

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1075**

A bill to authorize the department of technology, management, and budget to convey or transfer state-owned property in Gogebic County; to prescribe conditions for the conveyance or transfer; to provide for powers and duties of state departments, agencies, and officers in regard to the property; and to provide for disposition of revenue derived from the conveyance.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Fair market value" means the highest estimated price that
3 the property will bring if offered for sale on the open market,
4 allowing a reasonable time to find a purchaser who would buy with
5 knowledge of the property's possible uses.

6 (b) "Net revenue" means the proceeds from the sale of the

1 property less reimbursement for any costs to the department of
2 technology, management, and budget associated with the sale,
3 including, but not limited to, administrative costs, including
4 employee wages, salaries, and benefits; costs of reports and
5 studies and other materials necessary to the preparation of sale;
6 environmental remediation; legal fees; and any litigation costs
7 related to the conveyance.

8 (c) "Public use" means, subject to subdivision (d), actual use
9 of the property by members of the public or actual use by the unit
10 of local government for any of the following:

11 (i) Publicly owned and operated correctional facilities.

12 (ii) Law enforcement purposes.

13 (iii) Emergency management response purposes.

14 (iv) Public educational use.

15 (v) Public transportation.

16 (vi) Public parks and recreational areas.

17 (vii) Public health uses.

18 (viii) Wildlife conservation or restoration.

19 (d) Public use does not include use by a for-profit enterprise
20 or any use that is closed to the public.

21 (e) "Unit of local government" means a township, village,
22 city, county, school district, intermediate school district, or
23 community college district.

24 Sec. 2. (1) The department of technology, management, and
25 budget, on behalf of this state, may convey by quitclaim deed or
26 transfer by affidavit of jurisdictional transfer all or portions of
27 real property described in subsection (2) that is owned by this
28 state and under the jurisdiction of the department of corrections.

29 (2) The real property that may be conveyed under this act is

1 described as follows:

2 Property located in Marenisco Township, Gogebic county,
3 Michigan, which is further described as follows:

4 Parcel 1

5 That part of Sections 8 and 17 in Township 45 North Range 43
6 West, Michigan Meridian, Gogebic County, Michigan, more
7 particularly described as follows.

8 Commencing at the brass cap monument at the southwest corner
9 of said Section 8; thence East, 3024.26 feet and South, 36.83 feet
10 to an aluminum monument stamped A.P. NO. 1 which is the point of
11 beginning; thence N 17° 41.7' W, 865.56 feet to an aluminum
12 monument stamped A.P. NO. 2; thence N 15° 12.6' E, 601.95 feet to
13 an aluminum monument stamped A.P. No. 3; thence N 35° 14.5' E,
14 438.88 thence N 37° 25.0' E, 548.16 feet to an aluminum monument
15 stamped A.P. NO. 5; thence S 87° 30.6' E, 463.59 feet to an
16 aluminum monument stamped A.P. NO. 6; thence S 19° 16.3' E, 2065.64
17 feet to an aluminum monument stamped A.P. NO. 7; thence S 58° 17.2'
18 W, 876.97 feet to an aluminum monument stamped NO. 8; thence N 75°
19 14.8' W, 910.05 feet to an aluminum monument stamped A.P. NO. 1
20 which is the point of beginning; Containing 70.40 acres, more or
21 less.

22 Parcel 2

23 Commencing at the Section corner common to Sections 8, 9, 16
24 and 17, Town 45 North, Range 43 West, also being the point of
25 beginning of this description; Thence South 00°21'47" East along
26 the Section line common to said Sections 16 and 17, a distance of
27 243.02 feet; thence due West, a distance of 1309.93 feet to a found
28 U.S.F.S. aluminum monument known as A.P.-8; thence continuing due
29 West, a distance of 675.24 feet; thence N 79°17'02" West, a

