



# HOUSE BILL No. 5239

January 26, 2000, Introduced by Reps. Shackleton, Scranton, Van Woerkom, Jelinek, LaSata, Bishop, Kowall, Mead, Pumford, Bradstreet, Hart, Tesanovich, Vear, Allen, Shulman and Jansen 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 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  
10 over the management, control, and disposition of all land under

1 the public domain, except for those lands under the public domain  
2 that are managed by other state agencies to carry out their  
3 assigned duties and responsibilities. On behalf of the people of  
4 the state, the department may accept gifts and grants of land and  
5 other property and may buy, sell, exchange, or condemn land and  
6 other property, for any of the purposes contemplated by this  
7 part. The department may accept funds, money, or grants for  
8 development of salmon and steelhead trout fishing in this state  
9 from the government of the United States, or any of its depart-  
10 ments or agencies, pursuant to the anadromous fish conservation  
11 act, Public Law 89-304, 16 U.S.C. 757a to 757f, and may use this  
12 money in accordance with the terms and provisions of that act.  
13 However, the acceptance and use of federal funds does not commit  
14 state funds and does not place an obligation upon the legislature  
15 to continue the purposes for which the funds are made available.

16 (2) The department may lease lands owned or controlled by  
17 the department or may grant concessions on lands owned or con-  
18 trolled by the department to any person for any purpose that the  
19 department determines to be necessary to implement this part. In  
20 granting a concession, the department shall provide that each  
21 concession is awarded at least every 7 years based on extension,  
22 renegotiation, or competitive bidding. However, if the depart-  
23 ment determines that a concession requires a capital investment  
24 in which reasonable financing or amortization necessitates a  
25 longer term, the department may grant a concession for up to a  
26 15-year term. A concession granted under this subsection shall  
27 require, unless the department authorizes otherwise, that all

1 buildings and equipment shall be removed at the end of the  
2 concession's term. Any lease entered into under this subsection  
3 shall limit the purposes for which the leased land is to be used  
4 and shall authorize the department to terminate the lease upon a  
5 finding that the land is being used for purposes other than those  
6 permitted in the lease. THE DEPARTMENT, WITH THE APPROVAL OF THE  
7 DIRECTOR, MAY ENTER INTO A LEASE WITH A LOCAL UNIT OF GOVERNMENT,  
8 A SCHOOL DISTRICT, OR AN INTERMEDIATE SCHOOL DISTRICT FOR AN  
9 AMOUNT THAT IS LESS THAN FAIR MARKET VALUE. Unless otherwise pro-  
10 vided by law, money received from a lease or a concession of tax  
11 reverted land shall be credited to the fund providing financial  
12 support for the management of the leased land. Money received  
13 from a lease of all other land shall be credited to the fund from  
14 which the land was purchased. However, money received from  
15 program-related leases on these lands shall be credited to the  
16 fund providing financial support for the management of the leased  
17 lands. For land managed by the forest management division of the  
18 department of natural resources, that fund is either the forest  
19 development fund established pursuant to ~~part 505~~ SECTION 50507  
20 or the forest recreation fund created in ~~part 831~~ SECTION  
21 83104. For land managed by the wildlife or fisheries division of  
22 the department of natural resources, that fund is the game and  
23 fish protection fund created in ~~part 435~~ SECTION 43553.

24 (3) When the department sells land OR RIGHTS IN LAND, ~~the~~  
25 ~~deed~~ IT SHALL COMPLY WITH ALL OF THE FOLLOWING:

26 (A) THE INSTRUMENT by which the land OR INTEREST IN LAND is  
27 conveyed may reserve all mineral RIGHTS, coal RIGHTS, oil RIGHTS,

1 and gas rights to the state only ~~when~~ UNDER THE FOLLOWING  
2 CIRCUMSTANCES:

3 (i) IF the land is in production or is leased or permitted  
4 for production. ~~, or when~~

5 (ii) IF the department determines that the land has unusual  
6 or sensitive environmental features. ~~or that~~

7 (iii) IF it is in the best interest of this state to reserve  
8 those rights as determined by commission policy. ~~However, the~~

9 (B) THE department shall not reserve the rights to sand,  
10 gravel, clay, or other nonmetallic minerals. ~~When~~

11 (C) IF the ~~department sells~~ land ~~that~~ contains subsur-  
12 face rights, the department shall include a deed restriction that  
13 restricts the subsurface rights from being severed from the sur-  
14 face rights in the future. If the landowner severs the subsur-  
15 face rights from the surface rights, the subsurface rights revert  
16 to this state.

17 (D) The deed may reserve to the state the right of ingress  
18 and egress over and across land along watercourses and streams.  
19 ~~Whenever~~

20 (E) IF an exchange of land is made, either with the United  
21 States government, a corporation, or an individual, for the pur-  
22 pose of consolidating the state forest reserves, the department  
23 may issue deeds without reserving to the state the mineral  
24 RIGHTS, coal RIGHTS, oil RIGHTS, and gas rights and the rights of  
25 ingress and egress.

26 (F) The department may sell the limestone, sand, gravel, or  
27 other nonmetallic minerals. However, the department shall not

1 sell a mineral RIGHT or nonmetallic mineral right if the sale  
2 would violate part 353, part 637, or any other provision of law.

3 (G) The department may sell ~~all~~ reserved mineral RIGHTS,  
4 coal RIGHTS, oil RIGHTS, and gas rights ~~to such lands~~ upon THE  
5 terms and conditions as the department considers proper and may  
6 sell oil and gas rights as provided in part 610. The owner of  
7 ~~such lands~~ THE SURFACE LAND as shown by the records shall be  
8 given priority in case the department authorizes any sale of  
9 ~~such lands~~ THESE RIGHTS, and, unless the SURFACE landowner  
10 waives ~~such~~ THESE rights, the department shall not sell ~~such~~  
11 THE rights to any other person. ~~For the purpose of this sec=  
12 tion, mineral rights do not include rights to sand, gravel, clay,  
13 or other nonmetallic minerals.~~

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

1 interests under this subsection shall be transmitted to the state  
2 treasurer for deposit in the state treasury as follows:

3 (a) Net proceeds allocable to the nonconventional fuel  
4 credit contained in section 29 of the internal revenue code of  
5 1986, under this subsection shall be credited to the environmen-  
6 tal protection fund created in section 503a.

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

11 (5) As used in subsection (4):

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

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

21 (6) As used in this section:

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

26 (b) "Lease" means a conveyance by the department to a person  
27 of a portion of the state's interest in land under specific terms

1 and for valuable consideration, thereby granting to the lessee  
2 the possession of that portion conveyed during the period  
3 stipulated.

4 (C) "MINERAL RIGHTS" DOES NOT INCLUDE RIGHTS TO SAND,  
5 GRAVEL, CLAY, OR OTHER NONMETALLIC MINERALS.