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S.C.R. 59 & 61: FLOOR ANALYSIS

Senate Concurrent Resolutions 59 and 61 (as introduced 11-14-06)

Sponsor: Senator Shirley Johnson

Committee: Appropriations

CONTENT

Senate Concurrent Resolutions 59 and 61 would convey property and establish a lease agreement between the State, the State Building Authority (SBA), and Glen Oaks Community College and Northwestern Michigan College for two construction projects. Approval of the resolutions would enable the SBA to issue bonds to finance the State's share of construction costs.

The projects have met all of the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. Approval of the resolutions would create 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 schools.

FISCAL IMPACT

The projects represent new bond debt obligations by the SBA of \$2.3 million. Annual rental payments to the SBA are estimated at \$150,000 to \$196,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2006-07 General Government appropriation act total \$237.8 million.

			State	Institution	Rental
SCR	Project	Total Cost	Share	Share	Range
59	Glen Oaks Community College:	\$3,200,000	\$1,600,000	\$1,600,000	\$107,000
	Science Addition/Allied Health				to
	Renovation Project.				\$139,000
61	Northwestern Michigan	\$1,300,000	\$650,000	\$650,000	\$43,000
	College: Oleson Center				to
	Renovations.				\$57,000
					\$150,000
					to
	TOTALS:	\$4,500,000	\$2,250,000	\$2,250,000	\$196,000

Date Completed: 12-1-06 Fiscal Analyst: Bill Bowerman