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SFA



BILL ANALYSIS

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Senate Bill 920 (as enrolled)
Sponsor: Senator Philip E. Hoffman
Senate Committee: Local, Urban and State Affairs
House Committee: Regulatory Reform

PUBLIC ACT 482 of 2002

Date Completed: 12-9-02

RATIONALE

After the Coldwater Regional Mental Health Center, in Branch County, closed in 1992, Public Act 265 of 1993 authorized several conveyances of the property that had been used for the facility. These included the conveyance of about 17.53 acres to Coldwater Township. Adjacent to that property is a vacant and unused parcel under the jurisdiction of the Department of Corrections. Since the Department has declared the vacant property as surplus, it was suggested that it also be conveyed to Coldwater Township, which would like to expand an existing field for public recreational purposes.

In addition, the Department of Military and Veterans Affairs (MVA) has been budgeted approximately \$22 million from the Federal government to build a Combined Support Maintenance Shop (CSMS) for the Michigan National Guard. The facility will be located at the State's North Complex, near the Capital City Airport in Lansing Township. The Department of Management and Budget (DMB) owns the North Complex property, and acquired additional land from the City of Lansing for this project. Under the MVA's agreement with the United States Department of Defense, however, the MVA must have title to the property on which the CSMS will be located.

In another matter, it was suggested that the State Administrative Board be authorized to sell certain State-owned property in Wayne County for future development.

CONTENT

The bill authorizes the State Administrative Board to do the following:

-- Convey to Coldwater Township, for \$1,

certain State-owned property under the jurisdiction of the Department of Corrections and located in Branch County.

-- Transfer from the Department of Management and Budget to the Department of Military and Veterans Affairs a parcel located in Ingham County.

-- Convey, for at least fair market value, certain State-owned property under the jurisdiction of the Department of Transportation in Wayne County.

Branch County

The State Administrative Board, on behalf of the State, may convey for \$1 to Coldwater Township, a parcel of approximately 3.87 acres under the jurisdiction of the Department of Corrections and located in Branch County. The conveyance must require the property to be used exclusively for public recreational purposes, and provide that upon termination of that use or use for any other purpose, the State may reenter and repossess the property, terminating the grantee's estate in it. In addition, the conveyance must provide that if the grantee disputes the State's right of reentry and fails to deliver possession of the property promptly to the State, the Attorney General may bring an action to quiet title to, and regain possession of, the property.

The conveyance also must provide that Coldwater Township is responsible for fencing or otherwise securing any exposed wellheads that exist on the property.

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

Ingham County

The State Administrative Board may transfer from the DMB to the Department of Military and Veterans Affairs, without consideration, a parcel of property located in Lansing Township, Ingham County. The transfer will be effective when approved by a resolution of the State Administrative Board.

The DMB may demolish, dismantle, or otherwise dispose of the following surplus buildings located on the property: the Federal Surplus Warehouse, the DMB Trades Building, and a storage building. For the demolition of these facilities, the DMB may use unspent funds appropriated in Section 101 of Public Act 114 of 1997. (That Act made supplemental appropriations for various State departments and agencies, including funding for the CSMS.)

All documents regarding the transfer must be approved by the Attorney General.

Wayne County

The State Administrative Board may convey, for at least fair market value, certain property now under the jurisdiction of the Department of Transportation in the City of Detroit, Wayne County.

As consideration for the property, the State must receive property, cash, or any combination of property and cash that equals or exceeds the fair market value. The fair market value must be determined by an appraisal as prepared by the State Tax Commission and an independent fee appraiser. The conveyance must be by quitclaim deed approved by the Attorney General.

The net revenue must be deposited in the appropriate transportation fund. If property is received as all or part of the consideration, the property may be placed under the DMB's jurisdiction. (For this purpose, "net revenue" means the proceeds from the sale of the conveyed property less reimbursement for any costs to the State associated with the sale and the lawful reimbursement of any transportation funds.)

The bill states that, for the purpose of clarifying the process by which the Detroit City

Council may amend the declaration of restrictions applicable to the West Side Industrial Development Project, the term "undeveloped property" includes both property upon which there are no buildings or similar structures above grade, regardless of whether they may have previously existed; and property upon which all buildings and similar structures existing at the time the declaration of restrictions is amended by the City Council, must be demolished and reduced to grade as a condition of effectiveness of that amendment.

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

Since the Department of Corrections has declared the Branch County parcel as vacant and unused, it is reasonable and practical to convey the property to Coldwater Township. The township can make good use of the land for public recreational purposes, such as soccer matches and other field games.

Supporting Argument

Transferring the Lansing Township parcel from the DMB to the MVA allows the Combined Support Maintenance Shop project to move forward. This facility, which will include 52 bays of different sizes, will be the Michigan National Guard's central maintenance shop in the State. In order to receive the Federal funding appropriated for the project, the MVA must have jurisdiction of the 18 acres on which it will be located.

In addition, a major utility line runs across the parcel, and the Federal Aviation Administration needs access to a tower located on the land. To accommodate these factors, it is necessary to reconfigure the location of the structures on the property. Evidently, demolishing the older, unused structures at the site, and rearranging the placement of buildings, will be less expensive than removing and relocating the utility line would be.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will result in potential additional revenue to the State, create additional expenditures, and provide additional property to a local unit of government.

The property to be conveyed to Coldwater Township is approximately 3.9 acres of vacant and unused land under the jurisdiction of the Department of Corrections, and is adjacent to a parcel previously conveyed to the township. There is no information currently available on the appraised value of the land, nor is there information on whether there exists other private sector interest in the land.

In addition, the bill authorizes the Department of Management and Budget to demolish surplus buildings at the site in Lansing Township. It is anticipated that total demolition costs will approximate \$215,000.

Finally, the bill allows the Department of Transportation to convey for fair market value approximately 2.3 acres of property located in the city of Detroit. There is no current appraisal that would indicate 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.