



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1124 (Substitute S-1 as reported)  
Sponsor: Senator Tony Stamas  
Committee: Appropriations

## **CONTENT**

The bill would authorize the State Administrative Board to convey for not less than fair market value all or portions of a parcel of property under the jurisdiction of the Department of State Police located in the City of Alpena, Alpena County.

Before offering the property for public sale, the Director of the Department of Management and Budget (DMB) would have to offer the property for sale for less than fair market value to the local units of government in which the property is located. A local government would have to enter into a purchase agreement within 60 days after the date of the offer and complete the purchase within 120 days after the date of the offer. Any conveyance to a local unit of government would have to require the property to be used exclusively for public purposes, and provide that upon termination of that use or use for other purpose, the State could reenter and repossess the property, terminating the grantee's estate in the property. If a local unit of government purchased the property, but then within one year conveyed it for other than a public purpose, the State would get 50% of the net profit realized from the conveyance.

If the property were offered for public sale, the sale would have to be conducted in a manner designed to realize the highest price from the sale to the State, and done in an open manner using a competitive sealed bid, real estate brokerage services, or a public auction. If the property were not conveyed to a local unit of government, and failed to sell at public sale, then the DMB Director, with the concurrence of the State Administrative Board, could order a reappraisal, withdraw the property from sale, or offer the property for sale for less than fair market value.

The conveyance would have to be by quitclaim deed prepared and approved by the Attorney General. The State would reserve all rights in aboriginal antiquities, but would not reserve the mineral rights to the property. The conveyance would have to provide, however, that if the purchaser or any grantee developed any minerals found on, within, or under the property, the purchaser or grantee would have to pay half of the gross revenue generated from developing the minerals to the State.

The revenue received under the bill would have to be deposited in the State Treasury and credited to the General Fund. If the revenue were insufficient to reimburse the DMB for its costs, the Department of State Police would have to reimburse those costs within 30 days.

## **FISCAL IMPACT**

The bill would have an indeterminate impact on State government. The property is an old and vacant former State Police post and half-acre of land that has been replaced by a newer facility. By selling the property, the Department would avoid annual maintenance and upkeep costs associated with maintaining this vacant building. A current appraisal for the property does not exist.

Date Completed: 6-21-04

Fiscal Analyst: Mike Hansen