

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DCCED-DAS-03-28-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: HOUSE COMMUNITY AND REGIONAL AFFAIRS

Department: Department of Commerce, Community and
Economic Development
Appropriation: Executive Administration
Allocation: Administrative Services
OMB Component Number: 1028

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	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time	***		***	***	***	***	***
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(57.0)		(57.0)	(57.0)	(57.0)	(57.0)	(57.0)
Total	(57.0)	0.0	(57.0)	(57.0)	(57.0)	(57.0)	(57.0)

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If yes, by what date are the regulations to be adopted, amended or repealed?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.

Prepared By: Hannah Lager, Administrative Services Director
Division: Division of Administrative Services
Approved By: Hannah Lager, Administrative Services Director
Agency: Department of Commerce, Community, and Economic Development

Phone: (907)465-5533
Date: 03/29/2025
Date: 03/29/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB 133

Analysis

This bill establishes a 30-calendar-day deadline for the payments of contracts under the State Procurement Code and for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native Organizations. It also sets a 21-calendar-day deadline for payments to grantees that paid with federal funds. It establishes procedures for payment and non-payment to the contractor and grantee. Additionally, it sets a requirement to pay interest, equal to the rate set out in AS 45.45.010(a), to the contractor or grantee if the deadline isn't met.

The Department of Commerce, Community, and Economic Development (DCCED) anticipates fiscal impact from this legislation, but cannot accurately estimate the impact at this time. It is always DCCED's intention to pay contracts, grants, and reimbursement agreements in a timely manner and work closely with contractors and grantees to meet appropriate timelines and compliance for payment. In addition to contractual expenditures in the operating budget, the department administers hundreds of grants in any given fiscal year. However, the department cannot predict how many payments for grants and contracts will be made outside of the proposed statutory requirements in this legislation, and therefore cannot accurately impact the amount of interest that would be paid. General funds would be required to support any accrued interest. Because the amount of interest cannot be calculated at this time, the amount of personal services support required to meet the tracking and payment requirements in this legislation cannot be accurately estimated at this time.

This legislation requires the department to advance 20% of new grants under AS 37.05.316, grants to named recipients, to grantees within 10 days of the effective date. The vast majority of grants made under AS 37.05.316 are from the general fund. Currently, grantees can request advances of their grants; however, most grants are administered on a reimbursable basis after grantees submit expenditures. As a result, most grants do not have expenditures in the first month, and some do not have expenditures until the end of the first quarter. Changes in revenue projected in this fiscal note are based on grant activity appropriated in FY2025 and the GeFONSI projected long term return rate of 2.38% annually. Based on FY2025 grants under AS 37.05.316, if all were advanced at 20% of the award amount instead of after the first quarter, the general fund would experience a loss of interest earnings of \$19.0 per month or \$57.0 in the first quarter. The amount of grants is variable year to year, but is projected based on FY2025 grant amounts.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DFG-DAS-03-29-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H)Community & Regional Affairs

Department: Department of Fish and Game
Appropriation: Statewide Support Services
Allocation: Administrative Services
OMB Component Number: 479

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?

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By:	Joseph Felkl, Legislative Liaison	Phone:	(907)465-6137
Division:	Office of the Commissioner	Date:	03/29/2025 09:00 AM
Approved By:	Bonnie Jensen, Administrative Services Director	Date:	03/29/25
Agency:	Department of Fish and Game		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

Analysis

This legislation requires an assessment of a 10.5 percent annualized interest rate on any State of Alaska contract payment made later than 30 days past the invoice date. This interest assessment would also apply to non-profit, municipal, and Alaska Native organization grant payments that are not issued within 30 days of a request. If conditions of the contract or grant are not being met at the time the payment request is made, the bill allows the State to temporarily withhold payment without penalty.

The Department of Fish and Game does not issue grants and has sufficient administrative staff to issue contractual payments. Federal award dollars the department receives cannot be used for interest or fee payments, so state fund sources would need to be used if interest penalties were incurred.

Interest payments required by the department under this bill are anticipated to be minimal. Therefore, the department submits a zero fiscal note.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DNR-SSD-3-28-2025
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H)CRA

Department: Department of Natural Resources
Appropriation: Administration & Support Services
Allocation: Administrative Services
OMB Component Number: 424

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:

Initial version

Prepared By:	Ann McPherson, Budget Manager	Phone:	(907)465-8465
Division:	Administrative Services	Date:	03/28/2025 01:00 PM
Approved By:	Shannon Miller, Administrative Services Director	Date:	03/28/25
Agency:	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

Analysis

This bill amends portions of the State Procurement Code and the Fiscal Procedures Act and prescribes a 30-day payment provision for state contracts, grants, and reimbursement agreements.

