



**House
Legislative
Analysis
Section**

House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

TRAVERSE CITY CONVEYANCE

House Bill 5181 with committee amendment First Analysis (10-23-01)

Sponsor: Rep. Jason Allen
Committee: Regulatory Reform

THE APPARENT PROBLEM:

In 1999, property under the jurisdiction of the Department of Natural Resources (DNR) was conveyed to the Traverse City Area Public Schools. When the school district received the deed to the land later that year, the school district authorities discovered that a narrow strip of the property had not been included in the deed. They later learned that the land in question, a portion of an abandoned railroad spur, was deeded separately and so was not included in the transaction. Unfortunately, this 25-foot wide strip of land now lies between district property and the property acquired from the DNR in the 1999 conveyance. Legislation has been offered to convey this narrow strip to the Traverse City Area Public Schools.

THE CONTENT OF THE BILL:

The bill would allow the State Administrative Board to convey certain state-owned property to the Traverse City Area Public Schools for \$1. The property could only be used for public recreational or educational purposes; if used for any other purpose, the land would revert to state ownership. If the right of the state to reclaim the property were disputed, the attorney general could bring an action to quiet title to, and regain possession of, the property. The conveyance would be by quitclaim deed and would not reserve mineral rights to the state. Any revenue received under the bill would be credited to the general fund. The bill would specify that property descriptions in the bill are approximate and subject to adjustment as necessary by survey or other legal description.

BACKGROUND INFORMATION:

The land in question is a portion of the former Chesapeake and Ohio Railway Company rail spur that ran to the old Traverse City State Hospital (a psychiatric hospital that has since been closed). This portion of the railroad was abandoned in the early 1970s and reverted to state ownership.

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that since the properties in question were acquired by the state after being abandoned by a railroad, there would be no fiscal implications to the state. However, should the properties be sold at fair market value, an appraisal would be required to determine the fair market value, and then additional one-time revenues would accrue to the state. (10-19-01)

ARGUMENTS:

For:

The bill is seen essentially as a clean-up measure. In 1999, property belonging to the DNR was conveyed to the Traverse City Area Public Schools. It wasn't realized until later, however, that even though the state owned the abandoned railroad property, it was held under a separate deed and so was not conveyed in the original transaction. What is unfortunate for the school district is that this 25-foot strip of former railroad property lies between the high school football stadium and other school property. This presents many problems, including questions of public access and running utility lines. The school district would like to continue to improve its property, and the old railroad spur land would be ideal to build concession stands and storage facilities and to increase parking.

POSITIONS:

The Traverse City Area Public Schools supports the bill. (10-18-01)

The Department of Management and Budget (DMB) supports the bill. (10-18-01)

Analyst: S. Stutzky

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

House Bill 5181 (10-23-01)