

MAR 09 2018

SENATE 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
32 inventory of all leases of property between state agencies and
33 private entities; and
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BE IT FURTHER RESOLVED that a certified copy of this Resolution be transmitted to the Comptroller.

Y: Dannett 67
 Clarence K. Michener
 Michelle Kidani