

**SUBSTITUTE FOR  
HOUSE BILL NO. 5254**

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending section 503 (MCL 324.503), as amended by 1996 PA  
133.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 503. (1) The department shall protect and conserve the  
2 natural resources of this state; provide and develop facilities  
3 for outdoor recreation; prevent the destruction of timber and  
4 other forest growth by fire or otherwise; promote the reforestation  
5 of forest lands belonging to the state; prevent and guard against  
6 the pollution of lakes and streams within the state and enforce  
7 all laws provided for that purpose with all authority granted by  
8 law; and foster and encourage the protecting and propagation of  
9 game and fish. The department has the power and jurisdiction  
10 over the management, control, and disposition of all land under

**HB5254, As Passed House, December 9, 1997**

House Bill No. 5254

2

1 the public domain, except for those lands under the public domain  
2 that are managed by other state agencies to carry out their  
3 assigned duties and responsibilities. On behalf of the people of  
4 the state, the department may accept gifts and grants of land and  
5 other property and may buy, sell, exchange, or condemn land and  
6 other property, for any of the purposes contemplated by this  
7 part. The department may accept funds, money, or grants for  
8 development of salmon and steelhead trout fishing in this state  
9 from the government of the United States, or any of its depart-  
10 ments or agencies, pursuant to the anadromous fish conservation  
11 act, Public Law 89-304, 16 U.S.C. 757a to 757g, and may use this  
12 money in accordance with the terms and provisions of that act.  
13 However, the acceptance and use of federal funds does not commit  
14 state funds and does not place an obligation upon the legislature  
15 to continue the purposes for which the funds are made available.

16 (2) The department may lease lands owned or controlled by  
17 ~~it that have been designated for use for recreational purposes,~~  
18 ~~but only to responsible legal units, within this state, of~~  
19 ~~national or state recognized groups devoted principally to devel-~~  
20 ~~opment of character and citizenship training and physical fitness~~  
21 ~~of youth, the financial support of which is by voluntary public~~  
22 ~~subscriptions or contributions, and the property of which is~~  
23 ~~exempt from taxation under the laws of this state. The depart-~~  
24 ~~ment may lease land in the Porcupine mountain state park to third~~  
25 ~~parties for purposes as it considers desirable.~~ THE DEPARTMENT  
26 OR MAY GRANT CONCESSIONS ON LANDS OWNED OR CONTROLLED BY THE  
27 DEPARTMENT TO ANY PERSON FOR ANY PURPOSE THAT THE DEPARTMENT

**HB5254, As Passed House, December 9, 1997**

Sub. H.B. 5254 (H-1) as amended December 9, 1997

3

1 DETERMINES TO BE NECESSARY TO IMPLEMENT THIS PART. IN GRANTING A  
2 CONCESSION, THE DEPARTMENT SHALL PROVIDE THAT EACH CONCESSION IS  
3 AWARDED AT LEAST EVERY 7 YEARS BASED ON EXTENSION, RENEGOTIATION,  
4 OR COMPETITIVE BIDDING. HOWEVER, IF THE DEPARTMENT DETERMINES  
5 THAT A CONCESSION REQUIRES A CAPITAL INVESTMENT IN WHICH REASON-  
6 ABLE FINANCING OR AMORTIZATION NECESSITATES A LONGER TERM, THE  
7 DEPARTMENT MAY GRANT A CONCESSION FOR UP TO A 15-YEAR TERM. A  
8 CONCESSION GRANTED UNDER THIS SUBSECTION SHALL REQUIRE, UNLESS  
9 THE DEPARTMENT AUTHORIZES OTHERWISE, THAT ALL BUILDINGS AND  
10 EQUIPMENT SHALL BE REMOVED AT THE END OF THE CONCESSION'S TERM.  
11 Any lease entered into under this subsection shall limit the pur-  
12 poses for which the leased land is to be used and shall authorize  
13 the department to terminate the lease upon a finding that the  
14 land is being used for purposes other than those permitted in the  
15 lease. UNLESS OTHERWISE PROVIDED BY LAW, MONEY RECEIVED FROM A  
16 LEASE [OR A CONCESSION] OF TAX REVERTED LAND SHALL BE CREDITED TO  
THE FUND PROVID-  
17 ING FINANCIAL SUPPORT FOR THE MANAGEMENT OF THE LEASED LAND.  
18 MONEY RECEIVED FROM A LEASE OF ALL OTHER LAND SHALL BE CREDITED  
19 TO THE FUND FROM WHICH THE LAND WAS PURCHASED. HOWEVER, MONEY  
20 RECEIVED FROM PROGRAM-RELATED LEASES ON THESE LANDS SHALL BE  
21 CREDITED TO THE FUND PROVIDING FINANCIAL SUPPORT FOR THE MANAGE-  
22 MENT OF THE LEASED LANDS. FOR LAND MANAGED BY THE FOREST MANAGE-  
23 MENT DIVISION OF THE DEPARTMENT OF NATURAL RESOURCES, THAT FUND  
24 IS EITHER THE FOREST DEVELOPMENT FUND ESTABLISHED PURSUANT TO  
25 PART 505 OR THE FOREST RECREATION FUND CREATED IN PART 831. FOR  
26 LAND MANAGED BY THE WILDLIFE OR FISHERIES DIVISION OF THE

