

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 616 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Philip E. Hoffman
Committee: Local, Urban and State Affairs

Date Completed: 10-15-02

RATIONALE

There is a parcel of State-owned property in Jackson County currently under the jurisdiction of the Department of Corrections. It has been suggested that provisions be made to sell this property for use in establishing the Enterprise Park, a 1,000-plus acre industrial development park that is being proposed by Blackman and Leoni Townships.

CONTENT

The bill would allow the State Administrative Board, on behalf of the State, to convey for at least fair market value, certain State-owned property located in Blackman Township, Jackson County.

The conveyance would have to provide that the property was to be used by the grantee for an industrial park with adjacent wetlands, in conjunction with the enterprise park proposed industrial development plan and the resolutions of support for that plan from Blackman Township.

The sale of the property would have to be conducted to realize the highest price for the sale and the highest return to the State. The sale would have to be done in an open manner using one or more of the following: a competitive seal bid, oral bid, public auction, and/or use of broker services.

Broker services could be used only if there were three or more bidders for this property. The minimum selling price would have to be the higher value of either its fair market value or the result of a professional concept plan value as determined by a real estate professional qualified to make such valuations. This real estate professional would have to be

selected through a request for proposal and competitive bid process.

A notice of a sealed or oral bid, public auction sale, or use of broker services, describing the general location of the property and the date, time, and place of the sale, would have to be published at least once, not less than 10 days before the sale. The notice would have to be published in a newspaper published in the county where the property was located or, if no paper were published in that county, in the nearest county.

The conveyance would have to be by quitclaim deed approved by the Attorney General. The fair market value of the property would have to be determined by an appraisal prepared by the State Tax Commission or an independent fee appraiser.

The net revenue from the sale would have to be deposited in the State Treasury and credited to the State General Fund.

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

The conveyance could generate revenue for the State, depending upon the parcel's market value. More importantly, the conveyed land would be used to help establish an industrial park, which is estimated to generate over 13,000 new base manufacturing jobs in the region and add over \$150 million in new industrial investment to the local tax base. The property has been identified as an ideal location for the proposed development given

its proximity to major Midwestern markets, easy access to highways, and the availability of infrastructure near the proposed industrial park.

Response: The Department of Corrections has expressed some concerns regarding the proposed conveyance. The property is adjacent to the State prison and provides a buffer zone between the facility and the community. The Department also believes that the property should remain available for future prison uses such as expansions and renovations.

Legislative Analyst: Nobuko Nagata

FISCAL IMPACT

The bill could result in additional revenue to the State.

The bill would require that the conveyance of property authorized in the bill be for fair market value as determined by an appraiser. According to the Department of Corrections, there is no existing appraisal that would provide information about the property's value.

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.