

# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version:	SB 129
Fiscal Note Number:	11
(S) Publish Date:	2/4/2026

Identifier: SB129-DOH-BHA-01-15-26  
 Title: PAYMENT OF CONTRACTS  
 Sponsor: KAWASAKI  
 Requester: (S) 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)

	FY2027	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2027 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>OPERATING EXPENDITURES</b>	<b>FY 2027</b>	<b>FY 2027</b>						
Personal Services								
Travel								
Services	57.5		57.5	57.5	57.5	57.5	57.5	57.5
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>57.5</b>	<b>0.0</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5
<b>Total</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2026) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2027) 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 If yes, by what date are the regulations to be adopted, amended or repealed? No

**Why this fiscal note differs from previous version/comments:**

Updated to current year template; updated position and calculation data to reflect current costs.
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Division:	Behavioral Health	Date:	01/15/2026 01:00 PM
Approved By:	Pam Halloran, Assistant Commissioner	Date:	01/15/26
Agency:	Department of Health		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

## 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 occurring in FY2025. For contracts, the department determined that on average contract invoices were paid within 46 days within the Division of Behavioral Health.

Grant payments occurred timely. 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 grant initiation and invoice payments.

Federal award dollars cannot 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.

Based on FY2025 payment timeline data, the Division of Behavioral Health will be assessed \$57.5 in interest penalties if this legislation goes into affect. The department considered whether a position request would better support the intent of this legislation and determined that the interest penalty cost would be less than the cost of a new position.

A new position would cost \$173.5 in FY2027 and \$160.5 in future years. Interest penalties would cost less.