



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1118 (as introduced 9-5-18)
Sponsor: Senator Goeff Hansen
Committee: Appropriations

Date Completed: 9-24-18

CONTENT

The bill would authorize the Department of Technology, Management, and Budget (DTMB) to convey all or portions of certain State-owned property (commonly known as the West Shoreline Correctional Facility) in Muskegon County. West Shoreline opened in 1987 and closed in March 2018 (the transportation/maintenance and human resources buildings are still in use). It was one of three Michigan Department of Corrections facilities located in the Muskegon complex. When fully operational, the site housed 1,282 prisoners. The property consists of approximately 73 acres and includes nine major structures, including four housing units. The structures are all "temporary" style buildings. There are also a few storage sheds and perimeter fencing.

The bill provides that the DTMB could transfer the property to another State agency, with or without consideration; or transfer all or portions of the property to the Michigan Land Bank Fast Track Authority. The DTMB could not convey the property unless the terms of the conveyance were approved by the State Administrative Board. The Attorney General would have to approve the legal form of all deeds or affidavits of jurisdictional transfer. Real property conveyed would include all surplus, salvage, and personal property or equipment remaining on the property on the date of the conveyance.

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. 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. If property conveyed were used by the State as a historical monument, memorial, burial ground, park, or protected wildlife habitat area, it would have to be maintained and protected for that purpose in perpetuity.

FISCAL IMPACT

There is no current appraisal or estimated value of the property. Revenue to the State would depend on the method of sale and the real estate market at the time of sale. Public Act 258 of 2003 gives the Land Bank Fast Track Authority broad flexibility regarding sale, use of brownfield incentives, tax increment financing and business tax credits, and land remediation. It has the authority to sell to private or public entities in a manner and amount of consideration the Authority considers proper, fair, and valuable, including for no monetary consideration. If the property were eventually sold, the Department estimates some savings related to the elimination of ongoing maintenance and security costs.

Net revenue from the sale of the property would be credited to the State General Fund, unless the property was transferred to the Land Bank Fast Track Authority. In that case, net revenue would be deposited in the Land Bank Fast Track Fund. Any revenue from development of mineral rights would be deposited in the State General Fund.

Fiscal Analyst: Bill Bowerman

SAS\S1718\s1118sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.