

**HOUSE BILL NO. 122**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JAMES

Introduced: 3/3/99

Referred: State Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act excluding buildings used primarily for office space from the Housing  
2 Project and Public Building Assistance Act, restricting state ownership of buildings  
3 used primarily for office space, and providing for the disposal of state ownership  
4 interests in certain state buildings used primarily for office space; and providing  
5 for an effective date."

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

7 \* **Section 1.** AS 18.55.288(3) is amended to read:

8 (3) "public building" means a publicly owned structure leased to the  
9 state for governmental, public, or educational use, **but does not include a building**  
10 **that is used primarily for office space.**

11 \* **Sec. 2.** AS 23.20.130(d) is amended to read:

12 (d) The training and building fund consists of all interest and penalties  
13 collected under AS 23.20.185, 23.20.190, and 23.20.195 and all sums recovered on

1 official bond for losses sustained by the fund. Training and building fund money shall  
 2 be deposited in the clearing account of the unemployment compensation fund for  
 3 clearance only, and does not become a part of the fund. The unobligated amount in  
 4 the training and building fund in excess of \$100,000 on the close of business of the  
 5 30th day following the last day of each fiscal year shall be transferred within 20 days  
 6 to this state's account in the unemployment trust fund. The fund shall be included in  
 7 the budget submitted to the legislature under AS 37.07 (Executive Budget Act). Funds  
 8 available in the training and building fund shall be expended upon the direction of the  
 9 department, with the approval of the governor, when it appears to the governor that the  
 10 expenditure is necessary for but not limited to

11 (1) the proper administration of this chapter if no federal funds are  
 12 available for the specific purpose for which the expenditure is to be made [,] and if the  
 13 funds are not substituted for appropriations from federal funds that would be made  
 14 available in the absence of those funds;

15 (2) the proper administration of this chapter [,] if appropriations from  
 16 federal funds have been requested but not yet received [,] and the training and building  
 17 fund will be reimbursed upon receipt of the requested federal appropriation;

18 (3) the purposes specified in AS 23.15.611 [;

19 (4) THE PURPOSES SPECIFIED IN AS 23.20.075].

20 \* **Sec. 3.** AS 35.27.020(c) is amended to read:

21 (c) At least one percent or, in the case of a rural school facility, at least one-  
 22 half of one percent of the construction cost of a building or facility approved for  
 23 construction by the legislature after September 1, 1977, will be reserved for the  
 24 following purposes: the design, construction, mounting, and administration of works  
 25 of art in a school, [OFFICE BUILDING,] court building, vessel of the marine highway  
 26 system, or other building or facility that [WHICH] is subject to substantial public use.

27 \* **Sec. 4.** AS 35.27.030(1) is amended to read:

28 (1) "building" or "facility" means a permanent improvement constructed  
 29 by the department; the term

30 (A) includes, but is not limited to,

31 (i) schools [, OFFICE BUILDINGS,] and court

- 1 buildings;
- 2 (ii) other buildings **that** [WHICH] the commissioner
- 3 determines are designed for substantial public use;
- 4 (iii) boats and vessels of the marine highway system;
- 5 (iv) transportation facilities **that** [WHICH] accommodate
- 6 traveling passengers;
- 7 (B) excludes other transportation facilities;

8 \* **Sec. 5.** AS 36.30.005(b) is amended to read:

9 (b) Except as otherwise provided, all rights, powers, duties, and authority

10 relating to the procurement of construction and procurements of equipment or services

11 for the state equipment fleet and the control over construction of state facilities and the

12 state equipment fleet vested in or exercised by an agency on January 1, 1988, are

13 transferred to the commissioner of transportation and public facilities, subject to

14 regulations adopted by the commissioner of administration. **Notwithstanding other**

15 **provisions of law, the commissioner of transportation and public facilities may not**

16 **procure or exercise control over construction of a building that will be used**

17 **primarily for office space.** Notwithstanding AS 44.68.110, authority relating to

18 disposals from the state equipment fleet is vested in the commissioner of transportation

19 and public facilities, subject to regulations adopted by the commissioner of

20 administration. Authority granted under this subsection shall be exercised in

21 accordance with this chapter.

