



Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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House Bill 6358 (as reported without amendment)

Sponsor: Representative Thomas Albert

House Committee: Appropriations

Senate Committee: Appropriations

**CONTENT**

The bill would authorize the following:

- The Department of Technology, Management, and Budget (DTMB), subject to approval of the State Administrative Board, to transfer two adjoining parcels of State-owned property located in Ionia County to the State Land Bank Authority. The parcels are a combined total of approximately 125 acres and contain the former Riverside Correctional Facility.
- The State Administrative Board to convey a parcel of State-owned property located in Kent County to Kent County. The property is roughly 3.5 acres and is the site of a former Michigan State Police laboratory.

Transfer of the Ionia County property would be subject to the following conditions:

- The State Land Bank Authority would have to reimburse the DTMB for any uncompensated costs associated with the study, evaluation, survey, inspection, appraisal, and insurance of the property. Reimbursement would have to be in the form of a one-time interagency lump sum payment
- Following the transfer, the State Land Bank Authority would be conveyed via quit claim deed with a covenant requiring any subsequent owner to properly maintain the cemetery located on the property, and to provide access to that cemetery for as long as the property was used as such.
- The State would retain all rights to any aboriginal antiquities located at the site, as well as the right to enter the property to explore, excavate, and any antiquities.
- The State would not retain mineral rights to the property but would be entitled to half of the gross revenue generated from any gas, oil, or mineral extraction that may occur following conveyance. Any mineral revenue received by the State from the property would be deposited in the State General Fund.
- If the property were used in a manner inconsistent with any restrictions under the bill, the State would be allowed to repossess the property.

Transfer of the Kent County property would be subject to the following conditions:

- The State Administrative Board could convey the property to Kent County for fair market value, or less than fair market value.
- Fair market value would be determined by an independent fee appraiser based on the property's highest and best use.
- Kent County would have two years following the bill's effective date to receive the property. If Kent County fails to purchase the property within this timeframe, the DTMB could seek to sell the property via competitive bidding, public auction, use of a real

- estate broker, value for value conveyance, sale to another local unit of government, or transfer to the State Land Bank Authority.
- Conveyance would be by quit claim deed, and must include all surplus, salvage, and scrap property or equipment remaining on the property.
- The State would not retain mineral rights to the property but would be entitled to half of the gross revenue generated from any gas, oil, or mineral extraction that may occur following conveyance. Any mineral revenue received by the State from the property would be deposited in the State General Fund.
- The State would retain all rights to any aboriginal antiquities located at the site, as well as the right enter the property to explore, excavate, and to any antiquities.
- Any revenue from the sale of the property would be credited to the State General Fund.

If the transfer of the Kent County property were for less than fair market value, the following additional conditions would apply:

- The property would have to be used for a public purpose. Any fee, term, or condition associated with use of the property would have to be uniform for all members of the public.
- If the grantee disputed the State's right of reentry and failed to promptly deliver possession of the property, the Attorney General could bring action to repossess the property. If this action were taken, the State would not be liable to reimburse any party for improvements made to the property.
- The local unit of government would have to reimburse the State for requested costs necessary to prepare the property for conveyance.
- If the local unit of government intended to convey the property within 30 years after receiving the property from the State, the local unit would be required to notify the DTMB, and the DTMB would retain the right to repurchase the property for the original sale price within 180 days after notice.

### **FISCAL IMPACT**

The bill would not have a significant fiscal impact on the State or local units of government, though the State would realize some savings on maintenance, security, and upkeep following conveyance of the properties.

Date Completed: 11-29-22

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