

Introduced: 3/15/83  
Referred: State Affairs  
and Finance

1 IN THE SENATE

BY P. FISCHER

2

SENATE BILL NO. 178

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act providing for payment of penalties by state  
7 agencies on obligations not timely paid; and provid-  
8 ing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.275. PAYMENT OF PENALTY. (a) A state agency that,  
12 without reasonable cause, fails to make payment for goods or services  
13 acquired by that agency within 30 days of the invoice date of a prop-  
14 erly completed invoice and the receipt of the goods or services, shall  
15 pay a penalty on the balance due in the amount of five percent a month  
16 or portion of a month, computed from the later of the date of the  
17 invoice or the date of receipt of the goods or services. The penalty  
18 may not exceed 25 percent of the balance due at the end of the 30-day  
19 period in the aggregate.

20 (b) This section applies to goods acquired by a state agency  
21 including supplies, materials, and equipment, and to services, pro-  
22 vided under contract or ordered by purchase order. It does not apply  
23 to services performed for a state agency by an individual employed  
24 under the provisions of the State Personnel Act (AS 39.25).

25 (c) Payment is made when the payment is personally delivered to  
26 the seller or the agent of the seller, or on the date the payment is  
27 delivered to the United States Post Office.

28 (d) For purposes of this section, "reasonable cause" shall exist  
29 if

1           (1) the goods billed on the invoice have not been received  
2 or were not those specified in the agency's order or contract, or were  
3 not delivered in accordance with the terms of the contract or purchase  
4 order;

5           (2) the services performed on the invoice for those ser-  
6 vices did not conform to the terms and conditions of the contract.

7           (e) A penalty paid under this section shall be charged to the  
8 budget of the state agency incurring the penalty.

9           (f) For purposes of this section, "state agency" means an organ-  
10 ization that was created by law and that is primarily and directly  
11 funded by appropriations.

12 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
13 10.070(c).