



Senate Fiscal Agency
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Senate Bill 509 (as introduced 9-17-13)
Sponsor: Senator Randy Richardville
Committee: Government Operations

(Senate-passed version)

Date Completed: 10-8-13

CONTENT

The bill would create a new act to authorize the Secretary of the Senate to convey the Farnum Building, located in Lansing, for at least fair market value; appropriate the net revenue to the Michigan Senate; and require the funds to be used for acquiring or leasing office space for the Senate.

Specifically, the Secretary of the Senate could convey by quit claim deed, for not less than fair market value, all or portions of State-owned property now under the jurisdiction of the Michigan State Senate, commonly known as the Farnum Building. The property to be conveyed would include all surplus, salvage, and scrap property or equipment identified by the Secretary of the Senate. The fair market value would have to be determined by an appraisal prepared by an independent appraiser.

The net revenue from the sale would be appropriated to the Senate and would have to be credited to the "Farnum Building and Other Properties Fund", to be used as directed by the Secretary of the Senate for acquiring or leasing office space for the Senate. The funds would be designated as work project appropriations, and would continue to be available for expenditure until the project had been completed.

("Net revenue" would mean the proceeds from the sale of the property less reimbursement for any costs to the State associated with the sale, including administrative costs, costs of reports and studies and other materials necessary to the preparation of sale, environmental remediation, legal fees, and litigation costs related to the conveyance.)

All State agencies and departments would have to provide full cooperation to the Secretary of the Senate to facilitate the performance of his or her duties, powers, and responsibilities and the conveyance of property under the bill. The Secretary of the Senate could require a State agency or department to prepare or record any documents necessary to evidence the conveyance.

The Secretary of the Senate could not reserve to the State oil, gas, or mineral rights to the property conveyed, but the conveyance would have to provide that, if the purchaser or any grantee developed any oil, gas, or minerals found on, within, or under the property, the purchaser or grantee would pay the State half of the gross revenue generated from the development of the oil, gas, or minerals. The payment would have to be deposited in the Natural Resources Trust Fund.

The Secretary of the Senate would have to reserve to the State all aboriginal antiquities on, within, or under the property conveyed, with power to the State and all others acting under its authority to enter the property for any purpose related to exploring, excavating, and taking away aboriginal antiquities.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The Farnum Building was purchased by the State in 1978 for \$3.0 million. The building was recently appraised at \$5.4 million, and the parking lot at \$225,000. Net revenue from the sale would be appropriated to the Senate.

Fiscal Analyst: Bill Bowerman