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

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Senate Bill 457 (as introduced 3-23-99)  
Sponsor: Senator Leon Stille  
Committee: Local, Urban and State Affairs

Date Completed: 5-4-99

### **CONTENT**

The bill would authorize the Department of Natural Resources, on behalf of the State, to convey to Muskegon Charter Township, in Muskegon County, a 66-foot roadway easement (described in the bill as Parcel "A" and Parcel "B") in order to extend Becker Road easterly from Sheridan Drive in the township.

The township would have to pay for the easement a consideration that was equal to the fair market value of the property within the easement's boundaries. Fair market value would have to be determined according to an assessment by the State Tax Commission issued in 1999 and forwarded to the township. Revenue received from the conveyance would have to be deposited in the State Treasury and credited to the General Fund.

The conveyance would have to be by instrument prepared and approved by the Attorney General.

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

The bill would result in a payment from a local unit of government to the State for an easement. The value of the conveyance transaction has not yet been determined.

According to the bill, the State would receive fair market value of the described easement from the charter township of Muskegon. A 1998 assessment of a 275-acre parcel containing the proposed easement, stated a value of \$93,600 for the entire parcel. If one used a straight proportional value computation for the approximate 4.7-acre easement, the value of the easement would be approximately \$1,600.

The Department of Natural Resources claims that according to case law, fair market value of easements should be determined based on the value of the legal easement, and not on the assessed value of land surrounding the parcel containing the easement. Accordingly, the Department has developed an easement schedule to determine the value of easements. According to this schedule, the value of the easement is approximately \$14,000.

While the bill would require the revenue received from the conveyance to be credited to the General Fund, if the property were originally purchased with Game and Fish Fund revenue, State law and Federal regulations may require the fair market value of the revenue received from the sale of assets to be credited back to the Game and Fish Fund.

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.