

# Representative Rebecca Himschoot

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## **HOUSE BILL 133**

“An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code; establishing deadlines for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations; relating to payment of grants to named recipients that are not municipalities; and providing for an effective date.”

## **SECTIONAL ANALYSIS**

**Section 1** amends AS 36.30 by adding a new section requiring a state agency to promptly pay a contractor for satisfactory service. Criteria are established for acceptable delays in payment and the protocol related to alerting a contractor to the reason for this delay. This section provides several timelines for the accrual of interest on late payments: a late payment will begin to accrue interest on the thirty-first calendar day after invoice, and a reasonably delayed payment will begin to accrue interest on the twenty-first calendar day after resolution on the contract has been found.

**Section 2** amends AS 36.30 article 4 by adding a new section to include the prompt payment of grants and reimbursements for nonprofit organizations, municipalities, and Alaska Native organizations. Timelines delineating the accrual of interest on late payments for state funds and federal pass-through funds are established, as are acceptable delays in payment and the protocol for noticing as such. An agency has twenty-one calendar days from invoice to pay without interest penalty if using federal pass-through funds and thirty calendar days from invoice to pay without interest penalty for all other funds. This section also defines the terms used throughout this bill.

**Section 3** amends AS 37.05.316 by adding a new subsection (d) which requires a state agency to pay at least twenty percent of the grant amount within 10 days. This section also specifies how the rest of the grant must be paid out to a named recipient.

**Section 4** provides an immediate effective date for this measure.