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SFA**BILL ANALYSIS**

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Senate Bill 481 (as enrolled)
Sponsor: Senator Joe Conroy
Senate Committee: Local, Urban and State Affairs
House Committee: Regulatory Affairs

PUBLIC ACT 174 of 1997

Date Completed: 4-6-98

CONTENT

The bill authorizes the State Administrative Board to convey property to the City of Flint, and authorizes the Department of Management and Budget (DMB) to sell property located in the City of Lincoln Park and property located in the City of Lansing. The bill also authorizes the DMB to purchase radio tower sites for the State Police public safety communications system, and allows the sale of excess land or timber.

Flint Conveyance

The State Administrative Board may convey to Flint, for \$1, parcels of property under the jurisdiction of the Department of Education and known as Broome Park, Soap Box Derby, and Happy Hollow, which lie south of the Michigan School for the Blind main campus's southern fence line.

The conveyance must require the property to be used exclusively for public park and recreation purposes, and provide 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 it. The conveyance also must provide that if the grantee disputes the State's exercise of its right of reentry and fails to deliver possession of the property promptly to the State, the Attorney General may bring an action to quiet title to the property and regain possession of it.

Further, the conveyance must provide that if any fee, term, or condition is imposed on members of the public for recreational use of the property, all resident and nonresident members of the public must be subject to the same fees, terms, and conditions, although the grantee may waive daily fees or waive fees for the use of specific areas or facilities.

The conveyance must be by quitclaim deed approved by the Attorney General. It may not reserve the mineral rights to the State, although the conveyance must provide that if the grantee derives any revenue from the development of any minerals found on, within, or under the property, the grantee must pay half of that revenue to the State, for deposit in the State General Fund.

Lincoln Park and Lansing Conveyances

Subject to the approval of the State Administrative Board, the DMB Director may convey all or a portion of certain property under the jurisdiction of the Department of Consumer and Industry Services (DCIS) and located in the Lincoln Park, Wayne County; and all or a portion of property under the jurisdiction of the DMB and located in Lansing, Ingham County, commonly known as the Hosmer Street warehouse. The conveyances must be for at least fair market value or, subject to conditions described below, less than fair market value. The fair market value 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.

Before offering either piece of property for public sale, the DMB Director first must offer it for sale for fair market value to the local units of government in which the property is located. If the property is not sold to the local units and fails to sell at public sale for fair market value, the Director may do any of the following:

- Order a reappraisal of the property.
- Withdraw the property from sale.
- Determine that the property should be sold for less than fair market value because continuing to hold and maintain it is not in the State's best interest.

Any conveyance for less than fair market value must require the property to be used exclusively for public purposes, and provide 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 it. The conveyance must provide that if any fee, term, or condition is imposed on members of the public for recreational use of the property, all resident and nonresident members of the public must be subject to the same fees, terms, and conditions, although the grantee may waive daily fees or waive fees for the use of specific areas or facilities.

A conveyance for less than fair market value also must provide that if the grantee disputes the State's exercise of its rights of reentry and fails to deliver possession promptly to the State, the Attorney General may bring an action to quiet title to the property and regain possession of it.

Both conveyances must be by quitclaim deed approved by the Attorney General. The State may not reserve the mineral rights to the land. The revenue received under these provisions must be deposited in the State Treasury and credited to the General Fund.

Radio Tower Sites

The bill allows the DMB to purchase radio tower sites for the Department of State Police public safety communications system. If the State Police land for the previous communications system or land that is purchased for the new system, or timber on the land, exceeds the radio tower needs, the excess may be sold for at least fair market value based on appraisals, unless otherwise approved by the Joint Capital Outlay Committee. Any authority conferred by this provision on the Department of State Police to sell excess land will expire seven years after the bill's effective date (December 30, 1997).

The State must convey title to the property sold under this provision by quitclaim deed approved by the Attorney General. The revenue from the sale of property must be considered reimbursement of project expenditures and be available to be spent for purposes of the State Police public safety communications system.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The property in Flint comprises approximately 16 acres properly part of the Michigan School for the Deaf and Blind. The property has been leased by the State to the City of Flint for recreation purposes since 1948 for an annual charge of \$1. The lease expired in December 1997.

To the degree that the property is already operated and maintained by the city as a park, conveyance of the property will have no substantive fiscal impact on the State or local unit of government. In the event that the development of minerals is obtained from the described land, the State will receive half of any revenue from that development.

The sale of the Lincoln Park liquor warehouse (the parcel under the jurisdiction of the DCIS) could result in increased revenue for the State. According to the Real Estate Division in the Department of Management and Budget, a 1994 appraisal estimated the property's value at \$4.3 million.

The value on the Hosmer Street warehouse in Lansing is currently not known since no appraisal of that property exists. The property, however, reportedly will need significant renovation in order to be brought into useable condition.

The Department of State Police estimates the potential value of surplus property available from the new 800 megahertz radio system at approximately \$363,000. This represents several surplus parcels ranging in size from six to 40 acres. The Department expects to spend nearly \$1.2 million in total for land acquisition for the radio system project.

Fiscal Analyst: M. Hansen