

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 540 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Joel D. Gougeon
Committee: Local, Urban and State Affairs

Date Completed: 6-10-02

RATIONALE

The Macomb-Oakland Regional Center was first established in 1972 as an agency of the Michigan Department of Mental Health to house people with disabilities. It is no longer a State agency, but is currently a nonprofit human services agency serving over 4,500 adults and children with developmental, physical, or psychiatric disabilities. Most of the clients depend on public resources, such as Medicaid, to manage the cost of their health care. The center provides support to living and group home facilities within a community setting, promotes specialized foster and adoptive care, and encourages and teaches people to live self-directed lives. It also provides comprehensive outpatient rehabilitative services such as physical and occupational therapy, individual and group counseling, speech and language therapy, aquatic therapy, and psychological assessments at a nonresidential facility in Clinton Township.

Apparently, the Macomb-Oakland Regional Center has expressed interest in acquiring a parcel of property currently under the jurisdiction of the Department of Community Health, to improve and expand its nonresident outpatient facilities. Since the Department has declared the estimated 26-acre property as surplus, it has been suggested that the parcel be conveyed to the center for at least fair market value.

CONTENT

The bill would authorize the State Administrative Board, on behalf of the State, to convey for at least fair market value, property under the jurisdiction of the Department of Community Health located in Macomb County, as described in the bill, for

the purpose of providing outpatient services to indigent individuals (as described below). The fair market value would have to be determined by an appraisal based on using the property to provide services to the mentally ill or developmentally disabled citizens. The Board could convey all or a portion of the property, which contains approximately 26 acres.

The deed conveying the property would have to require it to be used exclusively for providing outpatient services to indigent persons requiring community health services due to mental illness, aging, substance abuse, or developmental disability, for 50 years after the date of the conveyance. The deed would have to provide that upon termination of that use or use for any other purpose during that period, the State could reenter and repossess the property, terminating the grantee's estate in it. In addition, the deed would have to provide that if the grantee disputed the State's right of reentry and failed to deliver promptly possession of the property to the State, the Attorney General could bring an action to quiet title to, and regain possession of, the property.

The conveyance would be subject to any easements, rights-of-way, or restrictions, if any, and restrictions and easements determined by the Director of the Department of Management and Budget and approved by the State Administrative Board as necessary for the development of the property.

The conveyance would have to be by quitclaim deed approved by the Attorney General and could not reserve mineral rights to the State. The conveyance, however, would have to provide that if the purchaser or any grantee

developed any minerals on or under the property, the purchaser or any grantee would have to pay the State half of that revenue, for deposit in the State General Fund.

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

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

Since the Department of Community Health has declared the parcel of property as surplus, it would be reasonable and practical to convey the land for at least fair market value to the Macomb-Oakland Regional Center, which is interested in making good use of the property. The Macomb-Oakland Regional Center could expand and improve its nonresidential facilities to continue to provide diagnostic, therapeutic, and restorative services to individuals who are mentally ill, elderly, developmentally disabled, or suffering from substance abuse.

Legislative Analyst: Nobuko Nagata

FISCAL IMPACT

According to information provided by the Department of Management and Budget, the appraised value of the property described in the bill is approximately \$3.0 million. Given that the bill would require any consideration for the conveyance of the property to be at fair market value as determined by an appraiser, the State could realize a one-time revenue increase of approximately \$3.0 million, less costs associated with the sale, if the conveyance as authorized in the bill were to occur.

Fiscal Analyst: Mike 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.