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Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Frazier

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SUMMARY

- Authorizes the sale and conveyance of 21 pieces of state-owned real estate by various methods.
- Authorizes three easements on state-owned real estate.

DETAILED ANALYSIS

Real estate conveyances

The bill authorizes 24 public land conveyances; 21 are outright sales, and three grant easements.[1] The legal descriptions of the property to be conveyed are in the bill, and the bill permits the Director of Administrative Services (Director of DAS) to adjust the legal descriptions if corrections or modifications are needed.[2] Basic information about, and unique aspects of, each conveyance are attached to this analysis in a document titled "State-Owned Real Estate Conveyances."

Manner of conveyance

To carry out a conveyance under the bill, the Auditor of State, with the assistance of the Attorney General, prepares a deed. Deeds for outright sales are executed by the Governor in the name of the state, countersigned by the Secretary of State, sealed with the Great Seal of the State, presented in the Office of the Auditor of State for recording, and delivered to the

[1] Sections 3(A), 15(A), and 23(A).

[2] Sections 1 through 24.

grantee.[3] Documents granting only easements are executed by the Director of Administrative Services and need not be countersigned by the Secretary of State.[4]

Conditions

The 21 outright sales all include three standard conditions. Those are:

- The conveyances include improvements and chattels (personal property) on the conveyed property, and are subject to all easements, covenants, conditions, and restrictions of record; all legal highways and public rights-of-way; zoning, building, and other laws, ordinances, restrictions, and regulations; and real estate taxes and assessments not yet due and payable, and the property is to be conveyed in an "as-is, where-is, with all faults" condition.
- The deeds conveying the property may contain restrictions, exceptions, reservations, reversionary interests, and other terms and conditions the Director of DAS (and in some cases, the grantor agency) determines to be in the best interest of the state.
- After the conveyances, any deed restrictions may be waived by the state without further legislation.[5]

Of those 21, 16 are required to be transferred as single tracts[6] and five may be transferred as single tracts or as multiple parcels.[7]

The three conveyances that only grant easements have fewer conditions. Two only require that the easements state the obligations of, and duties to be observed and performed by, the grantees. The third, which is for a sewer line, contains the same condition with an additional requirement that the grantee assume perpetual responsibility for that sewer line.[8]

Grantees and consideration

Depending on the conveyance in question, the bill may or may not identify the specific grantee and consideration (price) involved in the conveyance. Of the 21 outright sales, the grantee and the consideration are identified in the bill for seven.[9] For six, the grantee and consideration are to be determined at auction, with provision made for selecting alternate

[3] Sections 1, 2, 4 through 14, 16 through 22, and 24.

[4] Sections 3, 15, and 23.

[5] Sections 1(B), 2(B), 4(B), 5(B), 6(B), 7(B), 8(B), 9(B), 10(B), 11(B), 12(B), 13(B), 14(B), 16(B), 17(B), 18(B), 19(B), and 20(B).

[6] Sections 1(D), 2(D), 4(D), 5(D), 6(D), 7(D), 8(D), 9(D), 10(D), 11(D), 12(D), 17(D), 18(D), 19(D), 21(D), and 22(E).

[7] Sections 13(D), 14(D), 16(D), 20(D), and 24(D).

[8] Sections 3(B), 15(B), and 23(B).

[9] Sections 6(A) and (C), 11(A) and (C), 12(A) and (C), 17(A) and (C), 18(A) and (C), 20(A) and (C), and 22(A) and (C).

purchasers if the auction winner defaults or if all bids are rejected.[10] The grantee and consideration are to be determined by some other means for four of the outright sales[11] and, for another four, the grantee is identified but the consideration is to be determined.[12]

In the three conveyances that grant easements, the grantees are identified and consideration for each is $1.[13]

Use of proceeds

The bill designates where the proceeds from 20 of the 21 outright sales must be allocated.[14] It does not do so, however, for the three conveyances that grant easement and one sale.[15]

Conveyance costs

The bill treats costs associated with each conveyance in various ways. For 17 of the conveyances that will involve outright sales, the purchaser must pay all costs associated with the purchase, closing, and conveyance, including surveys, title evidence, title insurance, transfer costs and fees, recording costs and fees, taxes, and any other fees, assessments, and costs that may be imposed.[16] Of the remaining four outright sales, the purchase agreement for three will assign costs as negotiated[17] and one specifically divides different costs among the parties.[18]

The bill's authorization for 14 of the outright sales also make provision for advertising costs incurred before the sales. Those are often addressed where the sale is to be by auction or to account for the potential of alternate purchasers. For 12 of those conveyances, the selling agency must pay any advertising and other costs incident to the sale.[19] For two, advertising costs are to be paid based on terms agreed upon in the purchase agreement.[20]

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[10] Sections 1(C), 5(C), 9(C), 16(C), 19(C), and 21(C).

[11] Sections 8(C), 13(C), 14(C), and 24(C).

[12] Sections 2(C), 4(C), 7(C), and 10(C).

[13] Sections 3(A) and (C), 15(A) and (C), and 23(A) and (C).

[14] Sections 1(E), 2(E), 4(E), 5(E), 6(E), 7(E), 8(E), 9(E), 10(E), 11(E), 13(E), 14(E), 16(E), 17(E), 18(E), 19(E), 20(E), 21(F), 22(G), and 24(F).

[15] Sections 3, 12, 15, and 23.

[16] Sections 1(E), 2(E), 4(E), 5(E), 6(E), 7(E), 8(E), 9(E), 10(E), 11(E), 12(E), 16(E), 17(E), 18(E), 19(E), 21(E), and 22(F).

[17] Sections 13(E), 14(E), and 24(E).

[18] Section 20(E).

[19] Sections 1(C), 2(C), 5(C), 6(C), 7(C), 8(C), 9(C), 16(C), 19(C), 20(C), 21(C), and 22(D).

[20] Sections 13(C) and 14(C).

For the three conveyances that grant easements, the grantees must pay recording costs.[21]

Duration of authority

The bill's authorization for each conveyance expires three years after its effective date.[22]

HISTORY

Action	Date
Introduced	01-27-20

H0481-I-133/ar

[21] Sections 3(D), 15(D), and 23(E).

[22] Sections 1 through 24.