

Legislative Analysis



REMOVAL OF SUBMERGED LOGS

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House Bill 4554

Sponsor: Rep. Greg MacMaster

Committee: Natural Resources, Tourism, and Outdoor Recreation

Complete to 6-3-11

A REVISED SUMMARY OF HOUSE BILL 4554 AS INTRODUCED 4-13-11

House Bill 4554 would amend Part 326 of the Natural Resources and Environmental Protection Act, which deals with the recovery of submerged logs from the Great Lakes.

[According to the Department of Environmental Quality website, "the purpose of this regulation is to provide for the legal and controlled recovery of abandoned old growth logs that were not captured and process during Michigan's logging era." The department says "this source of timber is viewed as a viable economic lumber resource."]

The bill would make the following changes.

****Under the act, the Department of Environmental Quality cannot issue a submerged log removal permit after December 31, 2003, and all submerged log permits expire on January 1, 2013. The bill would delete these dates. Instead it would establish a five-year expiration date on each submerged log removal permit that is issued and would set no end date for the issuance of permits.**

****The bill would change the definition of "bottomlands." Currently the term refers to land in the Great Lakes and bays and harbors of the Great Lakes lying below and lakeward of the ordinary high water mark. The bill would also include in the definition, "land in any adjoining inland lakes and streams." This would appear to allow for submerged log removal permits to be issued for inland lakes and streams that adjoin the Great Lakes.**

****Under this legislation the Department of Environmental Quality would have 30 days to notify an applicant if an application for a submerged log removal permit is deficient. If the department does not respond in the allotted time frame the permit would be considered approved. The bill would also provide a 10-day time frame for the DEQ to notify the applicant if a permit request has been denied. Denial notices must contain an explanation based on sound science and an economic impact fiscal analysis.**

****The bill would reduce the amount of the required performance bond submitted by the applicant for a permit to \$20,000 (from \$100,000), reduce the application fee to \$500 (from \$3,500), and allow application fees to be returned to the applicant if a permit is approved due to lack of response from the department.**

****Compensation to the state for all logs recovered under Part 326 is based upon a payment to the state of 2.0 times sawlog stumpage value for each submerged log that is removed. This value is based on the most recent average yearly value of standing timber on state forestlands for each species as determined and reported by the Department of Natural Resources. The bill would reduce the payment to 0.5 times sawlog stumpage value.**

****The act currently requires that the DEQ conduct a study not later than December 31, 2001, to determine the fair market value of submerged logs as a potential basis for determining the required payment to the state for recovered logs. The bill would require instead that the study to be conducted "one year after submerged log removal operations have commenced."**

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FISCAL IMPACT:

House Bill 4554 would increase the administrative costs to the Department of Environmental Quality by an indeterminate amount. Any increased costs to the Department would be related to the bill's provisions that the Department must respond to an applicant within 30 days of receiving an application or the permit is considered approved and the requirement that any permit denial must include site-specific reasons for the denial and an economic impact fiscal analysis. The bill also requires the Department to conduct a study to determine the fair market value of submerged logs.

While the bill may increase revenues to the Department by extending the authorization to issue permits, the provisions of the bill would reduce the amount of any revenue that the Department would collect by reducing the submerged log removal application fee from the current cost of \$3,500 to \$500 and reducing the payment to the state from 2.0 times the sawlog stumpage value to 0.5 times that value. All payments received from the stumpage value are required to be deposited into the Submerged Log Recovery Fund. As of May of 2011, although state permits have been issued, no logs have yet been recovered under these permits and, thus, no revenue has been deposited into the Fund. When the Fund does receive revenue, the balance of the Fund each year is statutorily required to be transferred as follows: 50% to the Great Lakes Fund and 50% to the Forest Development Fund.

MCL 324.32601, et al.

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