

**STATE BOARD OF EQUALIZATION  
FISCAL YEAR (FY) 2011-12  
PROPOSAL No. XX**

**TITLE OF PROPOSED CHANGE:**

**Board of Equalization (BOE) Headquarters Rent Increase - Placeholder**

**SUMMARY OF PROPOSED CHANGES:**

This proposal serves as a BCP placeholder in the event the State Treasurer's Office sells bonds to pay off the Pooled Money Investment Board loan on the Headquarters building. If bonds are sold as anticipated during the fall of 2010, the rental rates on the BOE Headquarters building will increase accordingly to pay for the increased financing costs.

As of November 2009, the total outstanding loan of the Headquarters building was \$90.8 million, which includes \$9.8 million in accrued interest. Based on this loan balance the Headquarters annual rent amount imposed and estimated by the Department of General Services (DGS) is expected to increase by \$2,336,000 beginning FY 2010-11. As a result, it is critical that BOE receive an ongoing baseline budget augmentation allocated as follows: \$1,228,000 General Fund; \$486,000 Special Funds; and, \$622,000 Reimbursements beginning in fiscal year 2011-12. In the event that the pay off amount differs the augmentation required will be adjusted accordingly. Any partial bond payments in FY 2010-11 will be absorbed with existing budgeted funds.

Summary of BOE Headquarters Annualized Rent

	FY 2011-12 and Ongoing
Current Funding for Rent	\$10,561,000
Estimated Rent Increase <i>a/</i>	\$2,336,000
Revised FY 2010-11 and Ongoing Rent <i>a/</i>	\$12,897,000

*a/* Estimate provided by DGS and is subject to change.