

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

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

### **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 services to the mentally ill or developmentally disabled citizens. The fair market value would have to be determined by an appraisal based on that use. 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 the property 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, and 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 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.)

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.

Date Completed: 5-13-02

Fiscal Analyst: Mike Hansen