

Fiscal Analysis

STATE BUILDING AUTHORITY LEASE



Bill/Sponsor HOUSE CONCURRENT RESOLUTION 19 (as introduced)/ Rep. Mark Meadows
House Committee Appropriations

Analysis **Summary**

Approves a standard State Building Authority (SBA) lease between the SBA, the State and Michigan State University relative to its Chemistry Building Renovations and Cooling Tower project. The property is also conveyed to the SBA. This project received planning, cost, and construction authorizations under previous Capital Outlay budget acts and is currently under construction.

Legislative approval of the resolution, a statutory requirement, enables the SBA to issue debt instruments to finance the state's share of the project's construction cost.

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

Fiscal Impact

Legislative adoption of the resolution 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 \$1,345,000 to \$1,759,000 is provided consistent with PA 183 of 1964. The actual true market rental amount, within or below the respective range, will be determined when the project is completed and has been independently appraised.

	Total Authorized Project Cost	University Funds	State Funds	GF/GP Rental Range on SBA Financing
Michigan State University – Chemistry Building & Cooling Towers Project. This will provide nearly 50,000 sq. ft. of new and renovated research space and laboratory classrooms in this 40-year old facility. Project also entails new steam absorption chillers, cooling towers, and associated chiller pumps. Cost and construction authorizations were provided under PA 297 of 2005.	\$28,344,500	\$8,344,500	\$20,000,000	\$1,345,000 to \$1,759,000

LOCAL FISCAL IMPACT

None.

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Analysis 04/19/07

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