

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: March 22, 2010
POSITION: Neutral

BILL NUMBER: SB 1167
AUTHOR: D. Cogdill

BILL SUMMARY: State Real Property

This bill, the annual Department of General Services (DGS) surplus property bill, would authorize DGS to sell, exchange, or lease two separate parcels of state property; pursuant to terms and conditions the DGS Director determines are in the best interest of the state.

FISCAL SUMMARY

To the extent the property is identified as surplus and subsequently sold, the state would receive additional revenue, subject to Proposition 60A, and proceeds would be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount and used to repay the Economic Recovery Bonds (ERB). The transaction would be required to be completed at fair market value. DGS estimates the sale of both properties could generate up to \$1.6 million. However, at this time any estimate of proceeds is premature, pending a fair market appraisal. The DGS would be reimbursed for any cost or expense incurred in the disposition of the property from the proceeds of the property.

COMMENTS

The Department of Finance is neutral on this bill. To the extent that the identified properties are sold, the proceeds could generate additional revenue to the state.

Existing law does the following:

- Provides for the DGS to dispose of state surplus property, subject to specified conditions and upon legislative approval.
Requires that the proceeds from the sale of surplus state property be used to pay the principal and interest on the Economic Recovery Bond Act of 2004, with the exception for properties acquired with special funds.

This bill would authorize the Director of DGS to sell, exchange, or lease two parcels of approximately:

- 2.59 acres, known as the Fresno Veterinary Laboratory for the Department of Food and Agriculture; located in Fresno County.
1.1 acres, known as the Roseville Field Office for the Department of Motor Vehicles; located in Placer County.

In previous sessions, similar legislation has been vetoed by the Governor because the language did not provide exemptions from the California Environmental Quality Act. Since that time, AB 8, Second Extraordinary Session of 2009, has been enacted to alleviate the previous concerns related to surplus property.

Analyst/Principal (0691) N. Brady Date Program Budget Manager Karen Finn Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	
1606/Sale Pub Lnd	RV	No		-----	See Fiscal Summary	-----			3090
<u>Fund Code</u>	<u>Title</u>								
3090	Deficit Recovery Bond Retirement Sinking								