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DRAYTON PLAINS CONVEYANCE

House Bill 4696 as enrolled
Public Act 145 of 1999
Second Analysis (10-21-99)

Sponsor: Rep. Mike Kowall
House Committee: Conservation and
Outdoor Recreation
Senate Committee: Local, Urban and
State Affairs

THE APPARENT PROBLEM:

Public Act 7 of 1965 authorized the Department of Conservation (later renamed the Department of Natural Resources) to sell a former fish hatchery in Waterford Township, Oakland County to the Drayton Plains Nature Center. The nature center wants to sell 10 of these 137 acres to raise funds for some needed capital improvements. However, at that time it was (and still is) common practice, when the state sold property, to have a reverter clause inserted in the language of each conveyance, stating that the property being sold would revert to the state if it was no longer used for its intended purpose. In the case of the nature center, the property was sold conditional upon its use for conservation education purposes. So that the property can be sold by the nature center, legislation has been introduced that would replace this clause with one that would give the state the "first right of refusal" should the property ever be sold.

THE CONTENT OF THE BILL:

The Department of Conservation (later named the Department of Natural Resources) was authorized under Public Act 7 of 1965 to sell property in Waterford Township, Oakland County, for conservation education and related purposes. The conveyance provides that, when the property is no longer used for these purposes, it must revert to the state. House Bill 4696 would amend the act to delete this provision and to specify that the conveyance would be amended to eliminate the restriction and possibility of reverter, and to specify, instead, that the DNR would have the first right to purchase the property if all or any part of it was offered for sale. The bill would also

specify that the sale would be for fair market value, as appraised by the State Tax Commission, or by an independent fee appraiser, based on the property's highest and best use. In addition, the bill would specify that resident and nonresident members of the public would be subject to the same fees, terms, conditions, or waivers, that were either imposed or waived for using the property.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency (HFA) the bill would have an indeterminate cost to the state. This cost would depend on whether the state chose to exercise its option to buy the property being sold by the Drayton Plains Nature Center and upon the fair market value of the property at the time of purchase. (10-21-99)

The Senate Fiscal Agency (SFA) estimates that the bill would result in potential lost assets for the state. The land that would be sold has a reported estimated value of \$500,000. By deleting the reverter clause -- which requires that the land be returned to the state if it ceases to be used for educational purposes -- the bill would preclude the state from recovering the land if it were ever to be sold, unless the state paid the fair market value. (10-4-99)

ARGUMENTS:

For:

The bill would simply delete a "reverter clause" that was included in the 1965 act authorizing the sale of

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property in Oakland County to the Drayton Plains Nature Center. When this is done, the nature center plans to sell off a ten-acre parcel of its land. The nature center estimates that approximately \$500,000 would be realized from the sale. Of this, some \$50,000 to \$60,000 would be used for capital improvements. The rest would be deposited into an irrevocable trust and used to produce a monthly income.

Analyst: R. Young

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.