

Property Conveyance - Mt. Pleasant

House Bill 5779 As Introduced

Sponsor: Representative Caul

Analysis Completed: March 11, 2010

SUMMARY OF THE BILL:

House Bill 5779 would authorize the State Administrative Board to convey state owned property in Isabella County to the City of Mt. Pleasant for \$1.00. The property is currently under the jurisdiction of the Department of Community Health. The former Mt. Pleasant Center, a facility for persons with developmental disabilities, which closed effective October 10, 2009, is located on the property.

An approximate legal description of the property is set forth in the bill and the property would include all personal, surplus, salvage, and scrap property or equipment.

While the City of Mt. Pleasant owns the property, it would be required to be used exclusively for public purposes. Any fees, terms, or conditions applied for use of the property, or waivers of those fees, terms, or conditions, would be required 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 and would not be liable for reimbursement to any party for improvements made on the property.

If the City of Mt. Pleasant conveys the property within 5 years after conveyance from the state, they would be required to notify DTMB and pay the state 40% of the difference between the sale price of the original conveyance and the sale price of the City of Mt. Pleasant's subsequent sale to a third party. The sale price of the conveyance from the state would be required to be increased by the total of the amounts the City pays to address any environmental conditions on the property or to demolish or improve existing buildings, the cost of structure and other land improvements, and any costs to the City associated with the sale of the property (i.e., administrative costs, employee wages, salaries, benefits, costs of reports and studies and other materials necessary to the preparation of the sale, environmental remediation, legal fees, and any litigation expenses related to the conveyance of the property).

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 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.

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

FISCAL IMPACT:

If the City of Mt. Pleasant purchased the property, the net revenue to the state would be \$1.00. If the City conveys the property within 5 years, additional revenue to the state would be 40% of the difference between the sale price of the conveyance and the sale price of the City of Mt. Pleasant's subsequent sale to a third party.

Also, there would be an indeterminate amount of revenue to the state if the purchaser or any grantee develops oil, gas, or minerals found on, within, or under the property.

Fiscal Analyst: Robin R. Risko

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