

Legislative Analysis



St. Clair Flats Leases

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Senate Bill 670

Sponsors: Senator McManus and Senator Gilbert

Committee: Appropriations

First Analysis (January 24, 2006)

BRIEF SUMMARY: This bill would enable the Department of Environmental Quality to issue deeds for existing, developed, leased lands in the St. Clair Flats, Clay Township, St. Clair County. This bill would affect 300 leased parcels.

FISCAL IMPACT: There would be an additional administrative cost to the State of Michigan (Department of Environmental Quality). This bill could provide an average of \$8,300 from the sale of each parcel, and from fees established in this bill. The actual annual revenue would be dependent on the number of parcels sold, deeds applied for, and leases transferred, in a given fiscal year.

THE APPARENT PROBLEM: Many of the leases for properties in the St. Clair Flats were issued in 1914 for a term of 99 years. These would expire and be subject to renewal in 2013. During a lease period, the Department of Natural Resources is responsible for the management of these parcels.

THE CONTENT OF THE BILL: This bill would allow the Departments of Natural Resources and Environmental Quality to transfer ownership to current lease holders, thereby relieving themselves of property management responsibilities for these parcels. Deeds could be issued for lands that are developed with cottages, protected from erosion by seawalls, and served by local health department approved septic systems.

FISCAL INFORMATION: The Department of Environmental Quality would collect a \$500 application fee for each deed request, and \$250 for each application to transfer a lease to another person before the lease expires. These parcels are appraised as undeveloped, vacant land, pursuant to statute. Revenue from the sale of these parcels is estimated to be \$2,500,000 over the 40 year period as these leases expire. Fee revenue would be deposited into the Land and Water Management Permit Fee Fund, and would be available to cover administrative costs associated with lease renewals, lease extensions, appraisals, and other related processing costs.

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