



**House
Legislative
Analysis
Section**

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RAISE BUILDING AUTHORITY CAP

House Bill 4413 as passed by the House
First Analysis (4-19-93)

Sponsor: Rep. Gregory E. Pitoniak
Committee: Economic Development

THE APPARENT PROBLEM:

Governor Engler's capital outlay budget for fiscal years 1993, 1994, and 1995, say budget analysts, requires an increase in the bonding limit of the state building authority. The governor, according to administration budget documents, is recommending \$670 million in spending on higher education building projects and public protection projects. Included are about 14 projects at state universities and 8 at community colleges involving new buildings or building renovations. These and other projects could create some 12,000 jobs, according to the administration.

THE CONTENT OF THE BILL:

The bill would amend the State Building Authority Act to raise the authority's bonding cap from \$1.35 billion to \$2 billion. The bill also would specifically permit an institution of higher education to convey property to the state building authority subject to approval by the institution, the state administrative board, and by concurrent resolution of the legislature.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, debt service expenditures would increase about \$70-90 million per year with the new capital outlays. (3-31-93)

ARGUMENTS:

For:

The bill is necessary for the implementation of Governor Engler's capital outlay recommendations for fiscal years 1993 through 1995. Interest rates for state bonding are said to be at their lowest in 20 years. The bill also contains language that allows Henry Ford Community College, which is part of a K-14 school system, to participate.

POSITIONS:

There are no positions at present.

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