



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 6016 (Substitute H-1 as reported without amendment)
Sponsor: Representative Penny Crissman
House Committee: Regulatory Affairs
Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would authorize the State Administrative Board, on behalf of the State, to convey to the highest bidder for at least fair market value approximately 3.77 acres of land currently under the jurisdiction of the State Police and located in Addison Township in Oakland County. Revenue received from the conveyance would have to be deposited in a restricted fund in the State Treasury and could be appropriated only to the Department of Management and Budget to reimburse the Michigan State Police 800 MHz radio tower project.

The property's fair market value would have to be determined by an appraisal based on the property's highest and best use, as prepared by the State Tax Commission or an independent fee appraiser. The conveyance would have to be by quitclaim deed approved by the Attorney General and would have to include all rights to coal, oil, gas, and other materials.

Legislative Analyst: L. Arasim

FISCAL IMPACT

House Bill 6016 (H-1), as amended by the House, would permit the sale, at fair market value, of 3.77 acres purchased by the State of Michigan in December 1995. The parcel is designated for use by the Michigan Department of State Police to construct an 800 Megahertz radio tower as part of the Public Safety Communications System authorized in Public Act 128 of 1995. The Department of Management and Budget (DMB) reports that total acquisition costs were approximately \$71,000, including costs associated with surveys, phase I environmental evaluations, appraisals, etc. This cost represents a fair market value of \$54,000, plus an additional \$3,000 financed by Motorola Communications and Electronic, Inc., the project developer.

Construction of a tower at this site is the subject of a lawsuit brought by Addison Township. The DMB has indicated that while it is not the Department's preference to sell this parcel and find an alternate site, the DMB would like that option available if the suit is settled contrary to the DMB's original plans.

To the degree that the proposed legislation is only permissive in nature, and all of the costs already funded by the State would be recovered by the State through a sale of at least fair market value, there would be no direct fiscal impact on the State.

However, an amendment adopted by the House of Representatives, contrary to standard procedure, appears to waive the State's mineral rights to the property in event of sale. Should substantial mineral deposits be located at the site, there is potential indeterminate lost revenue to the State. Similarly, should the State exercise the authority permitted under the bill, but sell the property for less than the total acquisition costs, the State would realize a net loss in the conveyance.

Date Completed: 9-26-96

Fiscal Analyst: R. Abent

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.