



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Concurrent Resolution 19 (as reported without amendment)
Sponsor: Representative Mark Meadows
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

House Concurrent Resolution 19 would approve the conveyance of property and a lease agreement between the State, the State Building Authority (SBA), and Michigan State University 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 Capitol 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 obligation is satisfied, the SBA will transfer title back to Michigan State University.

FISCAL IMPACT

The project represents new bond debt obligations of \$20.0 million. Annual rental payments to the SBA are estimated at \$1.3 million to \$1.8 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 \$237.8 million.

HCR	Project	Total Cost	State Share	Institution Share	Rental Range
19	Michigan State University Chemistry Building Renovations and Cooling Towers Project	\$28,344,500	\$20,000,000	\$8,344,500	\$1,345,000 to \$1,759,000

Date Completed: 5-4-07

Fiscal Analyst: Bill Bowerman