

**ASSEMBLY BILL**

**No. 2459**

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**Introduced by Assembly Member Campbell**

February 20, 1998

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An act to amend Sections 11005.3, 14669, and 14670 of, and to add Section 14667.1 to, the Government Code, relating to property.

LEGISLATIVE COUNSEL'S DIGEST

AB 2459, as introduced, Campbell. Property: state leases and acquisitions.

(1) Existing law authorizes any state department, board, or commission to lease any real property for the use of the state agency for storage, warehouse, or office purposes provided that the lease term does not exceed 3 years and the annual rental does not exceed \$24,000.

This bill would increase this maximum annual rental amount to \$50,000, with that amount subject to increase on an annual basis, as specified.

(2) Existing law authorizes the Director of General Services to exempt from his or her approval or from the approval of the Department of General Services any transaction involving not more than \$50,000 for which the approval is required by statute whenever, in the director's judgment, the exemption is appropriate and in the best interest of the state.

This bill would authorize the director, notwithstanding the above provision, to exempt from his or her approval, or from the approval of the department, any state real estate

acquisition or conveyance involving not more than \$150,000, subject to an annual increase, as specified, for which approval is required by statute whenever, in his or her judgment, the state agency delegated that authority has the necessary real estate expertise and experience to complete the transaction competently and professionally while protecting the best interests of the state. This bill would require that written notice of the exemptions be given to the Controller.

(3) Existing law authorizes the Director of General Services to lease, lease-purchase, or lease with the option to purchase any real or personal property for the use of any state agency, but prohibits the director from entering into a lease-purchase agreement, or a lease with an option to purchase with an initial option purchase price over \$2,000,000, either of which involves office space, unless specifically authorized by the Legislature.

This bill would delete the requirement that the director receive specific legislative authorization to enter into a lease with an option to purchase that involves office space with an initial option price over \$2,000,000. This bill would require the director to prepare and submit a report to the Legislature listing all leases entered in the prior calendar year with an option to purchase with another public or private entity that involve office space.

(4) Existing law authorizes the Director of General Services, with the consent of the state agency concerned, to let for a period of not to exceed 5 years any real or personal property that belongs to the state, the letting of which is not expressly prohibited by law, if the director deems the letting is in the best interest of the state.

This bill would authorize the director, with the consent of the state agency concerned that is obtained prior to any action being taken by the Department of General Services to effectuate a lease, to let real or personal state property belonging to the state without limitation as to the duration of the lease. This bill would require that any lease of state property for a term longer than 5 years be submitted by the director, along with a report that demonstrates the necessity and potential benefits to the state of the lease, for a 30-day review by the Joint Legislative Budget Committee.



Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 11005.3 of the Government  
2 Code is amended to read:

3 11005.3. (a) Any state department, board, or  
4 commission may lease any real property for the use of the  
5 state agency for storage, warehouse, or office purposes  
6 provided *that* the lease term does not exceed three years  
7 and the annual rental does not exceed ~~twenty-four~~ *fifty*  
8 thousand dollars (~~\$24,000~~) (\$50,000).

9 Prior approval to engage in any lease activity shall first  
10 be obtained from the Department of General Services  
11 and the lease agreement shall be subject to approval by  
12 the department.

13 (b) *The dollar amount specified in subdivision (a)*  
14 *may be increased on an annual basis, commencing on*  
15 *January 1, 1999, by the Department of General Services*  
16 *according to increases in the Consumer Price Index or an*  
17 *index that reflects leasing activity that is selected and*  
18 *recognized by the department. The amount shall be*  
19 *rounded off to the nearest one thousand dollars (\$1,000).*

20 SEC. 2. Section 14667.1 is added to the Government  
21 Code, to read:

22 14667.1. (a) Notwithstanding Section 14616, the  
23 director may exempt from his or her approval, or from  
24 the approval of the department, any state real estate  
25 acquisition or conveyance involving not more than one  
26 hundred fifty thousand dollars (\$150,000) for which  
27 approval is required by statute whenever, in his or her  
28 judgment, the state agency delegated that authority has  
29 the necessary real estate expertise and experience to  
30 complete the transaction competently and professionally  
31 while protecting the best interests of the state. Written  
32 notice of exemptions shall be given to the Controller.

