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BILL ANALYSIS

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House Bill 6208 (as passed by the House)
Sponsor: Representative Chris Ward
House Committee: Regulatory Reform
Senate Committee: Appropriations

Date Completed: 9-28-04

CONTENT

The bill would amend Public Act 6 of 2002 to transfer jurisdiction of two existing Department of Natural Resources' oil and gas leases, along with the oil, gas, and mineral rights, from the State to the Department of Natural Resources (DNR). The leases and mineral rights are on the 422-acre property of the former Northville psychiatric hospital. (Public Act 6 of 2002 authorized the sale of the property, subject to the DNR leases, and reserved the mineral rights to the State.)

The bill would allow the Department of Natural Resources to dispose of and convey any or all of the severed mineral interests to the surface property owner and its successors and assigns, upon application of the surface property owner.

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government. According to the Department of Natural Resources, the sale of the oil, gas, and mineral rights on the 305 acres not under existing lease could generate approximately \$31.25 per acre, or \$9,531.25. In addition, the sale of oil, gas, and mineral rights reportedly would assist in the ultimate sale of the Northville psychiatric hospital property, which is expected to generate nearly \$55.0 million for the State.

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