

**HOUSE BILL NO. 368**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/28/98

Referred: State Affairs, Judiciary, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act giving notice of and approving the entry into, and the issuance of  
2 certificates of participation in, lease-purchase agreements for the first phase of the  
3 upgrade, expansion, and replacement of correctional facilities; and providing for  
4 an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* **Section 1.** FINDINGS AND PURPOSE. (a) The legislature finds that

7 (1) existing correctional facilities in the state are operating at or beyond the  
8 capacity for which they were designed;

9 (2) based on recent criminal justice data and demographic evidence, it is likely  
10 that there will be a steady increase in misdemeanants and in pre-sentenced prisoners who must  
11 be housed in jails and in other sentenced prisoners who must be housed in prisons;

12 (3) the overcrowding of existing correctional facilities constitutes an emergency  
13 situation that requires immediate action to provide additional bed space to accommodate the  
14 projections for future increases in misdemeanants, in pre-sentenced prisoners, and in sentenced

1 prisoners;

2 (4) the state must provide over 500 additional beds in correctional facilities for  
3 misdemeanants, pre-sentenced prisoners, and other sentenced prisoners in order to meet  
4 projected needs;

5 (5) construction and expansion of correctional facilities is planned to begin in  
6 three phases and the first phase includes correctional facilities for which construction can be  
7 started within one year of the effective date of this Act in order to meet the most pressing of  
8 these needs;

9 (6) the Department of Corrections must be afforded latitude to obtain additional  
10 prisoner bed spaces through a variety of means and the department can meet some of the  
11 emergency needs of the correctional system by using lease-purchase agreements and operating  
12 leases with public and private lessors; and

13 (7) there will be an increase in operating costs of approximately \$13,200,000  
14 upon completion of the projects described in sec. 3 of this Act.

15 (b) The purpose of this Act is to provide a means to finance the first phase of the  
16 upgrade, expansion, and replacement of correctional facilities in the state.

17 \* **Sec. 2. NOTICE OF THE ENTRY INTO AND FINANCING OF LEASE-PURCHASE**  
18 **AGREEMENTS.** (a) The state bond committee is authorized to provide for the issuance of  
19 certificates of participation in one or more series in the aggregate principal amount of  
20 \$88,500,000 for the cost of construction, acquisition, and other costs of financing the projects  
21 described in sec. 3 of this Act. The Department of Administration is authorized to enter into  
22 lease-purchase agreements for the projects described in sec. 3 of this Act, to be financed by  
23 lease-purchase agreements under AS 36.30.085. The total annual amount of the rental  
24 obligation is estimated to be \$8,100,000. The total lease payments for the full term of the  
25 lease-purchase agreements for the projects are estimated to be \$162,000,000. The state shall  
26 own the facilities at the end of the lease term.

27 (b) The state bond committee may contract for the credit instruments and trust services  
28 it considers necessary in financing the projects described in sec. 3 of this Act.

29 \* **Sec. 3. PROJECTS.** The projects that may be financed as provided in sec. 2 of this Act,  
30 and the estimated construction, acquisition, and other costs of financing each, are as follows:

31 (1) upgrade and expansion of the Palmer Correctional Center for medium

1 custody beds -- \$16,500,000;

2 (2) expansion of the Yukon-Kuskokwim Correctional Center in Bethel --  
3 \$5,000,000;

4 (3) replacement of the Sixth Avenue jail in Anchorage -- \$67,000,000.

5 \* **Sec. 4. REALLOCATIONS OF AUTHORIZATION.** The state bond committee, after  
6 consultation with the Department of Administration, may reallocate the authority to issue  
7 certificates of participation between the projects described in sec. 3 of this Act to accomplish,  
8 as nearly as may be practicable, all of the projects provided for in that section. If the  
9 Department of Administration determines for any reason that it is not in the best interests of  
10 the state to accomplish a project, the state bond committee, after consultation with the  
11 Department of Administration, may reallocate a part of the certificate of participation authority  
12 granted in sec. 2 of this Act to the remaining projects described in sec. 3 of this Act.

13 \* **Sec. 5. APPROVAL.** This Act constitutes the notice and approval of the projects  
14 described in sec. 3 of this Act required by AS 36.30.085.

15 \* **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).