

# HOUSE BILL No. 4873

June 4, 1997, Introduced by Reps. Alley and Middaugh and referred to the Committee on Conservation, Environment and Recreation.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection," 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

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. HOWEVER, THE DEPARTMENT OF  
4 ENVIRONMENTAL QUALITY HAS EXCLUSIVE JURISDICTION OVER STATE LANDS  
5 IN WHICH THE STATE HOLDS MINERAL RIGHTS WITH RESPECT TO THE  
6 EXPLORATION AND PRODUCTION OF OIL OR GAS. On behalf of the people  
7 of the state, the department may accept gifts and grants of land  
8 and other property and may buy, sell, exchange, or condemn land  
9 and other property, for any of the purposes contemplated by this  
10 part. The department may accept funds, money, or grants for  
11 development of salmon and steelhead trout fishing in this state  
12 from the government of the United States, or any of its depart-  
13 ments or agencies, pursuant to the anadromous fish conservation  
14 act, Public Law 89-304, 16 U.S.C. 757a to 757g, and may use this  
15 money in accordance with the terms and provisions of that act.  
16 However, the acceptance and use of federal funds does not commit  
17 state funds and does not place an obligation upon the legislature  
18 to continue the purposes for which the funds are made available.

19 (2) The department may lease lands owned or controlled by it  
20 that have been designated for use for recreational purposes, but  
21 only to responsible legal units, within this state, of national  
22 or state recognized groups devoted principally to development of  
23 character and citizenship training and physical fitness of youth,  
24 the financial support of which is by voluntary public subscrip-  
25 tions or contributions, and the property of which is exempt from  
26 taxation under the laws of this state. The department may lease  
27 land in the Porcupine mountain state park to third parties for

1 purposes as it considers desirable. Any lease entered into under  
2 this subsection shall limit the purposes for which the leased  
3 land is to be used and shall authorize the department to termi-  
4 nate the lease upon a finding that the land is being used for  
5 purposes other than those permitted in the lease.

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

1 upon terms and conditions as the department considers proper.  
2 The owner of such lands as shown by the records shall be given  
3 priority in case the department authorizes any sale of such  
4 lands, and, unless the landowner waives such rights, the depart-  
5 ment shall not sell such rights to any other person. For the  
6 purpose of this section, mineral rights do not include rights to  
7 sand, gravel, clay, or other nonmetallic minerals.

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

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

1 (b) Proceeds related to the production of oil or gas from  
2 devonian or antrim shale shall be credited to the natural  
3 resources trust fund or other applicable fund as provided by  
4 law.

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

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

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