

1 IN THE HOUSE

BY NAVARRE

2

HOUSE BILL NO. 301

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the payment of interest on re-
7 tainage for public works and public construction."

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

9 * Section 1. AS 36.90.010(c) is amended to read:

10 (c) The state or a political subdivision of the state is liable
11 to a contractor registered under AS 08.18 for interest [AT THE RATE
12 PROVIDED IN AS 45.45.010(a)] on retainage on a contract for public
13 works or public construction. Interest on retainage accrues from the
14 date of approval of a pay estimate until the date of payment to the
15 contractor. A contract provision purporting to waive the interest
16 provisions of this subsection is void as contrary to public policy.
17 The state shall pay interest on the retainage at the rate provided in
18 AS 45.45.010(a). A political subdivision shall pay interest on the
19 retainage at a rate that is .5 percent below the higher of the

20 (1) interest rate allowed on the retainage, as of the day
21 the deposit is made, by the financial institution where the retainage
22 is deposited; or

23 (2) annual rate charged member banks for advances by the
24 12th Federal Reserve District on the day when the contract for the
25 public works or public construction is made.

26 * Sec. 2. AS 36.90.010(e) is amended to read:

27 (e) A political subdivision that receives a state grant for a
28 public construction or public works project may not use money from the
29 state grant to pay the interest on retainage [UNDER CONTRACTS FOR THE

1 PROJECT AS] required by (c) of this section.