



**House
Legislative
Analysis
Section**

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THE APPARENT PROBLEM:

In 1983, a sewer line collapsed on 15 Mile Road in the City of Fraser, Macomb County. Under the Emergency Preparedness Act (Public Act 390 of 1976), the state, in conjunction with the City of Detroit, purchased three parcels of land, consisting of some 18.5 acres, to store heavy equipment and crushed interceptor supplies. The purchase price of one section of the property, consisting of two of the parcels, was \$243,000, with the city paying 50.5 percent of that amount and the state 49.5 percent; the purchase price of the third parcel was \$113,000, with the city paying 37 percent. Reportedly, it was agreed at the time that the properties would be sold for fair market value when the sewer project was completed, and that the proceeds of the sale would be divided between the city and the state in proportion to their contributions toward the purchase price.

The city's Water and Sewage Department has completed the sewer project and the land can now be sold. Some feel, however, that selling the property would not be consistent with past land transfer policy, by which state land that is to be used for a public purpose is conveyed to the local government, rather than sold. Since the first section of this property will be used for a public purpose (part of the property will be used for a recycling station, the rest for a public park), legislation is needed to convey it to the City of Fraser. The other section will not be used for a public purpose; legislation is needed to effect the sale of this property.

THE CONTENT OF THE BILL:

The bills would authorize the state administrative board to convey to the City of Fraser in Macomb County two parcels of state land now under the jurisdiction of the Department of Management and Budget and to sell a third parcel at market value. The properties would each be conveyed by quitclaim deed, with the state reserving all coal, oil, gas, and other mineral rights.

House Bill 4240 would convey to the City of Fraser, for the consideration of \$1, two parcels of land in the city, containing 6.107 acres and 7.107 acres, respectively. The conveyance would specify that the property be used only for public purposes, and that the park located on the property be open to all residents of the state on the same terms, fees, and conditions. Upon termination of that use, or if used for any other purpose, title to the properties would revert back to the state, which would assume no liability for any improvements made. (Note: Since only part of this section of property will be used as a park, amendatory language would be needed to reflect this.)

House Bill 4241 would convey to the highest bidder a parcel of land at the corner of 15 Mile and Hayes Road in Clinton Township, Macomb County. The property would be appraised based on its highest and best use, as prepared by the state tax commission, and conveyed for fair market value. The conveyance would reserve a non-exclusive

FRASER, CLINTON TOWNSHIP CONVEYANCES

House Bill 4240 (Substitute H-1)
House Bill 4241 as introduced
First Analysis (4-4-89)

Sponsor: Rep. Sharon Gire
Committee: State Affairs

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easement over the property's easterly 62 feet for the installation of underground utility lines and for vehicle and pedestrian use, and would be subject to all easements, restrictions, or encumbrances of records. Thirty-seven percent of the revenue received would be appropriated to the City of Detroit; the remainder credited to the general fund.

FISCAL IMPLICATIONS:

According to the Department of Management and Budget, House Bill 4241 would result in a sale of property appraised at \$150,000. House Bill 4240, as originally introduced, would have resulted in a sale of property worth \$300,000, the proceeds to be split with the City of Detroit. However, the committee substitute provides for the conveyance of the property to the City of Fraser for \$1 only.

ARGUMENTS:

For:

The bills would authorize the sale and conveyance of property for which the state has no further use.

Against:

The state and the City of Detroit entered into an agreement when they purchased the properties in 1983 under which the properties would be sold for fair market value and each would receive a part of the sales price in proportion to their contribution. By conveying part of the property to Fraser, the bill would break the state's part of that contract.

Response: The agreement was an understanding, not a formal contract, and specified that the proceeds of the sale of the property would be divided IF the property were sold for fair market value. Since the property is to be used for public purposes, however, state policy requires that it be conveyed for \$1. In any case, the City of Detroit raised its user fees after the purchase and recouped some of the costs of the purchase.

POSITIONS:

The Department of Management and Budget supports the bills. (3-27-89)

The City of Fraser supports the bills. (3-27-89)