

**CS FOR HOUSE BILL NO. 149(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 4/10/01**

**Referred: Rules**

**Sponsor(s): REPRESENTATIVES CHENAULT, Scalzi**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act expressing legislative intent without the force of law regarding correctional**  
2 **facility space; relating to correctional facility space; authorizing the Department of**  
3 **Corrections to enter into an agreement to lease facilities for the confinement and care of**  
4 **prisoners within the Kenai Peninsula Borough; and providing for an effective date."**

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

6 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 LEGISLATIVE INTENT. It is the intent of the legislature to secure additional  
9 correctional facility space through a privately operated correctional facility in Alaska. The  
10 legislature expects the Department of Corrections to contract with the Kenai Peninsula  
11 Borough for private prison services similar to those currently purchased for medium-security  
12 Alaska prisoners in a private prison outside the state. The legislature anticipates a privately  
13 operated correctional facility will bring competitive management styles and operations to  
14 Alaska. The legislature expects that the initial per diem cost at a private facility (excluding

1 costs related to major medical, prescription medication, and transportation of prisoners and  
2 other services excluded in contracts for Alaska prisoner care and custody in private facilities  
3 outside the state but including the capital costs for construction of the facility, including debt  
4 service) will be 18 - 20 percent less than the current average per diem rate for all state  
5 facilities as reported to the federal government for reimbursement purposes; should be  
6 approximately \$89 in current dollars; and, from the passage of this Act, should be adjusted  
7 annually for changes in the cost of operations as measured by an appropriate cost-of-living  
8 index.

9 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 **AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH**  
12 **THIRD-PARTY CONTRACTOR OPERATION.** (a) The Department of Corrections may  
13 enter into an agreement with the Kenai Peninsula Borough to lease space within a correctional  
14 facility located within the Kenai Peninsula Borough that will house persons who are  
15 committed to the custody of the commissioner of corrections. The agreement must provide  
16 that the state agrees to lease the space for a minimum of 20 years.

17 (b) The agreement to lease entered into under this section is predicated on and must  
18 provide for an agreement between the Kenai Peninsula Borough and one or more private  
19 third-party contractors under which private, for profit or nonprofit third-party contractors  
20 construct and operate the facility by providing for custody, care, and discipline services for  
21 persons held by the commissioner of corrections under authority of state law. The  
22 commissioner of corrections shall require in the agreement with the Kenai Peninsula Borough  
23 that the Kenai Peninsula Borough procure one or more private third-party operators through a  
24 competitive process similar to the procedures established in AS 36.30 (State Procurement  
25 Code). The adoption, by the Kenai Peninsula Borough exercising its powers under  
26 AS 29.35.010(15), of Ordinance No. 2000-59, for procurement of land, design, construction,  
27 and operation of a facility on a request-for-qualification basis satisfies the procurement  
28 requirements of this subsection.

29 (c) The authorization given by (a) of this section is subject to the following  
30 conditions:

31 (1) the lease must have a minimum of 800 prison beds, and the lease payments

1 must be sufficient to cover

2 (A) the cost for the development and construction of the facility; and

3 (B) the operating costs for a minimum of 800 prison beds in the  
4 facility.

5 (2) the agreement to lease must contain terms providing that the commissioner  
6 of corrections may direct the Kenai Peninsula Borough to terminate its contract with a private  
7 third-party contractor operating the facility in accordance with the provisions of (b) of this  
8 section if the commissioner finds that the private third-party contractor has failed to provide  
9 or cause to be provided the degree of custody, care, and discipline required by terms of the  
10 lease agreement;

11 (3) the commissioner may not enter into the lease if the commissioner finds  
12 that the Kenai Peninsula Borough is unable to provide or cause to be provided a degree of  
13 custody, care, and discipline similar to that required by the laws of the state.

14 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 **APPLICABILITY.** The provisions of AS 33.30.031(a) do not apply to an agreement  
17 to lease a correctional facility in accordance with the provisions of sec. 2 of this Act. This  
18 applicability section does not affect the authority of the commissioner of corrections to  
19 designate the correctional facility to which a prisoner is assigned.

20 \* **Sec. 4.** Section 4, ch. 15, SLA 1998, and sec. 6, ch. 35, SLA 1999, are repealed.

21 \* **Sec. 5.** This Act takes effect June 1, 2001.