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BILL ANALYSIS

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House Bill 4352

Sponsor: Representative Marvin L. Knight

House Committee: Appropriations

Senate Committee: State Affairs, Tourism and Transportation

Date Completed: 2-22-88

SUMMARY OF HOUSE BILL 4352 as passed by the House:

The bill would create a new act to authorize the State Administrative Board to convey the Muskegon Armory now under the jurisdiction of the Department of Military Affairs in the City of Muskegon to the highest bidder for fair market value. Revenue from the sale would have to be credited to the General Fund. The fair market value of the property would have to be determined by an appraisal based on the property's highest and best use, as prepared by the State Tax Commission.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill would have indeterminate fiscal implications for the State in FY 1987-88 for the following reasons. First, there could be an indeterminate expenditure decrease if the property were conveyed to the City of Muskegon because the State would no longer be responsible for maintenance and utility costs for the armory. Second, there could be an indeterminate revenue increase or decrease depending on the conditions of the sale. The current appraised value of the armory and the land is \$27,500. The appraised value of the real estate without the armory, however, is \$70,000. It would appear that the State would benefit more from the sale if the armory building were demolished, except that the costs of the demolition have been estimated between \$200,000 and \$250,000. If the State chose not to sell the property, it would have to invest about \$400,000 in improvements to bring the building into compliance with building code standards. (The building has already been condemned by the city.) Further, if the State elected to refurbish the armory, it would be required by a resolution of the city to provide adequate parking within 300 feet of the building. Currently there is not adequate parking available within the distance required by the city's resolution.

Fiscal Analyst: B. Burghardt

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