

**SUBSTITUTE FOR
HOUSE BILL NO. 5725**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 251 (MCL 18.1251), as amended by 1999 PA 8, and
by adding section 257.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 251. (1) This section applies to all real property of ~~the~~
2 **THIS** state except all of the following:

3 (a) Property under the jurisdiction of the state
4 transportation department.

5 (b) Property under the jurisdiction of ~~a state~~**AN** institution
6 of higher education.

7 (c) Property under the jurisdiction of the department of
8 natural resources.

9 (d) Property under the jurisdiction of the department of

1 military **AND VETERANS** affairs.

2 (2) The department shall provide for the development and
3 maintenance of real property records and facility inventories. The
4 department may award appropriate service contracts or employ land
5 surveyors to survey, monument, map, describe, and record real
6 property and facilities.

7 ~~— (3) The department shall issue directives to provide for the~~
8 ~~disposition process for facilities and lands that are considered~~
9 ~~surplus. The department shall require a public notice component in~~
10 ~~its directives regarding the disposition process under this~~
11 ~~subsection.~~

12 **SEC. 257. (1) THE DEPARTMENT, ON BEHALF OF THIS STATE, MAY**
13 **CONVEY BY QUITCLAIM DEED OR AFFIDAVIT OF JURISDICTIONAL TRANSFER**
14 **ALL OR PORTIONS OF STATE-OWNED PROPERTY DESIGNATED AS SURPLUS REAL**
15 **PROPERTY BY THE STATE AGENCY WITH JURISDICTION OVER THE PROPERTY IF**
16 **BOTH OF THE FOLLOWING APPLY:**

17 (A) THE PROPERTY IS DESIGNATED AS SURPLUS REAL PROPERTY BY THE
18 DIRECTOR OF THE STATE AGENCY WITH JURISDICTION OVER THE PROPERTY IN
19 WRITING TO THE DIRECTOR.

20 (B) THE PROPERTY IS NOT NEEDED TO MEET A STATE OBJECTIVE AS
21 DETERMINED BY THE DIRECTOR.

22 (2) THE DEPARTMENT SHALL NOT CONVEY PROPERTY UNDER THIS
23 SECTION UNLESS THE CONVEYANCE AND THE TERMS OF THE CONVEYANCE HAVE
24 BEEN APPROVED BY THE BOARD.

25 (3) THE STATE AGENCY WITH JURISDICTION OVER SURPLUS REAL
26 PROPERTY CONVEYED OR TRANSFERRED UNDER THIS SECTION IS RESPONSIBLE
27 FOR ALL EXPENSES OF MAINTAINING THE PROPERTY UNTIL THE TIME OF

1 CONVEYANCE OR TRANSFER.

2 (4) SURPLUS REAL PROPERTY CONVEYED UNDER THIS SECTION MUST BE
3 IDENTIFIED BY A LEGAL DESCRIPTION APPROVED OR PREPARED BY THE STATE
4 SURVEYOR FOR USE IN A STATE QUITCLAIM DEED.

5 (5) A DEED OR AFFIDAVIT OF JURISDICTIONAL TRANSFER AUTHORIZED
6 BY THIS SECTION MUST BE APPROVED AS TO LEGAL FORM BY THE DEPARTMENT
7 OF ATTORNEY GENERAL.

8 (6) SURPLUS REAL PROPERTY CONVEYED OR TRANSFERRED UNDER THIS
9 SECTION INCLUDES ALL SURPLUS, SALVAGE, AND PERSONAL PROPERTY OR
10 EQUIPMENT REMAINING ON THE PROPERTY ON THE DATE OF THE CONVEYANCE.

11 (7) IF SURPLUS REAL PROPERTY IS TO BE SOLD FOR FAIR MARKET
12 VALUE UNDER THIS SECTION, THE FAIR MARKET VALUE MUST BE DETERMINED
13 BY AN INDEPENDENT FEE APPRAISAL PREPARED FOR THE DEPARTMENT, OR BY
14 AN APPRAISER WHO IS AN EMPLOYEE OR CONTRACTOR OF THIS STATE.

