

Fiscal Analysis

STATE BUILDING AUTHORITY LEASE



Bill/Sponsor HOUSE CONCURRENT RESOLUTION 61 (as introduced)/ Rep. R. Warren
House Committee Appropriations

Analysis **Summary**

Approves a standard State Building Authority (SBA) lease between the SBA, the State and the University of Michigan - Ann Arbor relative to its Student Activities Building 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 \$394,000 to \$516,000 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
University of Michigan – Student Activities Building Project. This project entails renovating this 50-year old, 110,000 sq. ft. facility that is primarily used for undergraduate student services. Cost and construction authorizations were provided under PA 153 of 2006.	\$8,500,000	\$2,748,300	\$5,751,700	\$394,000 to \$516,000

LOCAL FISCAL IMPACT

None.

Analyst(s) AI Valenzio
Analysis 12/05/07

Mitchell Bean, Director
124 N. Capitol Avenue, Lansing, MI 48909
Phone: (517) 373-8080; Fax: (517) 373-5874
<http://www.house.mi.gov/hfa>