

SENATE BILL NO. 729

December 03, 2025, Introduced by Senator MCCANN and referred to 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 8 (MCL 830.418), as amended by 2024 PA 228.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) By 1 or more resolutions of its board, the
2 building authority may provide for the issuance of revenue
3 obligations, including revenue bonds, revenue notes, or other
4 evidences of revenue indebtedness, and refunding revenue bonds or
5 notes, or other refunding evidences of indebtedness.

6 (2) The obligations issued under this act are not a general
7 obligation of this state or a charge against this state. All
8 revenue obligations and the interest on the revenue obligations and
9 the call premiums for the revenue obligations are payable solely
10 from true rental, except to the extent paid from the proceeds of
11 sale of revenue obligations and any additional security provided
12 for and pledged, or from other funds as provided in this act. Each
13 revenue obligation must have a statement that contains the
14 provisions of this subsection printed on the face of the revenue
15 obligation. If the resolution of the building authority provides
16 for interest coupons to be attached to a revenue obligation, each
17 interest coupon must have a statement printed on the coupon that
18 the coupon is not a general obligation of this state or the
19 building authority but is payable solely from certain revenues as
20 specified in the revenue obligation.

21 (3) Revenue obligations may be issued for any of the following
22 purposes:

23 (a) To pay part or all of the costs of the facilities,

1 including all of the following costs:

2 (i) An allowance for legal, engineering, architectural, and
3 consulting services.

4 (ii) Interest on revenue obligations becoming due before the
5 collection of the first true rental available for the payment of
6 those revenue obligations.

7 (iii) A reserve for the payment of principal, interest, and
8 redemption premiums on the revenue obligations of the authority.

9 (iv) Other necessary incidental expenses, including, but not
10 limited to, all of the following expenses:

11 (A) Placement fees.

12 (B) Fees or charges for insurance, letters of credit, lines of
13 credit, remarketing agreements, or commitments to purchase
14 obligations issued under this act.

15 (C) Fees or charges associated with an agreement to manage
16 payment, revenue, or interest rate exposure.

17 (D) Any other fees or charges for any other security provided
18 to assure timely payment of the obligations.

19 (b) To refund or advance refund, in whole or in part,
20 outstanding revenue obligations issued pursuant to this act whether
21 the obligations to be refunded or advance refunded have matured or
22 are redeemable or will mature or become redeemable after being
23 refunded.

24 (4) The proceeds of a revenue obligation issue may be used to
25 pay the cost of facilities that are subject to more than 1 lease if
26 either subdivision (a) or (b) is true:

27 (a) Both of the following are true:

28 (i) The resolution or resolutions authorizing the revenue
29 obligations provide for the use of a specific allocable portion of

1 the revenue obligation proceeds to pay the estimated cost of each
2 of the facilities, together with the allocable portion of the
3 reserves, discount, interest on the obligations becoming due before
4 the first true rental available for payment of the obligations, and
5 obligation issuance expense with respect to each facility.

6 (ii) The true rental and other funds of the building authority
7 and other security as provided in this act available for the
8 revenue obligations, including other funds as provided in this act,
9 are sufficient to pay the allocable portion of the revenue
10 obligation issue for which the true rental and other funds and
11 security are pledged.

12 (b) The obligation is part of an interim financing pool
13 described in subsection (27).

14 (5) Revenue obligations that refund outstanding obligations
15 may include the payment of interest accrued, or to accrue, to the
16 earliest or any subsequent date of redemption, purchase, or
17 maturity of the revenue obligations to be refunded, redemption
18 premium, if any, and any commission, service fee, and other expense
19 necessary to be paid in connection with revenue obligations that
20 refund outstanding obligations. Proceeds of refunding revenue
21 obligations may also be used to pay for all of the following costs:

22 (a) Part of the cost of issuance of the refunding revenue
23 obligations.

24 (b) Interest on the refunding revenue obligations.

25 (c) A reserve for the payment of principal, interest, and
26 redemption premiums on the refunding revenue obligations.

27 (d) Other necessary incidental expenses, including, but not
28 limited to, all of the following expenses:

29 (i) Placement fees.

1 (ii) Fees or charges for insurance, letters of credit, lines of
2 credit, remarketing agreements, or commitments to purchase
3 obligations issued pursuant to this act.

4 (iii) Fees or charges associated with an agreement to manage
5 payment, revenue, or interest rate exposure.