15 (8) THE DEPARTMENT MAY TAKE THE NECESSARY STEPS TO CONVEY
16 SURPLUS REAL PROPERTY UNDER THIS SECTION USING ANY OF THE FOLLOWING
17 MEANS:

18 (A) ANY PUBLICLY DISCLOSED COMPETITIVE METHOD OF SALE,
19 SELECTED TO REALIZE THE FAIR MARKET VALUE TO THIS STATE, AS
20 DETERMINED BY THE DEPARTMENT.

21 (B) OFFERING THE PROPERTY FOR SALE FOR FAIR MARKET VALUE TO 1
22 OR MORE UNITS OF LOCAL GOVERNMENT.

23 (C) TRANSFERRING THE PROPERTY TO THE LAND BANK FAST TRACK
24 AUTHORITY CREATED UNDER SECTION 15 OF THE LAND BANK FAST TRACK ACT,
25 2003 PA 258, MCL 124.765.

26 (D) TRANSFERRING THE PROPERTY, WITH OR WITHOUT CONSIDERATION,
27 THROUGH JURISDICTIONAL TRANSFER TO ANOTHER STATE AGENCY. IF

1 PROPERTY IS TRANSFERRED UNDER THIS SUBDIVISION, THE TRANSFER SHALL
2 BE MADE BY AN AFFIDAVIT OF JURISDICTIONAL TRANSFER IN RECORDABLE
3 FORM RATHER THAN A QUITCLAIM DEED.

4 (E) EXCHANGING SOME OR ALL OF THE PROPERTY FOR OTHER REAL
5 PROPERTY IF THE OTHER REAL PROPERTY IS DETERMINED BY THE DEPARTMENT
6 TO BE OF REASONABLY EQUAL VALUE TO THIS STATE.

7 (F) OFFERING THE PROPERTY FOR SALE FOR LESS THAN FAIR MARKET
8 VALUE TO THE UNITS OF LOCAL GOVERNMENT IN WHICH THE PROPERTY IS
9 LOCATED, SUBJECT TO THE FOLLOWING CONDITIONS:

10 (i) THE DEPARTMENT MAY PROVIDE NOTICE TO EACH OF THE UNITS OF
11 LOCAL GOVERNMENT OF THE PROPERTY'S AVAILABILITY. THE DEPARTMENT
12 SHALL GIVE THE FIRST OPPORTUNITY TO PURCHASE THE PROPERTY TO THE
13 FIRST UNIT OF LOCAL GOVERNMENT TO MAKE AN OFFER BY REGISTERED MAIL
14 TO PURCHASE THE PROPERTY. IF THERE ARE COMPETING OFFERS FROM UNITS
15 OF LOCAL GOVERNMENT SUBMITTED ON THE SAME DAY, THE DEPARTMENT SHALL
16 DETERMINE WHICH UNIT SHOULD RECEIVE THE PROPERTY BASED ON THE BEST
17 INTERESTS OF THIS STATE. IF AN OFFER IS ACCEPTED BY THE DEPARTMENT,
18 THE UNIT OF LOCAL GOVERNMENT SHALL ENTER INTO A PURCHASE AGREEMENT
19 WITHIN 60 DAYS AFTER MAKING THE OFFER AND COMPLETE THE CONVEYANCE
20 WITHIN 180 DAYS AFTER MAKING THE OFFER. THE DEPARTMENT MAY EXTEND
21 THE TIME TO COMPLETE THE CONVEYANCE AS NEEDED.

22 (ii) THE PROPERTY MUST BE USED EXCLUSIVELY FOR PUBLIC USE FOR
23 30 YEARS AFTER THE CONVEYANCE. IF A FEE, TERM, OR CONDITION IS
24 IMPOSED ON MEMBERS OF THE PUBLIC FOR USE OF THE PROPERTY, OR IF
25 SUCH A FEE, TERM, OR CONDITION IS WAIVED, ALL MEMBERS OF THE PUBLIC
26 MUST BE SUBJECT TO THE SAME FEES, TERMS, CONDITIONS, AND WAIVERS.
27 THE PUBLIC USE RESTRICTION MUST BE INCLUDED IN THE DEED.

