

# SENATE BILL No. 425

June 9, 2011, Introduced by Senator COLBECK and referred to the Committee on Appropriations.

A bill to authorize the state administrative board to convey certain parcels of state-owned property in Wayne county; to prescribe conditions for the conveyance; to provide for certain powers and duties of certain state departments in regard to the property; and to provide for disposition of revenue derived from the conveyance.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. (1) The state administrative board, on behalf of this  
2       state, may convey by quitclaim deed all or portions of certain  
3       state-owned property under the jurisdiction of the department of  
4       corrections, commonly known as the Scott correctional facility, and  
5       located in the township of Northville, Wayne county, Michigan, and  
6       further described as follows:  
7       Commencing at the southeast corner of Section 17, T1S,R8E, Wayne

1 County, Michigan; thence N00°16'01"E 60.00 feet, on the east line  
2 of said Section 17; thence N89°45'00"W 60.00 feet to the point of  
3 beginning, said point being the right-of-way intersection of the  
4 west line of Beck Road and the north line of 5 Mile Road; thence  
5 N00°16'01"E 1561.18 feet on said westerly right-of-way; thence  
6 N89°58'59"W 1445.69 feet; thence S03°42'55"W 1558.15 feet, to the  
7 northerly right-of-way of 5 Mile Road; thence S89°45'00"E 1539.40  
8 feet on said northerly right-of-way to the point of beginning,  
9 containing 53.16 acres, more or less. All bearings are relative and  
10 referenced to a previous survey of this section and a survey by  
11 McNeely & Lincoln, Job #7360. The above described parcel is subject  
12 to any easements or rights of record that pertain to this parcel.

13 (2) The description of the property in subsection (1) is  
14 approximate and, for purposes of the conveyance, is subject to  
15 adjustments as the state administrative board or the attorney  
16 general considers necessary by survey or other legal description.

17 (3) The property includes all surplus, salvage, and scrap  
18 property or equipment remaining on the property as of the date of  
19 the conveyance.

20 (4) The director of the department shall first offer the  
21 property described in subsection (1) for sale for \$1.00 to the  
22 local units of government in which the property is located. To  
23 purchase the property under this subsection, a local unit of  
24 government shall enter into a purchase agreement within 60 days  
25 after the date of the offer and complete the purchase within 120  
26 days after the date of the offer. Conveyance of the property or any  
27 portion thereof for \$1.00 is subject to subsections (6) and (7).

1           (5) If the property described in subsection (1) or any portion  
2 thereof is not conveyed pursuant to subsection (4), the department  
3 shall take the necessary steps to prepare to convey the remaining  
4 property by any of the following means at any time:

5           (a) Competitive bidding designed to realize the best value to  
6 this state, as determined by the department.

7           (b) A public auction designed to realize the best value to  
8 this state, as determined by the department.

9           (c) Real estate brokerage services designed to realize the  
10 best value to this state, as determined by the department.

11           (d) A negotiated sale process conducted by the department in a  
12 manner to provide this state with consideration for the property  
13 representing at least a fair exchange of value for value. In  
14 determining whether consideration for the property represents a  
15 fair exchange of value for value, the department may consider the  
16 highest return and best value to this state based on either or both  
17 of the following:

18           (i) The fair market value of the property as determined by an  
19 appraisal prepared for the department by an independent appraiser.

20           (ii) The total value to this state of the sale of the property  
21 considering the best interests of this state, including, but not  
22 limited to, any positive economic impact to this state likely to be  
23 generated by the proposed use of the property, especially the  
24 creation or retention of jobs, increased capital investment,  
25 environmental remediation, or avoidance of property ownership costs  
26 for this state, as determined by the department.

27           (e) Offering the property for sale to a local unit or units of

1 government for fair market value as determined by an appraisal  
2 prepared for the department by an independent appraiser.

3 (f) Offering the property for sale for less than fair market  
4 value to a local unit or units of government subject to subsections  
5 (6) and (7).

6 (g) Conveying the property to the land bank fast track  
7 authority established under the land bank fast track act, 2003 PA  
8 258, MCL 124.751 to 124.774.

9 (6) A conveyance for less than fair market value authorized by  
10 subsection (4) or (5)(f) shall provide for all of the following:

11 (a) The property shall be used exclusively for public purposes  
12 and if any fee, term, or condition for the use of the property is  
13 imposed on members of the public, or if any of those fees, terms,  
14 or conditions are waived for use of the property, all members of  
15 the public shall be subject to the same fees, terms, conditions,  
16 and waivers.

17 (b) If a provision of the conveyance described in subdivision  
18 (a) is violated, this state may reenter and repossess the property,  
19 terminating the grantee's or successor's estate in the property.

20 (c) If the grantee or successor disputes this state's exercise  
21 of its right of reentry and fails to promptly deliver possession of  
22 the property to this state, the attorney general, on behalf of this  
23 state, may bring an action to quiet title to, and regain possession  
24 of, the property.

25 (d) If this state reenters and repossesses the property, this  
26 state is not liable to reimburse any party for any improvements  
27 made on the property.

1 (e) If requested by this state, the grantee shall reimburse  
2 this state for costs necessary to prepare the property for  
3 conveyance.

4 (7) If property is conveyed pursuant to subsection (4) or  
5 (5)(f) and if the local unit of government intends to convey the  
6 property within 10 years after the conveyance under subsection (4)  
7 or (5)(f), the local unit shall provide notice to the department of  
8 its intent to convey the property. The department shall retain a  
9 right to first purchase the property at the original sale price  
10 within 90 days after the notice is received. If this state  
11 repurchases the property, this state is not liable to any party for  
12 improvements to, or liens placed on, the property. If this state  
13 waives its right to first purchase the property, the local unit of  
14 government shall pay to this state 40% of the difference between  
15 the sale price of the conveyance from this state under subsection  
16 (4) or (5)(f) and the sale price of the local unit's subsequent  
17 conveyance to a third party.

18 (8) The quitclaim deed authorized by this section shall be  
19 approved as to legal form by the department of attorney general.

20 (9) This state shall not reserve oil, gas, or mineral rights  
21 to property conveyed under this section. However, a conveyance  
22 authorized under this section shall provide that, if the purchaser  
23 or any grantee develops any oil, gas, or minerals found on, within,  
24 or under the conveyed property, the purchaser or any grantee shall  
25 pay this state 1/2 of the gross revenue generated from the  
26 development of the oil, gas, or minerals. This payment shall be  
27 deposited in the general fund.

1           (10) This state reserves all aboriginal antiquities including  
2 mounds, earthworks, forts, burial and village sites, mines, or  
3 other relics lying on, within, or under the property with power to  
4 this state and all others acting under its authority to enter the  
5 property for any purpose related to exploring, excavating, and  
6 taking away the aboriginal antiquities.

7           (11) The net revenue received by this state from the sale of  
8 property under this section shall be deposited in the state  
9 treasury and credited to the general fund.

10          (12) As used in this section:

11          (a) "Department" means the department of technology,  
12 management, and budget.

13          (b) "Net revenue" means the proceeds from the sale of the  
14 property less reimbursement for any costs to this state associated  
15 with the sale of property, including, but not limited to,  
16 administrative costs, including employee wages, salaries, and  
17 benefits; costs of reports and studies and other materials  
18 necessary to the preparation of sale; environmental remediation;  
19 legal fees; and any litigation related to the conveyance of the  
20 property.