6 (iv) Any other fees or charges for any other security provided
7 to assure timely payment of the obligations.

8 (6) The building authority may also provide for the withdrawal
9 of any funds from a reserve created for the payment of principal,
10 interest, and redemption premiums on the refunded obligations and
11 for the deposit of those funds in the reserve for the payment of
12 principal, interest, and redemption premiums on the refunding
13 obligations or may provide for use of that reserve money to pay
14 principal, interest, and redemption premiums on the obligations to
15 be refunded.

16 (7) Obligations issued to refund outstanding obligations may
17 be issued in a principal amount greater than, the same as, or less
18 than the principal amount of the obligations to be refunded, and
19 subject to the maximum rate of interest provided in subsection
20 (13), may bear interest rates that are higher than, the same as, or
21 lower than the interest rates of the obligations to be refunded.

22 (8) If obligations are issued to refund outstanding
23 obligations of the authority, a lease whose rental has been pledged
24 for repayment of the obligations to be refunded is not terminated
25 solely by reason of the payment or provision for payment of the
26 obligations to be refunded, and the lease and all of the rights and
27 obligations under the lease remain in full force and effect in
28 accordance with its terms.

29 (9) Except as otherwise provided in this section, the building

1 authority shall use income or profit derived from the investment of
2 money in a fund or account of the building authority, including the
3 proceeds of sale of the revenue obligations, only for the purpose
4 of paying principal, interest, and redemption premiums on the
5 revenue obligations of the building authority, or for any purpose
6 for which the proceeds of the revenue obligations may be used under
7 this act, as determined by the resolution or resolutions of the
8 board authorizing the issuance of revenue obligations.

9 (10) Within limits considered appropriate and established by
10 the board, the board may authorize by resolution a member of the
11 board or the person appointed by the building authority as its
12 chief operating officer or chief staff person, if the authorization
13 limits or prescribes the maximum interest rates, minimum price,
14 maximum principal amount, and the latest maturity date of the
15 obligations, to do any of the following:

16 (a) Determine interest rates or methods for determining
17 interest rates for, maturities of, principal amounts of,
18 denominations of, dates of issuance of, interest payment dates for,
19 redemption rights and the terms under which redemption rights may
20 be waived, transferred, or sold, prepayment rights with respect to,
21 the purchase price of, and the type of funds for settlement of
22 obligations.

23 (b) Determine which, if any, letter of credit, line of credit,
24 standby note or bond purchase agreement, bond insurance, or other
25 agreement providing security or liquidity for obligations of the
26 building authority, approved by the board, provides a cost savings
27 and should be entered into in connection with the issuance of the
28 obligations of the building authority.

29 (c) Take any other action on behalf of the board within

1 limitations established by the board as the board considers
2 necessary in connection with the issuance of obligations of the
3 building authority.

4 (11) To the extent provided by resolution of the board,
5 principal of, and interest and redemption premiums on, revenue
6 obligations issued for the purpose of paying all or part of the
7 cost of the facilities must be secured by and payable only from 1
8 or more of the following sources:

9 (a) The true rental derived from the facilities constructed or
10 acquired with the proceeds of the revenue obligations.

11 (b) The proceeds of revenue obligations.

12 (c) The reserve, if any, established for the payment of
13 principal of, or interest or redemption premiums on, the
14 obligations.

15 (d) The proceeds of insurance, a letter of credit, or a line
16 of credit acquired as security for the revenue obligations.

17 (e) The proceeds of obligations issued to refund the revenue
18 obligations.

19 (f) The proceeds of the foreclosure or enforcement of a
20 mortgage, security interest, or deed of trust on the facilities
21 financed by the revenue obligations granted by the authority as
22 security for the revenue obligations.

23 (g) Other funds of the authority not previously pledged for
24 other obligations of the authority, including funds of the
25 authority derived from rentals and other revenues, investment
26 income or profit, or funds or accounts relating to other
27 facilities, and payments received pursuant to an agreement to
28 manage payment, revenue, or interest rate exposure as provided in
29 subsection (26).

1 (h) Investment earnings and profits on any or all of the
2 sources described in subdivisions (a) to (g).

3 (12) To the extent provided by resolution of the board,
4 principal of, and interest and redemption premiums on, refunding
5 revenue obligations must be secured by and payable only from 1 or
6 more of the following sources:

7 (a) The true rental derived from the facilities constructed or
8 acquired with the proceeds of the obligations being refunded.