1 (iii) IF THE UNIT OF LOCAL GOVERNMENT INTENDS TO CONVEY THE
2 PROPERTY WITHIN 30 YEARS AFTER THE CONVEYANCE, THE UNIT OF LOCAL
3 GOVERNMENT MUST FIRST OFFER THE PROPERTY FOR SALE, IN WRITING, TO
4 THIS STATE, WHICH MAY PURCHASE THE PROPERTY AT THE ORIGINAL SALE
5 PRICE. THE UNIT OF LOCAL GOVERNMENT SHALL PROVIDE THIS STATE 120
6 DAYS TO CONSIDER REACQUIRING THE PROPERTY. IF THIS STATE AGREES TO
7 REACQUIRE THE PROPERTY, THIS STATE IS NOT LIABLE TO ANY PERSON FOR
8 IMPROVEMENTS TO OR LIENS PLACED ON THE PROPERTY. IF THIS STATE
9 DECLINES TO REACQUIRE THE PROPERTY, THE PUBLIC USE RESTRICTIONS
10 DESCRIBED IN SUBPARAGRAPH (ii) REMAIN IN EFFECT.

11 (iv) IF THE UNIT OF LOCAL GOVERNMENT RETAINS THE PROPERTY FOR
12 30 YEARS AFTER THE CONVEYANCE, THE PUBLIC USE RESTRICTIONS UNDER
13 SUBPARAGRAPHS (ii) AND (iii) AUTOMATICALLY TERMINATE.

14 (v) THE DEPARTMENT MAY REQUIRE THE UNIT OF LOCAL GOVERNMENT TO
15 REIMBURSE THIS STATE AT CLOSING FOR COSTS DEMONSTRABLY INCURRED BY
16 THIS STATE THAT WERE NECESSARY TO PREPARE THE PROPERTY FOR
17 CONVEYANCE.

18 (9) THE DEPARTMENT MAY REQUIRE A GRANTEE OF PROPERTY CONVEYED
19 UNDER THIS SECTION TO RECORD THE INSTRUMENT OF CONVEYANCE OR
20 JURISDICTIONAL TRANSFER WITH THE APPROPRIATE REGISTER OF DEEDS AND
21 PROVIDE THE DEPARTMENT WITH A RECORDED COPY OF THE RECORDED
22 INSTRUMENT.

23 (10) THE DEPARTMENT SHALL DEPOSIT THE NET REVENUE RECEIVED
24 FROM THE SALE OF PROPERTY UNDER THIS SECTION IN THE STATE TREASURY.
25 THE STATE TREASURER SHALL CREDIT THE MONEY DEPOSITED TO THE GENERAL
26 FUND.

27 (11) THIS SECTION APPLIES TO THE CONVEYANCE OF ALL REAL

1 PROPERTY OF THIS STATE EXCEPT PROPERTY UNDER THE JURISDICTION OF
2 ANY OF THE FOLLOWING:

3 (A) THE STATE TRANSPORTATION DEPARTMENT.

4 (B) AN INSTITUTION OF HIGHER EDUCATION.

5 (C) THE DEPARTMENT OF NATURAL RESOURCES.

6 (D) THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS.

7 (E) THE LAND BANK FAST TRACK AUTHORITY CREATED UNDER SECTION
8 15 OF THE LAND BANK FAST TRACK ACT, 2003 PA 258, MCL 124.765.

9 (12) THIS SECTION APPLIES TO ALL JURISDICTIONAL TRANSFERS
10 BETWEEN STATE DEPARTMENTS AND INSTITUTIONS, INCLUDING THOSE
11 EXEMPTED UNDER SUBSECTION (11). THIS SECTION DOES NOT APPLY TO A
12 JURISDICTIONAL TRANSFER OF PROPERTY EXEMPTED UNDER SUBSECTION
13 (11) (E).

14 (13) THIS STATE SHALL NOT RESERVE OIL, GAS, OR MINERAL RIGHTS
15 TO PROPERTY CONVEYED UNDER THIS SECTION. HOWEVER, THE CONVEYANCE
16 AUTHORIZED UNDER THIS SECTION MUST PROVIDE THAT, IF THE GRANTEE OR
17 ANY SUCCESSOR DEVELOPS ANY OIL, GAS, OR MINERALS FOUND ON, WITHIN,
18 OR UNDER THE CONVEYED PROPERTY, THE GRANTEE OR ANY SUCCESSOR SHALL
19 PAY THIS STATE 1/2 OF THE GROSS REVENUE GENERATED FROM THE
20 DEVELOPMENT OF THE OIL, GAS, OR MINERALS. A PAYMENT UNDER THIS
21 SECTION MUST BE DEPOSITED IN THE GENERAL FUND.

