

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version:	SB 129
Fiscal Note Number:	5
(S) Publish Date:	2/4/2026

Identifier: SB129-DOLWD-CO-01-30-26
 Title: PAYMENT OF CONTRACTS
 Sponsor: KAWASAKI
 Requester: (S) CRA

Department: Department of Labor and Workforce Development
 Appropriation: Commissioner and Administrative Services
 Allocation: Commissioner's Office
 OMB Component Number: 340

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
OPERATING EXPENDITURES	FY 2027	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	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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 If yes, by what date are the regulations to be adopted, amended or repealed?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 from SLA2025 to SLA2026 template
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Division:	Administrative Services	Date:	01/30/2026
Approved By:	Cathy Muoz, Commissioner	Date:	01/30/26
Agency:	Labor & Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION**Analysis**

This legislation requires an assessment of a 10.5 percent 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 Labor and Workforce Development (DOLWD) assessed current obligations and any late payments for a point in time. Assuming that amount to be a monthly estimate of interest liability, the department could face approximately \$4,314.08 annually in interest payments to contractors.

For grant payments, the department has historically not issued grant amounts in the first 30-60 days of the fiscal year as the previous grant awards and fiscal year reconciliation are closed. If DOLWD's methodology was to be considered a late grant payment under this bill, the potential interest liability in FY2025 would have been \$18,587.20.

It is important to note that no federal award dollars can 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.

From a programmatic standpoint, the department would make best effort to change program processes to avoid any interest.