



**Senate Fiscal Agency**  
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Senate Bill 345 (as reported without amendment)  
Sponsor: Senator Mike Kowall  
Committee: Economic Development

### **CONTENT**

The bill would amend the State Housing Development Authority Act to eliminate the sunset on the current limit on the Michigan State Housing Development Authority's (MSHDA's) outstanding bonds and notes and the scheduled reduction of that limit.

Currently, MSHDA may not have bonds and notes outstanding at any time, for any of its corporate purposes, in an aggregate principal amount exceeding \$4.2 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.

After November 1, 2014, the limitation on the aggregate principal amount of notes and bonds is \$3.4 billion, excluding the amounts listed above and the aggregate principal amount of bonds and notes issued on or before that date that is outstanding on that date and that exceeds \$3.4 billion. The bill would delete this scheduled reduction of the limit on MSHDA's outstanding bonds and notes.

MCL 125.1432

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State government. The bonds issued by the Michigan State Housing Development Authority are not general obligations of the State. Currently, MSHDA is limited to having \$4.2 billion in bonds outstanding. The existing sunset would reduce that amount to \$3.4 million after November 1, 2014. Authority staff indicated that the presence of the sunset adds uncertainty to the bond issuance process. As of September 30, 2012, MSHDA had approximately \$2.55 billion in bonds payable.

Date Completed: 5-16-13

Fiscal Analyst: Elizabeth Pratt