

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

**SFA****BILL ANALYSIS**

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

House Bill 5436 (Substitute H-1 as passed by the House)  
Sponsor: Representative Tom Meyer  
House Committee: Regulatory Reform

## **CONTENT**

The bill would allow the State Administrative Board, on behalf of the State, to convey two parcels of property (referred to below as Parcel A and Parcel B) under the jurisdiction of the Department of Community Health and located in Indianfields Township, in Tuscola County.

For 12 months after the bill's effective date, the Tuscola Area Airport Authority would have the exclusive right to purchase Parcel A for less than fair market value if the Authority agreed to use the property for public purposes, or for fair market value if the Authority did not agree to use the property for public purposes. If, at any time after purchasing the property, the Authority determined that it no longer would operate as a local unit of government, or that the property would not continue to be used for public purposes, the Authority would have to notify the State 180 days before any such change. Then, for 180 days, the Authority could purchase the reversionary rights for fair market value less any improvements.

Indianfields Township would have the exclusive right, for 12 months after the bill's effective date, to purchase Parcel B for less than fair market value if it agreed to use the property for public purposes.

Any conveyance of either parcel for less than fair market value would have to contain language limiting the property's use to public purposes; requiring any conditions to be imposed on residents and nonresidents alike; providing for the State's right to repossess the property if it were used for another use; and authorizing the Attorney General to bring an action to regain possession if the grantee failed to deliver possession to the State. In addition, for Parcel A, the conveyance would have to provide that the Authority could create and record restrictions on the use of the property required for the safe operation of an airport.

The conveyances would have to be by quitclaim deed approved by the Attorney General. The conveyances could not reserve mineral rights to the State, but would have to provide that if the grantee derived any revenue from the development of any minerals found on, within, or under the conveyed property, the grantee would have to pay half of that revenue to the State for deposit in the Natural Resources Trust Fund.

The net revenue received from under the bill would have to be deposited in the State Treasury and credited to the General Fund. "Net revenue" would mean the proceeds from the sale of the property less reimbursement for any costs to the State associated with the sale.

Legislative Analyst: N. Nagata

## **FISCAL IMPACT**

The bill would result in a one-time revenue increase for the State. The amount of revenue would depend on the amount of money received for each property conveyance, which could be as little as \$1, and as much as its fair market value. In order to determine fair market value, an appraisal for each parcel would be required, which reportedly does not exist.

Date Completed: 12-10-01

Fiscal Analyst: M. Hansen