



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 817 (as introduced 1-23-96)
Sponsor: Senator Leon Stille
Committee: Local, Urban and State Affairs

Date Completed: 5-15-96

CONTENT

The bill would permit 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 were to be used for public purposes, all or any portion of property currently 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 would have to 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 would have to provide for both of the following:

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

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

The conveyance would have to be by quitclaim deed approved by the Attorney General and would have to 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: L. Arasim

FISCAL IMPACT

The proposed conveyance would 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 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 were approved, and the property were sold, the Department of Mental Health would realize savings of approximately \$500,000 annually.

The State would realize a one-time indeterminate revenue from the sale.

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.