9 (b) The proceeds of the refunding obligations.

10 (c) The reserve, if any, established for the payment of the
11 principal of, or interest and redemption premiums on, the refunding
12 obligations or the obligations to be refunded.

13 (d) The proceeds of insurance, a letter of credit, or a line
14 of credit acquired as security for the revenue obligations.

15 (e) The proceeds of obligations issued to refund the refunding
16 obligations.

17 (f) The proceeds of the foreclosure or enforcement of any
18 mortgage, security interest, or deed of trust on the facilities
19 financed from the proceeds of the obligations being refunded,
20 granted by the authority as security for the refunding obligations.

21 (g) Other funds of the authority not previously pledged for
22 other obligations of the authority, including other funds of the
23 authority derived from rentals and other revenues, investment
24 income or profit, or funds or accounts relating to other
25 facilities, and payments received pursuant to an agreement to
26 manage payment, revenue, or interest rate exposure as provided in
27 subsection (26).

28 (h) Investment earnings or profits on any of the sources
29 described in subdivisions (a) to (g).

(13) Obligations issued under this act may be either serial obligations or term obligations, or any combination of serial or term obligations. The obligations must mature not more than 40 years from their date, and in any event not more than 1 year from the due date of the last true rental pledged for the payment of the obligations. The obligations may bear interest at fixed or variable interest rates, or may be without stated interest, but the net interest rate or rates of interest, taking into account any discount on the sale of the obligations, must not exceed a rate permitted by the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The obligations may be sold at a discount.

(14) Except as otherwise provided in subsection (15), in the resolution or resolutions authorizing the issuance of the obligations, the board shall determine all of the following:

- (a) The principal amount of the obligations to be issued.
- (b) The registration provisions.
- (c) The date of issuance.
- (d) The obligation numbers.
- (e) The obligation denominations.
- (f) The obligation designations.
- (g) The obligation maturities.
- (h) The interest payment dates.
- (i) The paying agent or paying agents or the method of selection of the agent or agents.
- (j) The rights of prior redemption of the obligations, and the terms under which redemption rights may be waived, transferred, or sold.
- (k) The rights of the holders to require prepayment of the principal of or interest on the obligations.

1 (l) The maximum rate of interest.

2 (m) The method of execution of the obligations, and other
3 provisions respecting the obligations, the rights of the holders of
4 the obligations, the security for the obligations, and the
5 procedures for disbursement of the obligation proceeds and for the
6 investment of the proceeds of obligations and money for the payment
7 of obligations.

8 (15) Rather than making the determinations required by
9 subsection (14), the board may authorize a person identified in
10 subsection (10) to make the determinations and take the actions
11 authorized under subsection (10).

12 (16) The board in the resolution or resolutions authorizing
13 the issuance of obligations may provide for the assignment of the
14 true rental to be paid by this state under the lease or leases to 1
15 of the paying agents for the obligations or to a trustee, as
16 provided in this act, in which case this state shall pay the rental
17 to the paying agent or trustee. For the purposes and within the
18 limitations of this act, the board may by resolution covenant to
19 issue or cause to be issued, or use its best efforts to issue or
20 cause to be issued, refunding revenue obligations to refund
21 obligations issued under this act.

22 (17) The board in the resolution, or resolutions, authorizing
23 the obligations may provide for all of the following:

24 (a) The terms and conditions on which the holders of the
25 obligations, or a portion of the obligations, or a trustee for the
26 obligations, is entitled to the appointment of a receiver. The
27 receiver may do all of the following in the same manner and to the
28 same extent that the authority is so authorized:

29 (i) Enter and take possession of the facility.

1 (ii) Lease and maintain the facility.

2 (iii) Prescribe rentals.

3 (iv) Collect, receive, and apply income and revenues arising
4 after the receiver's appointment from the facility.

5 (b) The appointment of a trustee for the holders of the
6 obligations. The board may give the trustee the appropriate rights,
7 duties, remedies, and powers, with or without the execution of a
8 deed of trust or mortgage, necessary and appropriate to secure the
9 obligations. The board may also provide in the resolution or
10 resolutions authorizing the obligations that the principal of and
11 interest on any obligations issued under this act will be secured
12 by a mortgage, security interest, or deed of trust covering the
13 facility, which mortgage, security interest, or deed of trust may
14 contain covenants, agreements, and remedies to properly safeguard
15 the obligations, including the right to sell the facility on
16 foreclosure sale, if not inconsistent with this act.

