

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

**SFA****BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 842 (as introduced 1-14-98)  
Sponsor: Senator Bill Schuette  
Committee: Local, Urban and State Affairs

Date Completed: 4-15-98

### **CONTENT**

The bill would authorize the Department of Natural Resources (DNR) to convey for \$1 to Garfield Township, in Clare County, property located in the township that is under the DNR's jurisdiction.

The conveyance 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 township disputed the State's exercise of its right of reentry and failed to deliver promptly possession 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 conveyance would have to be by quitclaim deed approved by the Attorney General and would have to convey all rights held by the State to coal, oil, gas, and other minerals, excluding sand, gravel, clay or other nonmetallic minerals found on or under the conveyed property.

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

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

#### **State Impact**

The bill could have an indeterminate fiscal impact on State government for the following two principal reasons:

1) **Opportunity Costs of the \$1 Conveyance** - The bill would allow the described 60-acre parcel to be conveyed from the State to Garfield Township for \$1. To the extent that the State could realize additional revenue from the sale of the property at fair market value, the State would in effect lose the opportunity to realize additional revenue if it were to sell the property for \$1. While a current independent appraisal of the property's value does not exist, estimates provided by the Department of Natural Resources indicate an approximate value of \$1,000 per acre, or \$60,000 for the entire parcel. The opportunity cost, then, would be \$59,999.

In addition, given that the property was originally purchased with Game and Fish Fund revenue, there could be a potential conflict with the Game and Fish Fund statute, which would likely require the return to the Fund of the fair market value of sold property that had been purchased with Game

and Fish Fund monies.

Finally, given that the 60-acre parcel described in the bill is part of a larger existing parcel of State forest property that is currently being used as a recreational hunting and fishing area, the value of the remaining larger parcel could be negatively affected by the sale of a 60-acre portion of that property, especially if that 60-acre parcel were used for purposes other than recreation, hunting, and fishing.

**2) Potential Loss of Federal Funds** - According to information provided by the Department of Natural Resources, the property in question was originally purchased with Game and Fish Fund revenue in 1952. The Game and Fish Fund receives its revenue from the sale of hunting and fishing licenses. Given that 16 USC 669, et seq., commonly known as the Federal Aid in Wildlife Restoration Act, conditions eligibility for Federal wildlife protection funds on the prohibition against diverting license fee revenues for any purposes other than the administration of the State fish and wildlife agency, it may be determined that the sale of this property would result in the loss of Federal revenues. The Federal law (16 USC 669) states in part:

...no money apportioned under this Act to any State shall be expended therein until its legislature, or other State agency authorized by the State constitution to make laws governing the conservation of wildlife, shall have assented to the provisions of this Act and shall have passed laws for the conservation of wildlife which shall include a prohibition against the diversion of license fees paid by hunters for any other purpose than the administration of said State fish and game department...[emphasis added].

If the conveyance of the property to a local unit of government were viewed by the Federal regulatory agency (U.S. Fish and Wildlife Service) to be a diversion of license fees, then the estimated \$14.0 million in annual Federal funds received by the State pursuant to 16 USC 669 et seq. and 16 USC 777 et seq. (Federal Aid in Sport Fish Restoration Act) could be jeopardized.

### Local Impact

The fiscal impact on local government could be a cost savings for Garfield Township. In the event that the land described in the bill were in fact conveyed to the township for \$1, the township would acquire this property (in which it has expressed interest) for \$1, rather than the \$60,000 that the property is estimated to be worth. In addition, the acquisition of the property would allow the township to continue, and possibly expand, its current use as a transfer station.

Fiscal Analyst: M. Hansen

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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.