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BILL



ANALYSIS

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Senate Bill 1118 (Substitute S-2 as passed by the Senate)
Sponsor: Senator Goeff Hansen
Committee: Appropriations

Date Completed: 11-30-18

CONTENT

The bill would authorize the Department of Technology, Management, and Budget (DTMB) to convey all or portions of certain State-owned property including:

- Property currently under the jurisdiction of the Department of Corrections, commonly known as the West Shoreline Correctional Facility in Muskegon County. West Shoreline opened in 1987 and closed in March 2018 (the transportation/maintenance and human resources buildings are still in use). It was one of three Michigan Department of Corrections facilities located in the Muskegon complex. When fully operational, the site housed 1,282 prisoners. The property consists of approximately 61.96 acres and includes nine major structures, including four housing units. The structures are all "temporary" style buildings. There are also a few storage sheds and perimeter fencing.
- Property currently under the jurisdiction of the Department of Health and Human Services (81.32 acres), at the site of the Caro Regional Mental Health Center across M-81 (Parcel 4) to be conveyed to the Tuscola Area Airport Authority for \$1. If the property were conveyed to the Tuscola Area Airport Authority, the DTMB could transfer the property, consistent with the terms for other conveyances authorized in the bill.
- Property currently under the jurisdiction of the Department of Health and Human Services (599.81 acres), at the site of the Caro Regional Mental Health Center (Parcels 2, 3, 5, 6, and 7). If DTMB conveyed or transferred property, the DTMB would have to do so pursuant to the terms contained in Public Act 334 of 2018.

The bill authorizes the DTMB to transfer the property to another State agency, with or without consideration; or transfer all or portions of the property to the Michigan Land Bank Fast Track Authority. If the property were conveyed to a local unit of government for less than fair market value, the property would have to be used exclusively for public use for 30 years following conveyance and all members of the public would be subject to the same fees, terms, and conditions for use of property. During the 30-year time period, the local unit could offer the property for sale to the State, which could purchase the property at the original sale price. If the State declined, the public use restrictions would remain in effect.

The DTMB could not convey the property unless the terms of the conveyance were approved by the State Administrative Board. The Attorney General would have to approve the legal form of all deeds or affidavits of jurisdictional transfer. Real property conveyed would include all surplus, salvage, and personal property or equipment remaining on the property on the date of the conveyance.

The State would not reserve the oil, gas, or 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 oil, gas, or minerals.

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. If property conveyed were used by the State as a historical monument, memorial, burial ground, park, or protected wildlife habitat area, it would have to be maintained and protected for that purpose in perpetuity.

FISCAL IMPACT

There is no current appraisal or estimated value for the properties contained in the bill. Revenue to the State would depend on the method of sale and the real estate market at the time of sale. Public Act 258 of 2003 gives the Land Bank Fast Track Authority broad flexibility regarding sale, use of brownfield incentives, tax increment financing and business tax credits, and land remediation. It has the authority to sell to private or public entities in a manner and amount of consideration the Authority considers proper, fair, and valuable, including for no monetary consideration.

If the properties were eventually sold, the State would incur savings related to the elimination of any ongoing maintenance and security costs associated with the properties. Net revenue from the sale of the property would be credited to the State General Fund, unless the property was transferred to the Land Bank Fast Track Authority. In that case, net revenue would be deposited in the Land Bank Fast Track Fund. Any revenue from development of mineral rights would be deposited in the State General Fund.

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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.