2) unaudited expenditures for the preceding month, including

5 (A) the name and location of any person to whom payment was
6 made;

7 (B) the amount of the expenditure disbursed;

8 (C) the type of transaction, by account code, including the
9 purpose of the expenditure;

10 (D) **for each payment made to a person under a contract or**
11 **to a nonprofit organization, municipality, or Alaska Native organization**
12 **under a grant or reimbursement agreement, whether the payment was**
13 **made 30 or more days after the payment is due;**

14 (E) other information specified by the Department of
15 Administration;

16 (3) the estimated balances, for the preceding month, of the statutory
17 budget reserve fund (AS 37.05.540), the constitutional budget reserve fund (art. IX,
18 sec. 17, Constitution of the State of Alaska), and the permanent fund earnings reserve
19 account (AS 37.13.145);

20 (4) the amount deposited into the permanent fund under art. IX, sec 15,
21 Constitution of the State of Alaska for the preceding fiscal year;

22 (5) state revenue and expenditures, summarized for the preceding
23 fiscal year, as follows:

24 (A) general fund revenue sources;

25 (B) general fund expenditures categorized by function;

26 (C) general fund expenditures categorized by state agency;

27 (D) general fund expenditures categorized by account; and

28 (E) total general fund revenue versus expenditures;

29 (6) total assets versus liabilities at the end of the fiscal year; [AND]

30 (7) for the preceding 10 years, by fiscal year, the following:

31 (A) the number of full-time, part-time, and temporary

employees employed by the state, by state agency;

(B) the number of independent contractors engaged by the state, by state agency;

(C) the total long-term debt owed by the state, by state agency;

(D) total general fund expenditures; and

(E) total general fund payroll, by state agency; **and**

(8) payments owed to a person under a contract or to a nonprofit organization, municipality, or Alaska Native organization under a grant or reimbursement agreement that are 30 or more days past due.

* **Sec. 10.** AS 37.05.215(b) is amended to read:

(b) The Department of Administration shall update the information described in (a)(1) - (3) **and (8)** of this section on the Internet website on a monthly basis and the information described in (a)(4) - (7) of this section on an annual basis. To the extent practicable, information on the website should be sorted by state agency, accounting category, accounting code, recipient, purpose, amount, and date. The Department of Administration shall maintain and store the information required by this section on the website for at least 10 years.

* **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT TO THE LEGISLATURE. An agency shall provide a report to the legislature by the first day of the First Regular Session of the Thirty-Fifth Alaska State Legislature detailing the number of late payments the agency made during 2026 to a nonprofit organization, municipality, or Alaska Native organization for satisfactory performance of a grant or reimbursement agreement, or to a contractor for satisfactory performance on a contract, the reason the payments were late, and the length of the delays. The agency shall deliver the report to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available. In this section,

(1) "agency" has the meaning given in AS 36.30.990;

(2) "contractor" means

(A) a person who has been awarded a contract with an agency; or

(B) a prime contractor as that term is defined in AS 36.90.290;

1 (3) "grant" has the meaning given in AS 36.90.310, enacted by sec. 5 of this
2 Act;

3 (4) "nonprofit organization" has the meaning given in AS 38.05.097(c).

4 * **Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

5 * **Sec. 13.** Sections 1 and 5 of this Act take effect July 1, 2027.

6 * **Sec. 14.** Sections 2 - 4 and 6 - 8 of this Act take effect July 1, 2028.