

Legislative Analysis



PROPERTY CONVEYANCE: KALAMAZOO COUNTY

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House Bill 5206 as introduced
Sponsor: Rep. Robert Jones
Committee: Commerce

Complete to 8-25-09

BRIEF SUMMARY:

House Bill 5206 would authorize the State Administrative Board to convey state-owned property located in Kalamazoo County, now under the jurisdiction of the Department of Corrections, to Western Michigan University (WMU) for \$1.00. An approximate legal description of the property is set forth in the bill and the property would include all surplus, salvage, and scrap property or equipment remaining on the property at the time of conveyance.

The property would be required to be used exclusively for public purposes, and any fees, terms, or conditions for the use of the property would have to be applied uniformly to all members of the public. The State would be authorized to reenter and repossess the property if these conditions were not met.

If the property is not sold to Western Michigan University within six months of the effective date of the bill, the Department of Management and Budget (DMB) would be required to take the necessary steps to convey the property through competitive bidding, a public auction, use of real estate brokerage services, a value for value conveyance, offering the property for sale for fair market value to a local unit or units of government, or offering the property for sale for less than fair market value to a local unit or units of government. If the property is sold to a local unit or units of government, the property would be required to be used exclusively for public purposes, and any fees, terms, or conditions for the use of the property would be required to be applied uniformly to all members of the public. If the local unit or units of government intend to convey the property within three years of the conveyance from the State, notice to DMB would be required. The State would retain a right to first purchase the property at the original sale price. If the State waives the right, the local unit 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 units' subsequent sale or sales to a third party.

The property would be conveyed by a quitclaim deed approved by the Attorney General. The State would not reserve oil, gas, or mineral rights to the conveyed property, but the purchaser or any grantee would have to pay the State one-half of any gross revenue generated from the development of oil, gas, or minerals. The State would reserve all rights in aboriginal antiquities, including the right to explore, excavate, and take them. Aboriginal antiquities include mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property.

Net revenue received under the bill would be credited to the General Fund.

The bill is tie-barred to House Bills 5205 and 5207.

FISCAL IMPACT:

The property is the site of the former Kalamazoo Regional Psychiatric Hospital and is currently in state surplus. The property is adjacent to the current WMU Health and Human Services campus. As stated in the bill, net revenue received under the bill would be credited to the General Fund. There would be an indeterminate amount of revenue to the state if the purchaser or any grantee developed oil, gas, or minerals found on, within, or under the property.

Fiscal Analyst: Robin R. Risko

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