

## Property Conveyance - Schoolcraft County

### House Bill 6192 As Introduced

**Sponsor: Representative Lindberg**

**Analysis Completed: November 10, 2010**

#### ***SUMMARY OF THE BILL:***

House Bill 6192 would authorize the Department of Technology, Management, and Budget to convey state owned property in the City of Manistique to Schoolcraft County for \$1.00. The property is currently under the jurisdiction of the Department of Corrections.

An approximate legal description of the property is set forth in the bill and the property would include all surplus, salvage, and scrap property or equipment.

The bill would require the property to be used exclusively for public purposes and any fees, terms, or conditions applied for use of the property, or waivers of those fees, terms, or conditions, would be required to be applied uniformly to all members of the public. The state would be authorized to reenter and repossess the property if these conditions were not met and would not be liable for reimbursement to any party for improvements made on the property.

If the property is not sold to Schoolcraft County within 180 days of the effective date of the bill, DTMB would be required to convey the property through competitive bidding, public auction, real estate brokerage services, value for value conveyance (considering the fair market value or the total value based on any positive economic impact to the state likely to be generated by the proposed use of the property), offering the property for sale for fair market value to a local unit or units of government, or offering the property for sale for less than fair market value to a local unit or units of government.

If the property is sold to a local unit of government, the bill would require the property to continue to be used exclusively for public purposes and any fees, terms, or conditions applied for use of the property, or waivers of those fees, terms, or conditions, would be required to be applied uniformly to all members of the public. The state would be authorized to reenter and repossess the property if these conditions were not met and would not be liable for reimbursement to any party for improvements made on the property.

If the local unit of government intends to convey the property within 3 years after the conveyance from the state, they would be required to notify DTMB and DTMB would retain a right to first purchase the property at the original sale price within 90 days of the notice. If DTMB waives the right, the local unit of government would be required to pay the state 40% of the difference between the sale price of conveyance and the sale price of the subsequent sale.

The property would be conveyed by a quitclaim deed approved by the Attorney General. The state would not reserve oil, gas, or mineral rights to the conveyed property, but the purchaser or any grantee would be required to pay one-half of any gross revenue generated from the development of oil, gas, or minerals. The state would reserve all rights in aboriginal antiquities, including the right to explore, excavate, and take them. Aboriginal antiquities include mounds, earthworks, forts, burial and village sites, mines, and other relics.

Net revenue received under the bill would be deposited to the General Fund. "Net revenue" is defined to mean the proceeds from the sale less reimbursement for any costs to the state associated with the sale (i.e. costs of reports and studies and other materials necessary to the preparation of the sale, environmental remediation, legal fees, and any litigation expenses related to the conveyance of the property).

***FISCAL IMPACT:***

Net revenue to the state would be \$1.00 if sold to Schoolcraft County. If sold to a local unit of government and the local unit of government conveys the property within 3 years, and DTMB does not exercise its' right to purchase the property back, additional revenue to the state would be 40% of the difference between the sale price of the original conveyance and the sale price of the subsequent sale to a third party. If DTMB purchased the property back, there would be costs to the state for the purchase.

Also, there would be an indeterminate amount of revenue to the state if the purchaser or any grantee develops oil, gas, or minerals found on, within, or under the property.

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