The Support Services Division (SSD) does not anticipate a fiscal or operational impact in order to implement this bill. The division estimates policies implementing this bill would be finalized within 180 days after passage.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133 -DOA-OPPM-3-21-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) Community & Regional Affairs

Department: Department of Administration
Appropriation: Shared Services of Alaska
Allocation: Office of Procurement and Property Management
OMB Component Number: 3291

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.

Prepared By:	Tom Mayer, Chief Procurement Officer	Phone:	(907)465-8292
Division:	Office of Procurement and Property Management	Date:	03/21/2025
Approved By:	Michelle Vuille, Division Operations Manager	Date:	03/21/25
Agency:	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB 133

Analysis

This bill amends portions of the State Procurement Code and the Fiscal Procedures Act and prescribes a 30-day payment provision for state contracts, grants, and reimbursement agreements.

The Office of Procurement and Property Management (OPPM) does not anticipate a fiscal or operational impact to the component in order to implement the requirements of the bill. Accordingly, OPPM submits a zero fiscal note. Implementation and changes to policies expected to be finalized within 180 days after passage.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DOH-AS-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Health
Appropriation: Departmental Support Services
Allocation: Administrative Support Services
OMB Component Number: 320

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	126.3		126.3	126.3	126.3	126.3	126.3
Travel							
Services	20.0		20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2
Total	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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.

Prepared By: Hilary Porter, Grants and Procurement Manager
Division: Departmental Support Services
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)465-1624
Date: 04/04/2025
Date: 04/06/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

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 Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 73 days within Departmental Support Services. For grants, it takes time to stand up grant documentation and budgets at the beginning of each fiscal year, which can delay the finalized grant agreement and lead to the perception that the grant payment is late. Invoices for contracts are evaluated and approved within each division. Workload, training, and overall capacity within the division impacts timely invoice payments.

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. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's contracts and grants and avoid what calculates to be an estimated \$68.4 interest penalty resulting from late payments, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DOH-BHA-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Health
Appropriation: Behavioral Health
Allocation: Behavioral Health Administration
OMB Component Number: 2665

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	126.3		126.3	126.3	126.3	126.3	126.3
Travel							
Services	20.0		20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2
Total	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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.

Prepared By: Tracy Dompeling, Division Director
Division: Behavioral Health
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)465-2817
Date: 04/04/2025
Date: 04/06/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

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 Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 57 days within the Division of Behavioral Health. For grants, it takes time to stand up grant documentation and budgets at the beginning of each fiscal year, which can delay the finalized grant agreement and lead to the perception that the grant payment is late. Invoices for contracts are evaluated and approved within each division, and initial grant agreements are established in collaboration with a Program Manager within the Division of Behavioral Health, a grants administrator within Department Support Services, and the grantee. Workload, training, and overall capacity within the division impacts timely payments.

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. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's grant awards and contracts and avoid what calculates to be an estimated \$81.1 interest penalty, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DOH-MAA-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Health
Appropriation: Health Care Services
Allocation: Medical Assistance Administration
OMB Component Number: 242

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	126.3		126.3	126.3	126.3	126.3	126.3
Travel							
Services	20.0		20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2
Total	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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.

Prepared By: Lynne Keilman-Cruz, Acting Division Director
Division: Health Care Services
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)269-5606
Date: 04/04/2025
Date: 04/06/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

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 Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 42 days within the Health Care Services Division, which provides oversight of Medicaid Services contracts. Invoices for contracts are evaluated and approved within each division. Workload, training, and overall capacity within the division impacts timely invoice payments.

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. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's contracts and avoid what calculates to be an estimated \$501.2 interest penalty resulting from late payments to contractors, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DOH-PAA-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Health
Appropriation: Public Assistance
Allocation: Public Assistance Administration
OMB Component Number: 233

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	126.3		126.3	126.3	126.3	126.3	126.3
Travel							
Services	20.0		20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2
Total	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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.

Prepared By: Deb Etheridge, Division Director
Division: Public Assistance
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)465-2680
Date: 04/04/2025
Date: 04/06/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

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 Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 88 days within the Division of Public Assistance. For grants, it takes time to stand up grant documentation and budgets at the beginning of each fiscal year, which can delay the finalized grant agreement and lead to the perception that the grant payment is late. Invoices for contracts are evaluated and approved within each division. Workload, training, and overall capacity within the division impacts timely invoice payments.

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. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's contracts and avoid what calculates to be an estimated \$402.2 interest penalty resulting from late payments to contractors, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DOH-PHA-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Health
Appropriation: Public Health
Allocation: Public Health Administrative Services
OMB Component Number: 292

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	126.3		126.3	126.3	126.3	126.3	126.3
Travel							
Services	20.0		20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2
Total	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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.

