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Senate Bill 523 (as enrolled)
Sponsor: Senator George A. McManus, Jr.
Senate Committee: Local, Urban and State Affairs
House Committee: Conservation and Outdoor Recreation

PUBLIC ACT 232 of 1999

Date Completed: 1-12-00

CONTENT

The bill allows the Department of Natural Resources (DNR) to convey certain State-owned property in Gaylord to Otsego County for \$1; allows the State Administrative Board to convey certain State-owned property on the State fairgrounds in Detroit for fair market value; and creates a "State Fair and Exposition Fund".

Otsego County

The DNR, on behalf of the State, may convey two parcels of property currently under its jurisdiction in Gaylord for \$1 to Otsego County. The conveyance must provide that the DNR reserves an easement for the remediation of groundwater contamination including the treatment buildings, monitoring wells, flow lines, utility rights-of-way, and ingress and egress to the same that are supporting the remediation effort. The easement must remain in effect until completion of the groundwater remediation as determined by the DNR.

The bill prohibits any uses that interfere with or damage the operation and maintenance of the remediation effort and equipment, and provides that Otsego County, by accepting the conveyance, agrees not to disrupt the area defined in the easement by excavation, wells, or other subsurface disturbance without the DNR's written permission.

The conveyance must provide that the property is required to be used exclusively for a public purpose, including constructing and operating a jail, courthouse, or law enforcement facility, and upon termination of that use or use for any other purpose, the State may reenter and repossess the property, terminating the conveyance to the county. The conveyance also must provide that if the county disputes the State's exercise of its right of reentry and fails to deliver possession of the property promptly to the State, the Attorney General may bring an action to quiet title to, and regain possession of, the property.

The conveyance must be by quitclaim deed approval by the Attorney General, and must not reserve mineral rights to the State. The conveyance must provide, however, that if Otsego County develops the mineral rights, the State will receive at least half of the net royalties.

The revenue received from this conveyance must be deposited in the State Treasury and credited to the General Fund.

Wayne County

The State Administrative Board, on behalf of the State, may convey property currently under the jurisdiction of the Department of Agriculture located in Detroit, for fair market value. The conveyance must be by quitclaim deed approved by the Attorney General. The fair market value must be determined by an appraisal based on the property's highest and best use, as prepared by the State Tax Commission or an independent fee appraiser retained by the Department of Management and Budget. The fair market value, however, must be at least \$4,621,298, which represents the amount of money spent by the Michigan Natural Resources Trust Fund to acquire the property. At least 87.5% of the revenue from the conveyance, or \$4,621,298, whichever is greater, must be deposited in the Michigan Natural Resources Trust Fund. The balance of the revenue from the conveyance, after making any deductions required by law and reimbursing any expenses relative to the sale, must be deposited in the "State Fair and Exposition Fund", created in the State Treasury. Money in the Fund must be spent, by appropriation, only for the operation and management of the State Fair. Any money in the Fund at the end of the fiscal year must remain in the Fund and not lapse to the General Fund.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill will result in increased revenue to the State.

According to the Department of Natural Resources, there is no appraisal of the Gaylord parcel, but there are reportedly problems with potential soil and groundwater contamination. The bill authorizes conveyance to the County of Otsego for \$1.

The bill also allows for the conveyance of property near the State Fair in Detroit. The bill requires the conveyance at fair market value, but not less than \$4,621,298, the amount paid by the Michigan Natural Resources Trust Fund (MNRTF) to purchase the property. Under law, the MNRTF will be reimbursed its cost first. Under the bill, any remaining funds from the proceeds of the conveyance will be deposited into the State Fair and Exposition Fund, which the bill creates, to be used for operation and management of the State Fair.

Fiscal Analyst: M. Hansen

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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.