



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 670 (as reported by the Committee of the Whole)

Sponsor: Senator Michelle A. McManus

Committee: Appropriations

CONTENT

The bill would amend 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 lands described above as provided in Part 339.
- Require the DNR to give a deed to the land to the leaseholder of any of the lands 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 agreed to cancel the lease and relinquished 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 expired.
- Provide that a leaseholder who did not obtain a deed before the lease expired would be considered a trespasser against whom the Attorney General could bring an action to recover possession of the land.
- Provide that the State would retain 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 under Part 339 to be credited to the Land and Water Management Permit Fee Fund, rather than the General Fund, along with all fees collected under Part 339, to cover administrative costs.
- Prohibit land leased or deeded under Part 339 that was returned to the State from being re-leased or sold by the State if it were not well maintained.

MCL 324.33901 et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would 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 would cover the administrative costs of processing and approving the deeds.

Local units of government could 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.

Date Completed: 12-7-05

Fiscal Analyst: Mike Hansen