

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version:	SB 129
Fiscal Note Number:	14
(S) Publish Date:	2/4/2026

Identifier: SB129-DCCED-DAS-01-30-26
 Title: PAYMENT OF CONTRACTS
 Sponsor: KAWASAKI
 Requester: (S) 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)

	FY2027	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2027 Request	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
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

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 (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 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Updated to SLA2026 fiscal note form. Removed indeterminate impacts and updated analysis.

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Division:	Division of Administrative Services	Date:	01/30/2026
Approved By:	Hannah Lager, Administrative Services Director	Date:	01/30/26
Agency:	Department of Commerce, Community, and Economic Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

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.

It is always the Department of Commerce, Community, and Economic Development's (DCCED) intention to pay contracts, grants, and reimbursement agreements in a timely manner. 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. If any payments were late, general funds would be required to support any accrued interest. Because the number of late payments is not known, the amount of interest and the amount of personal services support required to meet the tracking and payment requirements in this legislation cannot be accurately estimated at this time. As a result, the department does not currently anticipate expenditures related to this legislation.

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.