17 (18) All obligations and the interest coupons, if any,
18 attached to the obligations are fully negotiable and have all of
19 the qualities incident to negotiable instruments under the uniform
20 commercial code, 1962 PA 174, MCL 440.1101 to 440.9994, subject
21 only to the provisions for registration of the obligations that
22 appear on the obligations. The obligations and interest on the
23 obligations are exempt from all taxation by this state or any of
24 its political subdivisions.

25 (19) The obligations may be sold at private or public sale
26 under the procedures and subject to the conditions prescribed by
27 resolution of the board.

28 (20) The building authority may issue additional obligations
29 of equal standing with respect to the pledge of the true rentals

1 and additional security provided pursuant to this act with
2 previously issued obligations of the building authority issued to
3 acquire or construct a facility or facilities, or to refund the
4 obligations, for the purpose of completing, or making additions,
5 improvements, or replacements to, the facility or facilities for
6 which the previous obligations of the authority were issued or to
7 refund all or part of obligations previously issued for the
8 facility or facilities, under the terms and conditions provided in
9 the resolution or resolutions authorizing the previous issue of
10 obligations.

11 (21) The authority shall not have obligations outstanding at
12 any 1 time for any of its corporate purposes in a principal amount
13 totaling more than \$2,700,000,000.00, which limitation does not
14 include principal appreciation as provided in subsection (24) or
15 obligations or portions of obligations used to pay for any of the
16 following:

17 (a) Amounts set aside for payment of interest becoming due
18 before the collection of the first true rental available.

19 (b) Amounts set aside for a reserve for payment of principal,
20 interest, and redemption premiums.

21 (c) Costs of issuance of the obligations and the discount, if
22 any, on sale.

23 (d) The sums expected to be set aside for the purposes
24 provided in this subsection for any obligations authorized by the
25 authority but not sold. The amount set aside or expected to be set
26 aside for the purposes provided in this subsection must be
27 conclusively determined by a certificate setting forth the amounts
28 executed by the executive director of the building authority. In
29 addition, obligations issued to refund prior obligations are

1 excluded from the limitation if those prior obligations will not be
2 retired within 90 days after the date of issuance of the refunding
3 obligations. If an obligation is issued to retire a prior
4 obligation within 90 days after the date of issuance of the
5 refunding obligation, the obligation is counted against the
6 limitation when the refunded obligation is retired.

7 **(e) \$421,300,000.00 of advance refunding that was part of the**
8 **2025 revenue and refunding bonds, series I, issued by the state**
9 **building authority in June 2025.**

10 (22) The authority may apply and pledge, if not already
11 pledged, all or any unpledged part of the true rental and other
12 revenues of a facility, income and profit from the investment of
13 money pertaining to a facility, and money in a fund or account of
14 the authority pertaining to a facility to pay any of the following:

15 (a) The principal, interest, and redemption premiums on
16 revenue obligations of the authority other than those to which the
17 true rental and other revenues, investment income, or profit or
18 funds or accounts pertain.

19 (b) Amounts due under an agreement to manage payment, revenue,
20 or interest rate exposure regardless of the obligations or
21 investments to which the agreement relates.

22 (c) Part or all of the cost of additional facilities to be
23 acquired by the authority for the use of the state.

24 (23) The authority may establish a separate fund into which
25 the rental and other revenues, investment income or profit, or
26 money of the fund or account will be deposited to be used to pay
27 principal, interest, and redemption premiums on outstanding
28 obligations of the authority or to acquire facilities for the use
29 of this state. The authority shall not acquire a facility unless

1 the acquisition is approved by the state administrative board and
2 in an appropriations act. The authority may pledge any or all of
3 the true rental and other revenues, investment income or profit, or
4 money in funds or accounts to the payment of revenue obligations of
5 the authority other than those to which they pertain. If the true
6 rental and other revenues, investment income or profit, or the
7 money in funds or accounts to be applied as specified in this
8 subsection pertain to a facility leased to this state and an
9 institution of higher education pursuant to a lease executed and
10 delivered before January 1, 1983, an application or pledge of those
11 items may not be made unless approved by the institution of higher
12 education.

