



Senate Fiscal Agency
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Senate Bill 1149 (as introduced 11-13-14)
Sponsor: Senator Randy Richardville

(Senate-passed version)

CONTENT

The bill would create a new act to authorize the State Administrative Board to convey the Farnum Building, located in Lansing, Ingham County, Michigan. The bill would earmark revenue received from the sale of the property to reimburse the Department of Technology, Management, and Budget (DTMB) for expenses incurred by the Senate for lease, purchase, or transition costs related to relocation from the Farnum Building and costs incurred by the DTMB. Any remaining revenue would be deposited in the State General Fund.

In conveying the property, the State Administrative Board would have to include all surplus, salvage, and scrap property or equipment remaining on the property. The fair market value of the property would have to be determined by an independent appraiser. The DTMB Director would have to take necessary steps to convey the property to realize the best value to the State through competitive bidding, public auction, or real estate brokerage services. The DTMB also could offer the property for sale for fair market value to a local unit or local units of government, or convey the property to the Land Bank Fast Track Authority.

FISCAL IMPACT

Revenue to the State would depend on the actual selling price for the Farnum Building. The impact on local government would depend on whether the property would be subject to local property taxes. The State purchased the Farnum Building in 1978 for \$3.0 million. The building was recently appraised at \$5.4 million, and the parking lot at \$225,000.

Revenue from the sale would have to be used to reimburse the DTMB for expenses incurred by the Senate, as described in Section 896 of Article VIII of Public Act 252 of 2014 (the General Government portion of the FY 2014-15 omnibus appropriation). Any remaining revenue would be deposited in the State General Fund. Section 896 provides:

Sec. 896. (1) From the appropriations in part 1, up to \$7,000,000.00 shall be made available to the senate for future lease, purchase, and transition costs related to relocation from the Farnum building. Funds shall be disbursed to the senate upon executing a contract, lease, letter of intent, or other binding agreement issued by the senate following a competitive bid process conducted by the senate. Funds will be released upon submittal of a purchase order or other documentation of expenses for transition costs.

(2) Proceeds from the sale of the Farnum building shall be subsequently appropriated to the department in accordance with any legislation enacted that authorizes the sale of that property and an amount equal to that which was disbursed to the senate pursuant to subsection (1) shall also be appropriated to the department.

Date Completed: 11-19-14

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Bill Analysis @ www.senate.michigan.gov/sfa

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