

# Legislative Analysis

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## Property Conveyances Chippewa County - Kinross Township

Mary Ann Cleary, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### House Bill 4080 Sponsor: Representative Frank Foster Committee: Appropriations

**Complete to March 6, 2013**

#### **A SUMMARY OF HOUSE BILL 4080 (H-2) March 6, 2013**

House Bill 4080 authorizes the State Administrative Board to convey all or portions of state-owned property in Chippewa County. The property is located in the Township of Kinross and is currently under the jurisdiction of the Department of Corrections.

Approximate legal descriptions of the property is set forth in the bill and the property will include all surplus, salvage, and scrap property or equipment remaining on the property as of the date of the conveyance. The bill would require the fair market value of the property to be determined by an appraisal prepared for the Department of Technology, Management, and Budget (DTMB) by an independent appraiser.

DTMB will be required to offer the property to the Township of Kinross for \$1.00. If the property is not sold to the Township of Kinross then the property will be offered to Chippewa County for \$1.00. If interested, the local unit of government will have to enter into purchase agreement within 60 days after the date of the offer and complete purchase within 120 days after the date of the offer.

If the property is not conveyed to a local unit of government, DTMB would be required to convey the property through competitive bidding, public auction, real estate brokerage services, offering the property for sale for fair market value to a local unit of government, or offering the property for sale for less than fair market value to a local unit of government.

If the property is conveyed to the Township of Kinross, Chippewa County, or conveyed to another local unit of government at less than fair market value, the property will be required to be used exclusively for public purposes. Any fees, terms, or conditions applied for use of the property, 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 property if these conditions are not met and will not be liable for reimbursement to any party for improvements made on the property. The purchaser or grantee will be required to reimburse the state for all costs necessary to prepare the property for conveyance.

If the property is conveyed to a local unit of government, and the local unit intends to convey the property within 10 years after purchasing the property from the state, the local unit would be required to notify DTMB and DTMB would retain a right to first purchase the property at the original sale price within 90 days after the notice. If the state repurchases the property, the state would not be liable to any party for improvements to, or liens placed on, the property. If DTMB waives the right to first purchase, the local unit would be required to pay the state 40% of the difference between the sale price of the conveyance and the sale price of the subsequent sale to a third party.

The property will be conveyed by quitclaim deed approved by the Attorney General. The state will not reserve oil, gas, or mineral rights to the conveyed property, but the purchaser or any grantee will be required to pay the state one-half of any gross revenue generated from the development of oil, gas, or minerals found on, within, or under the conveyed property. This payment shall be deposited in the General Fund. 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 property.

**BACKGROUND:**

The property consists of approximately 3.06 acres. The property is the former site of a now demolished coal fired power plant that powered the state prison, military base, and other nearby facilities. The property was formerly owned by the Township of Kinross and was deeded to the state in 1987. The property is considered surplus to the Department of Corrections needs and will be sold to Kinross Township to advance public purposes.

**FISCAL IMPACT:**

If the Township of Kinross purchases the property, the net revenue to the state will be \$1.00. An estimate of the fair market value of the property is 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 property is conveyed.

Fiscal Analyst: Ben Gielczyk

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