HOUSE BILL NO. 4938

September 05, 2023, Introduced by Rep. Morgan and referred to the Committee on Appropriations.

A bill to authorize the state administrative board to convey state-owned real property in Kent County; to prescribe conditions for the conveyance; to provide for powers and duties of state departments regarding the property; and to provide for disposition of the revenue from the conveyance.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. (1) The state administrative board, on behalf of this state, may convey by quitclaim deed or affidavit of jurisdictional transfer all or portions of state-owned property now under the jurisdiction of the department of state police, located at 345

Northland Drive, NE, city of Rockford, county of Kent, Michigan, which is further described as follows:

Lots 73, 74, 87, and 88 of the Wolverine Addition to the city of Rockford according to the recorded plat thereof, consisting of approximately 0.586 acre in area, more or less, and subject to any easements, rights-of-way, or other restrictions of record.

(2) The property description in subsection (1) is approximate and subject to possible adjustment by a professional survey conducted or otherwise approved by the department of technology, management, and budget.

(3) The property to be conveyed or transferred under this act includes all improvements on the property and all surplus, salvage, and scrap property or equipment remaining on the property on the date of the conveyance.

(4) The department of state police is responsible for all due diligence duties and expenses required for prudently and properly maintaining the property until the time of the conveyance or jurisdictional transfer under this act.

(5) The department of attorney general shall approve as to legal form a deed or affidavit of jurisdictional transfer authorized by this act.

(6) The fair market value of property conveyed under this act must be determined as needed to facilitate a fair market value conveyance by an independent fee appraisal prepared for the department of technology, management, and budget or by an appraiser employed by this state.

(7) The department of technology, management, and budget may take the necessary steps to convey the property described in subsection (1) using any of the following measures:

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

(b) Offering the property for sale for fair market value to a local unit or units of government.

(c) Transferring the property, with or without consideration, through jurisdictional transfer to another executive branch agency or this state. A property transfer under this subdivision must be by an affidavit of jurisdictional transfer in recordable form, not by quitclaim deed.

(d) Trading some or all the property for other real property if the other real property is deemed by the department of technology, management, and budget to be of reasonably equal value to this state.

(e) Offering the property for sale for less than fair market value to the local units of government in which the property is located, subject to all of the following:

(*i*) The department of technology, management, and budget may provide notice to each local unit of government of the surplus real property's availability. The first local unit of government to make an offer to purchase the property via registered mail must be given the first opportunity to purchase the property. If an offer is accepted by the department of technology, management, and budget, the local unit of government shall enter into a purchase agreement not later than 60 days after making the offer and complete the conveyance not later than 180 days after the date of the offer. The department of technology, management, and budget may extend the period to complete the conveyance as needed. If there are competing offers from local units of government, the department of technology, management, and budget shall make a determination as to what is in the best interests of this state in determining to whom to convey the property.

(*ii*) The property must be used exclusively for public use for 30 years after the conveyance. If any fee, term, or condition for the use of the property is imposed on members of the public, or if any of those fees, terms, or conditions are waived for use of the property, all members of the public must be subject to the same fees, terms, conditions, and waivers. The public use restriction must be included in the deed.

(*iii*) If the local unit of government intends to further convey the property within 30 years after the conveyance, the unit must first offer the property for sale, in writing, to this state, which may purchase the property at the original sale price. This state has 120 days to consider reacquiring the property. If this state agrees to reacquire the property, this state is not liable to any person for improvements to or liens placed on the property. If this state declines to reacquire the property, the public use restrictions described in subparagraph (*ii*) remain in effect.

(*iv*) If the property is conveyed for less than fair market value under this subdivision and if the local unit of government retains the property for 30 years after the date of the conveyance this state, the public use restriction automatically terminates subject to the restrictions in subsection (12).

(*v*) If the local unit of government or its successor disputes this state's exercise of its right of reentry and fails to promptly deliver possession of the property to this state, the attorney general, on behalf of this state, may bring an action to quiet title to, and regain possession of, the property.

(*vi*) If this state reenters and repossesses the property under subparagraph (*v*), this state is not liable to reimburse any person for any improvements made on the property nor to compensate any person for any part of an unfulfilled contract or license issued for the provision of goods or services on or for the property.

(*vii*) The department of technology, management, and budget may require the local unit of government to reimburse this state at closing for this state's demonstrably incurred costs as were necessary to prepare the property for conveyance.

(8) The net revenue received from the sale of property under this section must be deposited in the state treasury and credited to the general fund.

(9) The department of technology, management, and budget may require a grantee of property conveyed or transferred under this act to record the instrument of conveyance or affidavit of jurisdictional transfer with the Kent County register of deeds and provide the department with a recorded copy of the recorded instrument as a condition of closing.

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

(11) This state reserves all aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, or other relics lying on, within, or under the property with power to

this state and all others acting under its authority to enter the property for any purpose related to exploring, excavating, and taking away the aboriginal antiquities.

(12) If property conveyed under this act was officially designated or used by this state as a historical monument, memorial, park, or protected wildlife habitat area, it must be maintained and protected for that purpose in perpetuity in accordance with applicable law.

(13) If property conveyed under this act is used for any purpose that is inconsistent with a restriction under subsection (7)(e)(*ii*), (10), (11), or (12), the state may reenter and repossess the property, terminating the grantee's or successor's estate in the property.

(14) As used this section:

(a) "Local unit of government" means the township, village, city, county, school district, intermediate school district, or community college district in which the property is located.

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

(c) "Net revenue" means the proceeds from the sale of the property less reimbursement for any costs to the department of technology, management, and budget associated with the sale of property, including, but not limited to, administrative costs, including employee wages, salaries, and benefits; costs of reports and studies and other materials necessary to the preparation of sale; costs of environmental remediation; legal fees; and the cost of any litigation related to the conveyance of the property.