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# SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/90

FURTHER:

DATE TURNED INTO OFFICE: 4/20/90

The Finance Committee considered

SB 399

"An Act approving leases of office space by the Department of Administration; and providing for an effective date."

and recommended:

replace with \_\_\_\_\_ CS  
 or adopt \_\_\_\_\_ CS

SB 399(SA)

same title  
 new title  
 technical title change (HB only)

attached amendment(s)

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):  
Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

[Signature]

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) DOA 1/29/90

OTHER RECOMMENDATIONS:

Denise - no rec

[Signature] No Rec -

1.

Rich Uebly (NO REC)

2.

[Signature] No Rec.

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Departments of Administration, Education, Law, and Labor  
 Title: An Act approving leases of office space by the DDA, and providing an effective date BRU: Leasing and Facilities  
 Sponsor: Rules Committee Components: Leases  
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There are no FY 90 costs associated with this Bill. The intent is to offer voluntary compliance with AS 36.30.080(c); there will be no fiscal impact.

See Attached

Prepared by: Robert J. Link *Robert J. Link* Phone: (907) 465-2250  
 Division: General Services and Supply Date: 1/29/90  
 Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 1/29/90  
 Agency: Department of Administration

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

Changes in CS SB 399 (SA)  
 have no fiscal impact. This  
 fiscal note is appropriate.  
 Projections of no fiscal impact  
 would continue through 1996.

ANALYSIS: (Continued)

In compliance with AS 36.30.080(c) which states in part ". . . If the Department [Administration] intends to enter into a lease . . . with an annual rent to the State anticipated to exceed \$1,000,000, the Department shall provide notice to the Legislature." ". . . notice must include . . . anticipated annual lease obligation amount . . . total construction, acquisition . . . other costs of the project."

The following leases are expiring and will require that formal bids be issued in FY 91 for replacement space:

<u>Lease No.</u>	<u>Department</u>	<u>Location</u>	<u>Annual Cost Anticipated</u>
1532	Law	Anchorage	To exceed \$1,000,000
1627	Education	Juneau	To exceed \$1,000,000
1445	Labor	Anchorage	To exceed \$1,000,000

The cost of each new lease may exceed \$1,000,000.

\*\*\*\*\*

Anticipated cost of acquisition . . . . . \$0.0  
 Anticipated cost of construction . . . . . \$0.0  
 Anticipated other cost of projects . . . . . \$0.0

No acquisition, construction, or other project costs are anticipated. These are strictly continuation of operating leases. The cost of operations will be borne by the lessors.

\*\*\*\*\*

There are no additional costs associated with this bill. Agencies must be housed in appropriate space that will allow them to carry out their appointed missions as required by statute, regulation, or public policy.

Original sponsor(s): Rules/Governor

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 399 (State Affairs)  
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 certain leases of the Department  
7 of Administration; and providing for an effective  
8 date."

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

10 \* Section 1. AS 36.30.080(c) is amended to read:

11 (c) If the department intends to enter into or renew a lease or  
12 lease-financing agreement with an annual rent to the state anticipated  
13 to exceed \$1,000,000, the department shall provide notice to the  
14 legislature. The notice must include the anticipated annual lease  
15 obligation amount and the anticipated total construction, acquisition,  
16 or other costs of the project. The department may not enter into or  
17 renew an agreement under this subsection unless the project has been  
18 approved by the legislature by law. An appropriation for the project  
19 does not constitute approval of the project for purposes of this  
20 subsection. The department may not enter into an agreement under this  
21 subsection if an optional renewal period allowed under the agreement  
22 exceeds two years.

23 \* Sec. 2. LEASE APPROVAL. (a) As provided in AS 36.30.080(c), the  
24 legislature approves the Department of Administration's execution of the  
25 following leases of office space in the locations specified, the annual  
26 rent for each of which may exceed \$1,000,000:

27	Lease No. 1532	Anchorage
28	Lease No. 1445	Anchorage
29	Lease No. 1627	Juneau

1 (b) The approval granted in (a) of this section applies to  
2 (1) the exercise of an option to renew an existing lease for one  
3 additional term; or

4 (2) a new lease that is obtained after soliciting bids in com-  
5 pliance with the State Procurement Code (AS 36.30) and that is entered into  
6 on or after the effective date of this Act.

7 (c) A new lease that is approved under (a) of this section may not  
8 contain an optional renewal period that exceeds two years.

9 \* Sec. 3. AS 36.30.080(c), as amended by sec. 1 of this Act, applies to  
10 an agreement that is entered into on or after the effective date of this  
11 Act, and does not apply to a lease or to the renewal of a lease if the  
12 lease is in existence on the effective date of this Act.

13 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 23, 1990

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

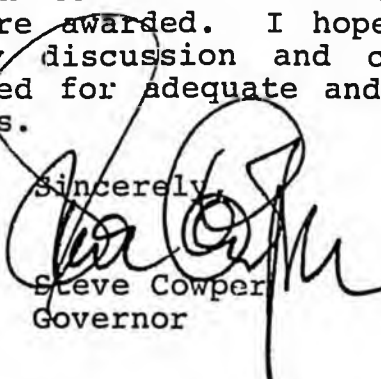
Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill approving certain leases of office space made by the Department of Administration. The approval is required by AS 36.30.080(c).

I have serious reservations about the validity of the provisions of AS 36.30.080(c) -- specifically, the provision that requires legislative approval of leases costing the state more than \$1,000,000 annually. That portion of the procurement code states that the approval must take the form of a general law rather than an appropriation. I agree that the legislature has the power to appropriate whatever amount it considers proper for the leasing of state office space. However, it violates the separation-of-powers doctrine for the legislature to retain a power of approval over individual leases. By doing this, the legislature could veto leasing decisions made by the Department of Administration. In effect, the legislature would be executing the law.

Out of respect for a coordinate branch of state government, I am introducing this bill so that the legislature is fully informed of all aspects of the leasing program. However, if appropriations are sufficient, I intend to direct the Department of Administration to execute the leases when they expire or when they are awarded. I hope that this bill will generate healthy discussion and constructive solutions to the state's need for adequate and economical office space for its agencies.

Sincerely,

  
Steve Cowper  
Governor

