

# HOUSE BILL No. 6029

November 8, 2012, Introduced by Rep. Wayne Schmidt and referred to the Committee on Appropriations.

A bill to authorize the state administrative board to convey certain state-owned property in Grand Traverse and Otsego counties; to prescribe conditions for the conveyances; to provide for certain powers and duties of certain state departments in regard to the properties; to provide for disposition of revenue derived from the conveyances; and to authorize the state administrative board to transfer certain state-owned property in Jackson county from the state transportation department to the department of corrections.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. (1) The state administrative board, on behalf of the  
2       state, may convey by quitclaim deed all or portions of certain  
3       state-owned property now under the jurisdiction of the department  
4       of technology, management, and budget, commonly known as the former

1 Chesapeake and Ohio Railroad right of way, located in the city of  
2 Traverse City, Grand Traverse county, Michigan, and further  
3 described as the North 25 feet of Lots 8 through 21, Block 12,  
4 Hannah's Fifth Addition to Traverse City. The above described  
5 parcel is subject to any easements and/or rights of record as may  
6 pertain to this parcel.

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

11 (3) The property described in subsection (1) includes all  
12 surplus, salvage, and scrap property or equipment remaining on the  
13 property as of the date of the conveyance.

14 (4) The fair market value of the property described in  
15 subsection (1) shall be determined by an appraisal prepared for the  
16 department of technology, management, and budget by an independent  
17 appraiser.

18 (5) The director of the department of technology, management,  
19 and budget shall first offer the property described in subsection  
20 (1) to Traverse City area public schools, which shall have the  
21 first right to purchase the property, for consideration of \$1.00,  
22 for a period of 180 days after the effective date of this act.  
23 Conveyance of any portion of the property for \$1.00 is subject to  
24 subsections (7) and (8).

25 (6) If any portion of the property described in subsection (1)  
26 is not conveyed pursuant to subsection (5), the department of  
27 technology, management, and budget shall take the necessary steps

1 to prepare to convey the remaining portions of the property using  
2 any of the following at any time:

3 (a) Competitive bidding designed to realize the best value to  
4 the state, as determined by the department of technology,  
5 management, and budget.

6 (b) A public auction designed to realize the best value to the  
7 state, as determined by the department of technology, management,  
8 and budget.

9 (c) Real estate brokerage services designed to realize the  
10 best value to the state, as determined by the department of  
11 technology, management, and budget.

12 (d) Offering the property for sale for fair market value to a  
13 local unit or units of government.

14 (e) Offering the property for sale for less than fair market  
15 value to a local unit or units of government subject to subsections  
16 (7) and (8).

17 (f) Conveying the property to the land bank fast track  
18 authority established under the land bank fast track act, 2003 PA  
19 258, MCL 124.751 to 124.774.

20 (7) Any conveyance authorized by subsection (5) or (6)(e)  
21 shall provide for all of the following:

22 (a) The property shall be used exclusively for public purposes  
23 and if any fee, term, or condition for the use of the property is  
24 imposed on members of the public, or if any of those fees, terms,  
25 or conditions are waived for use of the property, all members of  
26 the public shall be subject to the same fees, terms, conditions,  
27 and waivers.

1 (b) In the event of an activity inconsistent with subdivision  
2 (a), the state may reenter and repossess the property, terminating  
3 the grantee's or successor's estate in the property.

4 (c) If the grantee or successor disputes the state's exercise  
5 of its right of reentry and fails to promptly deliver possession of  
6 the property to the state, the attorney general, on behalf of the  
7 state, may bring an action to quiet title to, and regain possession  
8 of, the property.

9 (d) If the state reenters and repossesses the property, the  
10 state is not liable to reimburse any party for any improvements  
11 made on the property.

12 (e) The grantee shall reimburse the state for requested costs  
13 necessary to prepare the property for conveyance.

14 (8) For property conveyed pursuant to subsection (5) or  
15 (6)(e), if the grantee intends to convey the property within 10  
16 years after the conveyance from the state, the grantee shall  
17 provide notice to the department of technology, management, and  
18 budget of its intent to offer the property for sale. The department  
19 of technology, management, and budget shall retain a right to first  
20 purchase the property at the original sale price within 90 days  
21 after the notice. If the state repurchases the property, the state  
22 is not liable for any improvements to, or liens placed on, the  
23 property. If the state waives its first refusal right, the grantee  
24 under subsection (5) or (6)(e) shall pay to the state 40% of the  
25 difference between the sale price of the conveyance from the state  
26 and the sale price of the grantee's subsequent sale or sales to a  
27 third party.

