2024 Special Session I

Budget Bill - HB6001 (Chapter 2)

Item 4-3.03

§ 4-3.03 LONG-TERM LEASES

a. GENERAL:

1. As part of their capital budget submission, all agencies and institutions of the Commonwealth proposing building projects that may qualify as long-term lease agreements, as defined in Generally Accepted Accounting Principles (GAAP), and that may be supported in whole, or in part, from appropriations provided for in this act, shall submit copies of such proposals to the Directors of the Departments of Planning and Budget and General Services, the State Comptroller, and the State Treasurer based on guidelines promulgated by the Secretary of Finance. In addition, the Secretary of Finance may promulgate guidelines for the review and approval of such requests.

2. The proposals shall be submitted in such form as the Secretary of Finance may prescribe. The Comptroller and the Director of the Department of General Services shall be responsible for evaluating the proposals to determine if they qualify as long-term lease agreements. The State Treasurer shall be responsible for incorporating existing and authorized long-term lease agreements meeting the approved parameters into the annual Debt Capacity Advisory Committee reports.

b. APPROVAL OF FINANCINGS:

1. For any project which qualifies as a long-term lease, as defined in the preceding subdivisions a. 1 and 2, and which is financed through the issuance of securities, the Treasury Board shall approve the terms and structure of such financing pursuant to § 2.2-2416, Code of Virginia.

2. For any project for which costs will exceed $5,000,000 and which is financed through a long-term lease transaction, the Treasury Board shall approve the financing terms and structure of such long-term lease in addition to such other reviews and approvals as may be required by law. Prior to consideration by the Treasury Board, the Department of Accounts shall notify the Treasury Board of any transaction determined to be a long-term lease. Additionally, the Departments of General Services and Planning and Budget shall notify the Treasury Board upon their approval of any transaction which qualifies as a long-term lease under the terms of this section. The State Treasurer shall notify the Chairs of the House Appropriations and Senate Finance and Appropriations Committees of the action of the Treasury Board as it regards this subdivision within five calendar days of its action.

c. REPORTS: Not later than December 20 of each year, the Secretary of Finance and the Secretary of Administration shall jointly be responsible for providing the Chairs of the House Appropriations and Senate Finance and Appropriations Committees with recommendations involving proposed long-term lease agreements.

d. This section shall not apply to long-term leases that are funded entirely with nongeneral fund revenues and are entered into by public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly. Furthermore, the Department of General Services is authorized to enter into long-term leases for

executive branch agencies provided that the resulting long-term lease is funded entirely with nongeneral funds, is approved based on the requirements of § 4-3.03 b.1 and 2 above, and would not be considered tax supported debt of the Commonwealth.