

Introduced: 1/12/89
Referred: State Affairs, Judiciary
and Finance

go00449s

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 108

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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

11 Sec. 14.40.040. GENERAL POWERS OF THE UNIVERSITY. There is
12 created and established a corporation to be called the University of
13 Alaska. It may in that name

14 (1) sue and be sued;

15 (2) receive and hold real and personal property;

16 (3) contract and be contracted with;

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

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

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

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

21 party;

22 (6) do and have done all matters necessary for the purpose
23 of any function set out [FORTH] in this chapter.

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

25 Sec. 14.40.253. FINANCING NOTICE. If the university intends to
26 enter into an obligation, except for refinancing obligations, under
27 AS 14.40.040(5) with an annual payment by the university anticipated
28 to exceed \$1,000,000, the university shall provide notice to the
29 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 36.30.020 is amended to read:

4 Sec. 36.30.020. LEGISLATURE. The Legislative Council shall
5 adopt and publish procedures to govern the procurement of supplies,
6 services, professional services, and construction by the legislative
7 branch. The procedures must be based on the competitive principles
8 consistent with this chapter and must be adapted to the special needs
9 of the legislative branch as determined by the Legislative Council.
10 The procedures must be consistent with the provisions of AS 36.30.-
11 080(b), (c), and (d).

12 * Sec. 4. AS 36.30.030 is amended to read:

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

21 * Sec. 5. AS 36.30.080(b) is amended to read:

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

28 * Sec. 6. AS 36.30.080(c) is amended to read:

29 (c) If the department, legislature, or court system intends to

1 enter into a lease or lease-purchase [LEASE-FINANCING] agreement,
2 except an agreement related to a refinancing, with an annual rent to
3 the department, legislature, or court system, which is [STATE] antic-
4 ipated to exceed \$1,000,000, the department, legislature, or court
5 system shall provide notice to the legislature. The notice must
6 include the anticipated annual lease obligation amount and the antic-
7 ipated total construction, acquisition, or other costs of the project.
8 The department may not enter into an agreement under this subsection
9 unless the project has been approved by the legislature by law. An
10 appropriation for the project does not constitute approval of the
11 project for purposes of this subsection.

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

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

16 * Sec. 8. AS 36.30.990 is amended by adding new paragraphs to read:

17 (17) "lease-financing agreement" means a lease-purchase
18 agreement that secures or is related to debt obligations of the les-
19 sor, including revenue bonds or certificates of participation;

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

21 (A) transfers ownership of the property to the lessee
22 by the end of the lease term;

23 (B) contains a purchase option at a price less than
24 the fair market value of the property on the date the option is
25 exercisable;

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

28 (D) contains minimum lease payments whose present
29 value, at inception, equals 90 percent or more of the fair market

1 value of the property at inception;

2 (19) "public building" means a publicly owned structure
3 leased to the state for governmental, public, or educational use, but
4 does not include a structure owned by the University of Alaska Heating
5 Corporation and leased to the University of Alaska for a purpose
6 within the scope, as of July 1, 1986, of the heating corporation's
7 charter;

8 * Sec. 9. AS 14.40.253, added by sec. 2 of this Act, and AS 36.30.-
9 080(c), as amended by sec. 6 of this Act, do not apply to projects au-
10 thorized by law before July 1, 1989.

11 * Sec. 10. AS 36.30.080(d), added by sec. 7 of this Act, does not apply
12 to projects authorized by law before July 1, 1984.

13 * Sec. 11. This Act takes effect July 1, 1989.

14