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 BILL ANALYSIS

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Senate Concurrent Resolution 19 (as introduced 9-9-09)

Sponsor: Senator Roger Kahn, M.D.

Senate Committee: Appropriations

Date Completed: 12-2-09

CONTENT

Senate Concurrent Resolution 19 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Saginaw Valley State University (SVSU) for a construction project that was previously approved for planning and construction by the Legislature. Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs.

The project has met all of the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. Approval of the resolution 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 institution.

This project involves the construction of an 89,980 sq. ft. facility to house the College of Health and Human Services, including the departments of Nursing, Kinesiology, Occupational Therapy, Health Sciences, and Social Work. Consistent with other State Building Authority projects for universities, funding is based on a 75/25 State/institution match.

FISCAL IMPACT

The project represents new SBA bond debt obligations of \$21.0 million. Annual rental payments to the SBA are estimated at \$1,440,000 to \$1,883,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2009-10 General Government appropriation bill total \$235.4 million.

SCR	Project	Total Cost	State Share	Institution Share	Rental Range
19	SVSU – Health Sciences Facility.	\$28,000,000	\$21,000,000	\$7,000,000	\$1,440,000 to \$1,883,000

Fiscal Analyst: Bill Bowerman

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