

HOUSE BILL No. 6064

May 9, 2002, Introduced by Rep. Callahan and referred to the Committee on Conservation and Outdoor Recreation.

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

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~~

9 (D) PROMOTE the reforestation of forest lands belonging to the
10 state. ~~prevent~~

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

4 (F) FOSTER and encourage the protecting and propagation of
5 game and fish.

6 (2) The department has the power and jurisdiction over the
7 management, control, and disposition of all land under the public
8 domain, except for those lands under the public domain that are
9 managed by other state agencies to carry out their assigned
10 duties and responsibilities. HOWEVER, THE DEPARTMENT OF ENVIRON-
11 MENTAL QUALITY HAS EXCLUSIVE JURISDICTION OVER STATE LANDS IN
12 WHICH THE STATE HOLDS MINERAL RIGHTS WITH RESPECT TO THE EXPLORA-
13 TION AND PRODUCTION OF OIL OR GAS. On behalf of the people of the
14 state, the department may accept gifts and grants of land and
15 other property and may buy, sell, exchange, or condemn land and
16 other property, for any of the purposes contemplated by this
17 part. The department may accept funds, money, or grants for
18 development of salmon and steelhead trout fishing in this state
19 from the government of the United States, or any of its depart-
20 ments or agencies, pursuant to the anadromous fish conservation
21 act, Public Law 89-304, 16 U.S.C. 757a to 757f, and may use this
22 money in accordance with the terms and provisions of that act.
23 However, the acceptance and use of federal funds does not commit
24 state funds and does not place an obligation upon the legislature
25 to continue the purposes for which the funds are made available.
26 (3) ~~—(2)—~~ The department may lease lands owned or controlled
27 by the department or may grant concessions on lands owned or

1 controlled by the department to any person for any purpose that
2 the department determines to be necessary to implement this
3 part. In granting a concession, the department shall provide
4 that each concession is awarded at least every 7 years based on
5 extension, renegotiation, or competitive bidding. However, if
6 the department determines that a concession requires a capital
7 investment in which reasonable financing or amortization necessi-
8 tates a longer term, the department may grant a concession for up
9 to a 15-year term. A concession granted under this subsection
10 shall require, unless the department authorizes otherwise, that
11 all buildings and equipment shall be removed at the end of the
12 concession's term. Any lease entered into under this subsection
13 shall limit the purposes for which the leased land is to be used
14 and shall authorize the department to terminate the lease upon a
15 finding that the land is being used for purposes other than those
16 permitted in the lease. Unless otherwise provided by law, money
17 received from a lease or a concession of tax reverted land shall
18 be credited to the fund providing financial support for the man-
19 agement of the leased land. Money received from a lease of all
20 other land shall be credited to the fund from which the land was
21 purchased. However, money received from program-related leases
22 on these lands shall be credited to the fund providing financial
23 support for the management of the leased lands. For land managed
24 by the forest management division of the department of natural
25 resources, that fund is either the forest development fund estab-
26 lished pursuant to ~~part 505~~ SECTION 50507 or the forest
27 recreation fund created in ~~part 831~~ SECTION 83104. For land

1 managed by the wildlife or fisheries division of the department
2 of natural resources, that fund is the game and fish protection
3 fund created in ~~part 435~~ SECTION 43553.

4 (4) ~~(3) When~~ IF the department sells land, the deed by
5 which the land is conveyed may reserve all mineral, coal, oil,
6 and gas rights to the state only when the land is in production
7 or is leased or permitted for production, or when the department
8 determines that the land has unusual or sensitive environmental
9 features or that it is in the best interest of this state to
10 reserve those rights as determined by commission policy.

11 However, the department shall not reserve the rights to sand,
12 gravel, clay, or other nonmetallic minerals. ~~When~~ IF the
13 department sells land that contains subsurface rights, the
14 department shall include a deed restriction that restricts the
15 subsurface rights from being severed from the surface rights in
16 the future. If the landowner severs the subsurface rights from
17 the surface rights, the subsurface rights revert to this state.
18 The deed may reserve to the state the right of ingress and egress
19 over and across land along watercourses and streams. ~~Whenever~~
20 IF an exchange of land is made, either with the United States
21 government, a corporation, or an individual, for the purpose of
22 consolidating the state forest reserves, the department may issue
23 deeds without reserving to the state the mineral, coal, oil, and
24 gas rights and the rights of ingress and egress. The department
25 may sell the limestone, sand, gravel, or other nonmetallic
26 minerals. However, the department shall not sell a mineral or
27 nonmetallic mineral right if the sale would violate part 353,

1 part 637, or any other provision of law. The department may sell
2 all reserved mineral, coal, oil, and gas rights to such lands
3 upon terms and conditions as the department considers proper and
4 may sell oil and gas rights as provided in part 610. The owner
5 of such lands as shown by the records shall be given priority ~~in~~
6 ~~case~~ IF the department authorizes any sale of such lands, and,
7 unless the landowner waives such rights, the department shall not
8 sell such rights to any other person. For the purpose of this
9 section, mineral rights do not include rights to sand, gravel,
10 clay, or other nonmetallic minerals.

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

1 (a) Net proceeds allocable to the nonconventional fuel
2 credit contained in section 29 of the internal revenue code of
3 1986, under this subsection shall be credited to the environmen-
4 tal protection fund created in section 503a.

5 (b) Proceeds related to the production of oil or gas from
6 devonian or antrim shale shall be credited to the natural
7 resources trust fund or other applicable fund as provided by
8 law.

9 (6) ~~-(5)-~~ As used in subsection ~~-(4)-~~ (5):

10 (a) "Natural resources trust fund" means the Michigan natu-
11 ral resources trust fund established in section 35 of article IX
12 of the state constitution of 1963 and provided for in
13 section 1902.

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

19 (7) ~~-(6)-~~ As used in this section:

20 (a) "Concession" means an agreement between the department
21 and a person under terms and conditions as specified by the
22 department to provide services or recreational opportunities for
23 public use.

24 (b) "Lease" means a conveyance by the department to a person
25 of a portion of the state's interest in land under specific terms
26 and for valuable consideration, thereby granting to the lessee

- 1 the possession of that portion conveyed during the period
- 2 stipulated.