Legislative Analysis

PROPERTY CONVEYANCE – ARENAC COUNTY

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House Bill 4011 as introduced
Sponsor: Rep. Mike Hoadley
Committee: Appropriations
Complete to 5-13-25

Analysis available at
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SUMMARY:

House Bill 4011 would authorize the State Administrative Board, on behalf of the state, to convey, by quitclaim deed or transfer by affidavit of jurisdictional transfer, state-owned property located in Arenac County and currently under the jurisdiction of the Department of Corrections.

The property consists of a two parcel, roughly 118-acre property that hosted the Standish Maximum Correctional Facility. The facility, constructed in 1990, held five 88-bed units and one unit that held 164 beds. The Department of Corrections closed the facility in 2009.

The Department of Technology, Management, and Budget (DTMB) could convey the property through the following methods:

- A publicly disclosed competitive method of sale as determined by the department.
- Sale to a local unit of government for fair market value.
- Transferring jurisdiction of the property to the State Land Bank Authority.
- Jurisdictional transfer to another state agency. If the property is conveyed through this method, the property could be conveyed with or without consideration and the conveyance would have to be made by an affidavit of jurisdictional transfer in recordable form rather than a quitclaim deed.
- A trade of some or all of the property for other property of reasonably equal value.

DTMB could also offer the property for sale for less than fair market value to a local unit of government in which the property is located, subject to the following conditions:

- DTMB must give first opportunity to purchase the property to the first local unit of government to make an offer by registered mail after DTMB provides simultaneous electronic notice to each local unit of government of the property's availability.
- The purchaser must enter into a purchase agreement within 60 days after the date of offer and complete the conveyance within 180 days. DTMB could extend the period to complete the conveyance as needed.
- The property must be used exclusively for public use, and all members of the public must be subject to the same fees, terms, conditions, and waivers.
- The local unit that purchases the property must first offer the property for sale to the state at the original sale price if the local government intends to convey the property.
- The attorney general may bring action to quiet title if the purchaser or its successor disputes the state's exercise of its right of reentry and fails to promptly deliver possession of the property to the state.
- The state is not liable for any improvements, unfulfilled contracts, licenses, or other liens if the state agrees to reacquire the property.

- DTMB may require the purchaser to reimburse the state for demonstrably incurred costs to prepare the property for conveyance.

The net revenue received from the sale of the property would be deposited in the general fund.

DTMB could not convey the property unless approved by the State Administrative Board. The attorney general would have to approve the legal form of all deeds or affidavits of jurisdictional transfer. The property would include all surplus, salvage, and personal property or equipment remaining on the property on the date of conveyance or transfer. The Department of Correctios would be responsible for all expenses of maintaining the property until the time of conveyance or transfer. If the property were sold at fair market value, it would first have to be appraised by an independent fee appraisal prepared for the DTMB or by an appraiser who is an employee or contractor of the state.

The state would not reserve the oil, gas, or mineral rights to the property conveyed. However, if the purchaser or any grantee developed any oil, gas, or minerals, the state would receive one-half of the gross revenue generated, which would be deposited in the general fund.

All rights in aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property, would be reserved by the state. If property conveyed were used by this state as a historical monument, memorial, burial ground, park, or protected habitat area, it would have to be maintained and protected for that purpose in perpetuity.

If the property were used for any purpose inconsistent with any restrictions listed above, the state could reenter and repossess the property, terminating the grantee's or successor's estate in the property. The state would not be liable to reimburse any person for any improvements made or compensate any person for any part of an unfulfilled contract or license issued to provide goods or services.

DTMB could require a grantee of property to record the instrument of conveyance or jurisdictional transfer with the applicable register of deeds and provide the department with a recorded copy.

FISCAL IMPACT:

There is no current appraisal or estimated value for the properties subject to conveyance under the bill. Any revenue to the state would depend on the method of sale or transfer and the real estate market at the time of sale or transfer.

The state would realize savings related to maintenance, upkeep, and security upon the conveyance of the properties. While no cost estimate is available, the savings are expected to be negligible.

Net revenue from the sale of any property would be deposited in the general fund, along with all revenue from the development of any mineral rights.

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