

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2322

SPONSOR: Fiscal Policy Committee and Senator Scott

SUBJECT: State Leases

DATE: April 25, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/1 amendment</u>
2.	<u> </u>	<u> </u>	<u>CF</u>	<u>Withdrawn</u>
3.	<u> </u>	<u> </u>	<u>CM</u>	<u>Withdrawn</u>
4.	<u>Hendon</u>	<u>Hadi</u>	<u>FP</u>	<u>Favorable/CS</u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

The bill provides a mechanism for lessors to state agencies that break their leases after the lessor has made agreed upon tenant improvements to receive compensation for the costs of such improvements. Conditions for such reimbursement are specified and the Legislature must appropriate funds specific for this purpose.

The bill creates an undesignated section of the Florida Statutes.

II. Present Situation:

The Department of Management Services (DMS) is the nominal organization that acts as the central property management and lease holder for agencies of the State of Florida. It discharges these responsibilities through its headquarters-based Facilities Program. Program personnel manage and negotiate leases on behalf of constituent state agencies. The program also acts as the administrative entity for the operation of the facilities pool program through which agency rental payments are channeled into principal and interest payments for the debt service of capital facilities bond issuances.

III. Effect of Proposed Changes:

The bill requires agencies, when entering into lease for private office space, to agree with the lessor on the cost of tenant improvements that will be made by lessor.

If the agency breaks the lease to move to a state owned building, it must state to DMS why the relocation is in the best interest of the state.

If the agency terminates the lease to relocate to a state owned building, DMS will attempt to place another agency in the space. Agencies leasing the vacated space for the remainder of the lease will be exempt from competitive bidding.

Agencies that terminate a lease from private space, where tenant improvements have been made, to relocate to a state building must request funds to reimburse the lessor for tenant improvements in its fixed capital outlay legislative budget request.

If another state tenant is not found, or another state tenant leases the space but requires material improvements, the tenant can be paid the portion of unamortized cost of the improvements in monthly installments for the time remaining in the lease. This is contingent on the Legislature appropriating funds for such purpose. If another tenant is found during the time remaining in the lease, the monthly payments would cease.

The bill takes effect July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Private lessors could recoup costs associated with tenant improvements under the bill when state agencies break their lease to move to a state owned building.

C. Government Sector Impact:

The bill requires state agencies to request funds to pay for tenant improvements to lessors where the agency has broken the lease to move to state owned buildings. The amount of such requests is unknown as is the consideration of such requests by the future Legislatures.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Application of the term “state agency” varies widely in the Florida Statutes. In matters of purchasing and procurement in ch. 287, F.S., it does not apply to the State University System or the Board of Regents. It is similarly unclear whether the impact of this bill extends to all executive branch agencies or only an implicit subset of those defined in ch. 287, F.S. Likewise, it is unclear how this bill would affect other governmental entities in the exercise of their constitutional powers.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
