Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**SFA** BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 11 (as introduced 1-8-03)
Sponsor: Senator Shirley Johnson
Committee: Technology and Energy

Date Completed: 2-25-03

## CONTENT

**The bill would amend the State Building Authority Act to permit the State, on behalf of an institution of higher education, to lease from the State Building Authority (SBA) property consisting of only furnishings or equipment associated with telecommunications.**

Currently, the State, except institutions of higher education, may lease from the SBA property consisting of only furnishings or equipment if all of the following requirements are met:

-- Before the execution of the lease, the Legislature, by a concurrent resolution, approves the general form of the lease and the maximum amount of furnishings or equipment that may be leased during the two years following the approval of the lease.
-- Before the execution of the lease, the State Administrative Board approves a description of the property to be leased and the rental.
-- The furnishings or equipment are for use by a State agency.

The bill would remove the exception for institutions of higher education. The bill would add a requirement that, if the lease were for an institution of higher education, the lease be authorized by the institution and signed by its authorized officers. An institution of higher education could only lease from the State Building Authority furnishings, hardware, and other types of equipment associated with telecommunications, including digital broadcasting, wireless networking, and Internet services.

MCL 830.417 Legislative Analyst: Julie Koval

## FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government. The fiscal impact would occur if and when the Legislature approved a lease for equipment at institutions of higher education as described in the bill. If the Legislature authorized such a lease, the cost to the State would be the annual rental amount paid to the SBA as defined in the lease. The rental amount would depend on the total value of equipment purchased. The SBA would purchase the equipment by issuing bonds. The State would rent the equipment from the SBA, and those rental payments would be used to make debt service payments on the bonds.

Fiscal Analyst: Mike Hansen

S0304\s11sa