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BILL ANALYSIS



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House Concurrent Resolution 53 (as adopted by the House 5-8-12)
Sponsor: Representative Eileen Kowall
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 5-14-12

CONTENT

House Concurrent Resolution 53 would approve the conveyance of property and approve a lease between the State and the State Building Authority (SBA) for projects that the Legislature approved for construction in Public Act 10 of 2005, and Public Act 278 of 2008. The projects are part of the State Facility Preservation Projects included in Phase I (\$56,220,000), and Phase III (\$42,221,000). The authorization included \$1,702,300 for renovation of the State Surplus Facility located on St. Joseph Street in Lansing, Michigan.

The project includes renovating men's and women's bathrooms; converting raw warehouse space to new office areas (including new gyp board walls, carpet, tile, acoustical ceilings, light fixtures, HVAC system, plumbing, and fire protection); upgrading existing warehouse space with new masonry walls; painting floors and ceilings; installing new lighting, electrical power, heating and ventilating systems; making exterior masonry wall repairs; removing and replacing the existing roof; and replacing an asphalt parking lot.

Approval of the resolution would enable the SBA to issue bonds to finance the State's construction costs and would create a contractual obligation between the State and the SBA, requiring the State to make annual rental payments to the SBA. The SBA will use 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 State.

FISCAL IMPACT

The project cost totals \$1,702,300 in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at \$135,000 to \$171,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2011-12 General Government appropriation bill total \$256.9 million.

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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.