

**SENATE BILL NO. 458**

March 23, 1999, Introduced by Senators BULLARD and DUNASKISS and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending sections 503 and 74113 (MCL 324.503 and 324.74113),  
section 503 as amended by 1998 PA 419 and section 74113 as added  
by 1995 PA 58.

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

1       Sec. 503. (1) The department shall ~~protect~~ DO ALL OF THE  
2 FOLLOWING:

3       (A) PROTECT and conserve the natural resources of this  
4 state. ~~provide~~

5       (B) PROVIDE and develop facilities for outdoor recreation.  
6 ~~prevent~~

7       (C) PREVENT the destruction of timber and other forest  
8 growth by fire or otherwise. ~~promote~~

1 (D) PROMOTE the reforesting of forest lands belonging to the  
2 state. ~~prevent~~

3 (E) PREVENT and guard against the pollution of lakes and  
4 streams within the state and enforce all laws provided for that  
5 purpose with all authority granted by law. ~~and foster~~

6 (F) FOSTER and encourage the ~~protecting~~ PROTECTION and  
7 propagation of game and fish.

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

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

25 (3) ~~(2)~~ The department may lease lands owned or controlled  
26 by the department or may grant concessions on lands owned or  
27 controlled by the department to any person for any purpose that

1 the department determines to be necessary to implement this  
2 part. In granting a concession, the department shall provide  
3 that each concession is awarded at least every 7 years based on  
4 extension, renegotiation, or competitive bidding. However, if  
5 the department determines that a concession requires a capital  
6 investment in which reasonable financing or amortization necessi-  
7 tates a longer term, the department may grant a concession for up  
8 to a 15-year term. A concession granted under this subsection  
9 shall require, unless the department authorizes otherwise, that  
10 all buildings and equipment ~~shall~~ be removed at the end of the  
11 concession's term. Any lease entered into under this subsection  
12 shall limit the purposes for which the leased land is to be used  
13 and shall authorize the department to terminate the lease upon a  
14 finding that the land is being used for purposes other than those  
15 permitted in the lease. Unless otherwise provided by law, AND  
16 SUBJECT TO SUBSECTION (4), money received from a lease or a con-  
17 cession of tax reverted land shall be credited to the fund pro-  
18 viding financial support for the management of the leased land.  
19 ~~Money~~ SUBJECT TO SUBSECTION (4), MONEY received from a lease of  
20 all other land shall be credited to the fund from which the land  
21 was purchased. However, money received from program-related  
22 leases on these OTHER lands shall be credited to the fund provid-  
23 ing financial support for the management of the leased lands.  
24 For land managed by the forest management division of the  
25 department, ~~of natural resources,~~ that fund is either the  
26 forest development fund established pursuant to part 505 or the  
27 forest recreation fund created in part 831. For land managed by

1 the wildlife or fisheries division of the department, ~~of natural~~  
2 ~~resources,~~ that fund is the game and fish protection fund cre-  
3 ated in part 435.

4 (4) MONEY RECEIVED FROM A LEASE OF LAND OWNED OR CONTROLLED  
5 BY THE DEPARTMENT IN A PARTICULAR CITY, VILLAGE, OR TOWNSHIP,  
6 OTHER THAN A PROGRAM-RELATED LEASE OR A LEASE FOR THE EXTRACTION  
7 OF NONRENEWABLE RESOURCES FROM STATE OWNED LANDS, SHALL BE DEPOS-  
8 ITED WITH THE STATE TREASURER IN A SPECIAL FUND. THE STATE TREA-  
9 SURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR  
10 DEPOSIT INTO ANY SUCH FUND. THE STATE TREASURER SHALL DIRECT THE  
11 INVESTMENT OF EACH SUCH FUND. THE STATE TREASURER SHALL CREDIT  
12 TO EACH SUCH FUND INTEREST AND EARNINGS FROM INVESTMENTS OF THAT  
13 FUND. MONEY IN EACH SUCH FUND AT THE CLOSE OF THE FISCAL YEAR  
14 SHALL REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL  
15 FUND. THE DEPARTMENT SHALL EXPEND MONEY FROM SUCH A FUND, UPON  
16 APPROPRIATION, ONLY FOR THE ACQUISITION OF LAND IN THE CITY, VIL-  
17 LAGE, OR TOWNSHIP WHERE THE LEASED LAND IS LOCATED FOR RECREA-  
18 TIONAL USES OR FOR THE PROTECTION OF THE ACQUIRED LAND BECAUSE OF  
19 ITS ENVIRONMENTAL IMPORTANCE OR SCENIC BEAUTY. SUCH A FUND MAY  
20 PROVIDE A GRANT TO THE CITY, VILLAGE, OR TOWNSHIP WHERE THE  
21 LEASED LAND IS LOCATED FOR THE PURPOSES OF THIS SUBSECTION.