1           (9) The department of attorney general shall approve as to  
2 legal form the quitclaim deed authorized by this section.

3           (10) The state shall not reserve oil, gas, or mineral rights  
4 to the property conveyed under this section. However, the  
5 conveyance authorized under this section shall provide that, if the  
6 purchaser or any grantee develops any oil, gas, or minerals found  
7 on, within, or under the conveyed property, the purchaser or any  
8 grantee shall pay the state 1/2 of the gross revenue generated from  
9 the development of the oil, gas, or minerals. This payment shall be  
10 deposited in the general fund.

11           (11) The state reserves all aboriginal antiquities including  
12 mounds, earthworks, forts, burial and village sites, mines, or  
13 other relics lying on, within, or under the property with power to  
14 the state and all others acting under its authority to enter the  
15 property for any purpose related to exploring, excavating, and  
16 taking away the aboriginal antiquities.

17           (12) The net revenue received by the state from the sale of  
18 property under this section shall be deposited in the state  
19 treasury and credited to the general fund. As used in this  
20 subsection, "net revenue" means the proceeds from the sale of the  
21 property less reimbursement for any costs to the state associated  
22 with the sale of property, including, but not limited to,  
23 administrative costs, including employee wages, salaries, and  
24 benefits; costs of reports and studies and other materials  
25 necessary to prepare for the sale; environmental remediation costs;  
26 legal fees; and costs of any litigation related to the conveyance  
27 of the property.

1       Sec. 2. (1) The state administrative board, on behalf of the  
2 state, may convey by quitclaim deed all or portions of certain  
3 state-owned property now under the jurisdiction of the department  
4 of community health, commonly known as Pinehaven buildings 31 and  
5 32, and located at 102 McLouth road on part of the SW  $\frac{1}{4}$  of section  
6 27, T31N, R3W, Livingston township, Otsego county, Michigan, and  
7 more particularly described as follows:

8 Commencing at the southwest corner of said section 27, thence  
9 S89°22'16"E, 400.00' along the south line of said section 27, to the  
10 point of beginning; thence N00°37'44"E. 350.00'; thence S89°22'16"E  
11 450.16'; thence S00°37'44"W 350.00' to the south line of said  
12 section 27; thence N89°22'16"W 450.16' along said south line to the  
13 point of beginning, containing 3.62 acres and subject to easements  
14 of record.

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

19       (3) The property described in subsection (1) includes all  
20 surplus, salvage, and scrap property or equipment remaining on the  
21 property as of the date of the conveyance.

22       (4) The fair market value of the property described in  
23 subsection (1) shall be determined by an appraisal prepared for the  
24 department of technology, management, and budget by an independent  
25 appraiser.

26       (5) The director of the department of technology, management,  
27 and budget shall first offer the property described in subsection

1 (1) to the north country community mental health authority, a  
2 governmental entity, which shall have the first right to purchase  
3 the property, for consideration of \$1.00, for a period of 180 days  
4 after the effective date of this act. Conveyance of any portion of  
5 the property for \$1.00 is subject to subsections (7) and (8).

6 (6) If any portion of the property described in subsection (1)  
7 is not conveyed pursuant to subsection (5), the department of  
8 technology, management, and budget shall take the necessary steps  
9 to prepare to convey the remaining portions of the property using  
10 any of the following at any time:

11 (a) Competitive bidding designed to realize the best value to  
12 the state, as determined by the department of technology,  
13 management, and budget.

14 (b) A public auction designed to realize the best value to the  
15 state, as determined by the department of technology, management,  
16 and budget.

17 (c) Real estate brokerage services designed to realize the  
18 best value to the state, as determined by the department of  
19 technology, management, and budget.

20 (d) Offering the property for sale for less than fair market  
21 value to a local unit or units of government, or to a governmental  
22 corporation, subject to subsections (7) and (8).

23 (7) Any conveyance for less than fair market value authorized  
24 by subsection (5) or (6)(d) shall provide for all of the following:

25 (a) The property shall be used exclusively for the public  
26 purposes of providing inpatient residential community health  
27 services and related community mental health services to persons

1 requiring them due to mental illness, aging, substance abuse,  
2 developmental disability, or other mental disability for a period  
3 of at least 50 years after the date of the conveyance.

4 (b) If any fee, term, or condition for the use of the property  
5 is imposed on members of the public, or if any of those fees,  
6 terms, or conditions are waived for use of the property, all  
7 members of the public shall be subject to the same fees, terms,  
8 conditions, and waivers.

