

HOUSE BILL NO. 356

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE HIMSCHOOT

Introduced: 2/20/24

Referred: State Affairs, Finance

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 payment of grants to named recipients that are not**
3 **municipalities; and providing for an effective date."**

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

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

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

9 (b) If a contractor is not paid as required by (a) of this section, the agency
10 shall pay interest on the unpaid amount of the required payment from the 31st calendar
11 day after the date the agency receives a payment request under (a) of this section at an
12 interest rate that is equal to the amount set out in AS 45.45.010(a).

13 (c) If payment is going to be withheld for unsatisfactory performance or if the
14 payment request made under (a) of this section does not comply with the requirements

1 of the contract, within eight working days after receipt of the payment request the
 2 agency shall notify the contractor in writing stating specifically why part or all of the
 3 payment is being withheld and what remedial actions may be taken by the contractor
 4 to receive the full payment.

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

9 (e) If part or all of a payment is withheld under (c) of this section, the agency
 10 shall pay the withheld amount within 21 calendar days after the contractor
 11 satisfactorily completes the remedial actions identified in the notice. If the withheld
 12 amount is not paid within the 21 calendar days, the agency shall pay interest on the
 13 withheld amount from the 21st calendar day at an interest rate that is equal to the
 14 amount set out in AS 45.45.010(a).

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

17 (g) This section does not apply to a public construction or public works
 18 contract subject to AS 36.90.200.

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

21 * **Sec. 2.** AS 37.05.316 is amended by adding a new subsection to read:

22 (d) Not less than 20 percent of a grant under this section for a named recipient
 23 that is not a municipality must be paid to the named recipient within 10 days after the
 24 effective date of the grant agreement. The remainder of the grant must be paid either
 25 in monthly installments equal to the amount of grant money the named recipient
 26 expended in the previous month or in a lump sum as determined by the Department of
 27 Commerce, Community, and Economic Development.

28 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).