

# Legislative Analysis

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## MACOMB COUNTY CONVEYANCE

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**House Bill 5340 as enrolled**  
**Public Act 389 of 2004**  
**Sponsor: Rep. Leon Drolet**  
**House Committee: Regulatory Reform**  
**Senate Committee: Appropriations**

**Complete to 1-11-05**

## A SUMMARY OF HOUSE BILL 5340 AS ENROLLED

Public Act 440 of 2002 authorized the conveyance of a 26-acre parcel under the jurisdiction of the Department of Community Health in Clinton Township in Macomb County to a nonprofit organization to be used exclusively for providing outpatient services to indigent persons requiring services for mental illness, aging, substance abuse, or developmental disability. The bill would amend the terms of that conveyance.

Under the conveyance, the property was to be used for those purposes for a period of 50 years and if it was put to another use, the state was authorized to reenter and repossess the property. The property was to be conveyed at fair market value, with the appraisal to be based on use of the property for providing services to the mentally ill or developmentally disabled.

The bill would remove the requirement that the property be used for the specified purposes for 50 years after the conveyance and would delete related language regarding repossession. Also, the bill would specify that the property is to be conveyed to the Macomb-Oakland Regional Center, Inc. at fair market value (with the value based on its use for providing community-based services). References to "indigent" persons would also be removed.

Under the bill, the conveyance would provide that if the property is sold by the Macomb-Oakland Regional Center for any purpose other than for community-based services and the state has declined to exercise its first right to repurchase, the Macomb-Oakland regional center (MORC) would be required to repay the state both of the following amounts: (1) an amount equal to the fair market value of the property based on its highest and best use at the time it was sold by the state minus the amount MORC paid for the property and any amount expended by MORC for new construction on the property, and (2) an amount equal to fifty percent of the difference between the price paid to MORC for the property by the subsequent purchaser and the fair market value based on its highest and best use at the time it was sold to MORC by the state.

Public Act 440 of 2002 requires the conveyance to be by quit claim deed. The bill would add a right of first refusal agreement to be drafted and approved by the attorney general. The deed would have to provide that if the property were subsequently offered for sale by

MORC for a purpose other than the provision of community based services, the state would have the first right to repurchase the property from the grantee, for a period of 90 days, for an amount equal to the price that MORC paid the state for the property.

**FISCAL IMPACT:**

To the extent that the Macomb-Oakland Regional Center, Inc. is able to pay the fair market value of the property (currently appraised at approximately \$3.4 million) the bill would have no fiscal impact on state or local government. If, however, Macomb-Oakland Regional Center, Inc., were not able to pay the fair market value, and there would otherwise be parties willing and able to pay, then the bill could result in foregone opportunity costs to the state of \$3.4 million. It is not expected that the added required use of the property on which the appraisal must be based, as outlined in the bill, would significantly alter the appraised value of the property.

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