

Introduced: 3/6/69
Referred: Local Government
and Judiciary

1 IN THE HOUSE

BY THE LOCAL GOVERNMENT COMMITTEE

2 HOUSE BILL NO. 265

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing certain cities and boroughs to
7 lease or sublease public buildings and facilities and
8 to enter into leases of its real property for that
9 purpose; and providing for an effective date."

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

11 * Section 1. DECLARATION OF INTENT. It is hereby declared, determined
12 and found by the legislature that:

13 (1) there exists a need for an additional means of providing
14 for the acquisition and construction of public buildings and facilities
15 for cities and boroughs for joint or separate use; and

16 (2) in the light of other capital demands upon cities and
17 boroughs, it is necessary and desirable to authorize the financing of
18 public buildings and other facilities to be undertaken by corporations,
19 with the buildings and facilities leased to boroughs and cities with
20 rent paid for the use and occupancy of the same on an annual basis, when
21 appropriated, and under other terms and conditions necessary so that the
22 interest on the borrowings by the corporations will be exempt from fed-
23 eral income tax.

24 * Sec. 2. AS 29.10 is amended by adding a new section to read:

25 Sec. 29.10.134. LEASING OF PUBLIC BUILDINGS AND FACILITIES. (a)
26 A city or borough may by ordinance authorize and enter into a lease or
27 sublease, as lessee or sublessee, of a public building or other public
28 facility, including the real property upon which the building or
29 facility is located, with any Alaska corporation organized for the

1 purpose of financing a public building or facility or with any other
2 political subdivision, as lessor, for a term not to exceed 50 years.
3 The lease may be entered into jointly by a city and borough, as lessees,
4 or on a lease and sublease basis, and provide for the obligation between
5 the parties to pay rent, be in the form and contain other provisions,
6 including, but not limited to, provisions respecting the use of the
7 public building or facility, which the parties consider necessary or
8 desirable.

9 (b) A lease under this section shall provide that

10 (1) full legal title to the public building or facility
11 which is the subject of the lease shall remain or vest absolutely in the
12 lessee or lessees upon the retirement of any indebtedness issued by the
13 corporation to acquire or construct the building or facility, or at the
14 end of the lease term, whichever first occurs;

15 (2) an obligation assumed by or imposed upon any lessee shall
16 not require the performance of an act by a lessee, including but not
17 limited to the payment of rent, except to the extent that the cost and
18 expense of the performance including the payment may have been provided
19 for before the time of the performance or payment, from money then
20 legally available for the payment or performance and that the liability
21 of a lessee for payment of an annual installment of rent as it becomes
22 due shall be in consideration of the right of the lessee, whether or not
23 exercised, to occupy and use the building and facility for the period
24 of time for which rent is paid; and

25 (3) that the corporation borrowing money to acquire or con-
26 struct a public building or facility for lease to a city or borough,
27 and the specific obligations of the corporation issued to finance the
28 public building or facility under the provisions of this section are
29 approved by the governing body of the city or borough.

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(c) For purposes of this section only, a city or borough may by ordinance authorize and enter into a lease of real property owned by it to a corporation financing a public building or facility under this section. The lease is not subject to the provisions of sec. 132(c) of this chapter.

(d) Nothing in this section authorizes a city or borough to incur debt or borrow money.

(e) This section applies only to cities with a population in excess of 30,000 persons as shown by the latest federal census and to the borough in which the cities are located.

* Sec. 3. AS 07.15.010 is amended by adding a new paragraph to read:

(13) in the case of a first or second class borough qualifying under AS 29.10.134(e), to lease or sublease public buildings and facilities and in addition enter into leases of its real property for that purpose as provided in AS 29.10.134(a) - (e).

* Sec. 4. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.