

Senate Fiscal Agency
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SFA



BILL ANALYSIS

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House Bill 4352 (Substitute H-1 as reported without amendment)
Sponsor: Representative Candace Curtis
House Committee: Regulatory Affairs
Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 5-9-97

RATIONALE

In 1954, the Carman-Ainsworth School District conveyed to the State for \$1 two acres of land to serve as the site for a State Police post. The conveyance contained a reverter clause, which required that the land revert to the school district when the State no longer used it for a public purpose. Thirty years later, the State sought from the school district an additional strip of land, which measured about 50 feet by 315 feet, to expand the post's parking lot. The school district conveyed the land to the State for \$1. The conveyance for this parcel, however, did not contain a reverter clause providing for the land to be returned to the school district if the State Police post closed. The post closed in 1995, and the main piece of property was conveyed to the school district for \$1. Since the conveyance for the second parcel did not contain a reverter clause, the land-locked strip has remained under State ownership. Subsequently, Public Act 480 of 1996, which made capital outlay appropriations, authorized the conveyance of the small strip of land to the school district. Public Act 480, however, contains a reverter clause that requires the land to be used for a public purpose or returned to the State. Some people believe that this parcel should be conveyed to the school district, which is the original landowner, without a reverter clause so the district will not be restricted on how it uses the property.

CONTENT

The bill would repeal and re-enact a section of law that authorizes the State Administrative Board to convey certain property to the Carman-Ainsworth School District, but would omit language concerning the State's possible repossession of the property. The conveyance is authorized by Section 1829 of Public Act 480 of 1996. The property is located in Flint Township,

Genesee County, and is under the jurisdiction of the Department of State Police. Public Act 480 requires the conveyance to provide for both of the following:

- That the property must be used exclusively for public purposes and upon termination of that use or use for any other purpose, the State may re-enter and repossess the property, terminating the grantee's right in it.
- That if the grantee disputes the State's exercise of its right of re-entry and fails to deliver possession of the property promptly to the State, the Attorney General may bring an action to quiet title to, and regain possession of, the property.

The bill would repeal and re-enact Section 1829 of Public Act 480, without the language concerning the property's use and the State's right of re-entry and repossession.

The bill would reinstate current provisions that authorize the conveyance for \$1, specify that the State does not reserve the mineral rights, and require the State to receive at least one-half of the net royalties if the purchaser or any grantee develops the mineral rights.

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

Since the Carman-Ainsworth School District originally owned the small parcel, it is only fair that it be returned to the school district without restrictions, now that the State no longer is using the property. The school district reportedly intends

to sell both parcels, which are situated along I-75 in Flint Township, for private development. Currently, the smaller parcel cannot be sold for a market price due to restrictions included in Public Act 480, which provides that the land must be used for public purposes or it reverts to the State. The bill would rectify this situation by repealing and re-enacting provisions of Public Act 480, without the language concerning the property's use for a public purpose and the State's right of re-entry and repossession. The school district, then, could dispose of the property as it saw fit.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State government, and could, indirectly, result in increased revenue for a local school district.

Given that the small strip of land intended to be returned to the Carman-Ainsworth School District was originally conveyed to the State by the district for \$1, conveying it back for the same amount (only this time without a reverter clause) now that the State no longer has an interest in or use for the land, would comply with the intent of the original conveyance and therefore have no fiscal impact on the State.

Reportedly, the district would now like to sell a larger tract of land (conveyed earlier by the State back to the district) connected to the smaller piece described in the bill, and the ability to sell the two parcels as one would make the marketability of the combined property much more attractive for a potential buyer.

Fiscal Analyst: M. Hansen

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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.