

Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version: HB 133
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB133-DOLWD-CO-03-28-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Labor and Workforce Development
Appropriation: Commissioner and Administrative Services
Allocation: Commissioner's Office
OMB Component Number: 340

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version

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Division:	DOLWD Administrative Services	Date:	03/28/2025
Approved By:	Cathy Muoz, Commissioner	Date:	03/28/25
Agency:	Department of Labor & Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB 133

Analysis

This legislation requires an assessment of a 10.5% annualized interest rate on any State of Alaska contract payment that is later than 30 days past the invoice date. This provision also applies to non-profit, municipal, or Alaska Native organization grant payments that are not issued within 30 days of request. Both situations allow the state to temporarily withhold payment, without penalty, if conditions of the contract or grant are not being met at the time the payment request is made.

The Department of Labor and Workforce Development (DOLWD) assessed current obligations and any late payments for a point in time. Assuming that amount to be a monthly estimate of interest liability, the department could face approximately \$4,314.08 annually in interest payments to contractors.

For grant payments, the department has historically not issued grant amounts in the first 30-60 days of the fiscal year as the previous grant awards and fiscal year reconciliation are closed. If DOLWD's methodology was to be considered a late grant payment under this bill, the potential interest liability in FY2025 would have been \$18,587.20.

It is important to note that no federal award dollars can be used for interest or fee payments, and the department would need to use state fund sources if interest penalties were incurred under this bill.

From a programmatic standpoint, the department would make best effort to change program processes to avoid any interest.