22 (5) ~~-(3)-~~ When the department sells land, the deed by which  
23 the land is conveyed may reserve all mineral, coal, oil, and gas  
24 rights to the state only when the land is in production or is  
25 leased or permitted for production, or when the department deter-  
26 mines that the land has unusual or sensitive environmental  
27 features or that it is in the best interest of this state to

1 reserve those rights as determined by commission policy.

2 However, the department shall not reserve the rights to sand,  
3 gravel, clay, or other nonmetallic minerals. When the department  
4 sells land that contains subsurface rights, the department shall  
5 include a deed restriction that restricts the subsurface rights  
6 from being severed from the surface rights in the future. If the  
7 landowner severs the subsurface rights from the surface rights,  
8 the subsurface rights revert to this state. The deed may reserve  
9 to the state the right of ingress and egress over and across land  
10 along watercourses and streams. Whenever an exchange of land is  
11 made, either with the United States government, a corporation, or  
12 an individual, for the purpose of consolidating the state forest  
13 reserves, the department may issue deeds without reserving to the  
14 state the mineral, coal, oil, and gas rights and the rights of  
15 ingress and egress. The department may sell the limestone, sand,  
16 gravel, or other nonmetallic minerals. However, the department  
17 shall not sell a mineral or nonmetallic mineral right if the sale  
18 would violate part 353, part 637, or any other provision of law.  
19 The department may sell all reserved mineral, coal, oil, and gas  
20 rights to such lands upon terms and conditions as the department  
21 considers proper and may sell oil and gas rights as provided in  
22 part 610. The owner of such lands as shown by the records shall  
23 be given priority in case the department authorizes any sale of  
24 such lands, and, unless the landowner waives such rights, the  
25 department shall not sell such rights to any other person. For  
26 the purpose of this section, mineral rights do not include rights  
27 to sand, gravel, clay, or other nonmetallic minerals.

1       (6) ~~-(4)-~~ The department may enter into contracts for the  
2 sale of the economic share of royalty interests it holds in  
3 hydrocarbons produced from devonian or antrim shale qualifying  
4 for the nonconventional fuel credit contained in section 29 of  
5 the internal revenue code of 1986. However, in entering into  
6 these contracts, the department shall assure that revenues to the  
7 natural resources trust fund under these contracts are not less  
8 than the revenues the natural resources trust fund would have  
9 received if the contracts were not entered into. The sale of the  
10 economic share of royalty interests under this subsection may  
11 occur under contractual terms and conditions considered appropri-  
12 ate by the department and as approved by the state administrative  
13 board. Funds received from the sale of the economic share of  
14 royalty interests under this subsection shall be transmitted to  
15 the state treasurer for deposit in the state treasury as  
16 follows:

17       (a) Net proceeds allocable to the nonconventional fuel  
18 credit contained in section 29 of the internal revenue code of  
19 1986, under this subsection shall be credited to the environmen-  
20 tal protection fund created in section 503a.

21       (b) Proceeds related to the production of oil or gas from  
22 devonian or antrim shale shall be credited to the natural  
23 resources trust fund or other applicable fund as provided by  
24 law.

25       (7) ~~-(5)-~~ As used in subsection ~~-(4)-~~ (6):

26       (a) "Natural resources trust fund" means the Michigan  
27 natural resources trust fund established in section 35 of

1 article IX of the state constitution of 1963 and provided for in  
2 section 1902.

3 (b) "Net proceeds" means the total receipts received from  
4 the sale of royalty interests under subsection ~~-(4)-~~ (6) less  
5 costs related to the sale. Costs may include, but are not  
6 limited to, legal, financial advisory, geological or reserve  
7 studies, and accounting services.

8 (8) ~~-(6)-~~ As used in this section:

9 (a) "Concession" means an agreement between the department  
10 and a person under terms and conditions as specified by the  
11 department to provide services or recreational opportunities for  
12 public use.

13 (b) "Lease" means a conveyance by the department to a person  
14 of a portion of the state's interest in land under specific terms  
15 and for valuable consideration, thereby granting to the lessee  
16 the possession of that portion conveyed during the period  
17 stipulated.

18 Sec. 74113. ~~All~~ SUBJECT TO SECTION 503, ALL state park  
19 revenues shall be deposited with the state treasurer, who shall  
20 act as the fiscal agent for the department. The state treasurer  
21 shall establish a special depository account to be designated  
22 "state park revenue bond receiving fund". The necessary expenses  
23 of the fiscal agent incurred by reason of his or her duties under  
24 this part shall be paid from the state park revenue bond receiv-  
25 ing fund. The commission may designate banks or trust companies  
26 to act as paying agents for bonds issued pursuant to this part.

- 1 The paying agent shall be paid from the state park debt service
- 2 fund.