



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4759 (as passed by the House)
Sponsor: Representative Andy Schor
House Committee: Government Operations
Senate Committee: Committee of the Whole

CONTENT

The bill would authorize the Department of Technology, Management, and Budget (DTMB), on behalf of the State, to convey by quitclaim deed all or a portion of real property in Lansing, consisting of two parcels described in the bill (where the Farnum Building is located).

The DTMB could take the necessary steps to convey the property using any publicly disclosed competitive method of sale, selected to realize the fair market value to the State, as determined by the Department, or by a value-for-value conveyance negotiated by the DTMB to realize the best value to the State. In determining whether a value-for-value conveyance would represent the best value, the DTMB could consider the fair market value or the total value based on a property exchange, or any positive economic impact to the State likely to be generated by the proposed use of the property.

Revenue from the sale of the property would have to be used to reimburse the DTMB as required by Section 896 of Article VIII of Public Act 252 of 2014 (described below), and to reimburse the Department for costs incurred related to the sale of the property, related expenses, and other ongoing costs, including administrative costs, costs of appraisals, reports, and studies, and other materials necessary to the preparation of sale; environmental remediation; legal fees; and any litigation related to the conveyance of the property. Any remaining revenue would have to be deposited in the General Fund.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Revenue to the State would depend on the actual selling price of 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. In 2014, the building was 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 of Article III of Public Act 252 appropriated up to \$7.0 million to the Senate from the DTMB budget for costs related to its relocation from the Farnum Building, and provided: "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 dispensed to the senate...shall also be appropriated to the department.")

Date Completed: 6-22-17

Fiscal Analyst: Bill Bowerman

floor\hb4759

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

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.