

REPORT OF THE FISCAL COMMITTEE OF THE  
LEGISLATIVE COUNCIL

May 10, 1990

The Fiscal Committee of the Legislative Council met on Wednesday, May 9, 1990, and makes the following recommendation:

1. That the Legislative Council approve the attached Proposed Lease-Purchase Procedures with the intent to develop legislation during the 1991 Legislative Session, as per this proposal and that the Legislative Council request that departments voluntarily submit to the proposal until appropriate legislation is passed by the General Assembly.

The Fiscal Committee received information regarding the following issues:

1. The Generally Accepted Accounting Principles (GAAP) Implementation Project.
2. The Governor's Austerity Plan.
3. A Revenue Update from the Department of Management.
4. The Lease-Purchase of Teleconferencing Equipment by the Department of Human Services. (Note: The Fiscal Committee adopted a motion receiving the Department of General Services' report on the lease/purchase of the Department of Human Services Teleconferencing Equipment.)
5. Visitation Requests for the 1990 Interim.
6. The Department of Natural Resources Bid Letting concerning the Blawck Hawk Lake Project.
7. An update on the FY 1990 year to date expenditures of the Department of Inspections and Appeals - Indigent Defense Program and the Department of Human Services - Medical Assistance Program.

Respectfully Submitted,

Senator Joe Welsh  
Co-chairperson

Representative Tom Jochum  
Co-chairperson

857b:RRS:5/9/90

### Proposed Lease-Purchase Procedures

Executive and Judicial Departments, Commissions, Boards, Institutions, Divisions, Bureaus, Offices, Agencies, or other entities of state government.

#### 1. Notification By State Agencies

A. State agencies will notify the Legislative Fiscal Committee of proposed lease, lease-purchase and installment payment arrangements prior to signing a contract.

1. Notification requirements apply to any lease-purchase agreement over \$50,000, regardless of the source of funds for repayment.
2. The state agency shall provide the following information:
  - a. Item to be lease-purchased
  - b. Cost of the lease-purchased project
  - c. Terms of the lease-purchase agreement
  - d. Total principal & interest cost of the agreement
  - e. Identification of means and source of funding the project
  - f. Consequences of delaying or abandoning the project
3. The Fiscal Committee will report to the Legislative Council on all lease-purchase agreements received.

B. State agencies will report to the Legislative Fiscal Committee all lease-purchase agreements.

1. State agencies will report semi-annually on all lease-purchase agreements.
2. The Legislative Fiscal Bureau, in conjunction with the Department of Management, will establish the reporting format.
3. The state agency shall report the following information:
  - a. Individual type of items lease-purchased
  - b. The total cost of the lease-purchased projects
  - c. Total principal & interest cost of each agreement by fiscal year
  - d. Identification of means and source of funding each lease-purchase agreement

2. New Appropriation Process Guidelines

A. Fiscal Committee will consider recommending appropriation process changes.

1. Requests for lease-purchase repayments shall be a separate line item from a state agency's budget.
2. State Agencies are required to submit a request for lease-purchase repayments regardless of the source of funds.
3. State agencies are required to provide the appropriations subcommittees with lease-purchase schedules detailing the number of years, yearly principal and interest payments and the total cost associated with the life of the lease-purchase contract.
4. Subcommittees are to act directly upon requests for lease-purchase by approving a separate line-item for authorization.
5. Language incorporated into each appropriation bill which states that lease-purchase agreements not specifically approved by the general assembly are prohibited.