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BILL ANALYSIS

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Senate Concurrent Resolution 49 (as reported without amendment)
Sponsor: Senator Shirley Johnson
Committee: Appropriations

CONTENT

The State Building Authority is recommending approval of Senate Concurrent Resolution 49, which would convey property and establish a lease agreement between the State, the State Building Authority (SBA), and Gogebic Community College for the Special Maintenance renovation project. The project was approved for construction in Public Act 10 of 2005. Approval of the resolution would allow bonds to be sold to finance the project's construction.

The project consists of roof repairs, an elevator upgrade, and renovations to the chemical lab hoods and ventilation systems, and has met all the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. Approval of the resolution would set up a contractual obligation between the State and the SBA requiring the State to make annual rental payments to the SBA. The SBA would use the rental payments to pay off the bonds sold to finance construction. Once the debt obligations were satisfied, the SBA would transfer title back to the Institution. The estimated annual rental amount is provided pursuant to the requirements of the State Building Authority Act.

FISCAL IMPACT

The project represents new bond debt obligations by the SBA of $1.0 million. Approval of the resolution would require the State to make annual rental payments to the SBA estimated to be between $78,000 and $98,000 until the bonds were retired, expected to be in approximately 12 to 15 years.

Project	SCR	SBA Share	College Share	Annual Rental Range
Gogebic Community College – Special Maintenance – roofs, elevator, and ventilation systems: Project entails the replacement of roofs on four campus buildings, the upgrade of an elevator, and new lab hoods and ventilation system in the Erickson Building.	49	$1,000,000	$0	$78,000 - $98,000

Date Completed: 6-8-06 Fiscal Analyst: Michael Hansen

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.