33 (b) *The dollar amount specified in subdivision (a)*  
34 *may be increased on an annual basis, commencing on*  
35 *January 1, 1999, by the department according to increases*



1 in the Consumer Price Index or an index that reflects real  
2 property sales activity that is selected and recognized by  
3 the department. The amount shall be rounded off to the  
4 nearest one thousand dollars (\$1,000).

5 SEC. 3. Section 14669 of the Government Code is  
6 amended to read:

7 14669. (a) The director may hire, lease,  
8 lease-purchase, or lease with the option to purchase any  
9 real or personal property for the use of any state agency,  
10 including the Department of General Services, if he *or*  
11 *she* deems the hiring or leasing is in the best interests of  
12 the state.

13 (b) The director shall not enter into a lease-purchase  
14 agreement, ~~or a lease with an option to purchase with an~~  
15 ~~initial option purchase price over two million dollars~~  
16 ~~(\$2,000,000), either of which~~ *that* involves office space,  
17 unless specifically authorized to do so by the Legislature.  
18 ~~Except for a renewal of an existing lease to include an~~  
19 ~~option to purchase, the~~ *The* director shall solicit written  
20 bids for any lease-purchase ~~or lease with option to~~  
21 ~~purchase which~~ *that* involves office space in a newspaper  
22 of general circulation in the county in which the project  
23 is located. All bids received shall be publicly opened and  
24 the lease awarded to the lowest responsible bidder. If the  
25 director deems the acceptance of the lowest responsible  
26 bid is not in the best interest of the state, he or she may  
27 reject all bids.

28 (c) ~~Beginning on December 15, 1993, and annually~~  
29 ~~thereafter~~ *Notwithstanding Section 7550.5, by March 1st*  
30 *of each year, the director shall* ~~provide~~ *prepare* a report  
31 listing all leases entered into *in the prior calendar year*  
32 with an option to purchase with another entity, public or  
33 private, that involve office space ~~which has an initial~~  
34 ~~option price of two million dollars (\$2,000,000) or less.~~ The  
35 report shall be submitted to the Chairperson of the Joint  
36 Legislative Budget Committee and the chairperson of  
37 the committee of each house of the Legislature that  
38 considers appropriations.

39 SEC. 4. Section 14670 of the Government Code is  
40 amended to read:



1 14670. With the consent of the state agency  
2 concerned, *which is obtained prior to any action being*  
3 *taken by the department to effectuate a lease*, the  
4 director may do any of the following:

5 ~~(a) Let for a period of not to exceed five years~~, any real  
6 or personal property ~~which~~ *that* belongs to the state, the  
7 letting of which is not expressly prohibited by law, if ~~he~~  
8 *the director* deems ~~such~~ *the* letting is in the best interest  
9 of the state. *Notwithstanding Section 7550.5, any lease of*  
10 *state property for a term longer than five years shall be*  
11 *submitted by the director, along with a report that*  
12 *demonstrates the necessity and potential benefits to the*  
13 *state of such a lease, for a 30-day review by the Joint*  
14 *Legislative Budget Committee.*

15 (b) Sublet any real or personal property leased by the  
16 state, the subletting of which is not expressly prohibited  
17 by law, if ~~he~~ *the director* deems ~~such~~ *the* subletting is in  
18 the best interest of the state.

19 (c) Let for a period not to exceed five years, and at less  
20 than fair market rental, any real property of the state to  
21 any public agency for use as nonprofit, self-help  
22 community vegetable gardens and related supporting  
23 activities, provided:

24 (1) Parcels let for ~~such~~ *these* purposes shall not exceed  
25 five acres.

26 (2) Two or more contiguous parcels shall not be let for  
27 ~~such~~ *these* purposes.

28 (3) Parcels shall be let subject to applicable local  
29 zoning ordinances.

30 The Legislature finds and declares that any leases let at  
31 less than fair market rental pursuant to subdivision (c)  
32 shall be of broad public benefit.

33 Any money received in connection with ~~paragraph~~  
34 *subdivision (a) of this section* shall be deposited in the  
35 General Fund for appropriation as provided in Section  
36 15863. Any expenditures in connection with ~~such~~ *the*  
37 letting may be allocated from the appropriation pursuant  
38 to Section 15863.

39 All money received pursuant to ~~paragraph~~ *subdivision*  
40 (b) ~~of this section~~ shall be accounted for to the Controller



1 at the close of each month and on order of the Controller  
2 be paid into the State Treasury and credited to the  
3 appropriation from which the cost of the lease was paid.

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