



Senate Fiscal Agency  
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## BILL ANALYSIS

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House Bill 4080 (Substitute S-1)  
Sponsor: Representative Frank Foster  
House Committee: Appropriations  
Senate Committee: Appropriations

Date Completed: 6-18-13

**CONTENT**

The bill would authorize the State Administrative Board to convey all or portions of certain State-owned property located in Kinross Township, Chippewa County, and Camp Manistique property in Schoolcraft County.

**Kinross Township Property.** The State acquired two parcels from Kinross Township and Chippewa County in 1987 for \$1 each. The property consists of approximately 3.06 acres (2.68 acres and 0.38 acre) and was the site of a coal-fired power plant that supported the State prison, military base, and other nearby facilities. The power plant was demolished in January 2007.

The bill would require that the State first offer the property to the Township of Kinross for \$1. If all of the property were not sold to Kinross Township, the State would have to offer the remaining property to the County of Chippewa for \$1. If Kinross Township or Chippewa County did not purchase the property within the time period provided for in the bill, the State 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, or offering the property for sale for less than fair market value to a local unit of government.

A conveyance 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.

The conveyance would include all surplus, salvage, and scrap property or equipment remaining on the property. 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.

The fair market value of the property would have to be determined by an appraisal.

**Camp Manistique.** The State acquired this property (30.297 acres) from the City of Manistique in 1989 for the sum of \$24,250. A correctional facility known as Camp Manistique opened on the property in 1992 and closed in October 2007. The main building on the property consists of 39,323 square feet. In addition, there is a masonry garage/shop building that totals 1,800 square feet. There are also two open storage buildings.

The authorized terms for the conveyance of the property differ from the Kinross Township property in that there is no provision allowing for the conveyance to a local unit of government for less than fair market value. The bill provides that the property could be conveyed through methods designed to realize the best value to the State (competitive bidding, public auction, or real estate brokerage services), or offering the property for fair market value to a local unit of government.

### **FISCAL IMPACT**

**Kinross Township Property.** 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 whether the property was 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.

**Camp Manistique.** As noted above, the bill does not provide for the sale of the property to a local unit of government for less than fair market value. An appraisal prepared for the State in November 2007 estimated the value of the property at \$360,000 as is, and \$267,000 for the land only (value assuming all improvements were removed). Along with the value received for the sale of the property, the State would realize savings due to the elimination of the responsibility for maintaining the vacated property, which is estimated at \$36,000.

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