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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 282 (as passed by the Senate)
Sponsor: Senator Mitch Irwin
Committee: State Affairs, Tourism, and Transportation

Date Completed: 6-22-89

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RATIONALE

O-C-T Oil, Inc. has been leasing a portion of abandoned C & O railroad property currently under the jurisdiction of the Department of Mental Health for use as parking lots. The property, which is about the size of three small city lots, is part of a railroad right-of-way leading to the Traverse City psychiatric hospital and is adjacent to property owned by the oil company. Since the Department of Mental Health has no current use for the property, it has been proposed that the parcel simply be conveyed to the oil company.

CONTENT

The bill would authorize the State Administrative Board to convey to O-C-T Oil, Inc. a portion of abandoned C & O railroad property that is a right-of-way leading to Traverse City psychiatric hospital and that currently is under the jurisdiction of the Department of Mental Health. The property would be conveyed for not less than its fair market value which would be determined by an appraisal based on the property's highest and best use, as prepared by the State Tax Commission. The conveyance would be by quitclaim deed with the State reserving all rights to coal, oil, gas, and other materials, excluding sand, gravel, clay, and other nonmetallic minerals found on, within, or under the conveyed lands. Revenue from the conveyance would be deposited in the State Treasury and credited to the General Fund.

FISCAL IMPACT

The conveyance of this State-owned property

should result in a one-time increase in revenue to the State General Fund of approximately \$55,000 assuming the monies received from the conveyance were equal to the current appraised value. Furthermore, if it is assumed that the property would no longer be tax-exempt, the local unit of government would benefit annually from revenue generated by property taxes based on the application of local millage rates to the land value established by the local assessor.

ARGUMENTS**Supporting Argument**

The bill would authorize the conveyance to O-C-T Oil, Inc. of abandoned property that the company has been using for parking purposes.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

S.B. 282 (6-22-89)