

**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.

1 (d) Property under the jurisdiction of the department of  
2 military **AND VETERANS** affairs.

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

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

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

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

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

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

26 (3) THE STATE AGENCY WITH JURISDICTION OVER SURPLUS REAL  
27 PROPERTY CONVEYED OR TRANSFERRED UNDER THIS SECTION IS RESPONSIBLE

1 FOR ALL EXPENSES OF MAINTAINING THE PROPERTY UNTIL THE TIME OF  
2 CONVEYANCE OR TRANSFER.

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

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

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

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

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

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

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

24 (C) TRANSFERRING THE PROPERTY, WITH OR WITHOUT CONSIDERATION,  
25 THROUGH JURISDICTIONAL TRANSFER TO ANOTHER STATE AGENCY. IF  
26 PROPERTY IS TRANSFERRED UNDER THIS SUBDIVISION, THE TRANSFER MUST  
27 BE MADE BY AN AFFIDAVIT OF JURISDICTIONAL TRANSFER IN RECORDABLE

1 FORM RATHER THAN A QUITCLAIM DEED.

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

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

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

20 (ii) THE PROPERTY MUST BE USED EXCLUSIVELY FOR PUBLIC USE FOR  
21 30 YEARS AFTER THE CONVEYANCE. IF A FEE, TERM, OR CONDITION IS  
22 IMPOSED ON MEMBERS OF THE PUBLIC FOR USE OF THE PROPERTY, OR IF  
23 SUCH A FEE, TERM, OR CONDITION IS WAIVED, ALL MEMBERS OF THE PUBLIC  
24 MUST BE SUBJECT TO THE SAME FEES, TERMS, CONDITIONS, AND WAIVERS.  
25 THE PUBLIC USE RESTRICTION MUST BE INCLUDED IN THE DEED.

26 (iii) IF THE UNIT OF LOCAL GOVERNMENT INTENDS TO CONVEY THE  
27 PROPERTY WITHIN 30 YEARS AFTER THE CONVEYANCE, THE UNIT OF LOCAL

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

9 (iv) IF THE UNIT OF LOCAL GOVERNMENT RETAINS THE PROPERTY FOR  
10 30 YEARS AFTER THE CONVEYANCE, THE PUBLIC USE RESTRICTIONS UNDER  
11 SUBPARAGRAPHS (ii) AND (iii) AUTOMATICALLY TERMINATE.

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

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

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

25 (11) THIS SECTION APPLIES TO THE CONVEYANCE OF ALL REAL  
26 PROPERTY OF THIS STATE EXCEPT PROPERTY UNDER THE JURISDICTION OF  
27 ANY OF THE FOLLOWING:

- 1 (A) THE STATE TRANSPORTATION DEPARTMENT.  
2 (B) AN INSTITUTION OF HIGHER EDUCATION.  
3 (C) THE DEPARTMENT OF NATURAL RESOURCES.  
4 (D) THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS.  
5 (E) THE LAND BANK FAST TRACK AUTHORITY CREATED UNDER SECTION  
6 15 OF THE LAND BANK FAST TRACK ACT, 2003 PA 258, MCL 124.765.

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

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

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

27 (15) IF PROPERTY CONVEYED UNDER THIS SECTION WAS USED BY THIS

1 STATE AS A HISTORICAL MONUMENT, MEMORIAL, PARK, OR PROTECTED  
2 WILDLIFE HABITAT AREA, THE GRANTEE OR ANY SUCCESSOR SHALL MAINTAIN  
3 AND PROTECT THE PROPERTY FOR THAT PURPOSE IN PERPETUITY IN  
4 ACCORDANCE WITH APPLICABLE LAW.

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

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

17 (18) BEFORE CONVEYING OR TRANSFERRING PROPERTY UNDER THIS  
18 SECTION, THE DEPARTMENT SHALL NOTIFY THE MEMBERS OF THE HOUSE OF  
19 REPRESENTATIVES AND SENATE IN WHOSE DISTRICTS THE PROPERTY IS  
20 LOCATED AND EACH MEMBER OF THE HOUSE OF REPRESENTATIVES AND SENATE  
21 APPROPRIATIONS COMMITTEES OF THE INTENT TO CONVEY OR TRANSFER THE  
22 PROPERTY AND THE TERMS OF THE PROPOSED CONVEYANCE OR TRANSFER. THE  
23 DEPARTMENT SHALL NOT CONVEY OR TRANSFER THE PROPERTY IF THE HOUSE  
24 OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES BOTH VOTE  
25 TO DISAPPROVE THE CONVEYANCE OR TRANSFER WITHIN 12 SESSION DAYS  
26 AFTER RECEIVING THE NOTICE UNDER THIS SUBSECTION. HOWEVER, IF THE  
27 HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES BOTH

1 VOTE TO APPROVE THE CONVEYANCE OR TRANSFER BEFORE 12 SESSION DAYS  
2 HAVE PASSED, THE DEPARTMENT MAY PROCEED WITH THE CONVEYANCE OR  
3 TRANSFER IMMEDIATELY. THIS SUBSECTION ONLY APPLIES TO PROPERTY WITH  
4 A FAIR MARKET VALUE OR AN APPRAISED VALUE OF MORE THAN \$100,000.00.

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

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

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

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

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

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

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

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

26 (H) THE APPRAISAL PRICE OF EACH PARCEL OF PROPERTY CONVEYED,  
27 TRANSFERRED, OR OFFERED FOR SALE UNDER THIS SECTION.



1 (I) THE PURCHASE PRICE OF EACH PARCEL OF PROPERTY CONVEYED  
2 UNDER THIS SECTION.

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

5 (20) AS USED IN THIS SECTION:

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

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

17 (C) "PUBLIC USE" MEANS, SUBJECT TO SUBDIVISION (D), ACTUAL USE  
18 OF THE PROPERTY BY MEMBERS OF THE PUBLIC OR ACTUAL USE BY THE UNIT  
19 OF LOCAL GOVERNMENT FOR ANY OF THE FOLLOWING:

20 (i) PUBLICLY OWNED AND OPERATED CORRECTIONAL FACILITIES.

21 (ii) LAW ENFORCEMENT PURPOSES.

22 (iii) EMERGENCY MANAGEMENT RESPONSE PURPOSES.

23 (iv) PUBLIC EDUCATIONAL USE.

24 (v) PUBLIC TRANSPORTATION.

25 (vi) PUBLIC PARKS AND RECREATIONAL AREAS.

26 (vii) PUBLIC HEALTH USES.

27 (viii) WILDLIFE CONSERVATION OR RESTORATION.

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

3           (E) "SESSION DAY" MEANS A DAY IN WHICH BOTH THE HOUSE OF  
4 REPRESENTATIVES AND THE SENATE CONVENE IN SESSION AND A QUORUM IS  
5 RECORDED.