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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/18/07

SPONSOR B. Lujan LAST UPDATED \_\_\_\_\_ HB 1022

SHORT TITLE Approval of Certain State Land Purchases SB \_\_\_\_\_

ANALYST Propst

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

House Bill 1022 provides an enabling statute and criteria for lease-purchase financing of state buildings:

- lease-purchase agreements by state agencies would require legislative approval prior to execution.
- for lease-purchase of property under jurisdiction of the Property Control Division (PCD) of the General Services Department (GSD), PCD would hold legal title.
- public schools and charter schools are excluded.

### SIGNIFICANT ISSUES

GSD reports that in the November, 2006 voters approved the proposal in Laws 2005, HJR 9 to allow lease purchase of real property for state agencies and local public and charter schools. HB 1022 provides basic requirements for state agencies. The requirement for legislative approval ensures that agreements to lease purchase buildings are not completed without the knowledge and approval of the legislature.

Lease-purchase financing will save the state on lease costs after the term of the contract expires and the title transfers to the state. In most cases, that will not happen for at least twenty years, and in some cases could be twenty-five to thirty years out.

**PERFORMANCE IMPLICATIONS**

Facilitating acquisition of real property by lease purchase would provide PCD with additional options in meeting agency housing needs.

**OTHER SUBSTANTIVE ISSUES**

The process for public and charter schools to lease purchase real property in HB 843 requires approval first from the local school board and then ratification by the Public Education Department rather than legislative approval.

Under current requirements in the Property Control Act, acquisitions of real property by purchase or donation require State Board of Finance (SBOF) approval. PCD will promulgate a rule specifying the process to accomplish lease purchase of real property using SBOF guidelines.

WEP/mt