

# FINAL BILL REPORT

## ESB 5657

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Synopsis as Enacted

**Brief Description:** Authorizing the director of general administration to enter into leases of up to ten years without a review by the office of financial management.

**Sponsors:** Senator Strannigan.

**Senate Committee on Ways & Means**

**House Committee on Capital Budget**

**Background:** The Department of General Administration (GA) provides lease procurement services to most state agencies. The Director of GA is currently authorized to enter into leases longer than five years, subject to approval by the Director of the Office of Financial Management (OFM). Approval is contingent upon a determination that the longer term leases provide a more favorable rate, the facility is necessary for the full length of the lease term, and the facility meets GA's standards for facility efficiency. The director of GA may enter into a long-term lease greater than ten years if analysis shows that the life-cycle cost of leasing the facility is less than the life-cycle cost of purchasing or constructing a facility.

As a result of a budget proviso in 1996, GA established an OFM approved policy on five to ten year leases. The policy addresses specific items including an assurance of occupancy, space utilization, cost savings, and risk analysis, among others. Documentation on these items must be provided to OFM for lease approval.

**Summary:** The Director of GA is authorized to enter into leases of up to ten years without OFM's approval. No state agency lease may be used as collateral for a publicly offered security. No state agency lease may be used as collateral for a private placement without the prior written approval of the State Treasurer. The State Treasurer must adopt rules which specify criteria necessary for approval. The Treasurer may recommend that the Governor terminate a lease that violates these provisions.

**Votes on Final Passage:**

Senate	45	0
House	96	0

**Effective:** July 27, 1997