Prepared By: Lindsey Kato, Division Director
Division: Public Health
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)744-6010
Date: 04/04/2025
Date: 04/06/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

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 Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 43 days with in the Division of Public Health. For grants, it takes time to stand up grant documentation and budgets at the beginning of each fiscal year, which can delay the finalized grant agreement and lead to the perception that the grant payment is late. Invoices for contracts are evaluated and approved within each division. Workload, training, and overall capacity within the division impacts timely invoice payments.

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. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's contracts and avoid what calculates to be an estimated \$470.9 interest penalty resulting from late payments to contractors, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-DOH-SDSA-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) CRA

Department: Department of Health
Appropriation: Senior and Disabilities Services
Allocation: Senior and Disabilities Services Administration
OMB Component Number: 2663

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	126.3		126.3	126.3	126.3	126.3	126.3
Travel							
Services	20.0		20.0	20.0	20.0	20.0	20.0
Commodities	5.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	75.6		74.1	74.1	74.1	74.1	74.1
1003 GF/Match (UGF)	75.7		74.2	74.2	74.2	74.2	74.2
Total	151.3	0.0	148.3	148.3	148.3	148.3	148.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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.

Prepared By: Tony Newman, Division Director
Division: Senior and Disabilities Services
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)465-5481
Date: 04/04/2025
Date: 04/06/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

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 Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 59 days within the Senior and Disabilities Services Division. For grants, it takes time to stand up grant documentation and budgets at the beginning of each fiscal year, which can delay the finalized grant agreement and lead to the perception that the grant payment is late. Invoices for contracts are evaluated and approved within each division. Workload, training, and overall capacity within the division impacts timely invoice payments.

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. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's contracts and grants and avoid what calculates to be an estimated \$30.2 interest penalty resulting from late payments, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.

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

Prepared By:	Dan DeBartolo, Director	Phone:	(907)465-5984
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.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-LAW-WASD-03-28-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H)Community & Regional Affairs

Department: Department of Law
Appropriation: Administration and Support
Allocation: Administrative Services
OMB Component Number: 2164

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?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Kathryn Fritz, Budget Analyst 3	Phone:	(907)465-4049
Division:	Administrative Services Division	Date:	03/28/2025
Approved By:	Amber LeBlanc, Administrative Services Director	Date:	03/28/25
Agency:	Department of Law		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. A

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 Law does not anticipate a fiscal or operational impact to the component in order to implement the requirements of the bill. Accordingly, Law submits a zero fiscal note. Implementation and changes to policies expected to be finalized within 180 days after passage.

Fiscal Note

State of Alaska
2025 Legislative Session

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

Identifier: HB133-MVA-HLS-4-4-25
Title: PAYMENT OF CONTRACTS
Sponsor: HIMSCHOOT
Requester: (H) Community & Regional Affairs

Department: Department of Military and Veterans' Affairs
Appropriation: Military and Veterans' Affairs
Allocation: Homeland Security and Emergency Management
OMB Component Number: 2657

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	458.4		458.4	458.4	458.4	458.4	458.4
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	458.4	0.0	458.4	458.4	458.4	458.4	458.4

Fund Source (Operating Only)

1003 GF/Match (UGF)	114.6		114.6	114.6	114.6	114.6	114.6
1007 I/A Rcpts (Other)	114.6		114.6	114.6	114.6	114.6	114.6
1061 CIP Rcpts (Other)	229.2		229.2	229.2	229.2	229.2	229.2
Total	458.4	0.0	458.4	458.4	458.4	458.4	458.4

Positions

Full-time	4.0		4.0	4.0	4.0	4.0	4.0
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:

Initial version

Prepared By: Angela Laflamme
Division: Office of the Commissioner
Approved By: Craig Christenson
Agency: Department of Military and Veterans Affairs
Phone: (907)428-6003
Date: 04/04/2025 01:00 PM
Date: 04/04/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. HB133

Analysis

This legislation implements a 30-day deadline from payment request receipt for contracts, grants, and reimbursement payments to nonprofit organizations, municipalities, and Alaska Native organizations. It establishes an interest rate for failure to meet the deadline. It establishes adjusted deadlines for unsatisfactory performance or noncompliance with grant or reimbursement requirements.

Implementing this legislation will impact disaster grant programs within the Division of Homeland Security and Emergency Management (DHSEM), due to the number of open grants, subrecipients, and projects there are and the level of review it takes to ensure eligibility and appropriate documentation prior to payment. Additionally, the proposed deadline is likely to be severely impacted during disasters since staff are often reassigned to assist in the operations center resulting in delays in routine financial processing.

DHSEM prioritizes payments for individuals and public entities following disasters, however the required review, federal funding guidelines, and multiple disaster events happening simultaneously would make meeting the timelines outlined in this legislation difficult. The DHSEM would require additional staff or risk incurring significant interest costs.

Additional staff required are one Grants Administrator 3 and three Grants Administrator 2 positions.