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BILL ANALYSIS



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House Concurrent Resolutions 38 through 43 (as reported without amendment)

Sponsor: Representative Scott Shackleton

House Committee: Appropriations

Senate Committee: Appropriations

CONTENT

The Joint Capital Outlay Subcommittee (JCOS) has approved House Concurrent Resolutions 38 through 43, which would convey land and establish lease agreements among the State, the State Building Authority (SBA), and several colleges and universities. The lease agreements create a contractual obligation requiring the State to make rental payments to the SBA on behalf of the institutions for use of the facilities. The SBA will use the rental payments to make debt service payments on bonds that will be sold to finance construction.

The projects have met the planning and approval requirements of the JCOS, the Management and Budget Act, and the State Building Authority Act. The estimated annual rental amount is provided pursuant to the requirements of the SBA Act. An actual rental amount will be determined by an appraiser once the facilities are complete. Legislative approval of the resolutions would commit the State to make annual rental payments for the projects until the SBA debt obligations are satisfied.

House Concurrent Resolution 43 would revise a previously approved lease agreement (HCR 18) to correct an error in the legal description of the property. No other changes are being made to this lease.

FISCAL IMPACT

Annual rental (debt service) payments for the current fiscal year are appropriated in the Capital Outlay budget at \$266 million. These projects represent new bond debt obligations by the SBA of \$60.3 million. Approval would require the State to make annual rental payments to the SBA estimated between \$4.6 million and \$5.9 million.

Project	HCR No.	Total Authorized Cost	SBA Share	Estimated Annual Rental Range
Northern Michigan University - Student Services Building. This project includes the renovation and reuse of the former Hedgecock Fieldhouse building into the new Student Services Building. Construction authorization was granted in PA 161 of 2002.	HCR 38	\$15,750,000	\$11,812,500	\$900,000 to \$1,150,000

Northern Michigan University - Fine and Practical Arts Project. The project includes an addition and renovations for the art and design studios and classroom space for the music program. The total project includes over 124,000 sq. ft. of space. Construction authorization was granted in PA 161 of 2002.	HCR 39	\$21,230,000	\$15,922,500	\$1,210,000 to \$1,550,000
Mid Michigan Community College - Student Assessment Center. The project entails the renovation of nearly 6,700 sq. ft. of space as well as 13,700 sq. ft. of new construction to support student services programs and a library expansion. Construction authorization was granted in PA 530 of 2002.	HCR 40	\$3,165,000	\$1,582,500	\$120,000 to \$155,000
Michigan Technological University - Center for Integrated Learning and Information Technology Project. The project entails the construction of a new Computer Science Classroom Building that will attach to the expanded and renovated Van Pelt Library. Construction authorization was granted in PA 560 of 2002.	HCR 41	\$33,838,700	\$25,000,000	\$1,900,000 to \$2,430,000
Monroe County Community College - Instructional Center for Business Training and Performing Arts Building. The project entails the construction of a 54,000 sq. ft. facility that includes a 600-seat auditorium. Construction authorization was granted under PA 530 of 2002.	HCR 42	\$12,000,000	\$6,000,000	\$460,000 to \$580,000
TOTALS		\$85,983,700	\$60,317,500	\$4,590,000 to \$5,865,000

Date Completed: 2-26-04

Fiscal Analyst: Mike Hansen

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.