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House Concurrent Resolutions 23 and 24 (as adopted by the House)

Sponsor: Representative Morris Hood, III

House Committee: Appropriations Senate Committee: Appropriations

Date Completed: 5-25-07

## **CONTENT**

House Concurrent Resolutions 23 and 24 would approve the conveyance of property and approve leases between the State and the State Building Authority (SBA) for construction projects that have been previously approved for planning and construction by the Legislature (in Public Act 10 of 2005). 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 Capitol 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 uses the rental payments to pay off the bonds sold to finance construction. Once the debt obligations are satisfied, the SBA will transfer title back to the institutions, or in the case of State facility projects, the State.

## **FISCAL IMPACT**

The projects represent new bond debt obligations of \$21.4 million. Annual rental payments to the SBA are estimated at \$1.7 million to \$2.1 million 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 bill total \$222.1 million.

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HCR	Project	Total Cost	Share	Share	
23	State Facility Preservation	\$10,950,000	\$10,950,000	N/A	\$850,000 to
	Projects, Group B, General				\$1,077,000
	Office Building Renovations				
24	State Facility Preservation	10,500,000	10,500,000	N/A	\$815,000 to
	Projects, Group C, Grand				\$1,032,000
	Rapids State Office				
	Building Renovations				
	TOTALS:	\$21,450,000	\$21,450,000	N/A	\$1,665,000 to
					\$2,109,000

Fiscal Analyst: Bill Bowerman

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