13 (24) If the authority issues an obligation that appreciates in
14 principal amount, the amount of principal appreciation each year on
15 that obligation, after the date of original issuance, is not
16 considered to be principal indebtedness for the purposes of the
17 limitation in subsection (21) or any other limitation. The
18 appreciation of principal after the date of original issue is
19 considered interest and must be within the interest rate
20 limitations set forth in this act.

21 (25) Of the \$2,700,000,000.00 authorized under subsection
22 (21), the joint capital outlay committee shall determine priority.

23 (26) In connection with an obligation issued previously or to
24 be issued under this act or an investment made previously or to be
25 made, the board may by resolution authorize and approve the
26 execution and delivery of an agreement to manage payment, revenue,
27 or interest rate exposure. The agreement may include, but is not
28 limited to, an interest rate exchange agreement, an agreement
29 providing for payment or receipt of money based on levels of or

1 changes in interest rates, an agreement to exchange cash flows or
2 series of payments, or an agreement providing for or incorporating
3 interest rate caps, collars, floors, or locks. Subject to a prior
4 pledge or lien created under this act, a payment to be made by the
5 building authority under an agreement described in this subsection
6 is payable, together with other obligations of the building
7 authority, from those sources described in subsections (11) and
8 (12), all with the parity or priority and on the conditions set
9 forth in the board's resolution. An agreement entered into under
10 this subsection is not a general obligation of this state or the
11 building authority, and the agreement does not count against the
12 limitation on outstanding obligations contained in subsection (21).

13 (27) The building authority may authorize by resolution a pool
14 of obligations to meet interim financing needs. A pool may be
15 issued in 1 or more series, may relate to 1 or more projects, and
16 is subject to all of the following:

17 (a) The board's resolution approving the pool must state at
18 least all of the following:

19 (i) The name or designation of the pool to distinguish it from
20 any other pool issued under this subsection.

21 (ii) The latest date by which an obligation issued under the
22 pool must mature, and projects placed in the pool remain in the
23 pool for a duration permitted under tax rules and laws. The
24 duration of the pool is the time from the date on which the pool is
25 established to the latest possible maturity date of obligations
26 issued pursuant to the pool, or sooner as provided by resolution.

27 (iii) The maximum par amount of obligations that may be
28 outstanding at any time during the duration of the pool. The
29 resolution may state the maximum par amount of obligations that may

1 be issued pursuant to the pool.

2 (iv) Other terms of the obligations as provided in subsection
3 (13) or the limits within which the chief operating officer, chief
4 staff person, or member of the board shall determine those terms as
5 provided in subsection (10).

6 (v) The security for obligations issued pursuant to the pool.

7 (vi) Other provisions, not inconsistent with the terms of this
8 act, that the board determines to be necessary or appropriate to
9 the pool.

10 (b) Proceeds of obligations issued as part of a pool
11 established under this subsection may be used for any of the
12 purposes for which revenue obligations of the building authority
13 may be used as described in subsection (3). However, an obligation
14 must not be issued with respect to a facility unless all of the
15 following are true:

16 (i) The board approves the financing of the facility pursuant
17 to the pool, which approval may be made at the same time as or
18 after the establishment of the pool.

19 (ii) The board approves the proposed form of lease for the
20 facility, which approval may be made before, at the same time as,
21 or after the establishment of the pool.

22 (iii) The state administrative board, an institution of higher
23 education, if applicable, and the legislature have approved the
24 form of the lease as required by section 7, which approval may be
25 made before, at the same time as, or after the establishment of the
26 pool.

27 (iv) The aggregate amounts of obligations issued and
28 outstanding with respect to a facility under a pool, together with
29 other obligations that may have been issued and are outstanding

1 with respect to the facility under this act do not exceed the cost
2 of the facility, including allowable interest costs, as approved by
3 the state administrative board, an institution of higher education,
4 if applicable, and the legislature.

5 (v) On or before the issuance of obligations the proceeds of
6 which are to finance the acquisition, construction, renovation, or
7 rehabilitation of the facility, the building authority and this
8 state, and, if applicable, an institution of higher education,
9 enter into the lease or an agreement to construct or acquire the
10 facility, which lease or agreement sets forth the terms and
11 conditions under which the building authority will finance the
12 construction or acquisition of the facility for lease to this state
13 or to the state and any applicable institution of higher education.

14 (28) Bonds and notes issued under this act are not subject to
15 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
16 141.2821.

17 (29) The issuance of bonds and notes under this act is subject
18 to the agency financing reporting act, 2002 PA 470, MCL 129.171 to
19 129.177.