1 distance of 329.83 feet; thence South 88°44'30" West, a distance of
2 246.29 feet; thence North 20°12'15" West, a distance of 339.45
3 feet; thence North 13°11'41" West, a distance of 250.69 feet;
4 thence due North, a distance of 1811.85 feet; thence due East, a
5 distance of 1019.71 feet to a found U.S.F.S aluminum monument known
6 as A.P.-5 thence South 37°23'03" West, a distance of 548.16 feet to
7 a found U.S.F.S. aluminum monument known as A.P.-4; South 35°10'32"
8 West, a distance of 438.52 feet to a found U.S.F.S. aluminum known
9 as A.P.-3; thence South 15°10'41" West, a distance of 601.78 feet
10 to a found U.S.F.S. aluminum monument known as A.P.-2; thence South
11 17°43'37" East, a distance of 865.63 feet; thence South 75°16'58"
12 East, a distance of 909.56 feet to said A.P-8; thence North
13 58°15'02" East, a distance of 876.75 feet to a found U.S.F.S.
14 aluminum monument known as A.P.-7; thence North 19°18'32" West, a
15 distance of 1259.05 feet; thence North 22°50'07" East, a distance
16 of 140.73 feet; thence North 20°35'12" East, a distance of 189.09
17 feet; thence South 40°29'04" East, a distance of 362.72 feet;
18 thence South 42°07'72" West, a distance of 52.00 feet; thence South
19 30°55'10" East, a distance of 622.93 feet; thence South 55°02'39"
20 East, a distance of 419.14 feet to a point on the Section line
21 common to said Sections 8 and 9, a distance of 624.31 feet to the
22 point of beginning. Parcel contains 54.2 acres, more or less.

23 SUBJECT TO easements, if any, for established or existing
24 roads, highways, railroads and utilities, as set forth in Liber
25 310, Page 986 of the Gogebic County, Michigan land records.

26 RESERVING TO the United States of America, its successors and
27 assigns a right-of-way for Forest Road 8220, the easement being
28 sixty-six feet in width, lying thirty-three feet equally on each
29 side of the centerline.

1 Together with all tenements, hereditaments, and appurtenances
2 pertaining to said land.

3 (3) The description of the property in subsection (2) is
4 approximate and, for purposes of a conveyance or transfer under
5 this act, may be adjusted by a survey conducted or otherwise
6 approved by the department of technology, management, and budget.

7 (4) The department of technology, management, and budget shall
8 not convey or transfer property under this act unless the
9 conveyance or transfer and the terms of the conveyance or transfer
10 have been approved by the state administrative board.

11 Sec. 3. (1) The department of technology, management, and
12 budget may take the necessary steps to convey or transfer real
13 property described in section 2 using any of the following means:

14 (a) Any publicly disclosed competitive method of sale,
15 selected to realize the fair market value to this state, as
16 determined by the department of technology, management, and budget.

17 (b) Offering the property for sale for fair market value to 1
18 or more units of local government in which the property is located.

19 (c) Transferring the property to the state land bank authority
20 created under section 15 of the land bank fast track act, 2003 PA
21 258, MCL 124.765, and renamed by Executive Reorganization Order No.
22 2019-3, MCL 125.1998.

23 (d) Transferring the property, with or without consideration,
24 through jurisdictional transfer to another state agency. If
25 property is transferred under this subdivision, the transfer must
26 be made by an affidavit of jurisdictional transfer in recordable
27 form rather than a quitclaim deed.

28 (e) Exchanging some or all of the property for other real
29 property if the other real property is determined by the department

1 of technology, management, and budget to be of reasonably equal
2 value to this state.

3 (f) Offering the property for sale for less than fair market
4 value to the units of local government in which the property is
5 located, subject to the following conditions:

6 (i) The department of technology, management, and budget may
7 provide notice to each unit of local government of the property's
8 availability. The department shall give the first opportunity to
9 purchase the property to the first unit of local government to make
10 an offer by registered mail to purchase the property.

11 (ii) If a unit of local government makes an offer to purchase
12 the property that is accepted by the department of technology,
13 management, and budget, the unit of local government shall enter
14 into a purchase agreement within 60 days after making the offer and
15 complete the conveyance within 180 days after making the offer. The
16 department of technology, management, and budget may extend the
17 time to complete the conveyance as needed.

18 (iii) If there are competing offers from units of local
19 government, the department of technology, management, and budget
20 shall determine what is in the best interests of this state in
21 determining which unit of local government to convey the property
22 to.

