



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1124 (as introduced 3-25-04)
Sponsor: Senator Tony Stamas
Committee: Appropriations

Date Completed: 6-16-04

CONTENT

The bill would authorize the State Administrative Board, on behalf of the State, to convey for not less than fair market value all or portions of a parcel of property under the jurisdiction of the Department of State Police located in the City of Alpena, Alpena County, as described in the bill, to be used for public purposes.

Before offering the property for public sale, the Director of the Department of Management and Budget (DMB) would have to offer the property for sale for less than fair market value to the local units of government in which the property is located. In order to exercise its right to purchase the property, a local government would have to enter into a purchase agreement within 60 days after the date of the offer and complete the purchase within 120 days after the date of the offer.

Any conveyance to a local unit of government would have to require the property to be used exclusively for public purposes, and provide that upon termination of that use or use for other purpose, the State could reenter and repossess the property, terminating the grantee's estate in the property. In addition, the conveyance would have to provide that if the grantee disputed the State's right of reentry and did not promptly deliver possession of the property to the State, the Attorney General, on behalf of the State, could bring action to quiet title to, and regain possession of, the property.

If the property were offered for sale at not less than fair market value, the sale would have to be conducted in a manner designed to realize the highest price from the sale to the State, and done in an open manner using a competitive sealed bid, real estate brokerage services, or a public auction. The fair market value would have to be determined by an appraisal prepared by an independent appraiser. A notice of a sealed bid, public auction, or use of broker services would have to be published at least once in a newspaper not less than 10 business days before the sale. The bill would authorize the DMB Director, if it were in the best interest of the State, to order a reappraisal of the property; withdraw the property from the sale; or, with concurrence of the State Administrative Board, offer the property for sale for less than the fair market value.

The conveyance would have to be by quitclaim deed prepared and approved by the Attorney General. The deed would have to provide that, if the State repossessed the property, the State would have no liability for any improvements made on it; and that the State would reserve all rights in aboriginal antiquities. The State would not reserve the mineral rights to the property. The conveyance would have to provide, however, that if the purchaser or any grantee developed any minerals found on, within, or under the property, the purchaser or

grantee would have to pay half of the gross revenue generated from developing the minerals to the State.

The revenue received under the bill would have to be deposited in the State Treasury and credited to the General Fund. If the revenue received under the bill were insufficient to reimburse the DMB for its costs, the Department of State Police would have to reimburse those costs within 30 days.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have an indeterminate impact on State government. The property is an old and vacant former State Police post and half-acre of land that has been replaced by a newer facility. By selling the property, the Department would avoid annual maintenance and upkeep costs associated with maintaining this vacant building. A current appraisal for the property does not exist.

Fiscal Analyst: Mike Hansen