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Dunmire
4/7/25

CS FOR HOUSE BILL NO. 133(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES HIMSCHOOT, Fields, Kopp, Mears

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a 30-day deadline for the payment of contracts under the State
2 Procurement Code; relating to the deadline for payments and the calculation of interest
3 owed to a prime contractor; establishing deadlines for the payment of grants, contracts,
4 and reimbursement agreements to nonprofit organizations, municipalities, and Alaska
5 Native organizations; and providing for an effective date."

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

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

8 **Sec. 36.30.970. Payment deadline and interest.** (a) An agency shall pay a
9 contractor for satisfactory performance on a contract within 30 calendar days after the
10 agency receives a payment request from the contractor that complies with the contract.

11 (b) If a contractor is not paid as required by (a) of this section, the agency
12 shall pay interest on the unpaid amount of the required payment from the 31st calendar
13 day after the date the agency receives a payment request under (a) of this section at an

interest rate that is equal to the rate set out in AS 45.45.010(a).

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

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

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

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

(g) This section does not apply to a public construction or public works contract subject to AS 36.90.200 or an agreement subject to AS 36.90.310.

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

* **Sec. 2.** AS 36.90.200(a) is amended to read:

(a) The state or a political subdivision of the state shall pay the prime contractor for satisfactory performance on a public construction or public works contract within 30 calendar days of the date the state or political subdivision receives a payment request from the prime contractor that complies with the contract. If a political subdivision is going to use grant money for the contract, the subdivision shall pay the prime contractor for satisfactory performance within 30 [21] calendar days of the date the subdivision receives a payment request that complies with the contract or within 30 [21] calendar days of the date the subdivision actually receives the grant

money, whichever is later. If the state is going to use federal money for the contract, the state shall pay the prime contractor for satisfactory performance within 30 [21] calendar days of the date the state receives a payment request that complies with the contract or within 30 [21] calendar days of the date the state actually receives the federal money, whichever is later.

* **Sec. 3.** AS 36.90.200(b) is amended to read:

(b) If the prime contractor is not paid as required by (a) of this section, the state or political subdivision shall pay interest on the unpaid amount of the required payment from the [21ST CALENDAR] day [AFTER THE DATE REQUIRED FOR] payment is due under (a) of this section at an interest rate that is equal to the amount set out in AS 45.45.010(a).

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

Sec. 36.90.310. Payment deadline and interest for grants and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations. (a) An agency shall pay a nonprofit organization, municipality, or Alaska Native organization for satisfactory performance of a grant or reimbursement agreement within 30 calendar days after the agency receives a payment request from the nonprofit organization, municipality, or Alaska Native organization that complies with the grant or reimbursement agreement. If the agency uses federal funds to pay the grant or reimbursement agreement, the agency shall pay for satisfactory performance within 30 calendar days after the agency receives a payment request that complies with the grant or reimbursement agreement, or within 30 calendar days after the agency receives the federal funds, whichever is later.

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

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

(2) the 30th calendar day after the date the agency receives a payment request under (a) of this section for all other payments for grants and reimbursement

1 agreements.

2 (c) If an agency withholds payment because of unsatisfactory performance or
3 if the payment request made under (a) of this section does not comply with the
4 requirements of the grant or reimbursement agreement, within eight working days
5 after receipt of the payment request the agency shall notify the nonprofit organization,
6 municipality, or Alaska Native organization in writing stating specifically why the
7 payment is being withheld and what remedial actions may be taken by the nonprofit
8 organization, municipality, or Alaska Native organization 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 30 calendar days after the nonprofit organization,
15 municipality, or Alaska Native organization satisfactorily completes the remedial
16 actions identified in the notice. If the withheld amount is not paid within the 30
17 calendar days, the agency shall pay interest on the withheld amount from the 30th
18 calendar day at an interest rate that is equal to the rate set out in AS 45.45.010(a).

19 (f) In this section,

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

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

23 (3) "grant" means a legal instrument of financial assistance between an
24 agency and a nonstate entity that is used to enter into a relationship for which the
25 principal purpose is to provide funds to the nonstate entity; "grant" does not include

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

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

31 (C) cash assistance to an individual;

(D) a subsidy;

(E) a loan;

(F) a loan guarantee;

(G) insurance;

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

(I) a permanent fund dividend; or

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

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

* **Sec. 5.** This Act takes effect July 1, 2026.