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Senate Bill 1403 (as introduced 6-24-08)
Sponsor: Senator Michael Switalski
Committee: Appropriations

Date Completed: 11-3-08

CONTENT

The bill would authorize the Department of Management and Budget to convey the Woodward Corrections Center in the City of Detroit, Wayne County, to Wayne State University for \$1.

The property is located at 5801 Woodward Avenue and was an old motel that the Department of Corrections purchased in 1987 and converted to a parole facility. The facility was closed in 2005 due to estimated renovation and environmental remediation costs. It was declared surplus property in 2006. The bill would require that Wayne State University use the property exclusively for public purposes, and provides that the State would be entitled to reenter and repossess the property if that condition were not met.

If the property were not sold to Wayne State University within six months after the bill's effective date, the Department of Management and Budget would be required to take necessary steps to realize the best value for the property by preparing to convey it through competitive bidding, a public auction, use of real estate brokerage services, a value-for-value conveyance, or offering the property for sale for fair market value to a local unit or units of government. The property could be sold to a local unit of government for less than fair market value if it were used exclusively for public purposes.

The State would not reserve the mineral rights to the property conveyed. However, if the purchaser or any grantee developed any oil, gas, or minerals found on, within, or under the conveyed property, the State would receive one-half of the gross revenue generated from the development of the minerals. The State would reserve all rights in aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property.

The bill also would repeal Section 1 of Public Act 407 of 2000. That provision authorized the transfer of property located in Jackson County between the State and the Grand River Environmental Action Team. The purpose of the transfer was to clean up property lines so that each party would have all of its respective property on the same side of the Grand River. This land transfer also was authorized in Public Act 115 of 2006 and the repeal of the provision in Public Act 407 is necessary to effectuate the transfer.

FISCAL IMPACT

Net revenue from the sale of the Woodward Avenue property would be deposited in the State General Fund. The Department of Corrections currently spends \$132,500 annually for

maintenance and security of the property. The repeal of Section 1 of Public Act 407 of 2004 would have no fiscal impact.

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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.