

Michigan State Police Headquarters Building

House Concurrent Resolution 63 - As Introduced
Sponsor: Representative George Cushingberry, Jr.
Analysis Completed: December 1, 2010

BRIEF SUMMARY:

House Concurrent Resolution 63 approves the conveyance of property and a standard State Building Authority (SBA) lease between the SBA and the state for the Michigan State Police Headquarters Building.

Approval of this resolution is the final remaining legal requirement to enable the SBA to issue bonds to finance the cost of the building. Approval would create a contractual obligation between the state and the SBA, requiring the state to make annual rent payments to the SBA. The SBA will use the rent payments to pay off the bonds sold to finance the cost of the building. Once the debt obligations are satisfied, the SBA will transfer title back to the state.

The state exercised its option to purchase the Michigan State Police Headquarters Building pursuant to authorization contained in Public Act 133 of 2009, the FY 2010 State Police appropriations bill. Language in that act authorized the state to exercise the purchase option and to transfer title to the SBA for an amount necessary to pay off any debt that financed the property, up to \$52.0 million.

FISCAL IMPACT:

The total cost of the project is not to exceed \$52.0 million, and will be funded through SBA bonding. Annual rent payments to the SBA are estimated at \$3.8 million to \$4.4 million until the bonds are retired (approximately 15 to 17 years). Annual rent payments to the SBA are appropriated in the General Government appropriations bill and total \$241.9 million for FY 2011. That appropriation includes funding for FY 2010-11 Michigan State Police Headquarters Building costs.

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