

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 5069 (Substitute S-1 as reported)  
Sponsor: Representative Lynne Martinez  
House Committee: Regulatory Affairs  
Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 9-23-98

## **RATIONALE**

The Boys Training School in Lansing was closed in 1972. A major portion of the land and buildings was sold to the Lansing School District in 1975, and the remaining property and buildings were declared as surplus State property by the Department of Management and Budget in 1986. Some people believe that a vacant parcel of land of approximately 23.5 acres on the former Boys Training School property, should be conveyed to the City of Lansing to use. The parcel is located southeast of the corner of Pennsylvania Avenue and Orchard Street, and extends east and north to Saginaw Street in the City of Lansing. The property is surrounded by residential neighborhoods to the west and north, the Catholic Central School to the east, and Lansing School District property to the south. The land has been used for community gardens and city baseball diamonds.

## **CONTENT**

The bill would allow the State Administrative Board to convey all or a portion of real property, currently under the jurisdiction of the Department of Management and Budget and located in Lansing, Ingham County, to the City of Lansing.

The city would have an exclusive right for 12 months after the bill's effective date, to purchase the property for \$1 if it were used for public purposes, and for fair market value if it were used for nonpublic purposes, or an adjusted price if portions of the property were used for public and nonpublic use. If the property were not sold to the city within 12 months, the Director of the Department would have to offer the property for sale on the open market for fair market value or by broker contract. If the property were still not sold, the Director and the State Administrative Board could order a reappraisal of the property; withdraw the property from sale; or offer the property for sale

at less than fair market value. Any conveyance of the property for less than fair market value would have to require the property to be used exclusively for public purposes.

The bill also specifies that the conveyance would not reserve the mineral rights to the State, but it would have to provide that if the grantee derived any revenue from the development of minerals found on, within, or under the property, the grantee would have to pay one half of that revenue to the State, for deposit in the State's General Fund.

The net revenue received from the conveyance would have to be deposited in the State Treasury and credited to the General Fund. ("Net revenue" would mean the proceeds from the sale of the property described in the bill less reimbursement for any costs to the State associated with the sale.)

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

Reportedly, the City of Lansing has indicated its desire to develop the conveyed land for public purpose use. If it were decided, however, that public use was not possible for all portions of the conveyed property, the bill would provide the flexibility for the City to sell or develop a portion of the conveyed property for nonpublic use and reimburse the State the fair market value of that portion of the property.

In addition, according to the Department, the conveyance of the surplus property would allow the State to eliminate any future liability related to the maintenance of the property.

Legislative Analyst: N. Nagata

**FISCAL IMPACT**

The bill would result in additional revenue to the State, which would depend on the actual sale price of the 23.5 acres. No current appraisal of the property presently exists. The State also would realize savings from no longer having to maintain the property.

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.