



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 1056 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Mike Nofs
Committee: Local Government and Elections

CONTENT

The bill would amend the Natural Resource and Environmental Protection Act to do the following:

- Require the Department of Natural Resources (DNR) to determine the identity of current de facto owners of certain land in Calhoun County, if the Governor applied to the U.S. government for conveyance of that land to the State.
- Allow the DNR to require a person claiming de facto ownership of any of that land to reimburse the Department for any expenses it or the Department of Attorney General incurred in determining de facto ownership and conveying the property.
- Require the DNR to convey a portion of the property to a de facto owner after determining the identity of that owner.
- Allow the DNR to convey a portion of the land to an adjacent de facto owner if it determined there was no de factor owner of that portion.
- Provide that interests or rights in, or obligations connected to, land conveyed under the bill that were created before the conveyance would have the same legal effect as if the conveyance preceded the creation of the interest, right, or obligation.
- Specify that the provision above would be "intended to affirm title to real property and does not create a cause of action for or otherwise constitute a basis for a tax refund or a property tax appeal".
- Specify that other sections of the Act, dealing with the conveyance of swamp land from the United States, would not apply to the property addressed by the bill.

The bill would define "de facto owner" as a person that could reasonably be considered the owner of the land despite not having good legal title, as indicated by one or more of the following:

- A purported chain of title that would show marketable title in the person, if a valid governmental patent or other conveyance had been given to the appropriate predecessor in the chain of title.
- The person's payment of property taxes on the land.
- The person's possession of and improvement to or maintenance of the land.
- Any other similar factor that the DNR, in its discretion, determined should be considered.

The bill is tie-barred to Senate Bill 52. As passed by the Senate, Senate Bill 52 (S-3) would amend the General Property Tax Act to revise the requirements for a transferee to file an affidavit upon the transfer of qualified forest property, in order to avoid an adjustment in the property's taxable value, and create an exemption to the requirement that property be subject to the recapture tax if it is no longer qualified forest property.

Proposed MCL 324.2120a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a neutral fiscal impact on the Department of Natural Resources, and no fiscal impact on local units of government. The process of requesting conveyance from the United States Bureau of Land Management and then conveying the parcels to their de facto owners would likely result in new administrative costs for the DNR; however, the bill would allow the DNR to request reimbursement from the de facto property owners for any costs incurred during the process.

Date Completed: 11-13-14

Fiscal Analyst: Josh Sefton

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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.