



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 596 (Substitute S-1)
Sponsor: Senator Mike Prusi
Committee: Appropriations

Date Completed: 6-3-09

CONTENT

The bill would authorize the State Administrative Board to convey certain property located in the City of Escanaba, Delta County, to Delta County for \$1. The bill would require that the property be used exclusively for public purposes, including but not limited to conducting an annual Upper Peninsula State Fair, and provides that the State would be entitled to reenter and repossess the property if that condition were not met. Any fees, terms, or conditions for the use of the property would have to be applied uniformly to resident and nonresident members of the public.

If the property were not sold to Delta County within six months after the bill's effective date, the Department of Management and Budget would be required to take necessary steps to realize the best value for the property by preparing to convey it through competitive bidding, a public auction, use of real estate brokerage services, a value-for-value conveyance, or offering the property for sale for fair market value to a local unit or units of government. The property could be sold to a local unit of government for less than fair market value if it were used exclusively for public purposes. If the local unit of government intended to convey the property within three years of the conveyance from the State, the State would retain a right to first purchase the property at the original sale price. If the State waived its first refusal right, the local unit of government would have to pay to the State 40% of the difference between the sale price of the conveyance from the State and the sale price of the local unit's subsequent sale or sales to a third party.

All rights in aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property, would be reserved by the State. The State would not reserve the mineral rights to the property conveyed. However, if the purchaser or any grantee developed any oil, gas, or minerals found on, within, or under the conveyed property, the State would receive one-half of the gross revenue generated from the development of the minerals.

FISCAL IMPACT

The property includes approximately 111 acres and 22 structures (grandstand, exhibition areas, barns, stalls, restrooms, offices, and other facilities). Pursuant to Section 2(2) of the bill, the property includes all personal, surplus, salvage, or scrap property or equipment remaining on the property as of the date of conveyance.

The FY 2008-09 Department of Agriculture budget includes \$1.4 million for the Upper Peninsula State Fair. The Governor's FY 2009-10 budget recommendation eliminates State support. While the Upper Peninsula State Fair has been close to balancing its budget over the last four years, several major maintenance projects have been delayed. Sale of the

property to Delta County would facilitate the transfer of Upper Peninsula State Fair from the State to a local authority consisting of Upper Peninsula counties. To date, seven counties have adopted resolutions of support.

Net revenue received under the bill would be deposited into the State General Fund.

Fiscal Analyst: Bill Bowerman