



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 6030 (Substitute H-2 as passed by the House)

Sponsor: Representative Joan Bauer

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 12-10-12

CONTENT

The bill would authorize the State Administrative Board to convey the following properties:

- **221 N. Sycamore.** This property is located in the City of Lansing, Ingham County, Michigan. The property consists of a 66-foot by 162.5-foot lot with one residential building and one detached garage. The State purchased the property from a private party in 1982 for \$76,500. The fair market value of the property would have to be determined by an appraisal. The bill would require the property first to be offered to the local units of government in which it is located for \$1. If the property were not sold to a local unit of government where it is located for \$1, the Department of Technology, Management, and Budget (DTMB) would have to take necessary steps to convey the property through competitive bidding, a public auction, real estate brokerage services, offering the property for sale for fair market value to a local unit of government, offering the property for sale for less than fair market value to a local unit of government, or conveying the property to the Land Bank Fast Track Authority.
- **Medbury Parking Lot.** The Medbury Parking Lot is located in the City of Hamtramck, Wayne County, Michigan. The property consists of five individual lots measuring 30-feet by 113-feet and one lot measuring 60-feet by 116.24-feet. The lot is paved and fenced. The parking lot once serviced an adjacent Department of Human Services building that was leased by the State, until 2010. The Family Independence Agency (now the Department of Human Services) acquired the property from the Department of Natural Resources in 1997. At that time, the value was estimated at \$8,500. According to the DTMB, the adjacent property owner is interested in purchasing the property. The fair market value of the property would have to be determined by an appraisal. The DTMB would have to take necessary steps to convey the property through competitive bidding, a public auction, real estate brokerage services, offering the property for sale for fair market value to a local unit of government, offering the property for sale for less than fair market value to a local unit of government, or conveying the property to the Land Bank Fast Track Authority.

A conveyance of either property for less than fair market value would have to require the property to be used exclusively for public purposes, and provide that the State would be entitled to reenter and repossess the property, if that condition were not met. If the State repossessed the property, the State would not be liable to reimburse any party for any improvements made on the property. Any fees, terms, or conditions for the use of the

property would have to be applied uniformly to resident and nonresident members of the public. If the property were sold to a local unit of government for less than fair market value and the local unit of government intended to convey the property within 10 years of the conveyance from the State, the State would retain a right to first purchase the property at the original sale price. If the State waived its first refusal right, the local unit of government would have to pay to the State 40% of the difference between the sale price of the conveyance from the State and the price of the local unit's subsequent sale or sales to a third party.

All rights in aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property, would be reserved by the State. The State would not reserve the oil, gas, or 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 oil, gas, or minerals.

FISCAL IMPACT

Revenue to the State would depend on whether the property was conveyed to a local unit of government for less than fair market value to be used for public purposes or if the property were conveyed in a manner to obtain the best value to the State. Any revenue from the conveyance would be deposited in the State General Fund.

Fiscal Analyst: Bill Bowerman