

Legislative Analysis



Property Conveyances

221 N. Sycamore - Ingham County
Medbury Parking Lot - Wayne County

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House Bill 6030 (H-2)

Sponsor: Representative Joan Bauer

Committee: Appropriations

Complete to November 28, 2012

A SUMMARY OF HOUSE BILL 6030 (H-2) AS REPORTED BY THE HOUSE APPROPRIATIONS COMMITTEE November 28, 2012

House Bill 6030 (H-2) authorizes the State Administrative Board to convey all or portions of state-owned property in Ingham and Wayne Counties.

- Ingham County property is located in the City of Lansing, is commonly known as 221 N. Sycamore, and is currently under the jurisdiction of the Department of Technology, Management, and Budget (DTMB).
- Wayne County property is located in the City of Hamtramck, is commonly known as the Medbury parking lot, and is currently under the jurisdiction of the Department of Human Services.

Approximate legal descriptions of the properties are set forth in the bill and the properties will include all surplus, salvage, and scrap property or equipment remaining on the properties as of the dates of the conveyances. The bill requires the fair market values of the properties to be determined by appraisals prepared for DTMB by independent appraisers.

Before offering the Ingham County property for public sale, DTMB will be required to offer the property to the local unit of government in which the property is located for \$1.00. If interested, the local unit of government will 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.

For the Wayne County property, and if the Ingham County property is not conveyed to the local unit, DTMB will be required to convey the properties through competitive bidding, public auction, real estate brokerage services, offering the properties for sale for fair market value to local units of government, offering the properties for sale for less than fair market value to local units of government, or conveying the properties to the Land Bank Fast Track Authority.

If the properties are conveyed for less than fair market value, the properties will be required to be used exclusively for public purposes. Any fees, terms, or conditions applied for use of the properties, or waivers of those fees, terms, or conditions, will be required to be applied uniformly to all members of the public. The state will be authorized to reenter and repossess the properties if these conditions are not met and will not be liable for reimbursement to any parties for improvements made on the properties. The purchasers or grantees will be required to reimburse the state for all costs necessary to prepare the properties for conveyance.

If the properties are conveyed to local units of government, and the local units intend to convey the properties within 10 years after purchasing the properties from the state, the local units will be required to notify DTMB and DTMB will retain a right to first purchase the properties at the original

sale prices within 90 days after the notices. If the state repurchases the properties, the state will not be liable to any parties for improvements to, or liens placed on, the properties. If DTMB waives the right to first purchase, the local units will be required to pay the state 40% of the difference between the sale prices of the conveyances and the sale prices of the subsequent sales to third parties.

The properties will be conveyed by quitclaim deeds approved by the Attorney General. The state will not reserve oil, gas, or mineral rights to the conveyed properties, but the purchasers or any grantees will be required to pay the state one-half of any gross revenues generated from the development of oil, gas, or minerals found on, within, or under the conveyed properties. The state will reserve all rights in aboriginal antiquities, including the right to explore, excavate, and take them. Aboriginal antiquities include mounds, earthworks, forts, burial and village sites, mines, and other relics lying on, within, or under the properties.

Net revenues received under the bill will be credited to the General Fund. Net revenues are defined in the bill as being the proceeds from the sales less reimbursement for administrative costs, including employee wages, salaries, benefits, costs of reports and studies and other materials necessary to the preparation of the sales, environmental remediations, legal fees, and any litigation expenses related to the conveyance of the properties.

BACKGROUND:

- 221 N. Sycamore, Ingham County - A residential home and detached garage are located on the property. The home was used by the Department of Human Services for winterization training. An area developer has expressed interest in acquiring the property to add to an adjacent development.
- Medbury Parking Lot, Wayne County - There are five individual lots measuring 30' x 113' and one lot measuring 60' x 116.24'. The parking lot is located near former DHS leased space. The adjacent building owner intends to purchase the property.

FISCAL IMPACT:

If the local unit of government in Ingham County purchases the property, the net revenue to the state will be \$1.00. For the Wayne County property, and the Ingham County property if it is sold to someone other than the local unit of government, the net revenue to the state will be the proceeds from the sales less reimbursement for administrative costs, costs of reports, studies, and environmental remediations, legal fees, and any litigation costs related to the conveyance of the properties. Estimates of the fair market values of the properties are currently not available. Also, there will be a minimal amount of savings recognized by the state, as the state will be relieved of ongoing maintenance and security costs once the properties are conveyed.

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