22 \* **Sec. 6.** AS 36.30.085(a) is amended to read:

23 (a) To perform its duties and statutory functions, the department, the Board of

24 Regents of the University of Alaska, the legislative council, or the supreme court may

25 enter into lease-purchase agreements. The department, the Board of Regents, the

26 legislative council, or the supreme court may enter into a lease-purchase agreement

27 only if the department, the Board of Regents, the legislative council, or the supreme

28 court is the lessee under the agreement. **Notwithstanding the foregoing, the**

29 **department may not enter into a lease-purchase agreement for a building that is**

30 **or will be used primarily for office space.**

31 \* **Sec. 7.** AS 44.68.120(a) is amended to read:

1 (a) The Department of Administration may

2 (1) acquire from the United States under the [THE] Federal Property  
3 and Administrative Services Act of 1949, as amended, referred to in AS 44.68.120 -  
4 44.68.140 as the "Federal Act," and other applicable federal statutes and regulations,  
5 (63 Stat. 377 et seq., 40 U.S.C.A. 471 et seq.) property under the control of a  
6 department or agency of the United States that is usable and necessary for purposes  
7 of education (including educational activities that [WHICH] are of special interest to  
8 the armed services), public health or civil defense, and other purposes authorized by  
9 federal law, **except that the department may not acquire property that is primarily**  
10 **used or will be primarily used for office space;**

11 (2) warehouse property acquired under (a)(1) of this section; and

12 (3) distribute the property to tax-supported medical institutions,  
13 hospitals, clinics, health centers, school systems, colleges, schools, and universities in  
14 the state, to other nonprofit medical institutions, hospitals, clinics, health centers,  
15 schools, colleges, and universities exempt from taxation under Sec. 501(c)(3) of the  
16 United States Internal Revenue Code of 1954, including future amendments, to civil  
17 defense organizations of the state established under state law, to organizations or  
18 institutions engaged in educational activities that [WHICH] are of special interest to  
19 the armed services, and to other types of institutions or activities eligible under federal  
20 law to acquire the property.

21 \* **Sec. 8.** AS 44.68 is amended by adding a new section to read:

22 **Article 6. General Provisions.**

23 **Sec. 44.68.350. State ownership of office building restricted.** (a)

24 Notwithstanding other provisions of law, the state may not acquire an ownership  
25 interest in a building that is used primarily for office space. If a building in which the  
26 state has an ownership interest is converted to a building that is used primarily for  
27 office space, the state shall sell or otherwise dispose of its interest in the building  
28 within two years after the conversion is completed.

29 (b) This section does not apply to

30 (1) the state capitol; or

31 (2) a building owned by or under the control of

- 1 (A) the judicial branch;  
 2 (B) the legislative branch;  
 3 (C) the University of Alaska; or  
 4 (D) a public corporation of the state.

5 \* **Sec. 9.** DISPOSAL AND LEASE OF CERTAIN STATE OFFICE BUILDINGS. (a)  
 6 Within two years after the effective date of this Act, the state shall sell or otherwise dispose  
 7 of its ownership interest in any building that is primarily used for office space. This  
 8 subsection does not apply to

- 9 (1) the state capitol; or  
 10 (2) a building owned by or under the control of  
 11 (A) the judicial branch;  
 12 (B) the legislative branch;  
 13 (C) the University of Alaska;  
 14 (D) a public corporation of the state.

15 (b) The state may lease space in a building that has been disposed of under (a) of this  
 16 section for an initial period of up to five years and with up to three options to extend the  
 17 lease. Each option may provide for an extension of up to five years. AS 36.30 does not  
 18 apply to a lease agreement or to an option to extend a lease agreement entered into under this  
 19 subsection.

20 (c) Proceeds from disposals under (a) of this section shall be separately accounted for  
 21 and may be appropriated to the Alaska permanent fund.

22 \* **Sec. 10.** AS 23.20.075 and AS 35.40.110 are repealed.

23 \* **Sec. 11.** This Act takes effect July 1, 1999.