Offered: 5/8/90
For Today's Calendar

go0449sD

Original sponsor(s): Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 108 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public finance, including lease-
7 financing, and to the disposal of certain property;
8 repealing certain lease-purchasing approval; and
9 providing for an effective date."

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

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

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

15 (1) sue and be sued;

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

17 (3) contract and be contracted with;

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

19 (5) borrow money, issue debt, or enter into long-term
20 obligations, for the purchase of facilities, goods, or services; the
21 obligations may secure, in whole or in part, debt issued by another
22 party;

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

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

26 Sec. 14.40.253 FINANCING NOTICE AND APPROVAL. If the University
27 of Alaska intends to enter into an obligation, except for refinancing
28 obligations, under AS 14.40.040(5) with an annual payment by the
29 university anticipated to exceed $1,000,000, the university shall

provide notice to the legislature. The notice must include the anticipated annual payment amount, the anticipated financing, and the total construction, acquisition, or other costs of the project. The university may not enter into an obligation requiring a financing notice under this section, other than a refinancing obligation, unless the project has been approved by the legislature by law. An appropriation for the project does not constitute approval of the project for the purpose of this section.

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

Sec. 18.55.255. DISPOSAL OF SURPLUS PROPERTY [PROCEDURE FOR SALE OF LAND]. The authority may convey real or personal property that it determines is in excess of its needs. Except as provided in (b) and (c) of this section, the sale [SALE OF LAND] shall be by public auction or by sealed bids at a price not lower than the fair market value determined by an appraisal made within 180 days before [OF] the sale by a qualified appraiser. Public notice shall be given by publishing notice of the sale at least once a week for two consecutive weeks in a newspaper of general circulation within the area in which the property to be sold is located and by posting notice of sale in at least two public places in the area. In no event may [SHALL] the auction be held less than 30 days after the last day of publication. If no acceptable bids are received the authority may sell the property at negotiated sale [,] within six months after [OF] the date of the auction. A negotiated sale may not be made on an appraisal made more than nine months before the date of sale. The price at a negotiated sale may not be less than the appraised value.

* Sec. 4. AS 18.55.255 is amended by adding new subsections to read:

(b) Real or personal property of the authority may be conveyed to a state or federal agency or political subdivision for less than

1 the appraised value without competitive bidding, upon a determination
2 by the board that the terms are fair and proper and in the best inter-
3 ests of the state. The board shall consider both the nature of the
4 agency's or political subdivision's public services or functions and
5 the terms under which the property was acquired by the authority.
6 (c) Property acquired or renovated to provide mental health
7 community housing is not subject to the procedures of (a) or (b) of
8 this section and may be conveyed for less than the fair market value
9 to grantees selected by the Department of Health and Social Services
10 upon terms and conditions consistent with grants administered by the
11 Department of Health and Social Services under AS 47.30.520 - 47.30.-
12 620.
13 (d) This section does not apply to property that is covered by
14 AS 18.55.320 or 18.55.540.
15 * Sec. 5. AS 22.05.025(a) is amended to read:
16 (a) Subject to AS 36.30.080, the [THE] supreme court has author-
17 ity over all matters relating to the planning, design, construction,
18 maintenance, occupancy, leasing, and operation of all court facilities
19 and shall cooperate and coordinate with the Department of Transporta-
20 tion and Public Facilities so that court facility construction proj-
21 ects are carried out in accordance with the statutes and regulations
22 applicable to state public works projects.
23 * Sec. 6. AS 36.30.020 is amended to read:
24 Sec. 36.30.020. LEGISLATURE. The Legislative Council shall
25 adopt and publish procedures to govern the procurement of supplies,
26 services, professional services, and construction by the legislative
27 branch. The procedures must be based on the competitive principles
28 consistent with this chapter and must be adapted to the special needs
29 of the legislative branch as determined by the Legislative Council.

1 The procedures must be consistent with the provisions of AS 36.30.-
2 080(b) - (c).
3 * Sec. 7. AS 36.30.030 is amended to read:
4 Sec. 36.30.030. COURT SYSTEM. The administrative director of
5 courts shall adopt and publish procedures to govern the procurement of
6 supplies, services, professional services, and construction by the
7 judicial branch. The procedures must be based on the competitive
8 principles consistent with this chapter and must be adapted to the
9 special needs of the judicial branch as determined by the administra-
10 tive director [ADMINISTRATOR] of courts. The procedures must be
11 consistent with the provisions of AS 36.30.080(b) - (c).
12 * Sec. 8. AS 36.30.080(b) is amended to read:
13 (b) The department, legislative branch, or judicial branch may
14 enter into lease-purchase [LEASE-FINANCING] agreements, including
15 lease-financing [LEASE-PURCHASE] agreements [AND AGREEMENTS RELATED TO
16 THE ISSUANCE OF CERTIFICATES OF PARTICIPATION]. A lease-purchase
17 [LEASE-FINANCING] agreement must provide that lease payments are
18 subject to annual appropriation.
19 * Sec. 9. AS 36.30.080(c) is amended to read:
20 (c) If the department, legislative branch, or judicial branch
21 intends to enter into a lease or lease-purchase [LEASE-FINANCING]
22 agreement, except an agreement related to a refinancing, with an
23 annual rent to the department, legislative branch, or judicial branch
24 that is [STATE] anticipated to exceed $1,000,000, the department,
25 legislative branch, or judicial branch shall provide notice to the
26 legislature. The notice must include the anticipated annual lease
27 obligation amount and the anticipated total construction, acquisition,
28 or other costs of the project. The department may not enter into an
29 agreement requiring notice under this subsection unless the project

1 has been approved by the legislature by law. An appropriation for the
2 project does not constitute approval of the project for purposes of
3 this subsection.
4 * Sec. 10. AS 36.30.990 is amended by adding new paragraphs to read:
5 (19) "lease-financing agreement" means a lease-purchase
6 agreement that secures or is related to financing instruments of the
7 lessor, including revenue bonds or certificates of participation;
8 (20) "lease-purchase agreement" means a lease that
9 (A) transfers ownership of the property to the lessee
10 by the end of the lease term;
11 (B) contains a purchase option at a price less than
12 the fair market value of the property on the date the option is
13 exercisable;
14 (C) has a term, at inception, equal to 75 percent or
15 more of the economic life of the property; or
16 (D) contains minimum lease payments, including minimum
17 lease payments during a renewal provided for in the agreement,
18 whose present value at the inception of the agreement equals 90
19 percent or more of the fair market value at the inception of the
20 agreement of the real property that is the subject of the agree-
21 ment; the present value shall be determined by using as a dis-
22 count rate the most recent Bond Buyer 20-Bond G.O. Index;
23 (21) "public building" means improved real property leased
24 to the state for governmental, public, or educational use, but does
25 not include improved real property owned by the University of Alaska
26 Heating Corporation and leased to the University of Alaska for a
27 purpose within the scope, as of July 1, 1986, of the heating corpora-
28 tion's charter;
29 * Sec. 11. Section 2, ch. 78, SLA 1984, is repealed.

1 * Sec. 12. AS 14.40.253, as enacted by sec. 2 of this Act, and AS 36.-
2 30.080(c), as amended by sec. 9 of this Act, do not apply to projects au-
3 thorized by law before July 1, 1990.
4 * Sec. 13. Section 11 of this Act takes effect immediately under
5 AS 01.10.070(c).
6 * Sec. 14. Sections 1 - 10 and 12 of this Act take effect July 1, 1990.
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