



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 462 (as enrolled)
 Sponsor: Senator Don Koivisto
 Committee: Local, Urban and State Affairs

Date Completed: 8-10-95

RATIONALE

It has been suggested that the State Administrative Board should be authorized to convey two parcels of property in the Upper Peninsula that apparently are not needed by the State. The first parcel is located in Marquette and currently is under the jurisdiction of the Department of Corrections. Reportedly, it is a small strip of land that an adjacent property owner needs to get to his otherwise-inaccessible property. The second parcel, in Baraga County, evidently is simply excess State property under the jurisdiction of the Department of State Police.

CONTENT

The bill would authorize the State Administrative Board, on behalf of the State, to convey to the highest bidder for at least fair market value property currently under the jurisdiction of the Department of Corrections and located in the City of Marquette, in Marquette County, as well as property under the jurisdiction of the Department of State Police and located in L'Anse Township, in Baraga County.

The fair market value of these parcels would have to be determined by an appraisal based on their highest and best use, as prepared by the State Tax Commission or an independent fee appraiser.

The revenue received from the conveyance of the parcel in Marquette County would have to be deposited in the State Treasury and credited to the General Fund. The conveyance of the parcel in Baraga County would have to provide that the revenue received would be applied first to the reimbursement of the State Police for costs associated with the sale of the property and that the remaining revenue would be deposited in the State Treasury and credited to the General Fund.

The bill specifies that the descriptions of these parcels in the bill are approximate and for purposes of the conveyances would be subject to adjustment as the Administrative Board or Attorney General considered necessary by survey or other legal description.

The conveyances would have to be by quitclaim deed approved by the Attorney General and would have to reserve to the State all rights to coal, oil, gas, and other materials, excluding sand, gravel, clay, or other nonmetallic minerals found on, within, or under the conveyed lands.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill simply would enable the State to divest itself of land for which it no longer has any use. In one case, the conveyance could benefit an adjacent property owner; in both cases, the conveyance could generate revenue for the State, depending upon the parcel's market value.

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill would have an indeterminate fiscal impact.

The first parcel described in the bill, currently under the jurisdiction of the Department of Corrections and located in Marquette, Michigan, represents approximately 1.25 acres not adjacent to the Branch Prison. The Department of Corrections has indicated that the parcel is not of any use for correctional purposes. The

Department of Management and Budget has indicated that an appraisal of the property has not been completed, and would not speculate on the actual value of the parcel. Sale at fair market value as required by the bill would result in an indeterminate positive impact on the State General Fund.

The second parcel described in the bill, currently under the jurisdiction of the Department of State Police and located in Baraga County, represents approximately eight acres not adjacent to any facility or function of the State Police. The Department of State Police has indicated that it believes the property to be an abandoned communications tower site. The bill would require that, from the proceeds of sale of this property at not less than fair market value, the Department receive "reimbursement" for "costs associated with the sale of the property". These costs could include filing fees, advertisements, surveys, environmental impact statements, etc. As with the prior property, the Department of Management and Budget has not contracted for an appraisal of the property and would not speculate on the potential sale value of the parcel. Sale at fair market value, minus any reimbursement to the Department of State Police for costs associated with the sale, would result in an indeterminate positive impact on the State General Fund.

Fiscal Analyst: R. Abent

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