

CHAPTER 153

(HB 625)

AN ACT relating to the lease by the Commonwealth of real property in a foreign jurisdiction.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 56 IS CREATED TO READ AS FOLLOWS:

- (1) *The term "foreign jurisdiction" for the purpose of this section means states other than Kentucky, a territory of the United States, or a foreign country.*
- (2) *The Finance and Administration Cabinet shall promulgate administrative regulations relating to the lease of real property in a foreign jurisdiction.*
- (3) *When an agency determines it has a need to lease office space in a foreign jurisdiction, the agency shall submit a request in writing to the Department for Facilities and Support Services within the Finance and Administration Cabinet.*
- (4) *The Department for Facilities and Support Services shall review the space request and draw up general requirement specifications. The general requirement specifications shall be kept on file by the Department.*
- (5)
 - (a) *If the Department for Facilities and Support Services determines that it is not feasible to lease the space through competitive sealed bid, the Department for Facilities and Support Services may, under Finance and Administration Cabinet administrative regulations, acquire leased space through non-competitive negotiation.*
 - (b) *If competitive sealed bid is determined to be unfeasible, the Commissioner of the Department for Facilities and Support Services shall put in writing the justification for his determination prior to award of the lease. This writing shall be kept on file by the Department.*
- (6) *Any lease awarded under this section shall include a thirty (30) day cancellation notice that will allow the Commonwealth the right to cancel the lease upon written notice within thirty (30) days.*
- (7) *Any lease proposed to be awarded under this section, including all lease renewals for which the annual rental cost will exceed one hundred thousand dollars (\$100,000), shall be reported to the Capital Projects and Bond Oversight Committee after drafting of the lease is completed but before execution. The report shall include:*
 - (a) *The name of the agency that will occupy the premises;*
 - (b) *The name of the lessor;*
 - (c) *The purpose and justification for the lease;*
 - (d) *The terms of the lease;*
 - (e) *An explanation of why the Finance and Administration Cabinet chose this lessor; and*
 - (f) *A survey and cost comparison of similar rental properties within the area.*
- (8) *Within thirty (30) days after the report required in subsection (7) of this section has been submitted to the committee, the committee shall conduct its review and decide whether to approve or disapprove the proposed lease authorization. If the committee disapproves a proposed lease authorization, the secretary of the Finance and Administration Cabinet shall:*
 - (a) *Revise the proposed lease authorization to comply with the objection of the committee;*
 - (b) *Cancel the proposed lease authorization; or*
 - (c) *Determine to proceed with the proposed lease authorization disapproved by the committee.*
- (9) *The decision made by the secretary of the Finance and Administration Cabinet under subsection (8) of this section shall be communicated to the committee in writing within thirty (30) days of the committee's disapproval.*
- (10) *Except when another lease term is approved by the secretary of the Finance and Administration Cabinet, the terms of the lease entered into may provide for an initial lease term beginning on a date stated and*

ending on June 30 in each year in which the General Assembly has convened in an even-numbered-year regular session and appropriated funds for the operation of the state government during the next ensuing biennium. The lease may grant the state successive options for the automatic renewal of the lease upon the same terms and conditions for additional renewal periods of twenty-four (24) months each, not to exceed three (3) automatic renewal periods. Any lease containing a provision for the automatic renewal of the lease after the expiration of the initial lease term shall also provide that the state may, upon written notice given to the lessor on or before April 15 of the year in which the initial or any automatic renewal term expires, elect not to exercise its option for the automatic renewal of the lease term. Subject to the agreement of the lessor, a lease in which the final automatic renewal period has expired, or will expire as of the end of the then current term, may be renewed upon the same terms and conditions, provisions of KRS 56.803 to the contrary notwithstanding.

Signed by Governor April 24, 2008.