

SENATE BILL No. 1070

January 20, 2010, Introduced by Senator SWITALSKI 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 7 (MCL 830.417), as amended by 2005 PA 67.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 7. (1) The state may lease facilities from the building

1 authority for public purposes within the concepts provided in this
2 act, upon terms and conditions agreed upon and subject to the
3 limitations and provisions provided in section 6. Before execution,
4 a lease shall be approved by the state administrative board and,
5 except as provided in subsections (3) and (4), by concurrent
6 resolution of the legislature concurred in by a majority of the
7 members elected to and serving in each house. The votes and names
8 of the members voting shall be entered in the journal. The lease as
9 approved by the building authority and the administrative board,
10 and if required, the legislature or an institution of higher
11 education, may provide for a determinable true rental as a range as
12 permitted under section 1(e).

13 (2) If a lease is approved containing a true rental stated as
14 a range, then actual rental to be paid under the lease shall be
15 fixed at an amount certified by the appraiser and, after the
16 certification, shall be approved by the state administrative board
17 and the building authority. The appraiser shall not certify, and
18 the board and authority shall not approve, a true rental amount
19 unless the amount is fixed within or below the stated range. A
20 lease shall not be executed more than 3 years after its approval by
21 the legislature. The state shall pay to the building authority or
22 its assignee the true rental at the times, in the manner, and at
23 the place specified in the lease. The governor and the budget
24 director shall include in the annual budget of the state for each
25 year an amount fully sufficient to pay the true rental required to
26 be paid by the state to the building authority or its assignee
27 required by any lease under this act. If the lease is for an

1 institution of higher education, then in addition, the lease shall
2 be authorized by the institution of higher education and signed by
3 its authorized officers.

4 (3) The state, except institutions of higher education, may
5 lease from the building authority property that is comprised only
6 of furnishings or equipment if all of the following requirements
7 are met:

8 (a) Before a lease that is only for furnishings or equipment
9 is executed, the general form of the lease shall be approved by
10 concurrent resolution of the legislature concurred in by a majority
11 of the members elected to and serving in each house. The form of
12 the lease approved by the legislature need not contain a
13 description of the property to be leased or the rental or a rental
14 range. However, before the state executes the lease, the
15 description of the property to be leased and the rental shall be
16 approved by the state administrative board as provided in
17 subsection (2). The concurrent resolution of the legislature
18 approving the form of lease shall also approve a maximum amount of
19 furnishings and equipment that may be leased during the 2 years
20 following the approval of the lease pursuant to the form of lease
21 approved.

22 (b) A lease that is only for furnishings or equipment shall be
23 executed only if the furnishings or equipment are for use by a
24 state agency as determined under the management and budget act,
25 1984 PA 431, MCL 18.1101 to 18.1594.

26 (4) Through September 30, ~~2007~~2011, an institution of higher
27 education, this state, and the building authority may enter into a

1 lease for capital maintenance improvements if, before a lease that
2 is only for capital maintenance improvements is executed, the
3 general form of the lease is approved by concurrent resolution of
4 the legislature concurred in by a majority of the members elected
5 to and serving in each house. The form of the lease approved by the
6 legislature need not contain a description of the capital
7 maintenance improvements to be leased or the rental or a rental
8 range. However, before this state executes the lease, the
9 description of the capital maintenance improvements to be leased
10 and the rental shall be approved by the state administrative board.

11 (5) The building authority shall retain title to capital
12 maintenance improvements during the term of a lease approved under
13 subsection (4). The building authority shall not be required to
14 have any ownership interest in the structure to which a capital
15 maintenance improvement is made. Title to the capital maintenance
16 improvement shall be evidenced by a bill of sale.

17 (6) The actual rental to be paid under a lease approved under
18 subsection (4) for a capital maintenance improvement shall be
19 determined by an appraiser or by an alternate method and, after the
20 determination, shall be approved by the state administrative board
21 and the building authority. The state administrative board shall
22 approve any alternate method for determining actual rental, and an
23 alternate method may include a determination by a person or
24 business that is in the business of providing capital maintenance
25 improvements to institutions of higher education.

26 (7) The state shall pay to the building authority or its
27 assignee the true rental at the times, in the manner, and at the

1 place specified in the lease approved under subsection (4). The
2 governor and the budget director shall include in the annual budget
3 of the state for each year an amount fully sufficient to pay the
4 true rental required to be paid by this state to the building
5 authority or its assignee required by any lease under this act.