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Senate Concurrent Resolution 58 (as introduced 11-30-10)
Sponsor: Senator Valde Garcia
Committee: Appropriations

Date Completed: 11-30-10

CONTENT

Senate Concurrent Resolution 58 would approve the conveyance of property and approve a lease between the State and the State Building Authority (SBA) for the State Police Headquarters building. Approval of the resolution would enable the SBA to issue bonds to finance the cost of the building.

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 will use the rental 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.

Section 256 of Public Act 133 of 2009 (FY 2009-10 State Police appropriation bill) provided:

- "(1) This state is authorized to acquire title to property for the purpose of providing office space for state agencies by exercising the purchase option in state lease number 11319, and to transfer title to the state building authority, with the approval of the state administrative board, for an amount necessary to pay off any debt instruments that financed the property, in an aggregate cost not to exceed \$52,000,000.00. This state is also authorized to pay any ancillary costs including estimated real estate taxes."
- "(2) All documents regarding the acquisition of the property described in subsection (1) shall be approved by the attorney general."
- "(3) The acquisition by the state and subsequent conveyance to the state building authority shall conform to the provisions of 1964 PA 183, MCL 830.411 to 830.425."

Pursuant to the above authorization, the State exercised its option to purchase the State Police Headquarters building.

FISCAL IMPACT

The total purchase cost is not to exceed \$52.0 million, and will be funded through SBA bonding. Annual rental 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 rental (debt service) payments to the SBA appropriated in the FY 2010-11 General Government appropriation bill total \$241.9 million. That appropriation includes funding for FY 2010-11 State Police Headquarters building costs.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.