22 (14) A CONVEYANCE UNDER THIS SECTION MUST RESERVE TO THIS
23 STATE ALL ABORIGINAL ANTIQUITIES, INCLUDING MOUNDS, EARTHWORKS,
24 FORTS, BURIAL AND VILLAGE SITES, MINES, OR OTHER RELICS LYING ON,
25 WITHIN, OR UNDER THE PROPERTY, WITH POWER TO THIS STATE AND ALL
26 OTHERS ACTING UNDER ITS AUTHORITY TO ENTER THE PROPERTY FOR ANY
27 PURPOSE RELATED TO EXPLORING, EXCAVATING, AND TAKING AWAY THE

1 ABORIGINAL ANTIQUITIES.

2 (15) IF PROPERTY CONVEYED UNDER THIS SECTION WAS USED BY THIS
3 STATE AS A HISTORICAL MONUMENT, MEMORIAL, PARK, OR PROTECTED
4 WILDLIFE HABITAT AREA, THE GRANTEE OR ANY SUCCESSOR SHALL MAINTAIN
5 AND PROTECT THE PROPERTY FOR THAT PURPOSE IN PERPETUITY IN
6 ACCORDANCE WITH APPLICABLE LAW.

7 (16) IF PROPERTY CONVEYED UNDER THIS SECTION IS USED IN A
8 MANNER THAT VIOLATES ANY OF THE RESTRICTIONS IMPOSED UNDER
9 SUBSECTION (8) (F), (13), (14), OR (15), THIS STATE MAY REENTER AND
10 TAKE THE PROPERTY, TERMINATING THE GRANTEE'S OR ANY SUCCESSOR'S
11 ESTATE IN THE PROPERTY. AN ACTION TO REGAIN POSSESSION OF THE
12 PROPERTY UNDER THIS SECTION MAY BE BROUGHT AND MAINTAINED BY THE
13 ATTORNEY GENERAL ON BEHALF OF THIS STATE.

14 (17) IF THIS STATE REENTERS AND REPOSSESSES PROPERTY UNDER
15 SUBSECTION (16), THIS STATE IS NOT LIABLE TO REIMBURSE ANY PERSON
16 FOR ANY IMPROVEMENTS MADE ON THE PROPERTY OR TO COMPENSATE ANY
17 PERSON FOR ANY PART OF AN UNFULFILLED CONTRACT OR LICENSE ISSUED TO
18 PROVIDE GOODS OR SERVICES ON OR FOR THE PROPERTY.

19 (18) THIRTY DAYS BEFORE CONVEYING OR TRANSFERRING PROPERTY
20 UNDER THIS SECTION, THE DEPARTMENT SHALL NOTIFY EACH MEMBER OF THE
21 SENATE AND HOUSE APPROPRIATIONS COMMITTEES OF THE INTENT TO CONVEY
22 OR TRANSFER THE PROPERTY AND THE TERMS OF THE PROPOSED CONVEYANCE
23 OR TRANSFER. IF THE SENATE AND HOUSE APPROPRIATIONS COMMITTEES VOTE
24 TO DISAPPROVE THE CONVEYANCE OR TRANSFER WITHIN 30 DAYS AFTER THE
25 NOTICE UNDER THIS SUBSECTION, THE DEPARTMENT SHALL NOT CONVEY OR
26 TRANSFER THE PROPERTY. THIS SUBSECTION ONLY APPLIES TO PROPERTY
27 WITH A FAIR MARKET VALUE OR AN APPRAISED VALUE OF MORE THAN

1 \$250,000.00.

2 (19) BY JULY 1 OF EACH YEAR, THE DEPARTMENT SHALL PROVIDE A
3 REPORT TO THE HOUSE AND SENATE APPROPRIATIONS COMMITTEES THAT
4 CONTAINS ALL OF THE FOLLOWING INFORMATION:

5 (A) THE NUMBER AND FULL DESCRIPTION OF AND THE STATE
6 DEPARTMENT OR AGENCY WITH JURISDICTION OVER EACH PARCEL OF REAL
7 PROPERTY DECLARED AS SURPLUS PROPERTY IN THE PREVIOUS 12 MONTHS.

8 (B) THE NUMBER AND DESCRIPTIONS OF PROPERTIES SOLD UNDER THIS
9 SECTION COMPETITIVELY AND AT FAIR MARKET VALUE.