23 (iv) The property must be used exclusively for public use for
24 30 years after the conveyance. If a fee, term, or condition is
25 imposed on members of the public for use of the property, or if
26 such a fee, term, or condition is waived, all members of the public
27 must be subject to the same fees, terms, conditions, and waivers.
28 The public use restriction must be included in the deed.

29 (v) If the unit of local government intends to convey the

1 property within 30 years after the conveyance, the unit of local
2 government must first offer the property for sale, in writing, to
3 this state, which may purchase the property at the original sale
4 price. The unit of local government shall provide this state 120
5 days to consider reacquiring the property. If this state agrees to
6 reacquire the property, this state is not liable to any person for
7 improvements to or liens placed on the property. If this state
8 declines to reacquire the property, the public use restrictions
9 described in subparagraph (iv) remain in effect.

10 (vi) If the unit of local government retains the property for
11 30 years after the date of conveyance from this state, the public
12 use restrictions described in subparagraph (iv) automatically
13 terminate.

14 (vii) The department of technology, management, and budget may
15 require the unit of local government to reimburse this state at
16 closing for costs demonstrably incurred by this state that were
17 necessary to prepare the property for conveyance.

18 (2) If real property is to be sold for fair market value under
19 this section, the fair market value must be determined by an
20 independent fee appraisal prepared for the department of
21 technology, management, and budget, or by an appraiser who is an
22 employee or contractor of this state.

23 Sec. 4. (1) The department of attorney general shall approve
24 as to legal form a deed or affidavit of jurisdictional transfer
25 authorized by this act.

26 (2) Real property conveyed under this act includes all
27 improvements on the property and all surplus, salvage, and scrap
28 property or equipment remaining on the property on the date of the
29 conveyance.

1 (3) This state shall not reserve oil, gas, or mineral rights
2 to property conveyed under this act. However, the conveyance
3 authorized under this act must provide that, if the grantee or any
4 successor develops any oil, gas, or minerals found on, within, or
5 under the conveyed property, the grantee or any successor must pay
6 this state 1/2 of the gross revenue generated from the development
7 of the oil, gas, or minerals. A payment under this subsection must
8 be deposited in the general fund.

9 (4) A conveyance under this act must reserve to this state all
10 aboriginal antiquities, including mounds, earthworks, forts, burial
11 and village sites, mines, or other relics lying on, within, or
12 under the property, with power to this state and all others acting
13 under its authority to enter the property for any purpose related
14 to exploring, excavating, and taking away the aboriginal
15 antiquities.

16 (5) If property conveyed under this act was officially
17 designated or used by this state as a historical monument,
18 memorial, burial ground, park, or protected wildlife habitat area,
19 the grantee or any successor shall maintain and protect the
20 property for that purpose in perpetuity in accordance with
21 applicable law.

22 (6) If property conveyed under this act is used in a manner
23 that violates any of the restrictions imposed under section 3 or
24 subsection (3), (4), or (5), this state may reenter and take the
25 property, terminating the grantee's or any successor's estate in
26 the property. If the grantee or successor disputes this state's
27 exercise of its right of reentry, an action to quiet title to and
28 regain possession of the property may be brought and maintained by
29 the attorney general on behalf of this state.

1 (7) If this state reenters and repossesses property under
2 subsection (6), this state is not liable to reimburse any person
3 for any improvements made on the property or to compensate any
4 person for any part of an unfulfilled contract or license issued to
5 provide goods or services on or for the property.

6 Sec. 5. (1) The department of corrections is responsible for
7 all due diligence duties and expenses required for prudently and
8 properly maintaining the property to be conveyed or transferred
9 under this act until the time of conveyance or jurisdictional
10 transfer.

11 (2) The department of technology, management, and budget may
12 require a grantee of property conveyed under this act or recipient
13 under an affidavit of jurisdictional transfer to record the
14 instrument of conveyance or transfer with the appropriate register
15 of deeds and provide the department of technology, management, and
16 budget with a recorded copy of the recorded instrument.

17 (3) The department of technology, management, and budget shall
18 deposit the net revenue received from the sale of property under
19 this act in the state treasury. The state treasurer shall credit
20 the money deposited to the general fund.