
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5069 (Substitute H-2 as passed by the House)

Sponsor: Representative Lynne Martinez

House Committee: Regulatory Affairs

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 7-1-98

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 property would have to be sold for at least fair market value, except as provided below. If the property were not sold within 12 months after the bill's effective date, 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 determine that the property should be sold for less than fair market value, because it was not in the best interest of the State to continue to hold and maintain the property. (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 require the property to be used exclusively for public purposes, and provide that if any recreational fees, terms, or conditions were imposed on members of the public to use the property, all resident or nonresident members of the public would be subject to the same fees, terms, and conditions, except that the grantee could waive daily fees or wave fees for the use of specific areas or facilities. The conveyance also would have to provide that the State could reenter and repossess the property upon termination of that use or use for any other purpose. Further, if the city disputed the State's rights of reentry and failed to deliver possession of the property, the Attorney General could bring an action to quiet title to, and regain possession of the property.

The bill specifies that the conveyance would have to be by quitclaim deed approved by the Attorney General. The conveyance would not reserve the mineral rights to the State, but the conveyance 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.)

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. The State also would realize savings from no longer having to maintain the property.

Fiscal Analyst: B. Bowerman

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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.