Legislative Analysis

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BARRY COUNTY CONVEYANCE

Senate Bill 1123 as passed by the Senate
Sponsor: Sen. Patricia L. Birkholz
Senate Committee: Appropriations
House Committee: Regulatory Reform

Complete to 9-9-04

A SUMMARY OF SENATE BILL 1123 AS PASSED BY THE SENATE

The bill would authorize the State Administrative Board to convey all or portions of two parcels of state-owned property now under the jurisdiction of the Department of Labor and Economic Growth (DLEG) located in the City of Prairieville in Barry County to the local units of government in which the property is located for less than fair market value. If a local unit of government failed to enter into a purchase agreement within 60 days after the date of offer, and complete the purchase within 120 days after the offer, the property could be offered for public sale and conveyed for not less than fair market value.

A conveyance to a local unit would have to require that the property be used exclusively for public purposes, and provide that if the property were not used for public purposes, the state could repossess the property, terminating the grantee's estate in it. If a local unit of government purchased the property, but then within one year conveyed it for other than a public purpose, the state would get 50 percent of the net profit realized from the conveyance. If the property were offered for public sale, it would have to be conducted in a manner designed to realize the highest price from the sale, or the highest value to the state, and done in an open manner using a competitive sealed bid, real estate brokerage services, and/or a public auction.

The conveyance would have to be by quitclaim deed approved by the attorney general. The state would retain rights in aboriginal antiquities, but not the mineral rights. The conveyance would have to provide that if the purchaser or any grantee developed any minerals found on, within, or under the property, the purchaser or grantee would have to pay half of the gross revenue generated from the mineral development to the state.

If the property were not conveyed to a local unit of government, and failed to sell at public sale, then the director of the Department of Management and Budget (DMB), with the concurrence of the State Administrative Board, could order a reappraisal, withdraw the property from sale, or offer the property for sale for less than fair market value.

FISCAL IMPACT:

The bill would have an indeterminate impact on state and local government. It is difficult to estimate how much the state could realize from its sale because there is no current appraisal of the property. In addition, if a local unit purchased the property, according to the bill, the sale could be for less than the appraised value. The bill could result in additional costs to DLEG as it would require the department to reimburse the DMB for costs of the sale that exceeded the sale price. Any money realized beyond the closing and transaction costs would be deposited into the state's General Fund.

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