9 (c) In the event of an activity inconsistent with subdivision  
10 (a) or (b), the state may reenter and repossess the property,  
11 terminating the grantee's or successor's estate in the property.

12 (d) If the grantee or successor disputes the state's exercise  
13 of its right of reentry and fails to promptly deliver possession of  
14 the property to the state, the attorney general, on behalf of the  
15 state, may bring an action to quiet title to, and regain possession  
16 of, the property.

17 (e) If the state reenters and repossesses the property, the  
18 state is not liable to reimburse any party for any improvements  
19 made on the property.

20 (f) The grantee shall reimburse the state for requested costs  
21 necessary to prepare the property for conveyance.

22 (8) For property conveyed pursuant to subsection (5) or  
23 (6)(d), if the grantee intends to convey the property within 50  
24 years after the conveyance from the state, the grantee shall  
25 provide notice to the department of technology, management, and  
26 budget of its intent to offer the property for sale. The department  
27 of technology, management, and budget shall retain a right to first



1 purchase the property at the original sale price within 90 days  
2 after the notice. If the state repurchases the property, the state  
3 is not liable to any party for improvements to, or liens place on,  
4 the property. If the state waives its first refusal right, the  
5 grantee under subsection (5) or (6)(d) shall pay to the state 40%  
6 of the difference between the sale price of the conveyance from the  
7 state and the sale price of the grantee's subsequent sale or sales  
8 to a third party.

9 (9) The department of attorney general shall approve as to  
10 legal form the quitclaim deed authorized by this section.

11 (10) The state shall not reserve oil, gas, or mineral rights  
12 to the property conveyed under this section. However, the  
13 conveyance authorized under this section shall provide that, if the  
14 purchaser or any successor in interest develops any oil, gas, or  
15 minerals found on, within, or under the conveyed property, the  
16 purchaser or grantee shall pay the state 1/2 of the gross revenue  
17 generated from the development of the oil, gas, or minerals. This  
18 payment shall be deposited in the general fund.

19 (11) The state reserves all aboriginal antiquities including  
20 mounds, earthworks, forts, burial and village sites, mines, or  
21 other relics lying on, within, or under the property with power to  
22 the state and all others acting under its authority to enter the  
23 property for any purpose related to exploring, excavating, and  
24 taking away the aboriginal antiquities.

25 (12) The net revenue received by the state from the sale of  
26 property under this section shall be deposited in the state  
27 treasury and credited to the general fund. As used in this

1 subsection, "net revenue" means the proceeds from the sale of the  
2 property less reimbursement for any costs to the state associated  
3 with the sale of property, including, but not limited to,  
4 administrative costs, including employee wages, salaries, and  
5 benefits; costs of reports and studies and other materials  
6 necessary to prepare for the sale; environmental remediation costs;  
7 legal fees; and costs of any litigation related to the conveyance  
8 of the property.

9 Sec. 3. (1) The state administrative board may transfer from  
10 the state transportation department to the department of  
11 corrections, without consideration, a parcel of land in the  
12 townships of Blackman and Leoni, Jackson county, Michigan, more  
13 specifically described as follows:

14 All that part of the Michigan department of transportation  
15 railroad, formerly Grand Trunk Western, right of way, 100 feet  
16 wide, more or less, further described as: beginning at a point on  
17 the centerline of said railroad which is at the southwesterly end  
18 of the bridge over the Portage river in the southeast corner of the  
19 southwest quarter of section 5, town 2 south, range 1 east, Leoni  
20 township, Jackson county, Michigan, thence southwesterly, following  
21 along the centerline of said railroad, 3.98 miles, more or less,  
22 passing through Sections 5, 8, 7 and 18 of said township, Sections  
23 13, 14, 23, town 2 south, range 1 west, Blackman township, Jackson  
24 county, Michigan, to the point of ending on the westerly right of  
25 way line of the highway M-106. Contains 46.50 acres, more or less.

26 (2) The property description in subsection (1) is approximate  
27 and subject to possible adjustment by a professional survey

1 conducted by the department of technology, management, and budget.

2 (3) The transfer authorized by this section is permanent and  
3 effective when approved by the state administrative board. The  
4 department of corrections shall then assume full responsibility for  
5 the property.

6 (4) All documents regarding the transfer of the property  
7 described in subsection (1) shall be approved as to legal form by  
8 the department of attorney general.

9 (5) The department of technology, management, and budget shall  
10 coordinate and implement the transfer, but any survey costs or  
11 transaction closing costs incurred by the department of technology,  
12 management, and budget in doing so shall be reimbursed by the  
13 department of corrections.