

SENATE BILL NO. 129

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATORS KAWASAKI, Tobin, Giessel, Gray-Jackson

Introduced: 3/12/25

Referred: Community and Regional Affairs, Labor and Commerce

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; establishing deadlines for the payment of grants, contracts, and
3 reimbursement agreements to nonprofit organizations, municipalities, and Alaska
4 Native organizations; relating to payment of grants to named recipients that are not
5 municipalities; 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

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

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 contract, within eight working days after receipt of the payment
5 request the agency shall notify the contractor in writing stating specifically why
6 payment is being withheld and what remedial actions may be taken by the contractor
7 to receive the full payment.

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

12 (e) If payment is withheld under (c) of this section, the agency shall pay the
13 withheld amount within 21 calendar days after the contractor satisfactorily completes
14 the remedial actions identified in the notice. If the withheld amount is not paid within
15 the 21 calendar days, the agency shall pay interest on the withheld amount from the
16 21st calendar day at an interest rate that is equal to the rate set out in AS 45.45.010(a).

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

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

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

23 * **Sec. 2.** AS 36.90 is amended by adding a new section to article 4 to read:

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

1 satisfactory performance within 21 calendar days after the agency receives a payment
2 request that complies with the grant or reimbursement agreement, or within 21
3 calendar days after the agency receives the federal funds, whichever is later.

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

8 (1) the 21st calendar day after the date the agency receives a payment
9 request under (a) of this section if the agency uses federal funds to make the payment;

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

13 (c) If an agency withholds payment because of unsatisfactory performance or
14 if the payment request made under (a) of this section does not comply with the
15 requirements of the grant or reimbursement agreement, within eight working days
16 after receipt of the payment request the agency shall notify the nonprofit organization,
17 municipality, or Alaska Native organization in writing stating specifically why the
18 payment is being withheld and what remedial actions may be taken by the nonprofit
19 organization, municipality, or Alaska Native organization to receive the full payment.

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

24 (e) If payment is withheld under (c) of this section, the agency shall pay the
25 withheld amount within 21 calendar days after the nonprofit organization,
26 municipality, or Alaska Native organization satisfactorily completes the remedial
27 actions identified in the notice. If the withheld amount is not paid within the 21
28 calendar days, the agency shall pay interest on the withheld amount from the 21st
29 calendar day at an interest rate that is equal to the rate set out in AS 45.45.010(a).

30 (f) In this section,

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

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

3 (3) "grant" means a legal instrument of financial assistance between an
4 agency and a nonstate entity that is used to enter into a relationship for which the
5 principal purpose is to transfer anything of value from an agency to the recipient to
6 carry out a public purpose authorized by law; "grant" does not include

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

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

12 (C) cash assistance to an individual;

13 (D) a subsidy;

14 (E) a loan;

15 (F) a loan guarantee;

16 (G) insurance;

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

19 (I) a permanent fund dividend; or

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

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

24 * **Sec. 3.** AS 37.05.316 is amended by adding a new subsection to read:

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

31 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).