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BILL



ANALYSIS

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Senate Bill 1036 (as enacted)
Sponsor: Senator Wayne Schmidt
Senate Committee: Banking and Financial Institutions
House Committee: Government Operations

PUBLIC ACT 334 of 2018

Date Completed: 7-10-18

CONTENT

The bill authorized the Department of Technology, Management, and Budget (DTMB), on behalf of the State, to convey by quitclaim deed or transfer by affidavit of jurisdictional transfer all or portions of State-owned property now under the jurisdiction of the Department of Corrections in Ionia, Grand Traverse, and Tuscola Counties, consisting of eight parcels described in the bill (the Deerfield Correctional Facility Parcel, Camp Pugsley Parcel 1, Camp Tuscola Parcels A through E, and the Caro Property).

The DTMB may transfer the properties to the Michigan Land Bank Fast Track Authority. For properties or portions of properties conveyed to the Authority, it must 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. The DTMB also may transfer the parcels to another State agency through jurisdictional transfer.

The bill took effect on July 2, 2018.

Transfer of Parcels

The DTMB may transfer the parcels described in the bill, with or without compensation, through jurisdictional transfer to another State agency. If property is transferred to another State agency, the transfer must be made by an affidavit of jurisdictional transfer in recordable form, rather than a quitclaim deed.

The DTMB may transfer all or portions of the parcels to the Michigan Land Bank Fast Track Authority (MLBFTA). For properties or portions of properties conveyed to the MLBFTA, the Authority must do both of the following:

- Convey the property in accordance with the Land Bank Fast Track Act.
- Deposit the net revenue received by the State or the MLBFTA from the sale of the property into the Land Bank Fast Track Fund.

("Net revenue" means the proceeds from the sale of the property less reimbursement for any costs to the DTMB or to the MLBFTA associated with the sale of property, including administrative costs, including employee wages, salaries, and benefits; costs of reports and studies and other materials necessary for the preparation of sale; environmental remediation; legal fees; and any litigation costs related to the conveyance of the property.)

Revenue From Sale

The net revenue received from the sale of property must be deposited with the State Treasurer and credited to the General Fund, except as provided for the transfer of parcels to the MLBFTA.

Other Provisions

The DTMB may not convey the property unless the conveyance and its terms have been approved by the State Administrative Board.

Real property conveyed or transferred under the bill includes all surplus, salvage, and personal property or equipment remaining on the property on the date of conveyance or transfer.

The State agency with jurisdiction over the real property conveyed or transferred under the bill is responsible for all expenses of maintaining the property until the time of conveyance or transfer.

The Attorney General must approve as to legal form all deeds or affidavits of jurisdictions transfer authorized by the bill.

The State may not reserve oil, gas, or mineral rights to property conveyed under the bill. However, the conveyance must provide that, if the grantee or any successor grantee develops any oil, gas, or minerals found on, within, or under the property, the grantee or successor must pay the State half of the gross revenue generated from the development. The payment must be deposited in the General Fund.

A conveyance under the bill must reserve to the State all aboriginal antiquities lying on, within, or under the property, 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 the antiquities.

If the property conveyed under the bill is used by the State as a historical monument, memorial, burial ground, park, or protected wildlife habitat area, it must be maintained and protected for that purpose in perpetuity in accordance with applicable law.

If the property is used for any purpose that is inconsistent with any restrictions under the bill, the State may reenter and repossess the property, terminating the grantee's or successor's estate in the property.

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

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have an indeterminate impact on State and local government depending on terms of the conveyance. The Land Bank Fast Track Authority has wide discretion to transfer property in a manner calculated to realize the greatest benefit to the State.

The Department of Corrections has no estimate regarding the prospective value of the parcels. Net revenue received by the State from property transferred to the Michigan Land Bank Fast Track Authority and subsequently sold would be deposited in the Land Bank Fast Track Fund

to be used for redevelopment and demolition. Net revenue from the sale of property not transferred to the Authority would be deposited in the General Fund.

Fiscal Analyst: Bill Bowerman

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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.