

**CS FOR HOUSE BILL NO. 134(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/22/03

Referred: Finance

Sponsor(s): REPRESENTATIVES STOLTZE, Masek, Gatto, Crawford, Seaton

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act authorizing the Department of Corrections to enter into lease-purchase**  
2 **agreements with municipalities for new or expanded public correctional facilities in the**  
3 **Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, the**  
4 **Municipality of Anchorage, and the City of Seward."**

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 AUTHORIZATION TO ENTER INTO LEASE-PURCHASE AGREEMENTS WITH  
9 MUNICIPALITIES FOR NEW OR EXPANDED CORRECTIONAL FACILITIES. (a) To  
10 relieve overcrowding of existing correctional facilities in the state and the extensive use of  
11 out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006,  
12 may enter into lease-purchase agreements with the following municipalities for new or  
13 expanded correctional facilities:

14 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80

1 beds;

2 (2) Matanuska-Susitna Borough - construction of new public facility with up  
3 to 1,250 beds;

4 (3) Bethel - expansion of existing facility by up to 120 beds;

5 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200  
6 beds.

7 (b) To relieve overcrowding of existing correctional facilities in the state and the  
8 extensive use of out-of-state correctional facilities, the Department of Corrections, not later  
9 than July 1, 2008, may enter into a lease purchase agreement with the City of Seward for  
10 expansion of the existing facility by up to 400 beds.

11 (c) The authorizations given by (a) and (b) of this section are subject to the following  
12 conditions:

13 (1) the average capital cost for all beds may not exceed \$135,000 a bed for  
14 (a)(1), (4), and (b) of this section, \$110,000 a bed for (a)(2) of this section, and \$155,000 a  
15 bed for (a)(3) of this section, adjusted for inflation each year at a rate equal to the percentage  
16 increase in the Consumer Price Index for urban wage earners and clerical workers for  
17 Anchorage, Alaska, during the previous calendar year as determined by the Bureau of Labor  
18 Statistics, United States Department of Labor;

19 (2) if construction of a new facility is authorized, the municipality shall  
20 initially own the facility, and the state shall enter into a long-term lease-purchase not to  
21 exceed 25 years with the municipality to operate the facility and to receive ownership of the  
22 facility at the end of the lease; the annual lease payment for a new facility may not exceed  
23 \$11,000 a bed;

24 (3) if expansion of an existing facility is authorized, the state shall initially  
25 enter into a joint ownership agreement with the municipality of the expanded facility, enter  
26 into a long-term lease-purchase not to exceed 25 years of the municipality's interest in the  
27 facility, operate the facility, and receive ownership of the facility at the end of the lease;  
28 payments under the lease may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a  
29 bed for the Fairbanks, Anchorage, and Seward facilities;

30 (4) the lease-purchase agreement must contain terms providing that the  
31 commissioner of corrections may terminate for cause any contract for operating the facility.

1           (d) The authorization given by (a)(4) of this section is subject to the following  
2 condition: expansion of the facility may only occur if the expansion is funded by up to  
3 \$30,000,000 in federal receipts.

4           (e) The authorization given by (b) of this section is subject to the following  
5 conditions:

6                   (1) that the city of Seward, to the satisfaction of the Department of  
7 Corrections, makes land available for housing development; and

8                   (2) that the Alaska Vocational Technical Center develops a corrections  
9 training program.