

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 341

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to public finance, including  
7 lease-financing; and providing for an effective  
8 date."

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

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\* Section 1. AS 14.40.040 is amended to read:

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Sec. 14.40.040. GENERAL POWERS OF THE UNIVERSITY. There is

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created and established a corporation to be called the University of

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Alaska. It may in that name

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(1) sue and be sued;

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(2) receive and hold real and personal property;

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(3) contract and be contracted with;

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(4) adopt, use, and alter a corporate seal;

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(5) borrow money, issue debt, or enter into long-term

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obligations, for the purchase of facilities, goods, or services; the

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obligations may secure, in whole or in part, debt issued by another

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party;

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(6) do and have done all matters necessary for the purpose

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of any function set out [FORTH] in this chapter.

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\* Sec. 2. AS 14.40 is amended by adding a new section to read:

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Sec. 14.40.253. FINANCING NOTICE. If the university intends to

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enter into an obligation, except for refinancing obligations, under

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AS 14.40.040(5) with an annual payment by the university anticipated

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to exceed \$1,000,000, the university shall provide notice to the

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legislature. The notice must include the anticipated annual payment

1 amount, the anticipated financing, and total construction, acquisi-  
2 tion, or other costs of the project.

3 \* Sec. 3. AS 18.55.255 is amended to read:

4 Sec. 18.55.255. PROCEDURE FOR SALE OF LAND. (a) Except as  
5 provided in (b) of this section, sale [SALE] of land or a public  
6 building must [SHALL] be by public auction or by sealed bids at a  
7 price not lower than the fair market value determined by an appraisal  
8 made within 180 days before [OF] the sale by a qualified appraiser.  
9 Public notice must [SHALL] be given by publishing notice of the sale  
10 at least once a week for two consecutive weeks in a newspaper of  
11 general circulation within the area in which the property to be sold  
12 is located, and by posting notice of sale in at least two public  
13 places in the area. In no event may [SHALL] the auction be held less  
14 than 30 days after the last day of publication. If no acceptable bids  
15 are received, the authority may sell the property at negotiated  
16 sale[,] within six months after [OF] the date of the auction. A  
17 negotiated sale may not be made on an appraisal made more than nine  
18 months before the date of sale. The price at a negotiated sale may  
19 not be less than the appraised value.

20 (b) Land or a public building may be sold to a state or federal  
21 agency, or political subdivision, for less than the appraised value  
22 without competitive bidding, upon terms that the board determines to  
23 be fair and proper and in the best interests of the public. The board  
24 shall consider both the nature of the agency's or political subdi-  
25 vision's public services or functions and the terms under which the  
26 land or public building was acquired by the authority.

27 \* Sec. 4. AS 36.30.020 is amended to read:

28 Sec. 36.30.020. LEGISLATURE. The Legislative Council shall  
29 adopt and publish procedures to govern the procurement of supplies,

1 services, professional services, and construction by the legislative  
2 branch. The procedures must be based on the competitive principles  
3 consistent with this chapter and must be adapted to the special needs  
4 of the legislative branch as determined by the Legislative Council.  
5 The procedures must be consistent with the provisions of AS 36.30.-  
6 080(b), (c), and (d).

7 \* Sec. 5. AS 36.30.030 is amended to read:

8 Sec. 36.30.030. COURT SYSTEM. The administrative director of  
9 courts shall adopt and publish procedures to govern the procurement of  
10 supplies, services, professional services, and construction by the  
11 judicial branch. The procedures must be based on the competitive  
12 principles consistent with this chapter and must be adapted to the  
13 special needs of the judicial branch as determined by the administra-  
14 tive director [ADMINISTRATOR] of courts. The procedures must be  
15 consistent with the provisions of AS 36.30.080(b), (c), and (d).

16 \* Sec. 6. AS 36.30.080(b) is amended to read:

17 (b) The department, legislature, or court system may enter into  
18 lease-purchase [LEASE-FINANCING] agreements, including lease-financing  
19 [LEASE-PURCHASE] agreements [AND AGREEMENTS RELATED TO THE ISSUANCE OF  
20 CERTIFICATES OF PARTICIPATION]. A lease-purchase [LEASE-FINANCING]  
21 agreement must provide that lease payments are subject to annual  
22 appropriation.

23 \* Sec. 7. AS 36.30.080(c) is amended to read:

24 (c) If the department, legislature, or court system intends to  
25 enter into a lease or lease-purchase [LEASE-FINANCING] agreement,  
26 except an agreement related to a refinancing, with an annual rent to  
27 the department, legislature, or court system, which is [STATE] antic-  
28 ipated to exceed \$1,000,000, the department, legislature, or court  
29 system shall provide notice to the legislature. The notice must

1 include the anticipated annual lease obligation amount and the antic-  
2 ipated total construction, acquisition, or other costs of the project.  
3 The department may not enter into an agreement under this subsection  
4 unless the project has been approved by the legislature by law. An  
5 appropriation for the project does not constitute approval of the  
6 project for purposes of this subsection.

7 \* Sec. 8. AS 36.30.080 is amended by adding a new subsection to read:

8 (d) The department, legislature, or court system may enter into  
9 a lease-financing agreement for the construction or acquisition of a  
10 public building only with the Alaska State Building Authority.

11 \* Sec. 9. AS 36.30.990 is amended by adding new paragraphs to read:

12 (17) "lease-financing agreement" means a lease-purchase  
13 agreement which secures or is related to debt obligations of the  
14 lessor, including revenue bonds or certificates of participation;

15 (18) "lease-purchase agreement" means a lease that

16 (A) transfers ownership of the property to the lessee  
17 by the end of the lease term;

18 (B) contains a purchase option at a price less than the  
19 fair market value of the property on the date the option is  
20 exercisable;

21 (C) has a term, at inception, equal to 75 percent or  
22 more of the economic life of the property; or,

23 (D) contains minimum lease payments whose present  
24 value, at inception, equals 90 percent or more of the fair market  
25 value of the property at inception;

26 (19) "public building" means a publicly owned structure  
27 leased to the state for governmental, public, or educational use, but  
28 does not include a structure owned by the University of Alaska Heating  
29 Corporation and leased to the University of Alaska for a purpose

1        within the scope, as of July 1, 1986, of the heating corporation's  
2        charter;

3        \* Sec. 10. AS 14.40.253, added by sec. 2 of this Act, and AS 36.30.-  
4 080(c), as amended by sec. 7 of this Act, do not apply to projects au-  
5 thorized by law before July 1, 1988.

6        \* Sec. 11. AS 36.30.080(d), added by sec. 8 of this Act, does not apply  
7 to projects authorized by law before July 1, 1984.

8        \* Sec. 12. This Act takes effect July 1, 1988.