



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 817 (as enrolled)
Sponsor: Senator Leon Stille
Senate Committee: Local, Urban and State Affairs
House Committee: Regulatory Affairs

PUBLIC ACT 348 of 1996

Date Completed: 8-6-96

CONTENT

The bill permits the State Administrative Board, on behalf of the State, to convey for consideration of at least fair market value, or for less than fair market value if the property is to be used for public purposes, all or any portion of property under the jurisdiction of the Department of Mental Health, located in the City of Muskegon, and described as the Muskegon Regional Center for Developmental Disabilities.

The fair market value of the property must be determined by an appraisal based on the property's highest and best use, as prepared by the State Tax Commission or an independent fee appraiser. Any conveyance of the property for less than fair market value must provide for the following:

- That the property is to be used exclusively for public purposes and that upon termination of that use or use for any other purpose, the State may reenter and repossess the property, terminating the grantee's estate in the property.
- That if the grantee disputes the State's exercise of its right of reentry and fails promptly to deliver possession of the property to the State, the Attorney General, on behalf of the State, may bring an action to quiet title to, and regain possession of, the property.

A conveyance for less than fair market value also must provide that, notwithstanding the condition that the property be used exclusively for public purposes, Muskegon County may exchange the property for other land comparable in value to be conveyed to the county; the land accepted for exchange will be subject to the same use condition and right of reentry as the property conveyed under the bill. Any proposed exchange is subject to, and contingent upon, approval by the Director of the Department of Management and Budget (DMB) and the State Administrative Board. As part of the approval process, the county must satisfy that the value of the land is comparable, marketable title to the land offered in exchange will be received, and the county will execute and deliver or cause to be executed and delivered to the State an instrument or instruments that will subject the land offered in exchange to the same use condition and right of reentry as the land conveyed under the bill. All instruments effectuating such an exchange must be in recordable form and be subject to approval by the Director of the DMB, the State Administrative Board, and the Attorney General. If the DMB Director and the State Administrative Board approve any proposed exchange, they are authorized to execute an instrument to discharge and release the use condition and right of reentry. The form of the instrument must be approved by the Attorney General.

The revenue received under the bill must be deposited in the State Treasury and credited to the General Fund.

The conveyance must be by quitclaim deed approved by the Attorney General and must reserve to the State all rights to coal, oil, gas, and other materials, excluding sand, gravel, clay, or other nonmetallic minerals found on, within, or under the conveyed lands.

Legislative Analyst: G. Towne

FISCAL IMPACT

The conveyance will allow a fair market value sale or less than fair market value sale if for a public purpose, of the Muskegon Regional Center for Developmental Disabilities. The facility includes approximately 40 acres and several structures. The facility was closed in 1993 and is currently maintained by the Department of Mental Health at a cost of approximately \$500,000 annually. The State will realize a one-time indeterminate revenue from the sale.

The Department of Management and Budget Real Estate Division received an appraisal of the facility but has indicated that it is the policy of the Department not to release appraisal findings for the purposes of legislative deliberations. The Muskegon City Assessors Office has indicated that it does not have an appraised value on file for the property because the property is currently owned by the State. If the conveyance is approved, and the property is sold, the Department of Mental Health will realize savings of approximately \$500,000 annually.

Fiscal Analyst: R. Abent

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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.