

PROPERTY CONVEYANCE – KENT COUNTY

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House Bill 4938 (H-1 substitute)

Sponsor: Rep. Jason Morgan

Committee: Appropriations

Complete to 2-20-24

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

SUMMARY:

House Bill 4938 would authorize the State Administrative Board, on behalf of the state, to convey, by quitclaim deed or transfer by affidavit of jurisdictional transfer, state-owned property located in Kent County and currently under the jurisdiction of the Department of State Police.

The property consists of a 0.59-acre parcel that formerly hosted the Rockford Post of the Michigan State Police. The facility, constructed in 1936, closed in 2021 when the new Grand Rapids Post and Forensic Science Lab opened in Walker.

The Department of Technology, Management, and Budget (DTMB) could convey the property through the following methods:

- A publicly disclosed competitive method of sale as determined by the department.
- Sale to a local unit of government for fair market value.
- Jurisdictional transfer to another state agency. If the property is conveyed through this method, the property could be conveyed with or without consideration and the conveyance would have to be made by an affidavit of jurisdictional transfer in recordable form rather than a quitclaim deed.
- A trade of some or all of the property for other property of reasonably equal value.

DTMB could also offer the property for sale for less than fair market value to the local units of government in which the property is located, subject to the following conditions:

- The purchaser must enter into a purchase agreement within 60 days after the date of offer and complete the conveyance within 180 days. DTMB could extend the period to complete the conveyance as needed.
- The property must be used exclusively for public use for 30 years following the conveyance, and all members of the public must be subject to the same fees, terms, conditions, and waivers.
- Within 30 years after the conveyance, the purchaser may offer the property for sale to the state, which may purchase the property at the original sale price.
- If the purchaser retains the property for 30 years, the public use restrictions would automatically terminate.
- The attorney general may bring action to quiet title if the purchaser or its successor disputes the state's exercise of its right of reentry and fails to promptly deliver possession of the property to the state.
- The state is not liable for any improvements or unfulfilled contracts or licenses.
- DTMB may require the purchaser to reimburse the state for demonstrably incurred costs to prepare the property for conveyance.

The net revenue received from the sale of the property would have to be deposited in the general fund.

DTMB could not convey the property unless approved by the State Administrative Board. The attorney general would have to approve the legal form of all deeds or affidavits of jurisdictional transfer. The property would include all surplus, salvage, and personal property or equipment remaining on the property on the date of conveyance or transfer. The Department of State Police would be responsible for all expenses of maintaining the property until the time of conveyance or transfer. If the property were sold at fair market value, it would first have to be appraised by an independent fee appraisal prepared for the DTMB or by an appraiser who is an employee or contractor of the state.

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, the state would receive one-half of the gross revenue generated, which would be deposited in the general fund.

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 this state as a historical monument, memorial, burial ground, park, or protected habitat area, it would have to be maintained and protected for that purpose in perpetuity.

If the property were used for any purpose inconsistent with any restrictions listed above, the state could reenter and repossess the property, terminating the grantee's or successor's estate in the property. The state would not be liable to reimburse any person for any improvements made or compensate any person for any part of an unfulfilled contract or license issued to provide goods or services.

DTMB could require a grantee of property to record the instrument of conveyance or jurisdictional transfer with the applicable register of deeds and provide the department with a recorded copy.

FISCAL IMPACT:

There is no current appraisal or estimated value for the properties subject to conveyance under the bill. Any revenue to the state would depend on the method of sale or transfer and the real estate market at the time of sale or transfer.

The state would realize savings related to maintenance, upkeep, and security upon the conveyance of the properties. While no cost estimate is available, the savings are expected to be negligible.

Net revenue from the sale of any property would be deposited in the general fund, along with all revenue from the development of any mineral rights.

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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.