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**BILL ANALYSIS**

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Senate Bill 1238 (as introduced 3-26-08)
Sponsor: Senator Cameron S. Brown
Committee: Appropriations

Date Completed: 5-13-08

CONTENT

The bill would amend Section 221 of the Management and Budget Act, which provides for a process related to the rental and lease of land and facilities for the use of State agencies. The bill provides that beginning July 1, 2008, lease or rental spaces with a base cost of more than \$1.0 million, or leases and rentals with an option to purchase a facility, would require legislative approval by a concurrent resolution adopted by a majority vote of those elected to and serving in each house of the Legislature.

The Act requires the approval of the Joint Capital Outlay Subcommittee (JCOS) for lease agreements if the space or facility exceeds 25,000 gross square feet, or the annual base cost exceeds \$500,000. The bill also would require JCOS approval for rental agreements meeting the same square footage and dollar amount criteria. The Department of Management and Budget defines rental agreements as contracts for 12 months or less used as temporary arrangements to provide emergency or interim occupancy, or while waiting for a lease to be finalized. Since 2005, the Department executed rental agreements for seven properties that would have required JCOS approval under the bill.

The bill further would require JCOS approval when two or more lease/rental agreements at the same facility, in the aggregate, exceeded the square footage or base cost criteria.

MCL 18.221

FISCAL IMPACT

The impact that the bill would have on State expenditures for leased space is not determinable. Based on information from October 2007, the State had 598 active leases that include 7.9 million aggregate square feet with base rental costs totaling \$105.4 million. Fourteen of the leases have a base annual lease cost of more than \$1.0 million.

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