

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-1011.01 Esther van Mourik x4215

HOUSE BILL 18-1374

HOUSE SPONSORSHIP

Hansen and Esgar, Becker J.

SENATE SPONSORSHIP

Kefalas and Baumgardner, Sonnenberg

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING CONTROLLED MAINTENANCE NEEDS OF REAL PROPERTY

102 ACQUIRED THROUGH A LEASE-PURCHASE AGREEMENT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Capital Development Committee. The bill specifies that any real property acquired by a state agency or a state institution of higher education through a lease-purchase agreement is not eligible for state controlled maintenance funding. The bill requires any lease-purchase agreement entered into for the acquisition of real property to include a reserve to be used for the controlled maintenance needs of the real

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

property in a specified amount designed to ensure that there is sufficient money in the reserve to cover the costs of any controlled maintenance needs of the real property. The bill also requires the state treasurer to advise any state agency or state institution of higher education regarding the controlled maintenance reserve requirement.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-30-1303.9,
3 **amend** (7)(a)(IV) and (7)(a)(V); and **add** (7)(a)(VI) as follows:

4 **24-30-1303.9. Eligibility for state controlled maintenance**
5 **funding - legislative declaration.** (7) (a) Controlled maintenance funds
6 may not be used for:

7 (IV) Any work properly categorized as capital construction; ~~or~~

8 (V) Facilities described in section 23-1-106 (10.2)(a)(III); OR

9 (VI) ANY REAL PROPERTY ACQUIRED BY A STATE AGENCY OR A
10 STATE INSTITUTION OF HIGHER EDUCATION THROUGH A LEASE-PURCHASE
11 AGREEMENT WHERE THE LEASE-PURCHASE AGREEMENT REQUIRES
12 AUTHORIZATION SET FORTH IN SECTION 24-82-801.

13 **SECTION 2.** In Colorado Revised Statutes, 24-82-801, **amend**
14 (1)(a) as follows:

15 **24-82-801. Lease-purchase agreements for acquisition of real**
16 **or personal property - definition.** (1) (a) (I) Except as provided in
17 subsection (6) of this section, AND SUBJECT TO THE REQUIREMENT SET
18 FORTH IN SUBSECTION (1)(a)(II) OF THIS SECTION, no lease-purchase
19 agreement for real property that requires total payments exceeding five
20 hundred thousand dollars over the term of the agreement shall be entered
21 into unless such agreement is specifically authorized, prior to its
22 execution, by a bill enacted by the general assembly, other than the annual
23 general appropriation act or a supplemental appropriation act.

1 (II) (A) FOR LEASE-PURCHASE AGREEMENTS ENTERED INTO ON OR
2 AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (1)(a)(II), FOR REAL
3 PROPERTY THAT REQUIRES TOTAL PAYMENTS EXCEEDING FIVE HUNDRED
4 THOUSAND DOLLARS OVER THE TERM OF THE AGREEMENT, THE
5 LEASE-PURCHASE AGREEMENT MUST INCLUDE A RESERVE TO BE USED FOR
6 THE CONTROLLED MAINTENANCE NEEDS OF THE REAL PROPERTY IN AN
7 AMOUNT THAT, AT THE TIME THE LEASE-PURCHASE AGREEMENT IS
8 EXECUTED, EQUALS AN ESTIMATION OF THE SUM OF ONE PERCENT OF THE
9 CALCULATED REPLACEMENT VALUE OF THE REAL PROPERTY FOR EACH
10 YEAR STARTING WITH THE SIXTEENTH YEAR AFTER EITHER THE DATE OF
11 THE SUBSTANTIAL COMPLETION OF THE CONSTRUCTION OR AFTER THE
12 DATE OF ACQUISITION AND CONTINUING UNTIL THE REAL PROPERTY WILL
13 EXCEED ITS USEFUL LIFE. THE MONEY IN THE FUND MAY BE INVESTED AND,
14 IF INVESTED, THE INVESTMENTS MUST MEET THE REQUIREMENTS SET
15 FORTH IN SECTION 24-36-113. THE MONEY IN THE FUND MAY BE USED FOR
16 CONTROLLED MAINTENANCE NEEDS AS NECESSARY AFTER EITHER THE
17 DATE OF SUBSTANTIAL COMPLETION OR THE DATE OF ACQUISITION. A BILL
18 ENACTED BY THE GENERAL ASSEMBLY AS REQUIRED IN SUBSECTION
19 (1)(a)(I) OF THIS SECTION AUTHORIZING THE LEASE-PURCHASE
20 AGREEMENT MUST INCLUDE A REFERENCE TO THE REQUIREMENT SET
21 FORTH IN THIS SUBSECTION (1)(a)(II).

22 (B) FOR PURPOSES OF THIS SECTION, "CONTROLLED
23 MAINTENANCE" HAS THE SAME MEANING AS SET FORTH IN SECTION
24 24-30-1301 (4); EXCEPT THAT IT INCLUDES ANY MAINTENANCE NEEDS
25 THAT WOULD ORDINARILY BE FUNDED IN A STATE AGENCY'S OR STATE
26 INSTITUTION OF HIGHER EDUCATION'S OPERATING BUDGET.

27 **SECTION 3.** In Colorado Revised Statutes, 24-36-121, **add**

1 (4)(e) as follows:

2 **24-36-121. Authority to manage state public financing - state**
3 **public financing cash fund - rules - legislative declaration -**
4 **definitions.** (4) (e) THE STATE TREASURER, AS PART OF HIS OR HER
5 RESPONSIBILITY AS ISSUING MANAGER, SHALL ADVISE THE STATE AGENCY
6 OR THE STATE INSTITUTION OF HIGHER EDUCATION REGARDING THE
7 CONTROLLED MAINTENANCE RESERVE REQUIREMENT SET FORTH IN
8 SECTION 24-82-801 (1)(a)(II).

9 **SECTION 4. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly (August
12 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
13 referendum petition is filed pursuant to section 1 (3) of article V of the
14 state constitution against this act or an item, section, or part of this act
15 within such period, then the act, item, section, or part will not take effect
16 unless approved by the people at the general election to be held in
17 November 2018 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.