

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 4696 (as reported without amendment)  
Sponsor: Representative Mike Kowall  
House Committee: Conservation and Outdoor Recreation  
Senate Committee: Local, Urban and State Affairs

Date Completed: 10-4-99

### **RATIONALE**

Public Act 7 of 1965 authorized the Department of Natural Resources (DNR) to sell property in Waterford Township, Oakland County, to the Drayton Plains Nature Center. As is common practice when the State conveys land, the language allowing the conveyance includes a reverter clause stating that the property will revert to the State if it is no longer used for its intended purpose (conservation education and related purposes). The nature center has requested that it be allowed to sell 10 of its 137 acres, so that it could put proceeds of the sale in a trust to help fund the center. It has been suggested that Public Act 7 be amended to remove the reverter clause and allow the sale, with the stipulation that the DNR would have the first right to purchase any property the center offered for sale.

### **CONTENT**

The bill would amend Public Act 7 of 1965 to delete the Act's provision that when the property is no longer used for conservation education and related purposes, it must revert to the State. The bill also would require the conveyance to be amended to eliminate the restriction and possibility of reverter created in the conveyance.

In addition, the conveyance would have to be amended to provide that if the grantee offered for sale all or any part of the property, the Department of Natural Resources would have the first right to purchase that property for fair market value as determined by an appraisal based on the property's highest and best use, as prepared by the State Tax Commissioner or an independent fee appraiser.

### **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**

By removing the reverter clause from Public Act 7 of 1965, the bill would allow the Drayton Plains Nature Center to sell a small portion of the property without the threat of the entire property reverting to the State. This would enable the nature center to gain approximately \$500,000 from the sale to use for certain improvements, and for a trust to generate income for the center. The State would retain a degree of control over the future of the property, as it would have the first right to purchase the center's property if all or a portion were offered for sale.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bill would result in potential lost assets for the State.

Under current law, the property must be returned to the State if the nature center ever wants to sell it for use other than educational and related purposes. The land that would be sold has a reported estimated value of \$500,000. The bill, by deleting the reverter clause, would preclude the State from recovering the land if it were ever to be sold, unless the State paid the fair market value.

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.