

Sponsor Statement for HB 235

DOTPF-Related Contract Claims

An Act relating to the handling of and interest on contract controversies involving the Department of Transportation and Public Facilities or state agencies to whom the Department of Transportation and Public Facilities delegates the responsibility for handling the controversies.

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This legislation has been introduced at the request of the Associated General Contractors of Alaska.

Public works construction contracts contain “changes” clauses that provide a vehicle for contract adjustment in the event the contractor encounters changed conditions or the public works’ owner desires to change the contract in some manner. Claims may arise regarding compensation for the change orders or regarding whether or not particular work was included in the bid documents at bid time.

This legislation would simply require that when a contract settlement with DOTPF is in dispute, interest must be paid on the settlement amount. The amount of interest to be paid accrues from the date of the claim to the date of the decision.

The committee urges your support of this bill.