



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5207 (Substitute H-2 as passed by the House)

Sponsor: Representative Robert Jones

House Committee: Commerce

Senate Committee: Appropriations

Date Completed: 10-2-09

CONTENT

The bill would create a new act to authorize the State Administrative Board to release rights and convey certain property located in Kalamazoo County.

Release of Rights

The State Administrative Board, for consideration of \$1.00, could release the right of reverter and reentry and terminate restrictions contained in a July 22, 1989 quitclaim deed to Western Michigan University (WMU).

Noble Lodge Property

The State Administrative Board for consideration of \$1.00 could convey to WMU the Noble Lodge Property, which currently is under the jurisdiction of the Department of Corrections. The bill would require that the property be used exclusively for public purposes, and specifies that the State could reenter and repossess the property upon termination of that use or use for any other purpose. Any fees, terms, or conditions for the use of the property would have to be applied uniformly to resident and nonresident members of the public. If the property were not sold to WMU within six months after the bill's effective date, the Director of the Department of Management and Budget would have to take necessary steps to realize the best value for the property by preparing to convey it through competitive bidding, a public auction, use of real estate brokerage services, a value-for-value conveyance, or offering the property for sale for fair market value to a local unit or units of government. The property could be sold to a local unit of government for less than fair market value if it were used exclusively for public purposes. If the local unit of government intended to convey the property within three years of the conveyance from the State, the State would retain a right to first purchase at the original sale price within 90 days. In the event that the State waived its first refusal right, the local unit of government would have to pay the State 40% of the difference between the sale price of the conveyance from the State and the sale price of the local unit's subsequent sale or sales to a third party. The State would reserve all rights in aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property. The State would not reserve the mineral rights to the property conveyed, but if the purchaser or any grantee developed any oil, gas, or minerals found on, within, or under the conveyed property, the State would receive one-half of the gross revenue generated from the development of the minerals.

Colony Farm Property

The bill would authorize the conveyance of the Colony Farm property from WMU to the State, and then the reconveyance from the State to WMU. The conveyance and reconveyance each would be for \$1.00.

The bill also would repeal provisions that originally authorized restrictions related to the proposed conveyances.

BACKGROUND

Release of Rights

The property for which the bill would authorize release of rights is located at 1501 Blakeslee Street and is the site of the former State Tuberculosis Sanitarium. The property is in a state of disrepair. While WMU secures the building with fencing and lighting, it remains a liability concern. Releasing the right of reverter would allow WMU, and the City of Kalamazoo, to use the property for other purposes. In 2004 an "as is" appraisal of the property estimated the market value at \$250,000.

Noble Lodge Property

The Noble Lodge property is the site of the former Kalamazoo Regional Psychiatric Hospital located on the corner of Howard and Oakland Streets in Kalamazoo. The property is vacant State surplus property.

Colony Farm Property

An appraisal in 2004 determined the market value of the Colony Farm property at \$310,000. The property was conveyed to WMU through Public Act 158 of 1977. That legislation provided that the Michigan State University (MSU) Department of Entomology would have and hold a lease on the property as long as MSU conducts experimental fruit pest research on the land. Western Michigan University has negotiated a termination of this lease with MSU. The conveyance would allow WMU to use the property to expand and improve the Business and Technology Research Park (BTR) located on WMU's Parkview Campus. The property is the site of the former Kalamazoo State Hospital located in Oshtemo Township, Kalamazoo County. It consists of approximately 53 acres and is immediately north of the WMU Parkview Campus, which is the home of the College of Engineering and the BTR Park. The BTR Park has 30 private-sector companies and over 500 employees specializing in life-science, advanced engineering and information technology fields.

FISCAL IMPACT

Net proceeds to the State would be deposited in the State General Fund.

Fiscal Analyst: Bill Bowerman

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