

Legislative Analysis



STATE CONVEYED LAND: NO REVERSIONARY INTEREST; DISTRIBUTION OF REVENUES FROM SUBSEQUENT SALES; AND NEW PILT FUND

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5313

Sponsor: Rep. Mike Pumford

Committee: Conservation and Outdoor Recreation

Complete to 4-20-04

A SUMMARY OF HOUSE BILL 5313 AS INTRODUCED 11-12-03

Subpart 1 (Sale of State Land for Public Purposes) of Part 21 (General Real Estate Powers) of the Natural Resources and Environmental Protection Act permits the Department of Natural Resources to sell sites to school districts and churches and sell tax-reverted land under the jurisdiction of the department for public purposes to public educational institutions, the federal government, and local governmental units.

The act also permits the department to convey tax-reverted property to a public agency without monetary consideration, though the conveyance then must have a reverter provision whereby the title of the property reverts back to the state when the property is no longer used in the manner specified in the conveyance.

The bill would delete the requirement that a conveyance of tax-reverted property include a reverter provision, and would specifically prohibit the DNR from retaining a reversionary interest in land conveyed to an entity other than a church or the federal government. The DNR would have to relinquish any existing reversionary interest in land conveyed to an entity other than a church or the federal government within 90 days after the bill's effective date. If the land was subsequently conveyed by that entity, 50 percent of the proceeds would be retained by the entity that conveyed the property, 20 percent of the proceeds would be credited to the state School Aid Fund, 15 percent of the proceeds would be credited to the Agricultural Preservation Fund, and 15 percent of the proceeds would be credited to the PILT fund, which would be created by the bill. Money in the PILT fund would only be expended, upon appropriation, for payments made in lieu of taxes by the state to local governments.

In addition Part 527 (Municipal Forests) of the Natural Resources and Environmental Protection Act permits the DNR and the Department of Treasury to sell certain land to municipalities for forestry purposes. The bill would delete requirements that such land be used solely for forestry purposes and that when the land is no longer used for a forestry purpose, it shall revert back to the state.

MCL 324.2102 et al.

FISCAL IMPACT:

This bill would have an indeterminate fiscal impact on state and local governments. The proceeds of the sale of conveyed tax reverted property would be shared 50:50 by the State and the local government entity. The State's 50 percent share would be distributed to the School Aid Fund, the Agricultural Preservation Fund, and the new PILT (Payments In Lieu of Taxes) Fund, created by this legislation. Actual revenue to the State or to the local governmental unit would depend on the sale price of disposed tax reverted properties.

Legislative Analyst: Mark Wolf
Fiscal Analyst: Kirk Lindquist

■ 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.