

# Legislative Analysis



## USES OF FOREST DEVELOPMENT FUND

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5333 as introduced**

**Sponsor: Rep. Gregory Markkanen**

**Committee: Natural Resources and Outdoor Recreation**

**Complete to 2-4-20**

Analysis available at  
<http://www.legislature.mi.gov>

## SUMMARY:

House Bill 5333 would amend Part 505 (Michigan Forest Finance Authority) of the Natural Resources and Environmental Protection Act (NREPA) to further specify and restrict uses of the money in the Forest Development Fund.

Currently, money in the Forest Development Fund, created by the Michigan Forest Finance Authority, can be used only for one or more of the following:

- To provide for the payment of principal of and interest on any bonds or notes issued by the authority.
- For *reforestation, forest protection, and timber stand improvement*.
- To obtain and maintain certification of sustainable forestry standards in the state forest.
- For the administration and enforcement of Part 535 (Registered Foresters) of NREPA.
- *For any other purpose authorized by Part 505.*

The bill would amend the above stipulations by removing the last term (*For any other purpose authorized by Part 505*) and by replacing *reforestation, forest protection, and timber stand improvement* with ***forest management operations and practices***.

***Forest management operations and practices*** would be defined as activities related to the harvesting, reforestation, and other forest management, including road access for silviculture activity and forest thinning, pest control, disease control, fertilization, and wildlife management, that are consistent with principles of sustainable forestry.

Additionally, under the bill, the above provisions would be subject to a new subsection prohibiting use of money in the fund for either of the following:

- Administrative costs of the Department of Natural Resources (DNR) or the authority, other than costs described under Part 535 or costs incurred by the DNR under section 50503 of NREPA.
- Payments in lieu of taxes under section 2154 of NREPA.

Finally, current law allows the DNR to cease administering Part 505 if the department and the board of directors of the authority agree to separate and cease operations under the part or if the revenue available from forester fees under section 53509 of NREPA is insufficient to administer Part 505. The bill would require the DNR to cease administering Part 505 if either of those conditions were met.

MCL 324.50501 et al.

## FISCAL IMPACT:

House Bill 5333 is unlikely to directly affect costs or revenues for state or local governments. However, the bill would amend the allowable uses of the Forest Development Fund by restricting the fund from being used for certain administrative costs or payments in lieu of taxes. The Department of Natural Resources FY 2019-20 budget includes \$47.2 million in spending authority from the fund in the following appropriations:

Unclassified salaries	\$138,700
Accounting service center	250,400
Executive direction	242,200
Finance & operations	1,885,200
Legal services	45,400
Natural Resources Commission	6,700
Property management	358,600
Marketing & outreach	136,000
Wildlife management	277,600
Law enforcement	45,400
Adopt-a-forest program	25,000
Cooperative resource programs	491,300
Forest fire equipment	481,500
Forest management & timber market development	30,494,100
Forest management initiatives	876,000
Wildfire protection	5,643,700
Information technology	1,644,100
Forest development infrastructure	4,150,000
<b>TOTAL</b>	<b>\$47,191,900</b>

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