



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

Senate Bill 306 (as reported without amendment)
Sponsor: Senator Patricia L. Birkholz
Committee: Appropriations

(as enrolled)

CONTENT

The bill would authorize the Department of Management and Budget to convey two parcels of property (Parcel A, 4 acres, and Parcel B, 8 acres) to the Grand Ledge School District in Eaton County for \$1. The bill also would authorize the conveyance of one parcel of property (Parcel C, 20 ft. x 150 ft.) to the school district for not less than fair market value as determined by an independent fee appraiser.

Parcels A and B would have to be used exclusively for public purposes and the State could reenter and repossess the property upon termination of such use. The Attorney General could bring an action to quiet title to and regain possession of the property if the grantee disputed the State's exercise of its right of reentry. Any fees, terms, or conditions for the use of the property would have to be applied to both residents and nonresident members of the public. The conveyance would have to include these provisions.

If the school district did not purchase any of the parcels within one year after the bill's effective date, the Director of the Department of Management and Budget could offer the property for sale on the open market.

Each conveyance would have to be by quitclaim deed designed and otherwise approved by the Attorney General, and could not reserve the gas, oil, or mineral rights found on, within, or under the conveyed property.

The bill specifies that the State would forgive any rent and interest that might otherwise be due from the school district for use and occupancy of the property prior to closing. The Department could charge the school district for reimbursement of all administrative costs associated with the Department's implementation of the bill, including but not limited to appraising, surveying, brokering, and managing the sale of the property. Reimbursement for those administrative costs would have to be credited to the Department of Management and Budget. All other revenue received under the bill would have to be deposited in the State's General Fund.

The bill also would repeal three acts that previously authorized the conveyance of Parcels A and B to the school district.

FISCAL IMPACT

The bill could result in a relatively small increase in State revenue from the sale of the small strip of land (Parcel C) authorized in the bill. A current appraisal, indicating the property's worth, does not exist at this time.

Date Completed: 5-5-05

Fiscal Analyst: Michael Hansen

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