

BACKGROUND:

The Public Buildings Service's (PBS) leases are regulated by 40 U.S.C. § 585(a)(2) which states:

(2) Terms.— A lease agreement under this subsection shall be on terms the Administrator considers to be in the interest of the Federal Government and necessary for the accommodation of the federal agency. However, the lease agreement may not bind the Government for more than 20 years and the obligation of amounts for a lease under this subsection is limited to the current fiscal year for which payments are due without regard to section [1341 \(a\)\(1\)\(B\)](#) of title [31](#).

Based on this statutory requirement, PBS may enter into long-term operating leases and obligate on a fiscal year basis. PBS is required to obligate for a new operating lease from the lease rent commencement through the end of the current fiscal year. In the next fiscal year, PBS is required to obligate for the entire fiscal year beginning in October, given a full year appropriation.

31 U.S.C.

United States Code, 2011 Edition

Title 31 - MONEY AND FINANCE

SUBTITLE II - THE BUDGET PROCESS

CHAPTER 13 - APPROPRIATIONS

SUBCHAPTER III - LIMITATIONS, EXCEPTIONS, AND PENALTIES

Sec. 1341 - Limitations on expending and obligating amounts

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§1341. Limitations on expending and obligating amounts

(a)(1) An officer or employee of the United States Government or of the District of Columbia government may not—

(A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation;

(B) involve either government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law;

(C) make or authorize an expenditure or obligation of funds required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985; or

(D) involve either government in a contract or obligation for the payment of money required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.