

Fiscal Analysis

State Building Authority Leases



Bill/Sponsor **House Concurrent Resolutions 23 & 24/Rep. Morris Hood III**

House Committee **Appropriations**

Analysis

Summary

To approve standard State Building Authority (SBA) lease agreements between the SBA and the State for Capital Outlay projects as shown in the table below. These properties are also conveyed to the SBA by the resolutions. Both projects received planning, cost, and construction authorizations under previous Capital Outlay budget acts and are under construction.

Approval of these resolutions is the final remaining legal requirement to allow the SBA to issue both short and long-term debt instruments to finance the State's share of each project's construction costs.

The **Joint Capital Outlay Subcommittee** (JCOS) approved these resolutions, with recommendation. The Department of Management and Budget also recommends approval.

State Fiscal Impact

Legislative adoption of the resolutions commits the State to annually pay rent to the SBA until its debt obligations are fully satisfied. The annual GF/GP high/low rental range of \$1,665,000 to \$2,109,000 is provided consistent with the State Building Authority Act (PA 183 of 1964). The actual rental amount, within or below the respective ranges, will be determined by an independent appraiser when each project is completed.

HCR/Project	Total Authorized Project Cost	State Building Authority Funds	GF/GP Rent Estimate on SBA Financing
HCR 23. State Facility Preservation Projects – Group B General Office Building Renovations. Project entails renovating this 263,200 sq. ft. facility for energy efficiencies and code compliance for electrical, heating, cooling, and fire systems. Cost/construction authorizations provided under PA 10 of 2005.	\$10,950,000	\$10,950,000	\$850,000 to \$1,077,000

HCR 24. State Facility Preservation Projects – Group C Grand Rapids Office Building Renovations. Project entails renovating this 114,600 sq. ft. facility for energy efficiencies and code compliance for elevators, electrical, heating, cooling, and fire systems. Exterior repairs and waterproofing will also be completed. Cost/construction authorizations provided under PA 10 of 2005.	\$10,500,000	\$10,500,000	\$815,000 to \$1,032,000
Totals	\$21,450,000	\$21,450,000	\$1,665,000 to \$2,109,000

Local Fiscal Impact

None

Analyst(s)

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