



Senator Scott Jiu Wo Kawasaki

Serving Fairbanks, Fort Wainwright & Badger Road

Senate Bill 129

“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 payments. 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 delineates how the rest of the grant must be paid out to a named recipient either in monthly installments equal to the recipients monthly expenditures or a lump sum determined by the Department of Commerce, Community, and Economic Development.

Section 4:

Provides an immediate effective date for this measure.