

Introduced: 4/19/85
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 392

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the acquisition and development
7 of state office and prison facilities; and providing
8 for an effective date."

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

10 * Section 1. AS 37.05.280 is amended to read:

11 Sec. 37.05.280. LEASES. (a) The department shall lease neces-
12 sary space, and contract for the lease of space for the use of the
13 state or an agency of the state, wherever it is necessary and feasi-
14 ble, subject to compliance with the requirements of AS 37.05.220 --
15 37.05.280. No lease or contract for a lease may provide for a period
16 of occupancy greater than 40 years. An agency of the state requiring
17 office, warehouse or other space shall lease the space through the
18 department.

19 (b) The department may enter into lease-financing agreements,
20 including lease-purchase agreements and agreements related to the is-
21 suance of certificates of participation. A lease-financing agreement
22 must provide that lease payments are subject to annual appropriation.
23 If the department intends to enter into an agreement under this sub-
24 section, the department shall provide notice to the legislature. The
25 notice must include the anticipated annual lease obligation and the
26 anticipated total construction or acquisition cost of the project.
27 The department may not enter into an agreement under this subsection
28 unless the office facility or project to be provided for has been spe-
29 cifically approved by the legislature by law. [NO CONTRACT OR LEASE

1 EXECUTED AFTER JANUARY 1, 1966, WHICH PROVIDES FOR A PAYMENT OR PAY-
2 MENTS BY THE STATE IN EXCESS OF \$12,000 ANNUALLY IS VALID UNLESS THE
3 USE OF THE SPACE TO BE PROVIDED FOR BY SUCH CONTRACT OR LEASE HAS BEEN
4 EXPRESSLY APPROVED BY THE LEGISLATURE BY CONCURRENT RESOLUTION.]

5 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
6 10.070(c).

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HB 392

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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 1

REQUEST
Bill/Resolution No.: _____
Title: Relating to various state facilities
Sponsor: Rules/Governor
Requestor: _____
Date of Request: 4-18-85

FISCAL DETAIL
Agency Affected: Administration
Program Category Affected: General Government
BRU, Program or Subprogram(s) Affected: Leasing & Facilities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS: 0 0 0 0 0 0

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill provides for prior project notification to the legislature if the department intends to use lease-purchase agreements. At that time, the agency must provide details as to anticipated annual lease costs, total project or acquisition costs. A separate law must be passed to approve the project. At that time a separate fiscal note would indicate the full fiscal impact for that particular project.

Prepared By: Anselm Staack *A. Staack* Phone: 465-2200
Division: Deputy Comm./Administrative Mgmt. Date: 4-18-85

Approved by Commissioner: Lisa Rudd *LJR* Date: 4/18/85
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that relates to financing for the acquisition and development of public facilities.

During my recent address to the joint session of the legislature, I stated that the Anchorage Office Complex would not proceed unless the project is approved by the legislature. As you know, the money for developing the Anchorage Office Complex is intended to be provided through the sale of certificates of participation in rental payments, i.e., lease-financing agreements. My commitment to seek legislative approval was offered in recognition of the substantial legislative interest in a project as substantial and as costly as the proposed Anchorage Office Complex.

It is important for the Legislature to understand the long-term implications of this legislation. I believe it is good public policy to find creative ways to finance buildings when such financing saves us money in the future. We have an obligation to our citizens to take advantage of these savings whenever we can.

The desirability of legislative review of the Anchorage Office Complex raises the more general question of how to assure adequate legislative involvement when the state seeks to enter into lease-financing agreements. As we enter an era of declining state revenues, I believe that it is all the more critical to explore all available opportunities to provide needed public facilities in the most cost-efficient method. In some instances, lease-financing transactions offer an extremely attractive vehicle to finance the development of public buildings. While I believe that the authority to enter into long-term leases under AS 37.05.280

cognizant of the need to assure that the legislature is accorded an opportunity to review these projects before their actual development. Section 1 of this bill amends AS 37.05.280 to provide that legislative approval must be obtained before the Department of Administration may enter into a lease-financing agreement.

I must observe that the proposed amendment to AS 37.05.280 poses difficult separation-of-powers considerations. Traditionally, a requirement of specific project approval is not a proper exercise of legislative powers. Yet where lease-financing arrangements are at issue, the practical fact is that the decision to enter into such an agreement may, as a practical matter, place a far-reaching economic burden on the state. In these circumstances, I recognize that providing legislative review only through the annual appropriation process is somewhat limited. In short, because I believe lease-financing transactions do have a substantial impact on the state's fiscal affairs over a period of fiscal years, I welcome the legislature's participation in the process of project review.

I believe that this bill offers the legislature a strong role in review and approval of proposed lease-financings. I urge your prompt review and passage of this legislation.

Sincerely,



Bill Sheffield
Governor

CE
Sept 52

STATE OF ALASKA 1985 LEGISLATIVE SESSION
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