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

BILL ANALYSIS

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

House Concurrent Resolution 49 (as adopted by the House 5-8-12)
Sponsor: Representative Charles Brunner
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 5-14-12

CONTENT

House Concurrent Resolution 49 would approve the conveyance of property and approve a lease between the State and the State Building Authority (SBA) for a State Police post project that the Legislature approved for construction in Public Act 278 of 2008.

The Bay City State Police Post received cost authorization increases in Public Act 27 of 2010 and Public Act 83 of 2011, resulting in a total project cost of $3.7 million. The project includes the construction of a 12,250-square-foot, one-story building designed to house 25 to 30 State Police officers and associated support staff. The building includes office space, conference rooms, holding cells, weapons and equipment storage areas, locker rooms, a wellness center, and a public lobby. Site improvements include entrance drives and paved parking.

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 resolution would result in $3.7 million in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at $254,000 to $332,000 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.

Fiscal Analyst: Bill Bowerman

SAS\S1112\shcr49sa