

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 638 (as enrolled)
Sponsor: Senator Dale L. Shugars
Committee: Local, Urban and State Affairs

VETOED

Date Completed: 1-18-02

RATIONALE

Public Act 480 of 1996 authorized the Department of Community Health (DCH), on behalf of the State, to convey for \$1 to Kalamazoo Community Mental Health (CMH) Services all or any portion of certain property under the DCH's jurisdiction and located in the City of Kalamazoo. The deeded land includes several housing units for developmentally disabled, mentally ill, or at-risk families within that service area. Apparently, some private homeowners are interested in purchasing a portion of the deeded land at fair market value to create a buffer zone between their homes and the CMH housing units. As is common practice when the State conveys land, the language in the quitclaim deed included a restriction requiring the property to be used exclusively for public purposes. Kalamazoo CMH Services has requested that it be allowed to sell a portion of the land, so that it could use the proceeds of the sale to continue and improve the housing services to the developmentally disabled, mentally ill, or at-risk families within that service area. It has been suggested that Public Act 480 be amended to allow the sale.

CONTENT

The bill would amend Public Act 480 of 1996 (which made capital outlay appropriations for the 1996-97 fiscal year) to require that a quitclaim deed entered into between the State and Kalamazoo Community Mental Health Services be amended to allow Kalamazoo CMH Services to convey a portion of the property at fair market value, and require that the proceeds be used for housing services.

Specifically, the bill provides that a quitclaim deed entered into on January 26, 1998,

between the State Administrative Board and Kalamazoo CMH Services would have to be amended to allow Kalamazoo CMH Services to convey a portion of the property for fair market value without violating the restriction contained in the deed requiring the property to be used exclusively for public purposes. Kalamazoo CMH Services would have to retain the proceeds from the conveyance and could spend them only to provide housing services to the developmentally disabled, mentally ill, or at-risk families within that service area.

The fair market value 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.

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

By allowing Kalamazoo CMH Services to sell a small portion of the deeded property for fair market value, the bill would enable the organization to gain revenue from the sale to use for much-needed improvements, additions, and maintenance of its housing services. Kalamazoo CMH provides housing for the developmentally disabled, mentally ill, or at risk-families within that service area. The housing services include, among others, specialized residential, supported independent housing, and crisis residential.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State government, yet would have a fiscal impact on local government.

The parcel described in the bill was deeded by the State to Kalamazoo Community Mental Health Services for \$1 in Public Act 480 of 1996. This would allow Kalamazoo Community Mental Health Services to convey a portion of the deeded parcel at fair market value. The Senate Fiscal Agency is not aware of an existing current appraisal of the property.

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.