



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1125 (as introduced 5-15-12)
Sponsor: Senator Mike Kowall
Committee: Economic Development

(as passed by the Senate)

Date Completed: 5-16-12

CONTENT

The bill would amend the State Housing Development Authority Act to delete the \$3.0 billion limit on the aggregate principal amount of notes and bonds that the Michigan State Housing Development Authority (MSHDA) may issue, and reinstate the previous limit of \$4.2 billion (which applied before November 1, 2011.)

The Act authorizes MSHDA to issue notes and bonds subject to certain limitations. Since November 1, 2011, the Authority may not have outstanding at any time bonds and notes for any of its corporate purposes in an aggregate principal amount exceeding \$3.0 billion, excluding all of the following:

- The principal amount of bonds and notes issued to refund outstanding bonds and notes.
- The principal amount of bonds and notes that appreciate in principal amount, except to the extent of the principal amount of these bonds and notes payable at such time.
- The principal amount of notes and bonds representing original issue discount, if any.
- The aggregate principal amount of bonds and notes issued on or before November 1, 2011, that was outstanding on that date, and that exceeded \$3.0 billion.

Before November 1, 2011, MSHDA was allowed to have up to \$4.2 billion in bonds and notes outstanding at any time, subject to the first three exclusions listed above.

The bill would delete the provision limiting the aggregate principal amount of notes and bonds to \$3.0 billion after November 1, 2011, while retaining the previous \$4.2 billion limit.

MCL 125.1432

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would remove the current bond cap for the Michigan State Housing Development Authority. This would allow MSHDA to expand the programs that it supports with bond proceeds. Most of the operations of the Authority are conducted independently of the State budget. For the State's comprehensive annual financial report, MSHDA is a discretely presented component unit and MSHDA's bonds are not general obligations of the State.

Fiscal Analyst: Elizabeth Pratt

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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.