

# Legislative Analysis



## STATE BUILDING AUTHORITY BONDING FOR RAIL TRANSPORTATION AND NEW FIXED-GUIDEWAY TRANSIT INFRASTRUCTURE PROJECTS

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### House Bill 6484

**Sponsor: Rep. Wayne Schmidt**

**Committee: Appropriations**

**Complete to 11-11-10**

### A SUMMARY OF HOUSE BILL 6484 AS INTRODUCED 9-22-10

The State Building Authority Act (1964 PA 183) established the State Building Authority (SBA) with the "power to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage, and maintain facilities for the use of the state of any of its agencies..." The SBA has the authority to issue short-term and long-term debt to finance state facility projects. Many state buildings, as well college and university buildings, have been constructed through SBA debt financing.

SBA debt obligations are not general obligation bonds of the state; they are not backed by the "full faith and credit" of the State of Michigan. SBA bonds are revenue bonds, with bond debt service guaranteed by rental or lease payments made by the state, state agency, college, or university.

House Bill 6484 would amend Section 1 of PA 183 to include "rail transportation projects, [and] new fixed-guideway transit infrastructure projects" within the definition of "facilities" under the act. The bill would also add new Section 8B which would allow the SBA to authorize up to \$100 million of bond proceeds for facilities associated with rail transportation projects or new fixed-guideway transit infrastructure projects.

It is our understanding that the intent of the bill is to provide state funds needed to match federal high-speed rail grant funds recently awarded to the state of Michigan.

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