**HB5254, As Passed House, December 9, 1997**

House Bill No. 5254

4

1 DEPARTMENT OF NATURAL RESOURCES, THAT FUND IS THE GAME AND FISH  
2 PROTECTION FUND CREATED IN PART 435.

3       (3) When any sales of land are made by the department, the  
4 deeds by which lands are conveyed may reserve all mineral, coal,  
5 oil, and gas rights to the state, but shall not reserve the  
6 rights to sand, gravel, clay, or other nonmetallic minerals. The  
7 department shall also have the power to provide that all deeds  
8 issued for lands along watercourses and streams shall contain a  
9 clause reserving the right of ingress and egress over and across  
10 the lands. Whenever an exchange of land is made, either with the  
11 United States government, a corporation, or an individual, for  
12 the purpose of consolidating the state forest reserves, the  
13 department may issue deeds without reserving to the state the  
14 mineral, coal, oil, and gas rights and the rights of ingress and  
15 egress. The department may sell the limestone, sand, gravel, or  
16 other nonmetallic minerals. However, the department shall not  
17 sell a mineral or nonmetallic mineral right if the sale would  
18 violate part 353, ~~-(sand dune protection and management) of Act~~  
19 ~~No. 451 of the Public Acts of 1994, being sections 324.35301 to~~  
20 ~~324.35326 of the Michigan Compiled Laws, or part 637, -(sand~~  
21 ~~dune mining) of Act No. 451 of the Public Acts of 1994, being~~  
22 ~~sections 324.63701 to 324.63714 of the Michigan Compiled Laws,~~  
23 or any other provision of law. The department may sell all  
24 reserved mineral, coal, oil, and gas rights to such lands upon  
25 terms and conditions as the department considers proper. The  
26 owner of such lands as shown by the records shall be given  
27 priority in case the department authorizes any sale of such

1 lands, and, unless the landowner waives such rights, the  
2 department shall not sell such rights to any other person. For  
3 the purpose of this section, mineral rights do not include rights  
4 to sand, gravel, clay, or other nonmetallic minerals.

5       (4) The department may enter into contracts for the sale of  
6 the economic share of royalty interests it holds in hydrocarbons  
7 produced from devonian or antrim shale qualifying for the noncon-  
8 ventional fuel credit contained in section 29 of the internal  
9 revenue code of 1986, 26 U.S.C. 29. However, in entering into  
10 these contracts, the department shall assure that revenues to the  
11 natural resources trust fund under these contracts are not less  
12 than the revenues the natural resources trust fund would have  
13 received if the contracts were not entered into. The sale of the  
14 economic share of royalty interests under this subsection may  
15 occur under contractual terms and conditions considered appropri-  
16 ate by the department and as approved by the state administrative  
17 board. Funds received from the sale of the economic share of  
18 royalty interests under this subsection shall be transmitted to  
19 the state treasurer for deposit in the state treasury as  
20 follows:

21       (a) Net proceeds allocable to the nonconventional fuel  
22 credit contained in section 29 of the internal revenue code of  
23 1986, 26 U.S.C. 29, under this subsection shall be credited to  
24 the environmental protection fund created in section 503a.

25       (b) Proceeds related to the production of oil or gas from  
26 devonian or antrim shale shall be credited to the natural

1 resources trust fund or other applicable fund as provided by  
2 law.

3 (5) As used in subsection (4):

4 (a) "Natural resources trust fund" means the Michigan natu-  
5 ral resources trust fund established in section 35 of article IX  
6 of the state constitution of 1963 and provided for in  
7 section 1902.

8 (b) "Net proceeds" means the total receipts received from  
9 the sale of royalty interests under subsection (4) less costs  
10 related to the sale. Costs may include, but are not limited to,  
11 legal, financial advisory, geological or reserve studies, and  
12 accounting services.

[(6) AS USED IN THIS SECTION:

(A) "CONCESSION" MEANS AN AGREEMENT BETWEEN THE DEPARTMENT AND  
A PERSON UNDER TERMS AND CONDITIONS AS SPECIFIED BY THE DEPARTMENT TO  
PROVIDE SERVICES OR RECREATIONAL OPPORTUNITIES FOR PUBLIC USE.

(B) "LEASE" MEANS A CONVEYANCE BY THE DEPARTMENT TO A PERSON OF  
A PORTION OF THE STATE'S INTEREST IN LAND UNDER SPECIFIC TERMS AND FOR  
VALUABLE CONSIDERATION, THEREBY GRANTING TO THE LESSEE THE POSSESSION  
OF THAT PORTION CONVEYED DURING THE PERIOD STIPULATED.]

13 Enacting section 1. This amendatory act does not take  
14 effect unless all of the following bills of the 89th Legislature  
15 are enacted into law:

16 (a) House Bill No. 5278.

17 (b) Senate Bill No. 727.