



Senate Fiscal Agency
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Senate Bill 1075 (as discharged)
Sponsor: Senator Ed McBroom
Committee: Appropriations (as discharged)

CONTENT

The bill would authorize the Department of Technology, Management, and Budget (DTMB), subject to the approval of the State Administrative Board, on behalf of the State, to transfer two parcels in Marenisco Township, Gogebic County, totaling approximately 125 acres that are currently owned by the Michigan Department of Corrections to another entity in one of the following ways:

- Any publicly disclosed competitive method of sale that allowed the State to realize fair market value of the property.
- Offering the property to one or more local units of government for fair market value.
- Transferring the property to the State Land Bank Authority.
- Transferring the property to another State agency, with or without monetary consideration.
- Exchanging the property for other real property if the other property were of reasonably equal value.
- Offering the property to one or more local units of government for less than fair market value, subject to several conditions.

If the parcels were transferred to one or more local units of government for less than fair market value, the following conditions would have to be met:

- The DTMB would have to give the first opportunity to purchase the property to the first local unit of government to make a purchase offer by registered mail.
- If an offer were accepted, the local unit would have to enter into a purchase agreement within 60 days after making the offer and complete the conveyance within 180 days after making the offer; the DTMB could extend the time as needed.
- If there were competing offers, the DTMB would have to determine what was in the best interests of the State in determining which offer to accept.
- The property would have to be used exclusively for public use for at least 30 years following the conveyance by deed restriction; if there were a fee to use the property, it would have to be the same for all members of the public.
- If the local unit that purchased the property intended to convey it within 30 years of receiving the property, it first would have to offer the property for sale to the State, which could purchase it for the original sale price.
- If the local unit retained the property for more than 30 years, the public use restrictions would terminate.
- The DTMB could require the local unit to reimburse the State for closing costs that were reasonably attributable to the transaction.

If the parcels were transferred for fair market value, that value would have to be determined by an independent fee appraisal prepared for the DTMB, or by an appraiser who was an employee or a contractor of the State.

The State would not retain mineral rights under any type of transaction but would be entitled to half of the gross proceeds of any mineral extraction activities conducted on the property. Any antiquities discovered on the property would remain property of the State.

The parcel is the former Ojibway Correctional Facility, a 1,180-bed facility that was closed in 2018.

FISCAL IMPACT

As the bill does not require the State to sell the parcel, the bill itself would have no fiscal impact on State or local government.

Date Completed: 12-3-20

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