

Legislative Analysis



DEPARTMENT OF CORRECTIONS PROPERTY CONVEYANCE

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Senate Bill 1036 (S-1) as reported from House committee
Sponsor: Sen. Wayne Schmidt
House Committee: Government Operations
Senate Committee: Banking and Financial Institutions
Complete to 6-7-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 1036 would authorize the Department of Technology, Management, and Budget (DTMB) to convey or transfer certain state-owned parcels of property in Ionia, Grand Traverse, and Tuscola Counties.

The property is currently under the jurisdiction of the Department of Corrections and includes the former Deerfield Correctional Facility (closed in 2009), Camp Pugsley (closed in 2016), and Camp Tuscola (closed in 2005, then partially reopened until 2012). The Department of Corrections would be responsible for maintaining the property until it is transferred or conveyed. The property would include all surplus, salvage, and personal property or equipment remaining on the property at the time of the conveyance or transfer.

DTMB could transfer the property described in the bill to another state agency, with or without consideration, by an affidavit of jurisdictional transfer in recordable form.

DTMB could also transfer all or portions of the property described in the bill to the Michigan Land Bank Fast Track Authority. The Authority would have to convey the property in accordance with the Land Bank Fast Track Act and deposit the *net revenue* received from the sale of the property into the Land Bank Fast Track Fund.

Otherwise, the *net revenue* received from sale of the property under the bill would have to be deposited in the state treasury to the credit of the general fund.

Net revenue would mean the proceeds from the sale of the property, minus any costs to DTMB or the Michigan Land Bank Fast Track Authority associated with the sale. These could include administrative costs, including related employee costs, as well as costs for reports or other materials needed to prepare the sale, environmental remediation, legal fees, and any litigation related to the conveyance of the property.

DTMB could not convey property under the bill unless the terms of the conveyance were approved by the State Administrative Board. The Department of Attorney General would have to approve the deeds or affidavits of jurisdictional transfer as to legal form.

DTMB could require a grantee of property conveyed under the bill to record the instrument of conveyance or jurisdictional transfer with the applicable register of deeds and provide DTMB with a recorded copy of the recorded instrument as a condition of closing.

Finally, the bill would require the following restrictions and conditions for a conveyance or transfer of property:

- The state would not reserve oil, gas, or mineral rights to the conveyed property, but the conveyance would have to provide that if the purchaser or grantee developed any oil, gas, or minerals found in or on the property, the state must be paid, for deposit into the general fund, half of the gross revenue of that development.
- The state would reserve all *aboriginal antiquities* found in or on the property, as well as the power to enter the property for any purpose related to exploring, excavating, or removing the antiquities. *Aboriginal antiquities* would include mounds, earthworks, forts, burial and village sites, mines, or other relics.
- If the state used the conveyed property as a historical monument, memorial, burial ground, park, or protected wildlife area, it would have to be maintained and protected for that purpose in perpetuity.

A violation of the restrictions described above would allow the state to reenter and repossess the property and terminate the grantee's or successor's estate in the property.

HOUSE COMMITTEE ACTION:

The House Committee on Government Operations reported the Senate-passed version of the bill without amendment.

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on the state. Any fiscal impact would depend on the chosen terms of conveyance for the parcels of property. If the property was conveyed to the Land Bank Fast Track Authority, any net revenue would be deposited in the Land Bank Fast Track Fund for future use by the Authority for purposes authorized under the Land Bank Fast Track Act.

Net revenue from property sold or conveyed through another authorized method would be deposited in the General Fund. The Department of Corrections has no estimate regarding the value of the properties included in this bill.

POSITIONS:

A representative of the Department of Talent and Economic Development testified in support of the bill. (6-7-18)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.