



**House  
Legislative  
Analysis  
Section**

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**MICHIGAN FOREST FINANCE AUTHORITY**

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MAY 23 1989

House Bill 4688  
Sponsor: Rep. Thomas L. Hickner  
Committee: Forestry & Minerals

Mich State Law Library

Complete to 5-9-89

**A SUMMARY OF HOUSE BILL 4688 AS INTRODUCED 4-24-89**

The bill would create the Michigan Forest Finance Authority as a corporate body within the Department of Natural Resources to provide for the acquisition of standing timber and timber cutting rights in standing timber on certain state lands and to provide for certain forest management operations and practices. The authority would be governed by a board of directors consisting of the director of the Department of Natural Resources (DNR), the state treasurer, and three residents of the state appointed by the governor with the advice and consent of the Senate. The board would be subject to the provisions of the Open Meetings Act (Public Act 267 of 1976). The state forester would serve as the executive director of the authority. The authority could employ experts and other permanent or temporary employees paid from its funds. Under the bill, the board would be required to do all things necessary to carry out its purposes including acquiring standing timber, timber cutting rights, and the state's interest in contracts granting cutting rights, on certain state lands.

The bill would require the DNR to annually submit a list of activities and practices allocated from the funds generated under the bill for the board's review and determination of consistency with the purposes of the bill. The authority would finance only forest management operations and practices that followed the guidelines, rules, and objectives prescribed and approved by the DNR. In addition, funds managed by the authority would be applied in a manner consistent with the land management planning policies of the DNR on lands identified for forest management practices. The authority would issue contracts for the cutting and sale of timber, and the DNR would act as the agent for the authority in contracting for the cutting and sale of timber or other forest management operations and practices undertaken by the authority. Upon the expiration of 180 days after the effective date of the bill, the state's interest in all existing contracts granting timber cutting rights on state tax reverted lands would be conveyed to the authority to be used for any of the purposes of the bill.

The boards activities would be financed through gifts, grants, loans, and other aid from any person, or the federal, state, or local government or any agency of the federal, state or local government. In addition, the bill would provide for the issuance of bonds or notes by the authority in amounts it considered necessary to provide funds for any purpose, including the following:

- \* payment, funding or refunding or the principal of, interest on, or redemption premiums on bonds or notes issued by the authority;
- \* establishment or increase of reserves to secure or to pay authority bonds or notes or interest on those bonds or notes;
- \* payment of interest on bonds or notes; and
- \* payment of all other costs or expenses of the authority incident to and necessary to carry out its corporate purposes and powers.

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The bonds or notes of the authority would be authorized by resolution of the authority and would comply with provisions in the bill. Bonds or notes of the authority would be payable solely from the revenues of the authority, and would not be a liability of the state or constitute a pledge of the faith and credit of the state. Authority bonds would not be subject to the Municipal Finance Act, would not require the approval of the state treasurer, would not be required to be registered, and would not be required to be filed under the Uniform Securities Act.

The bill would repeal the Forest Management Fund Act. The act requires money or proceeds received by the DNR from the sale of forest products from state tax reverted lands to be credited to a special forest management fund to be expended by the department for reforestation, forest protection and timber stand improvement projects.