



ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 Schoon Street • Anchorage, Alaska 99518
Telephone (907) 561-5354 • Fax (907) 562-6118

100 Cushman St., Ste. 402 • Fairbanks, Alaska 99701
Telephone (907) 452-1809 • Fax (907) 456-8599

Date: May 15, 2025

Re: AGC Support for HB 133

On behalf of the Associated General Contractors of Alaska (AGC), I am writing to express our strong support for HB 133, version (B) that includes two specific provisions that address prompt payment to prime contractors.

First, in line with the current version of the bill, AGC supports the exclusion of public construction and public works contractors from Section 1, as the payment deadline for public works contracts is addressed by a different statutory section, AS 36.90.200. Second, AGC supports Section 2 of the bill, which would align the payment deadline and interest provisions in AS 36.90.200(a)-(b), and eliminate existing ambiguity related to the calculation of interest on late payments to public works contractors.

Prompt payment has been a long-standing challenge for our members. The existing prompt payment statute is well intentioned: it establishes a 21-day deadline for payment to contractors on most projects and imposes an interest penalty on the state for late payments. Unfortunately, inconsistencies in payment practices and misinterpretation of the statute have led to confusion among state agencies and contractors alike.

Specifically, language within the existing AS 36.90.200(b), which states that interest begins running, “from the twenty-first calendar day after the date required for payment” was intended (and originally interpreted) to apply to any payments which failed to meet the 21-day deadline in AS 36.90.200(a). Unfortunately, it has since been re-interpreted to give the state an extra 21 days to make payment beyond the statutory deadline, effectively extending the deadline on payments, well past what the legislature intended, and in a manner that circumvents the interest penalty that the legislature added to ensure timely payment.

This reinterpretation has led state agencies to assume they have up to 42 days to pay on federally funded projects and up to 51 days on all other projects before any interest attaches. The downstream effects of this are felt most strongly – and can be devastating – on the small contractors, subcontractors, and DBEs that make up most of our members. These delayed payments regularly force contractors to self-finance work, without payment, for months at a time.

The legislative fixes proposed in HB 133 are needed to restore the statute’s original intent and provide timely, predictable cash flow for Alaska’s contractors, many of whom operate on tight financial margins. We appreciate your attention to this important matter

and respectfully urge your support for the above provisions in HB 133. Thank you for your consideration and commitment to Alaska's construction industry.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alicia Amberg". The signature is fluid and cursive, with the first name "Alicia" and last name "Amberg" clearly distinguishable.

Alicia Amberg
Executive Director, Associated General Contractors of Alaska