10 (C) THE NUMBER AND DESCRIPTIONS OF PROPERTIES SOLD UNDER THIS
11 SECTION AT FAIR MARKET VALUE TO UNITS OF LOCAL GOVERNMENT.

12 (D) THE NUMBER AND DESCRIPTIONS OF PROPERTIES TRANSFERRED
13 UNDER THIS SECTION TO THE LAND BANK FAST TRACK AUTHORITY CREATED
14 UNDER SECTION 15 OF THE LAND BANK FAST TRACK ACT, 2003 PA 258, MCL
15 124.765.

16 (E) THE NUMBER AND DESCRIPTIONS OF PROPERTIES TRANSFERRED
17 THROUGH JURISDICTIONAL TRANSFER TO ANOTHER STATE AGENCY UNDER THIS
18 SECTION.

19 (F) THE NUMBER AND DESCRIPTIONS OF PROPERTIES TRADED FOR OTHER
20 REAL PROPERTY UNDER THIS SECTION.

21 (G) THE NUMBER AND DESCRIPTIONS OF PROPERTIES OFFERED TO UNITS
22 OF LOCAL GOVERNMENT FOR LESS THAN FAIR MARKET VALUE UNDER THIS
23 SECTION.

24 (H) THE NUMBER AND DESCRIPTIONS OF PROPERTIES SOLD TO UNITS OF
25 LOCAL GOVERNMENT FOR LESS THAN FAIR MARKET VALUE UNDER THIS
26 SECTION.

27 (I) THE APPRAISAL PRICE OF EACH PARCEL OF PROPERTY CONVEYED,

1 TRANSFERRED, OR OFFERED FOR SALE UNDER THIS SECTION.

2 (J) THE PURCHASE PRICE OF EACH PARCEL OF PROPERTY CONVEYED
3 UNDER THIS SECTION.

4 (K) THE INTENDED USE OF EACH PARCEL OF PROPERTY CONVEYED OR
5 TRANSFERRED UNDER THIS SECTION, IF KNOWN.

6 (20) AS USED IN THIS SECTION:

7 (A) "FAIR MARKET VALUE" MEANS THE HIGHEST ESTIMATED PRICE THAT
8 THE PROPERTY WILL BRING IF OFFERED FOR SALE ON THE OPEN MARKET,
9 ALLOWING A REASONABLE TIME TO FIND A PURCHASER WHO WOULD BUY WITH
10 KNOWLEDGE OF THE PROPERTY'S POSSIBLE USES.

11 (B) "NET REVENUE" MEANS THE PROCEEDS FROM THE SALE OF THE
12 PROPERTY LESS REIMBURSEMENT FOR ANY COSTS TO THE DEPARTMENT
13 ASSOCIATED WITH THE SALE, INCLUDING, BUT NOT LIMITED TO,
14 ADMINISTRATIVE COSTS, INCLUDING EMPLOYEE WAGES, SALARIES, AND
15 BENEFITS; COSTS OF REPORTS AND STUDIES AND OTHER MATERIALS
16 NECESSARY TO THE PREPARATION OF SALE; ENVIRONMENTAL REMEDIATION;
17 LEGAL FEES; AND ANY LITIGATION COSTS RELATED TO THE CONVEYANCE.

18 (C) "PUBLIC USE" MEANS ACTUAL USE OF THE PROPERTY BY MEMBERS
19 OF THE PUBLIC OR ACTUAL USE BY THE UNIT OF LOCAL GOVERNMENT FOR ANY
20 OF THE FOLLOWING:

21 (i) PUBLICLY OWNED AND OPERATED CORRECTIONAL FACILITIES.

22 (ii) LAW ENFORCEMENT PURPOSES.

23 (iii) EMERGENCY MANAGEMENT RESPONSE PURPOSES.

24 (iv) PUBLIC EDUCATIONAL USE.

25 (v) PUBLIC TRANSPORTATION.

26 (vi) PUBLIC PARKS AND RECREATIONAL AREAS.

27 (vii) PUBLIC HEALTH USES.

- 1 (viii) WILDLIFE CONSERVATION OR RESTORATION.
- 2 (D) "PUBLIC USE" DOES NOT INCLUDE USE BY A FOR-PROFIT
- 3 ENTERPRISE OR ANY USE THAT IS CLOSED TO THE PUBLIC.