



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

BILL



ANALYSIS

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

Senate Bill 287

Sponsor: Senator George A. McManus, Jr.

Committee: Local, Urban, and State Affairs

Date Completed: 4-26-95

**SUMMARY OF SENATE BILL 287 as introduced 2-16-95:**

The bill would permit the Department of Natural Resources (DNR), on behalf of the State, to convey to the Traverse City area public schools certain real property under the DNR's jurisdiction and located in Grand Traverse County, as described in the bill. The property would be conveyed for \$1, which would have to be deposited in the State Treasury and credited to the General Fund.

The conveyance would be required to provide that the property would have to be used for a public purpose and that upon termination of that use, or upon use for any other purpose, title to the property would revert immediately to the State, with the State assuming no liability for any improvements made by any other party.

The conveyance would have to be by quitclaim deed approved by the Attorney General and reserve to the State all rights to coal, oil, gas, and other nonmetallic minerals found on, within, or under the conveyed property.

Legislative Analyst: L. Arasim

**FISCAL IMPACT**

The property in question, encompassing approximately 1.2 acres, currently houses Department of Natural Resources staff and equipment related to Forest Fire, Wildlife and Fisheries activities and storage for law enforcement activities. The Department of Management and Budget (DMB) reports that the structure on the property is aged and dilapidated and not sufficient for the purposes for which it is being used. The bill would convey the property to the school district to be used for expansion of athletic facilities for \$1. The DMB has indicated that it is the Department's policy not to disclose the appraised value of the property for use during legislative deliberations. In this instance, to the degree that the property currently is used for a public purpose and would be conveyed for a public purpose, with a reverter clause to protect the public purpose use of the land, there would be no financial impact on the State except in terms of potential revenue associated with outright sale of the property or recompense for the original cost of the property.

There is, however, a potential cost related to relocation of the office and storage space. Options include relocating into existing State-owned space, leasing privately owned space, or constructing new space. The Department of Management and Budget reports that the DNR has requested approximately 26,000 square feet of replacement space, of which approximately 5,000 is office space. It is unclear at this time whether existing State-owned space or suitable privately owned

leasable space is available. Costs related to the relocation would be directly related to which option the Real Estate Division determined was most advantageous. Based on untested market rates, the annual cost of a lease for the same square footage of privately owned space composed of office and warehouse space may approach \$130,000 annually excluding any costs for renovation of the space. Construction of new space for office and warehouse facilities in the same configuration would cost approximately \$2.0 million based on conventional square foot estimates.

Fiscal Analyst: R. Abent

S9596\S287SA

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.