



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4133 (Substitute S-2 as reported)
Sponsor: Representative Lynne Martinez
House Committee: Local, Urban and State Affairs
Senate Committee: Regulatory Affairs

CONTENT

The bill would permit the State Administrative Board, on behalf of the State, to convey several parcels of property currently under the jurisdiction of the Department of Management and Budget (DMB) and the Department of Natural Resources to the City of Lansing and Michigan State University. All of the parcels would be conveyed for \$1 per conveyance.

The State Administrative Board also would be permitted to convey all or any portion of property currently under the jurisdiction of the Department of Community Health, known as the Lafayette Clinic, on land situated in the City of Detroit. The conveyance could be for not less than fair market value as determined by an appraisal based on the property's highest and best use, or for less than fair market value if the property were to be used for public purposes.

In addition, the State would be prohibited from reserving the mineral rights to the land sold under the bill. A conveyance under the bill, however, would have to provide that if the mineral rights were developed, the State would receive at least one-half of the net royalties.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would authorize the conveyance of a number of property parcels, which can be considered in the following groups:

- Parcels 1, 2, and 3 represent a portion of Pennsylvania Avenue, nine feet of sidewalk adjacent to the Olds Plaza and west Maple Street between Pine and State Street, respectively. These properties are now maintained by the City of Lansing, and assuming that they would continue to be used for current purposes, there would be no fiscal impact on the State or local units of government.
- Parcels A, B, C, and D represent a small portion of a parcel on which the city-owned Grand Avenue parking ramp is located, Groesbeck Golf Course which has been leased from the State for 45 years, Comstock Park, adjacent to the School for the Blind, and Tourist Park at the end of the Lansing River Trail of which part would be conveyed to the City of Lansing and part to Michigan State University. The bill would require that parcel A be used exclusively for municipal parking and parcels B, C, and D for recreational purposes. To the degree that these properties are currently used for a public purpose, and the public purpose is protected by a reverter clause, there would be no fiscal impact on the State or local government except for the "potential" revenue associated with a fair market value sale of the property. The Department of Management and Budget has indicated that an appraisal of the property has not been undertaken.

- The third parcel consists of property adjacent to Ferris Park operated by the City of Lansing. Currently, the Department of Management and Budget maintains a paved (290 spaces) and a "dirt" (115 spaces) lot on the property. The paved portion is utilized by the House of Representatives according to the DMB. The bill specifies that the unpaved portion of the lot would have to be vacated within one year. The paved portion would be available for State use until the city and State agreed on an alternate parking plan. There is a potential, but indeterminate, cost associated with development of new parking spaces.
- The fourth parcel consists of the buildings and land associated with the Lafayette Clinic in the City of Detroit. The property was privately appraised in 1993 at a value of \$800,000. The bill would permit either a fair market value sale or a less than fair market value sale if used for a public purpose. Should the property be sold at fair market value, the State could potentially receive revenue to the General Fund of \$800,000.

Date Completed: 12-10-96

Fiscal Analyst: R. Abent