

SENATE BILL NO. 889

February 17, 1998, Introduced by Senators DINGELL, DE
BEAUSSAERT, MILLER, CISKY and KOIVISTO and referred to the
Committee on Appropriations.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 503, 503a, and 1902 (MCL 324.503, 324.503a,
and 324.1902), section 503 as amended and section 503a as added
by 1996 PA 133 and section 1902 as amended by 1996 PA 134.

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

1 over the management, control, and disposition of all land under
2 the public domain, except for those lands under the public domain
3 that are managed by other state agencies to carry out their
4 assigned duties and responsibilities. On behalf of the people of
5 the state, the department may accept gifts and grants of land and
6 other property and may buy, sell, exchange, or condemn land and
7 other property, for any of the purposes contemplated by this
8 part. The department may accept funds, money, or grants for
9 development of salmon and steelhead trout fishing in this state
10 from the government of the United States, or any of its depart-
11 ments or agencies, pursuant to the anadromous fish conservation
12 act, Public Law 89-304, 16 U.S.C. 757a to 757g, and may use this
13 money in accordance with the terms and provisions of that act.

14 However, the acceptance and use of federal funds does not commit
15 state funds and does not place an obligation upon the legislature
16 to continue the purposes for which the funds are made available.

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

1 land is to be used and shall authorize the department to
2 terminate the lease upon a finding that the land is being used
3 for purposes other than those permitted in the lease.

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

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

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

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

26 ~~(b) Proceeds related to the production of oil or gas from~~
27 ~~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"~~ "NATURAL resources trust fund" means the
5 Michigan natural resources trust fund established in section 35
6 of article IX of the state constitution of 1963 and provided for
7 in 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.~~

13 Sec. 503a. (1) The environmental protection fund is created
14 within the state treasury.

15 (2) The state treasurer may receive money or other assets
16 from any source for deposit into the environmental protection
17 fund. The state treasurer shall direct the investment of the
18 environmental protection fund. The state treasurer shall credit
19 to the environmental protection fund interest and earnings from
20 fund investments.

21 (3) Money in the environmental protection fund at the close
22 of the fiscal year shall remain in the fund and shall not lapse
23 to the general fund.

24 (4) Money in the environmental protection fund shall be
25 expended, upon appropriation, only for such purposes as are spe-
26 cifically provided by law.

1 (5) ALL MONEY IN THE ENVIRONMENTAL PROTECTION FUND ON THE
2 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION
3 SHALL BE TRANSFERRED TO THE MICHIGAN NATURAL RESOURCES TRUST FUND
4 ESTABLISHED IN SECTION 35 OF ARTICLE IX OF THE STATE CONSTITUTION
5 OF 1963 AND PROVIDED FOR IN SECTION 1902.

6 Sec. 1902. (1) The Michigan natural resources trust fund is
7 established in the state treasury. The trust fund shall consist
8 of all bonuses, rentals, delayed rentals, and royalties collected
9 or reserved by the state under provisions of leases for the
10 extraction of nonrenewable resources from state owned lands.
11 However, the trust fund shall not include bonuses, rentals,
12 delayed rentals, and royalties collected or reserved by the state
13 from the following sources:

14 (a) State owned lands acquired with money appropriated from
15 the game and fish protection fund created in part 435.

16 (b) State owned lands acquired with money appropriated from
17 the subfund account created by ~~former~~ section 4 of ~~the Kammer~~
18 ~~recreational land trust fund act of 1976, former Act No. 204 of~~
19 ~~the Public Acts of 1976~~ FORMER 1976 PA 204.

20 (c) State owned lands acquired with money appropriated from
21 related federal funds made available to the state under chapter
22 899, 50 Stat. 917, 16 U.S.C. 669 to 669b and 669c to 669i, com-
23 monly known as the federal aid in wildlife restoration act, or
24 chapter 658, 64 Stat. 430, 16 U.S.C. 777 to 777e, 777f to 777i,
25 and 777k to 777l, commonly known as the federal aid in fish res-
26 toration act.

1 ~~—(d) Money received by the state from net proceeds allocable~~
2 ~~to the nonconventional fuel credit contained in section 29 of the~~
3 ~~internal revenue code of 1986, 26 U.S.C. 29, as provided for in~~
4 ~~section 503.—~~

5 (2) Notwithstanding subsection (1), until the trust fund
6 reaches an accumulated principal of \$400,000,000.00,
7 \$10,000,000.00 of the revenues from bonuses, rentals, delayed
8 rentals, and royalties described in this section ~~—, but not~~
9 ~~including money received by the state from net proceeds allocable~~
10 ~~to the nonconventional fuel credit contained in section 29 of the~~
11 ~~internal revenue code of 1986, 26 U.S.C. 29, as provided for in~~
12 ~~section 503,—~~ otherwise dedicated to the trust fund that are
13 received by the trust fund each state fiscal year shall be trans-
14 ferred to the state treasurer for deposit into the Michigan state
15 parks endowment fund created in section 74119. However, until
16 the trust fund reaches an accumulated principal of
17 \$400,000,000.00, in any state fiscal year, not more than 50% of
18 the total revenues from bonuses, rentals, delayed rentals, and
19 royalties described in this section ~~—, but not including net pro-~~
20 ~~ceeds allocable to the nonconventional fuel credit contained in~~
21 ~~section 29 of the internal revenue code of 1986, 26 U.S.C. 29, as~~
22 ~~provided in section 503,—~~ otherwise dedicated to the trust fund
23 that are received by the trust fund each state fiscal year shall
24 be transferred to the Michigan state parks endowment fund. To
25 implement this subsection, until the trust fund reaches an accu-
26 mulated principal of \$400,000,000.00, the department shall
27 transfer 50% of the money received by the trust fund each month

1 pursuant to subsection (1) to the state treasurer for deposit
2 into the Michigan state parks endowment fund. The department
3 shall make this transfer on the last day of each month or as soon
4 as practicable thereafter. However, not more than a total of
5 \$10,000,000.00 shall be transferred in any state fiscal year pur-
6 suant to this subsection.

7 (3) In addition to the contents of the trust fund described
8 in subsection (1), the trust fund shall consist of money trans-
9 ferred to the trust fund pursuant to ~~section~~ SECTIONS 503A AND
10 1909.

11 (4) The trust fund may receive appropriations, money, or
12 other things of value.

13 (5) The state treasurer shall direct the investment of the
14 trust fund.