

HOUSE BILL 1596

P2, P3

8lr3483
CF SB 984

By: **Delegate Jones**

Introduced and read first time: March 3, 2008

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Board of Public Works – Notification – Capital Leases**

3 FOR the purpose of prohibiting the Board of Public Works from approving certain
4 leases without a certain determination by the Comptroller's General Accounting
5 Office; requiring certain notice to the Legislative Policy Committee prior to
6 approval of certain leases; requiring certain leases to be approved as capital
7 leases; and generally relating to the approval of leases by the Board of Public
8 Works.

9 BY repealing and reenacting, with amendments,
10 Article – State Finance and Procurement
11 Section 12–204
12 Annotated Code of Maryland
13 (2006 Replacement Volume and 2007 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – State Finance and Procurement**

17 12–204.

18 (a) This section does not apply to a lease entered into on or before May 31,
19 1967, unless the lease is renewed after that date.

20 (b) (1) Except as [provided in subsection (c) of this section] **OTHERWISE**
21 **PROVIDED IN THIS SECTION** and § 13–108 of this article, before a unit executes or
22 renews a lease of land, buildings, or office space, the Board shall approve the lease or
23 lease renewal.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) After review by the Secretary of General Services, the Board may designate the location of any unit.

(c) (1) Subject to paragraph (2) of this subsection, the Board may adopt regulations, in accordance with Title 10, Subtitle 1 of the State Government Article, that allow a unit to execute or renew a lease without Board approval.

(2) These regulations are subject to the approval of:

(i) the General Assembly; or

(ii) while the General Assembly is not in session, the Legislative Policy Committee.

(3) Regulations adopted under this section shall:

(i) establish an expenditure or use classification to determine which leases or lease renewals may be entered into without Board approval;

(ii) set an amount for each classification and require a unit to obtain approval if a lease or lease renewal exceeds that amount; and

(iii) require a unit to establish a reporting system approved by the Board to inform the Board about leases or lease renewals entered into without Board approval.

(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE BOARD MAY NOT APPROVE A LEASE THAT:

(I) TRANSFERS OWNERSHIP OF THE PROPERTY TO THE LESSEE ON OR BEFORE THE TERMINATION OF THE LEASE;

(II) ALLOWS THE LESSEE TO PURCHASE THE PROPERTY BELOW FAIR MARKET VALUE OR FOR A FIXED AMOUNT;

(III) IS FOR A TERM THAT IS 75% OR MORE OF THE ESTIMATED USEFUL ECONOMIC LIFE OF THE PROPERTY; OR

(IV) HAS PAYMENTS WITH A PRESENT VALUE THAT IS 90% OR MORE OF THE FAIR MARKET VALUE OF THE PROPERTY.

(2) (I) THE BOARD MAY APPROVE A LEASE DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION IF:

1 **1. THE COMPTROLLER'S GENERAL ACCOUNTING**
2 **OFFICE DETERMINES THE LEASE IS NOT APPROPRIATE TO BE INCLUDED IN THE**
3 **ANNUAL ESTIMATE OF THE CAPITAL DEBT AFFORDABILITY COMMITTEE; AND**

4 **2. THE BOARD SUBMITS TO THE LEGISLATIVE**
5 **POLICY COMMITTEE THE LEASE TERMS AND ANY SUPPORTING INFORMATION.**

6 **(II) THE LEGISLATIVE POLICY COMMITTEE HAS 45 DAYS**
7 **WITHIN WHICH TO REVIEW AND PROVIDE WRITTEN COMMENTS ON THE LEASE.**

8 **(3) IF THE COMPTROLLER'S GENERAL ACCOUNTING OFFICE**
9 **DETERMINES THE LEASE IS APPROPRIATE TO BE INCLUDED IN THE ANNUAL**
10 **ESTIMATE OF THE CAPITAL DEBT AFFORDABILITY COMMITTEE THE LEASE MAY**
11 **BE APPROVED AS A CAPITAL LEASE AS PROVIDED IN §§ 8-401 THROUGH 8-407**
12 **OF THIS ARTICLE.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 June 1, 2008.