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H.C.R. 54: FLOOR ANALYSIS

House Concurrent Resolution 54 (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 Resolution 54 which would convey land and establish a lease agreement between the State and the State Building Authority (SBA) for the construction and renovation of several projects in the Lansing Capitol Complex. The lease agreement creates a contractual obligation requiring the State to make rental payments to the SBA 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.

Many of the Capitol Complex projects were originally financed using the General Fund. However, as part of Executive Order 2003-23, which was developed in part to solve the FY 2003-04 budget deficit, these projects were incorporated into a larger package of projects, including the renovation of the Ottawa parking ramp, and the replacement of several elevators, in order to finance them through the SBA, thereby freeing up the General Fund. 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 resolution would commit the State to make annual rental payments for the projects until the SBA debt obligations are satisfied.

## **FISCAL IMPACT**

Annual rental (debt service) payments for the current fiscal year are appropriated in the capital outlay budget at \$266 million. The projects financed through HCR 54 represent new bond debt obligations by the SBA of \$27.6 million. Approval would require the State to make annual rental payments to the SBA estimated between \$1.9 million and \$2.5 million, the money for which is already included in the current-year capital outlay budget.

Project	HCR No.	Total Authorized Cost	SBA Share	Estimated Annual Rental Range
Capitol Complex Renovations. This project includes the renovation of several State office buildings in Lansing, and the repair of the Ottawa parking ramp.	HCR 54	\$27,563,200	\$27,563,200	\$1,890,000 to \$2,472,000

Date Completed: 5-28-04 Fiscal Analyst: Mike Hansen