

Legislative Analysis



STATE FACILITY AUTHORITY FOR SUPERIOR DOME

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House Bill 6055

Sponsor: Rep. Tom Casperson

Committee: Appropriations

Complete to 9-19-06

A SUMMARY OF HOUSE BILL 6055 (H-1) SUBSTITUTE

The bill would create the State Facility Authority, organized within the Department of Treasury, to oversee the operation of certain "qualified facilities" (apparently, the Superior Dome on the campus of Northern Michigan University [NMU]). The authority would be managed by an 11-person board of directors composed of the President of NMU, the President and CEO of the Michigan Economic Development Corporation, the State Treasurer (or their designees) and eight individuals (at least four of whom are residents of the Upper Peninsula) appointed by the governor with the advice and consent of the Senate. Two of the members appointed by the governor would be from a list of four individuals selected by the Senate majority leader, and two would be from a list of four individuals selected by the speaker of the House. Board members would serve without compensation, but could be reimbursed for necessary travel and other expenses incurred in connection with their duties.

Among other provisions, the bill provides that the authority could do the following:

- Employ or contract for legal, financial, and technical experts;
- Enter into contracts and other instruments for the performance of its duties;
- Solicit and receive gifts, grants, loans, appropriations, and contributions of money, property, and other things of value;
- Obtain insurance;
- Establish and maintain an office and employ and fix compensation for personnel of the authority;
- Fix a schedule of rents, admission fees, and other charges for use of the facility; and
- Borrow and repay necessary funds to finance capital improvements.

FISCAL IMPACT:

The bill would allow Northern Michigan University to transfer the Superior Dome to the authority created by the bill. According to the university, the annual costs of operating the Superior Dome are approximately \$1.3 million, of which approximately \$400,000 is for debt service on capital improvements. Of the remaining \$900,000 in operating costs, \$600,000 is allocated from the university's state appropriation and approximately \$300,000 is generated from rental fees and other charges.

The \$600,000 in operational costs allocated from the university's appropriation is equal to 1.3 percent of the university's FY 2006-07 state appropriation of \$46.4 million. If the dome were to be transferred to the new authority, any adjustments made to the university's appropriation in order to transfer annual funding for operational costs to the authority would be subject to the legislative appropriations process.

There could also be an indirect impact creating additional costs for the state if, at some point, the appropriation and funds generated by the dome appropriated are insufficient for the authority to operate and maintain the dome. A need could then exist for the state to provide additional funding to the authority. The likelihood of this possibility cannot be accurately estimated at this time.

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