

Introduced: 3/3/70
Referred: Local Government
and Finance

BY THE LOCAL GOVERNMENT
COMMITTEE BY REQUEST

1 IN THE HOUSE

2 HOUSE BILL NO. 770

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing cities and boroughs to enter into
7 agreements to assist the financing of certain build-
8 ings and facilities and to enter into leases of its
9 real property for that purpose; and providing for an
10 effective date."

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

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

14 (1) there exists a need for an additional means of providing for
15 the acquisition and construction of public buildings and facilities for
16 cities and boroughs for joint or separate use, for buildings and facilities
17 for purposes set forth in AS 29.10.132(e), and for commercial purposes deter-
18 mined by the governing body of the city or borough to be beneficial to it;
19 and

20 (2) in the light of other capital demands upon cities and
21 boroughs, it is necessary and desirable to authorize boroughs and cities to
22 enter agreements with respect to buildings and facilities for the purposes
23 set forth in paragraph (1) to be financed and constructed by corporations
24 organized for the purposes, including agreements providing for the lease of
25 the buildings and facilities, with payments for the use and occupancy of
26 the buildings and facilities to be made on an annual basis, when appropriate,
27 and under other terms and conditions necessary so that the interest on
28 borrowings by the corporation will be exempt from federal income tax.

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

1 Sec. 29.10.134. LEASING OF PUBLIC BUILDINGS AND FACILITIES. (a)

2 A city and borough may authorize by ordinance and enter into agreements
3 providing for the use and occupancy of a public building or other public
4 facility, a building or facility for purposes set forth in AS 29.10.-
5 132(e), or for commercial purposes determined by the governing body of
6 the city or borough to be beneficial to it, with any Alaska corporation
7 organized for the purpose of financing the building or facility. The
8 agreement may be entered into jointly or singly by a city and borough
9 and may provide, without limitation, for lease of the building or
10 facility, or space within it, or real property upon which the building
11 or facility is or will be located, by the city and borough, jointly
12 or singly as lessor and as lessee on a leaseback basis, or as original
13 lessor, and may provide for the obligation between the parties to make
14 payments, be in the form and contain other provisions, including, but
15 not limited to, provisions respecting the use of the building or
16 facility, which the parties consider necessary or desirable, provided,
17 that the agreement shall comply with the provision of (b) of this
18 section.

19 (b) An agreement under this section shall provide that

20 (1) full legal title to the building or facility which is
21 the subject of the agreement shall remain or vest absolutely in the
22 city or borough upon the retirement of any indebtedness issued by the
23 corporation to acquire or construct the building or facility, or at
24 the end of the term of the agreement, whichever first occurs;

25 (2) an obligation assumed by or imposed upon any city or
26 borough shall not require the performance of an act by the city or
27 borough, including but not limited to the payment of rent, except to
28 the extent that the cost and expense of the performance including the
 payment may have been provided for before the time of the performance

1 or payment, from money then legally available for the payment or per-
2 formance and that the liability of the city or borough for payments
3 under the agreement as payment becomes due shall be in consideration
4 of the right of the city or borough whether or not exercised, to occupy
5 and use the building and facility for the period of time for which
6 rent is paid; and

7 (3) that the corporation borrowing money to acquire or con-
8 struct the building or facility and the specific obligations of the
9 corporation issued to finance the building or facility under the
10 provisions of this section are approved by the governing body of the
11 city or borough.

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

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

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

20 (13) in the case of a first or second class borough to
21 enter into agreement with respect to building and facilities and leases
22 of its real property for the purposes provided in AS 29.10.134(a) -
23 (d).

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