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BILL



ANALYSIS

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House Concurrent Resolution 65 (as adopted by the House)
Sponsor: Representative Rick Outman

CONTENT

House Concurrent Resolution 65 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and the Montcalm Community College for the Montcalm Community College Advanced Technology Center project that the Legislature approved for planning in Public Act 278 of 2008 and construction in Public Act 157 of 2011. The project has met all of the approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act.

The project consists of constructing a new 16,453-gross-square-foot one-story Advanced Technology Center and renovating the existing M-TEC building. The new center will allow for expansion of the college's existing renewable energy program and will provide up-to-date classroom, laboratory, office, and support space. Renovations to the existing M-TEC building will allow for increased use of existing space. The total cost of the project is \$5,433,400, with a State share of \$2,716,700, and a college share of \$2,716,700.

Approval of the resolution would enable the SBA to issue bonds to finance the State's share of 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 Montcalm Community College.

FISCAL IMPACT

The resolution would result in \$2.7 million in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at \$186,000 to \$244,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2012-13 General Government appropriation bill total \$256.9 million.

Date Completed: 9-27-12

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