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BILL ANALYSIS

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House Bill 5354 (Substitute H-3 as discharged)
Sponsor: Representative Michael C. Murphy
House Committee: Regulatory Reform
Senate Committee: Appropriations

CONTENT

The bill would authorize the State Administrative Board to convey the site of the former Michigan School for the Blind (approximately 35 acres), located in the City of Lansing, under the jurisdiction of the Department of Education (DOE), at fair market value, as determined by independent appraisal. The bill also would create the "Newline for the Blind Fund" within the Department of Treasury.

The Director of the Department of Management and Budget (DMB) would have to offer the property for sale first to the Mid-Michigan Leadership Academy (a nonprofit public school academy), which would have the first right to purchase the property for up to 180 days after the effective date of the bill. If the property were not sold to the Mid-Michigan Leadership Academy, the DMB would have to convey the property in a way to realize the best value to the State, by competitive bidding, public auction, use of a real estate brokerage, or offering the property for sale at fair market value to a local unit of government. If a local unit of government purchased the property, and then intended to convey it within 10 years of the conveyance from the State, the local unit would have to notify the DMB Director in writing of its intent to convey the property. The DMB would retain a first right to purchase the property within 90 days at the original sale price, plus the costs of improvements as determined by an appraiser. If the State waived its first refusal right, the local unit of government would have to pay the State 50% of the difference between the sale price of the original conveyance and the sale price of the subsequent sale to a third party.

The net revenue received from the sale of the property would be distributed as follows:

- 5% or \$50,000 (whichever was less) to the Newline for the Blind Fund;
- 5% or \$50,000 (whichever was less) to the Michigan School for the Blind Trust Fund (managed by the DOE) for the support of Camp Tuhsmeheeta in Greenville, Michigan;
- the balance to be deposited into the State's General Fund.

The Newline for the Blind Fund would be managed by the State Treasurer, who would direct the investment of the Fund. Interest and earnings from the Fund would be credited to it. The Michigan Commission for the Blind could spend money from the Fund, upon appropriation, only for distribution to the National Federation of the Blind (NFB) of Michigan for the purpose of the NFB-newline program.

"Net revenue" would be defined as the proceeds of the sale less reimbursement for any costs to the State associated with the sale of property.

The State would not reserve the oil, gas, or mineral rights, but if the purchaser or any grantee developed oil, gas, or minerals found on, within, or under the conveyed property, the purchaser would have to pay the State half of the gross revenue generated from that development. The payment would have to be deposited into the Natural Resources Trust Fund. The State would reserve all aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics lying on, within, or under the property.

FISCAL IMPACT

The bill would provide a one-time revenue increase for the State. A current appraisal of the property indicates a value of \$960,000. If one assumes that the net revenue from the sale would provide \$960,000, then \$48,000 (5%) would be deposited into the Newsline for the Blind Fund, \$48,000 (5%) to Michigan School for the Blind Trust Fund, and the balance (\$864,000) would be deposited into the State's General Fund.

Date Completed: 5-23-06

Fiscal Analyst: Mike Hansen

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