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BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

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Senate Bill 457 (as passed by the Senate)
Sponsor: Senator Virgil C. Smith, Jr.
Committee: State Affairs, Tourism, and Transportation

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Date Completed: 1-16-90

RATIONALE

The Department of Corrections currently has jurisdiction over a .741-acre parcel of vacant land next to the Detroit Regional Correctional Facilities that no longer is of any developmental use for the Department. (The parcel was part of the 92 acres of land purchased from Chrysler and Conrail by the State as a site for the correctional facilities.) The Nevada Equipment Company, which is located adjacent to the parcel, would like to expand its facilities and has offered to purchase the property. The property cannot be conveyed, however, without authorizing legislation.

CONTENT

The bill would authorize the State administrative board to convey to Nevada Equipment, Inc. for at least fair market value property that is now under the jurisdiction of the Department of Corrections and located adjacent to the Detroit Regional Correctional Facilities in Detroit. The fair market value would have to be determined by an appraisal based on the property's highest and best use, as prepared by an independent appraiser and reviewed by an independent review appraiser. The conveyance would have to be by quitclaim deed approved by the Attorney General and reserve to the State all rights to coal, oil, gas, and other materials, excluding sand, gravel, clay, or other nonmetallic minerals found on or under the conveyed land. The revenue from the conveyance would have to be credited to the State's General Fund.

FISCAL IMPACT

Pursuant to agreements between the City of Detroit and the Department of Corrections when the sites for the Detroit Regional Prisons were selected, this legislation would convey property to the Nevada Equipment Company, adjacent to the sites, for expansion. The Nevada Equipment Company would remit the fair market value of approximately \$16,139 to the State for the property. The property, which is not needed for development of the correctional facilities, was purchased for approximately the same amount.

ARGUMENTS**Supporting Argument**

The bill would help enable a company to expand its operations, allow the State to recoup the price it paid for the land originally, and return a currently vacant and unused parcel of land to the tax rolls.

Legislative Analyst: L. Burghardt
Fiscal Analyst: R. Abent

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S.B. 457 (1-16-90)