

Legislative Analysis



REMOVE USE CONDITIONS AND STATE REENTRY RIGHTS ON A PROPERTY IN MUSKEGON COUNTY

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House Bill 4861 (H-1) as reported from committee
Sponsor: Rep. Will Snyder
Committee: Local Government and Municipal Finance
Complete to 10-19-23

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

SUMMARY:

House Bill 4861 would authorize the State Administrative Board, on behalf of the state, to amend a prior conveyance to Muskegon County that would release use conditions and the state's reentry rights on a property located in Muskegon, in Muskegon County.

The property is a series of parcels that currently houses Muskegon County's South Government Campus buildings. The bill would release the public use deed restriction through a quitclaim deed or another attorney general-approved instrument. Under a public use conveyance, if the property is used for any purpose inconsistent with any restrictions that follow a public use, the state may reenter and repossess the property, terminating the grantee's or successor's estate in the property. The bill also releases the state's right of reentry.

The State Administrative Board could seek fair market value of the property, plus any reasonable and demonstrable costs of implementation. The fair market value of the property would be determined by the Department of Technology, Management, and Budget (DTMB) or a DTMB contractor.

Any revenue received through the sale of the property would be deposited into the state's general fund.

BACKGROUND:

In 1996, Muskegon County acquired a property on Marquette Avenue with the condition that the property be used exclusively for public purposes or otherwise the state may reenter and repossess the property.¹ The county then entered an agreement with Baker College to swap the property for a property on Apple Avenue, which became the county government's South Campus.² In 2022, Muskegon County bought back the Marquette Avenue property, where it plans to move most of its operations from Apple Avenue.³

According to committee testimony, Muskegon County plans to sell the Apple Avenue property to Kids' Food Basket, a nonprofit organization that addresses children's food insecurity. The

¹ The property was formerly the Muskegon Regional Center for Developmental Disabilities. For the original 1996 conveyance, see: <http://www.legislature.mi.gov/documents/1995-1996/billenrolled/Senate/pdf/1996-SNB-0817.pdf>.

² See: <https://www.muskegonrecords.com/recorder/eagleweb/viewDoc.jsp?node=DOCC4265545> and <https://www.mlive.com/news/muskegon/2022/10/kids-food-basket-plans-700k-purchase-of-muskegon-county-health-department-building.html>.

³ See: <https://www.mlive.com/news/muskegon/2022/07/baker-college-campus-in-muskegon-officially-sold-to-county.html>.

sale would allow Kids' Food Basket to establish a permanent location in Muskegon with access to public transit. The Muskegon County Board of Commissioners approved the purchase agreement for the building in September 2022.⁴

FISCAL IMPACT:

House Bill 4861 would have an indeterminate impact on state and local government. Removing some of the property conditions would allow for a greater use of the land for local government, including possibly selling it. Selling the property with fewer restrictions at fair market value could result in a larger amount of revenue received from the sale, which would be deposited into the state's general fund.

POSITIONS:

Representatives of the following entities testified in support of the bill (9-6-23):

- Muskegon County
- Kids' Food Basket

The following entities indicated support for the bill (9-6-23):

- City of Muskegon
- Public Health – Muskegon County

The Department of Technology, Management, and Budget indicated having no position on the bill. (9-6-23)

Fiscal Analyst: Perry Zielak

■ 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.

⁴ See Action 2022-309: <https://www.co.muskegon.mi.us/DocumentCenter/View/15485/2022-Board-Minutes-PDF#page=72>.