

Legislative Analysis



PROPERTY CONVEYANCES – IONIA COUNTY AND KENT COUNTY

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House Bill 6358 as introduced
Sponsor: Rep. Thomas A. Albert
Committee: Appropriations
Complete to 8-17-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6358 would allow for the following:

- Authorize the Department of Technology, Management, and Budget (DTMB) to transfer state-owned property located in Ionia County to the State Land Bank Authority, a two parcel, roughly 125-acre property known as the Riverside Correctional Facility.
- Authorize the State Administrative Board to convey state-owned property located in Kent County to Kent County, a roughly 3.5-acre property that is the site of a former Michigan State Police laboratory.

Approximate legal descriptions of the properties are set forth in the bill.

Riverside Correctional Facility – Ionia County

The Ionia County property would be transferred to the State Land Bank Authority by DTMB once the transfer and terms are approved by the State Administrative Board. The State Land Bank Authority would reimburse DTMB for all uncompensated costs incurred by DTMB to study, evaluate, survey, inspect, appraise and insure the property.

The property would be conveyed through a quitclaim deed. Parcel B would be subject to a covenant requiring the maintenance and care of the cemetery located on the property as long as the parcel is used as a cemetery. Parcel A would be conveyed subject to a covenant requiring any buyer and all subsequent owners to provide effective access over Parcel A to Parcel B as long as Parcel B is used as a cemetery.

The state would not reserve oil, gas, or mineral rights to the conveyed property, but the purchaser or any grantee would have to pay the state one-half of any gross revenue generated from the development of oil, gas, or minerals. The state would 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. If the property was used by the state as a historical monument, memorial, public park, burial grounds, or protected wildlife habitat area, it must be maintained and protected for the that purpose in perpetuity in accordance with applicable law.

The state would be authorized to reenter and repossess the property if the conditions were not met and would not be liable for reimbursement to any party for improvements made on the property.

The Department of Corrections would be responsible for all property maintenance costs until the transfer.

Michigan State Police Laboratory – Kent County

The Kent County property could be conveyed to Kent County for not less than fair market value subject to an independent appraisal, or for less than fair market value subject to the conditions stipulated below for a less than fair market value conveyance, upon approval by the State Administrative Board.

If Kent County fails to purchase the property within 2 years, DTMB could convey the property to another purchaser in any of the following ways:

- Through any publicly disclosed competitive method of sale (competitive bidding, public auction, or real estate brokerage) that allows the state to realize the fair market value of the property, as determined by DTMB.
- A value for value conveyance negotiated by DTMB.
- Offering the property at fair market value to one or more units of local government (“local units”) where it is located.
- Transferring jurisdiction of the property to the State Land Bank Authority.
- Offering the property for less than fair market value to the local units where it is located subject to the conditions noted below for a sale for less than fair market value.

If the property is conveyed to Kent County or another purchaser for less than fair market value, the conveyance would be subject to the following conditions:

- The property must be used exclusively for public purposes with any fee, term, or condition for the use of the property imposed uniformly on members of the public. If the public purpose use is terminated the state may reenter and repossess the property terminating the grantee's estate in the property.
- If the grantee or successor disputes the state's right of reentry and fails to deliver possession of the property, the attorney general, on behalf of the state, may bring action to quiet title and regain possession of the property.
- The state would not be liable to reimburse any party for improvements if the state reenters and repossesses the property.
- The local unit of government must reimburse the state for requested costs necessary to prepare the property for conveyance.
- If the local unit of government intends to convey the property within 30 days after the conveyance from this state the local unit of government must provide notice to DTMB of its intent to offer the property for sale. DTMB would retain a right to first purchase at the original sale price within 180 days of the notice. If the state waives its right, the local unit of government shall pay the state 100% of the difference between the sale price of the conveyance from this state and the sale price of the local unit's subsequent sale to a third party.

The property would be conveyed through a quitclaim deed or other instrument approved by the Attorney General. A conveyance or jurisdictional transfer must include all surplus,

salvage, and scrap property or equipment remaining on the property on the date of conveyance or transfer.

The state would not reserve oil, gas, or mineral rights to the conveyed property, but the purchaser or any grantee would have to pay the state one-half of any gross revenue generated from the development of oil, gas, or minerals. The state would 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.

FISCAL IMPACT:

There is no current appraisal or estimated value for the properties subject to conveyance under the bill. Any revenue to the state or Land Bank would depend on the method of sale/transfer and the real estate market at the time of sale/transfer.

The state would realize savings related to maintenance, upkeep, and security upon the conveyance of the properties.

Net revenue from the sale of the Kent County property would be credited to the general fund while net revenue from the same of the Ionia County property would be credited to the Land Bank Fast Track Fund. All revenue from the development of any mineral rights would be deposited in the general fund.

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