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BILL ANALYSIS

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Senate Bill 670 (as enrolled)
Sponsor: Senator Michelle A. McManus
Senate Committee: Appropriations
House Committee: Appropriations

PUBLIC ACT 496 of 2006

Date Completed: 1-24-07

CONTENT

The bill amended Part 339 (Control of Certain State Lands) of the Natural Resources and Environmental Protection Act to do the following:

- Allow all of the unpatented overflowed land, made lands, and Lake St. Clair bottomlands belonging to or held in trust by the State to be disposed of by deed.
- Eliminate a provision authorizing the Department of Natural Resources (DNR) to lease land described above as provided in Part 339.
- Require the DNR to give a deed to the land to the leaseholder of any of the land described above (rather than specific parcels), upon application by the leaseholder.
- Prohibit the DNR from granting a deed unless the lessee of the subject property agrees to cancel the lease and relinquishes all rights under it.
- Allow a person's heirs or assigns also to apply for and be granted a deed.
- Require an application for a deed to be filed at least one year before the deed expires.
- Provide that a leaseholder who does not obtain a deed before the lease expires will be considered a trespasser against whom the Attorney General may bring an action to recover possession of the land.
- Provide that the State retains proprietary ownership in trust over the portion of the leased lot below the ordinary high-water mark of Lake St. Clair.
- Prescribe a \$500 application fee for a deed request, and a \$250 fee for the transfer of a lease from one party to another before the expiration date.
- Require the consideration received for the execution and delivery of a deed and all fees under Part 339 to be credited to the

Land and Water Management Permit Fee Fund, rather than the General Fund.

- Prohibit land leased or deeded under Part 339 that is returned to the State from being re-leased or sold by the State if it is not well maintained.

MCL 324.33901 et al.

FISCAL IMPACT

The bill will result in increased revenue to the State, and possible additional administrative and other local compliance costs for local units of government.

The Department of Environmental Quality estimates the revenue from the sale of the parcels described in the bill to be approximately \$2.5 million over 40 years as the estimated 300 current leases expire and new deeds are issued. According to the Department, the two new fees in the bill essentially will cover the administrative costs of processing and approving the deeds.

Local units of government may be required to perform additional inspection and permitting functions as current leaseholders comply with local building and health codes to upgrade their parcels before applying for deeds.

Fiscal Analyst: Bill Bowerman

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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.