

MAR 09 2018

SENATE CONCURRENT RESOLUTION

URGING THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES TO
IMPLEMENT THE LEASE BUYBACK PROGRAM AND ADOPT
ADMINISTRATIVE RULES FOR THE PROGRAM PURSUANT TO ACT 177,
SESSION LAWS OF HAWAII 2015.

1 WHEREAS, a lease buyback, also known as a sale-leaseback,
2 is an arrangement where the seller of an asset leases back the
3 same asset from the purchaser; and
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5 WHEREAS, under the right set of circumstances, a lease
6 buyback program can provide a number of benefits to the seller;
7 and
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9 WHEREAS, a major benefit of the lease buyback transaction
10 is the one-time revenue from the sale of the assets; and
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12 WHEREAS, in the case of the State doing a lease buyback
13 transaction, proceeds from the sale can retire the bonds
14 associated with the buildings and also be used to supplement the
15 State's general fund to pay for services and unfunded
16 liabilities; and
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18 WHEREAS, lease buyback agreements also transfer the State's
19 costs and risk of owning the buildings to a different owner; and
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21 WHEREAS, this body passed Act 177, Session Laws of Hawaii
22 2015 (Act 177), codified in part in section 26-6, Hawaii Revised
23 Statutes, to require the Department of Accounting and General
24 Services to establish, coordinate, and manage a program to
25 facilitate facility agreements between the State and private
26 investors for the sale of facilities, excluding facilities
27 managed or controlled by the Department of Transportation, to
28 private investors; and
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30 WHEREAS, Act 177 also appropriated \$250,000 to the
31 Department of Accounting and General Services to conduct an



1 inventory of all leases of property between state agencies and
2 private entities; and
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4 WHEREAS, the inventory of all leases of property between
5 state agencies and private entities was needed to understand
6 state facilities' needs; and
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8 WHEREAS, Act 177 also required the Department of Accounting
9 and General Services to submit a report of findings and
10 recommendations resulting from the inventory of leases of
11 property between state agencies and private entities, including
12 any proposed legislation, to the Legislature no later than
13 twenty days prior to the convening of the Regular Session of
14 2016; and
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16 WHEREAS, the report found that the State has underutilized
17 and dilapidated state buildings that need modernization to
18 accommodate agencies; and
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20 WHEREAS, other states have passed similar legislation to
21 sell then lease back state-owned office properties from private
22 entities; now, therefore,
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24 BE IT RESOLVED by the Senate of the Twenty-ninth
25 Legislature of the State of Hawaii, Regular Session of 2018, the
26 House of Representatives concurring, that the Department of
27 Accounting and General Services is urged to implement the lease
28 buyback program and adopt administrative rules for the program
29 pursuant to Act 177, Session Laws of Hawaii 2015; and
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31 BE IT FURTHER RESOLVED that a certified copy of this
32 Concurrent Resolution be transmitted to the Comptroller.
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OFFERED BY:

Danahut
Clarence Smith
Michelle Irolani

