

# HOUSE BILL No. 6484

September 22, 2010, Introduced by Reps. Wayne Schmidt, Byrnes, Gonzales, Ball, LeBlanc, Donigan, Tyler, Proos and Haugh and referred to the Committee on Appropriations.

A bill to amend 1964 PA 183, entitled

"An act creating the state building authority with power to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage, and maintain facilities for the use of the state or any of its agencies; to act as a developer or co-owner of facilities as a condominium project for the use of the state or any of its agencies; to authorize the execution of leases pertaining to those facilities by the building authority with the state or any of its agencies; to authorize the payment of true rentals by the state; to provide for the issuance of revenue obligations by the building authority to be paid from the true rentals to be paid by the state and other resources and security provided for and pledged by the building authority; to authorize the creation of funds; to authorize the conveyance of lands by the state or any of its agencies for the purposes authorized in this act; to authorize the appointment of a trustee for bondholders; to permit remedies for the benefit of parties in interest; to provide for other powers and duties of the authority; and to provide for other matters in relation to the authority and its obligations,"

by amending section 1 (MCL 830.411), as amended by 2005 PA 67, and by adding section 8b.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. As used in this act:

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1 (a) "Building authority" means the state building authority  
2 created by this act.

3 (b) "State" means the legislative, executive, and judicial  
4 branches of state government and includes institutions of higher  
5 education.

6 (c) "Existing facilities" means all existing buildings and  
7 other facilities, the sites for the buildings or facilities, and  
8 furnishings or equipment for the buildings or facilities located on  
9 real property acquired by the building authority under the terms of  
10 this act.

11 (d) "Facilities" means furnishings or equipment, capital  
12 maintenance improvements, existing facilities, and all new  
13 buildings, parking structures and lots, **RAIL TRANSPORTATION**  
14 **PROJECTS, NEW FIXED-GUIDEWAY TRANSIT INFRASTRUCTURE PROJECTS,** and  
15 other facilities, the sites for the buildings, structures, or  
16 facilities, and furnishings or equipment for the buildings,  
17 structures, or facilities in any way acquired or constructed by the  
18 building authority under this act.

19 (e) "True rental" means the rental required to be paid by the  
20 state to the building authority under a lease between the state and  
21 the building authority entered into under this act. The true rental  
22 shall be paid by the state to the building authority or its  
23 assignee periodically as specified in the lease with the building  
24 authority and shall be in periodic amounts that do not exceed the  
25 economic or market value to the state of the leased facilities. The  
26 economic or market value to the state of the leased facilities  
27 shall be determined by the state administrative board before the

1 execution of a lease by the state under this act by an appraisal  
2 made by or for the state using commonly employed procedures that  
3 will fairly determine economic or market value. When using  
4 procedures commonly employed by appraisers, an appraisal may set  
5 forth a range for the true rental that reflects variations that may  
6 occur in the components upon which the appraisal is based. If a  
7 lease is only for furnishings or equipment, the state  
8 administrative board may employ an appraiser to determine the  
9 economic or market value to the state of the furnishings or  
10 equipment, or the state administrative board may approve an  
11 alternative method to determine the economic or market value to the  
12 state of the furnishings or equipment. The alternative method may  
13 include the determination of the economic or market value to the  
14 state by a person who is in the business of leasing furnishings or  
15 equipment.

16 (f) "Board" means the board of trustees of the building  
17 authority.

18 (g) "Bond" or "obligation" means a bond, note, or other debt  
19 obligation issued by the building authority under section 8.

20 (h) "Institution of higher education" means a college or  
21 university listed in section 4 or 5 of article VIII of the state  
22 constitution of 1963 or described in section 6 of article VIII of  
23 the state constitution of 1963 or a community or junior college  
24 established under section 7 of article VIII of the state  
25 constitution of 1963.

26 (i) "Equipment" means machinery, hardware, or any other type  
27 of equipment or a group of integrally related equipment, which

1 shall meet all of the following:

2 (i) The equipment or the predominant portion of the group of  
3 integrally related equipment is located in or is physically  
4 connected to a state occupied building or facility or is located on  
5 state owned property.

6 (ii) The portion of the group of integrally related equipment  
7 that is not described in subparagraph (i) is integral to the  
8 functioning of the integrally related equipment described in  
9 subparagraph (i).

10 (iii) The projected useful life of the equipment is 5 years or  
11 more.

12 (j) "Party in interest" includes an owner of an obligation  
13 issued under this act; a counterparty to an agreement relating to  
14 security or management of payment, revenue, or interest rate  
15 exposure, including, but not limited to, a bank, bond insurance  
16 provider, or security firm, as its interest appears; and a trustee  
17 or fiduciary duly designated by the building authority or otherwise  
18 to act on behalf of 1 or more owners or counterparties.

19 (k) "Capital maintenance improvements" means an expenditure to  
20 provide capital maintenance that is an asset depreciable under the  
21 internal revenue code that is used by this state or an institution  
22 of higher education.

23 **SEC. 8B. THE BOARD OF THE BUILDING AUTHORITY MAY AUTHORIZE UP**  
24 **TO \$100,000,000.00 OF BOND PROCEEDS FOR FACILITIES ASSOCIATED WITH**  
25 **RAIL TRANSPORTATION PROJECTS OR NEW FIXED-GUIDEWAY TRANSIT**  
26 **INFRASTRUCTURE PROJECTS.**