



**House
Legislative
Analysis
Section**

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JACKSON COUNTY CONVEYANCE

**House Bill 5456 (Substitute H-3)
Sponsor: Rep. Mickey Mortimer**

**House Bill 5465 (Substitute H-3)
Sponsor: Rep. Clark Bisbee
Committee: Regulatory Reform**

**Senate Bill 616 (Substitute H-4)
Sponsor: Sen. Philip E. Hoffman
House Committee: Regulatory Reform
Senate Committee: Local, Urban, and
State Affairs (Discharged)**

First Analysis (11-7-02)

THE APPARENT PROBLEM:

An economic development agency in Jackson County, the Enterprise Group of Jackson, has been working on a proposal that would create an industrial park in Blackman Charter Township and Leoni Township on state-owned land near the state prison complex. Proponents of the plan envision a 1,000-acre industrial park just east of the prison and near an Interstate 94 interchange. The expectation is that development will begin in the westernmost portions of the land and proceed eastward and would feature both heavy and light industrial users. The plan calls for buffering the development from the state prison. Blackman Township is said to be willing to extend water and sewer lines to the property during the initial phase of the development. Obviously, a key element in this plan is legislation permitting the transfer of the state-owned land.

THE CONTENT OF THE BILLS:

The bills would authorize the conveyance by the State Administrative Board of state-owned property in Blackman Charter Township and Leoni Township, Jackson County, for not less than fair market value. Any conveyance would have to provide that the property was to be used by the grantee for an industrial park with adjacent wetlands, in conjunction with the enterprise park proposed industrial development plan as presented to the Department of Management of Budget, the Department of Corrections, Blackman Charter Township, and Leoni Charter Township for review and comment, and with the resolutions of support for that plan from the two townships.

House Bill 5456 would convey 581.11 acres, with 285.28 of those acres to be placed in a wetland bank. The bill provides a description of the property.

House Bill 5465 would convey 369.78 acres, with 2.29 acres to be placed in a wetland bank. The bill provides a description of the property.

Senate Bill 616 would convey 354.08 acres, with 31.11 acres to be placed in a wetland bank. The bill provides a description of the property.

The three bills are tie-barred to another, and each contains essentially the same provisions regarding the nature of the conveyance of the state-owned property.

The fair market value of these properties would have to be determined by an appraisal prepared by the State Tax Commission or an independent fee appraiser. The conveyances would be by quitclaim deed approved by the attorney general. To ensure the security and operations of the Department of Corrections and the State of Michigan, all final sales would have to be approved by the Department of Corrections and the Department of Management and Budget. Net revenue received under the bill would be deposited in the state treasury and credited to the general fund.

Any sale of property authorized under the bills would have to be conducted in a manner to realize the highest price for the sale and the highest return to the state. The sale would have to be done in an open manner that used one or more of the following: a

House Bills 5456, 5465 and Senate Bill 616 (11-7-02)

competitive sealed bid; oral bid; public auction; and use of broker services. Broker services could only be used if there were three or more bidders for the property. The minimum selling price would have to be the higher value of either its fair market value or the result of a professional concept plan value as determined by a real estate professional qualified to make such valuations. The real estate professional would have to be selected through a request for proposal and competitive bid process.

A notice of a sealed or oral bid, public auction sale, or use of broker negotiation services, regarding the sale of these properties would have to be published at least once in a newspaper at least ten days before the sale. The newspaper would have to be one published in the county where the property was located or in a newspaper in a county nearest that county. The notice would have to describe the general location of the property and the date, time, and place of the sale.

Senate Bill 616 would also authorize the Department of Management and Budget to demolish, dismantle, or otherwise dispose of a surplus building, described as the "central chiller" located at 615 West Allegan in Lansing. The DMB would be able to use unexpended funds appropriated in the 2002-2003 capital outlay budget for the demolition.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the state will receive fair market value on the land it sells. Until an appraisal is completed, the fair market value of the land is not known. How much the state will spend to prepare the properties for sale is also not known. The HFA also points out that the two townships and Jackson County will benefit by returning property to the tax rolls and will benefit from companies building and operating on sites in the industrial park. The benefits are indeterminate at present. It is also not known how much site development and infrastructure work will cost the townships and county. (Based on a HFA committee analysis dated 9-18-02) A representative from the Department of Management and Budget testified before the House Regulatory Reform Committee that the demolition of an obsolete state-owned building in Lansing (unrelated to the property conveyances) would cost about \$1.8 million.

ARGUMENTS:

For:

The bills would permit, upon the approval of both the Department of Corrections and the Department of

Management and Budget, the sale at fair market value of state-owned land near the state prison complex in Jackson County for use in developing an industrial park. The plans for the park would have to be presented to the departments for review and comment, and the plan would have to be accompanied by resolutions of support by the two townships in which the property is located.

POSITIONS:

The Department of Management and Budget supports the bills. (9-24-02)

Analyst: C. Couch

■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.