

Senate Fiscal Agency  
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**SFA**



**BILL ANALYSIS**

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Senate Bill 468 (as enrolled)  
Sponsor: Senator John D. Cherry, Jr.  
Senate Committee: Local, Urban and State Affairs  
House Committee: Regulatory Reform

**PUBLIC ACT 138 of 2002**

Date Completed: 9-9-02

**RATIONALE**

The Mounds Off-Road Vehicle (ORV) Park in Genesee County offers trail/route systems for motorcycles, mini-bikes, dune buggies, four-wheel drive vehicles, and all-terrain vehicles. Currently, the Department of Natural Resources (DNR) has jurisdiction over two parcels of State-owned land adjacent to the park. Evidently, the State acquired the property for ORV use, and the county has been responsible for administering it, along with a larger parcel of park property. It was proposed that the DNR convey the two parcels of land to Genesee County in conjunction with park expansion plans.

It also was suggested that provisions be made to convey or sell certain State-owned parcels in Wayne and Kalkaska Counties for further improvements and any future developments.

**CONTENT**

**The bill authorizes the Department of Natural Resources to convey certain State-owned property under its jurisdiction to Genesee County and to Clearwater Township for \$1; and authorizes the State Administrative Board to convey certain property under the jurisdiction of the Department of Management and Budget in Wayne County for fair market value.**

Genesee County

The DNR, on behalf of the State, may convey for \$1 to Genesee County, two parcels of property under the DNR's jurisdiction and located in Genesee County, as described in the bill.

The conveyance must require the property to be used only for public recreation purposes,

and be open to all State residents on the same terms, fees, and conditions. The conveyance also must provide that upon termination of that use or use for any other purpose, the property will revert immediately to the State, with the State assuming no liability for any improvements made by Genesee County.

The conveyance must be by quitclaim deed approved by the Attorney General and must reserve mineral rights to the State.

Wayne County

The State Administrative Board, on behalf of the State, may convey for fair market value, certain property now under the jurisdiction of the Department of Management and Budget in Wayne County, which the bill refers to as "Michigan Plaza Building and land".

The sale of the property must be conducted to realize the highest price for the sale and the highest return to the State. The sale must be done in an open manner that used one or more of the following: a competitive sealed bid, oral bid, public auction, and/or use of broker services.

Broker services may be used only if there are three or more bidders for this property. The minimum selling price must 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. This real estate professional must 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 services, describing the location of the property and the date, time,

and place of the sale, must be published at least once, not less than 10 days before the sale. The notice must be published in a newspaper published in the county where the property is located or, if no paper is published in that county, in the nearest county.

The conveyance must be by quitclaim deed approved by the Attorney General. The fair market value must be determined by an appraisal as prepared by the State Tax Commission and an independent fee appraiser.

The net revenue from the sale must be credited to the State's General Fund.

### Kalkaska County

The DNR, on behalf of the State, may convey for \$1 to Clearwater Township, certain property under its jurisdiction in Kalkaska County, as described in the bill.

The conveyance must require the property to be used only for the purpose of public recreational and boating and fishing accesses. The conveyance must provide that if any fee, term, or condition for use of the property is imposed on members of the public, or waived for use of the property, resident and nonresident members of the public will be subject to the same terms, fees, conditions, and waivers. The conveyance also must provide that upon termination of the use described in the bill or use for any other purpose, the State may reenter and repossess the property, terminating the grantee's estate in it. If the grantee disputes the State's exercise of its right of reentry and fails to deliver possession promptly to the State, the Attorney General may bring an action to quiet title to the property and regain possession of it.

The conveyance must be by quitclaim deed approved by the Attorney General and may not reserve mineral rights to the State.

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The efforts to expand the Mounds ORV Park represent a partnership between the DNR and Genesee County in which the Department

acquires property and the county administers it. The park's expansion plan calls for the addition of 300 acres to the existing 370-acre park for expanded use and buffer to the surrounding neighbors. The conveyance of the two parcels described in the bill to Genesee County will further continuing efforts to support legitimate ORV riding opportunities in southern Michigan.

#### **Supporting Argument**

Reportedly, MGM Mirage, owner of the MGM Grand Detroit casino, has indicated its desire to purchase the nearly-vacant Michigan Plaza Building by submitting a \$12.5 million bid to the State in order to expand the casino's current temporary location. Expansion plans may include hotels, new restaurants and bars, conference facilities, and additional gaming areas. The bill enables the State to sell the property to the highest bidder.

#### **Supporting Argument**

Since Clearwater Township has maintained and developed the State-owned property as a public park, it is reasonable and practical to convey the property to the township. The township will continue to make good use of the property for public recreational purposes and boating and fishing accesses.

Legislative Analyst: Nobuko Nagata

### **FISCAL IMPACT**

The bill authorizes the conveyance of three groups of property and could thereby increase revenues to the State.

The first conveyance involves two parcels that are State-owned in-holdings in a larger parcel of property owned by Genesee County and used for ORV recreational purposes. The parcels were originally purchased by the Department of Natural Resources with funds from the Natural Resources Trust Fund for approximately \$93,000 with the intent of providing recreational areas for ORVs. The DNR now supports conveying the property to Genesee County for \$1, to be used for ORV recreational purposes, with the provision that the property will be returned to the Department if it ever is used for any other purpose.

Second, the bill authorizes the conveyance of State-owned land in the City of Detroit that has an appraised value of approximately \$6,000,000 as reported by the Department of Management and Budget. The conveyance

must be for the higher of the property's appraised value or the result of a professional concept plan value. Therefore, the actual revenue received by the State could be higher than the appraised value.

Finally, the bill authorizes the conveyance of approximately 20 acres of property owned by the Department of Natural Resources to Clearwater Township in Kalkaska County for \$1, so long as the property is used for public recreation and boating purposes. There is no current appraisal that would provide an estimate of the property's value.

Fiscal Analyst: Mike Hansen

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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.