

Legislative Analysis



STATE SALES OF REAL PROPERTY

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House Bill 6045

Sponsor: Rep. Shelley Goodman Taub

House Bill 6046

Sponsor: Rep. Barbara Farrah

Committee: Local Government and Urban Policy

Complete to 6-6-06

A SUMMARY OF HOUSE BILLS 6045 AND 6046 AS INTRODUCED 5-10-06

House Bill 6045 would amend the Management and Budget Act (MCL 18.1251) and House Bill 6046 would amend the Natural Resources and Environmental Protection Act (MCL 324.2131) to require that before offering real property for public sale, the Departments of Management and Budget and of Natural Resources first offer the property for less than fair market value to the local units of government in which the property is located.

In order to exercise its right to purchase the property, a local government would have to enter into a purchase agreement within 60 days, and then complete the purchase within 120 days, of the offer. If a local unit of government purchased the property and sometime in the following year conveyed it for other than public purposes, then the local government would be required to pay the state 50 percent of its net profit.

Under the bills, a local unit of government could utilize the savings from its property purchases to create or improve the overall economic opportunity of the local government and its residents. Property purchased could be used for nonpublic purposes, and the local government could go forward in its own right; in conjunction with a private entity; or through the sale of the property in compliance with the terms and conditions described in the bills.

FISCAL IMPACT:

The bill could potentially lower state revenue to the extent that local units of government purchase real property from the state at below fair market value. Because the number of such sales and the degree to which the purchase prices are below fair market value are not known, the fiscal impact cannot be determined.

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