

**NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)**  
**Act 451 of 1994**

**324.50507 Financing forest management operations and practices; application of funds; interim procedure; annual list of activities and practices; projection of probable default; contracts for cutting and sale of timber; forest development fund; audit.**

Sec. 50507.

(1) The authority shall finance only forest management operations and practices consistent with part 525 that follow the guidelines, rules, and objectives prescribed by the department.

(2) Funds managed by the authority shall be applied in a manner consistent with part 525 and the land management planning policies of the department on lands that have been identified for forest management practices. In the absence of an approved state forest management plan covering a candidate area, the department shall use an interim procedure to ensure that all forest values have been considered in selecting sites for investment with funds of the authority. The department shall annually submit a list of activities and practices funded from revenue generated under this part for the board's review and determination of consistency with this part.

(3) The executive director of the authority shall notify the department if the authority projects a probable default on any bonds or notes issued by the authority. Within 1 year after receipt of the notification, or less than 1 year if the notification indicates a shorter time period is necessary to avoid a default, the department shall identify and convey to the authority sufficient timber on tax reverted lands to enable the authority to avoid the projected default and to provide for timely payment of principal of and interest on the authority's bonds or notes. The authority may only issue contracts for the cutting and sale of timber that has been conveyed to the authority under this section to avoid a default on any bonds or notes issued by the authority. The determination of the board as to the need to cut and sell timber is conclusive. Contracts for the cutting and sale of timber shall be consistent with part 525 and with the guidelines, rules, and objectives prescribed by the department.

(4) The authority shall establish a fund designated as the "forest development fund". Revenue as provided under section 53519 and any money on hand or received in the future from bond proceeds and from contracts for the cutting and sale of timber on tax reverted lands shall be deposited in the forest development fund. In addition, this fund may receive revenues from any other source. The authority shall use money in the forest development fund only for 1 or more of the following, subject to subsection (5):

- (a) To provide for the payment of principal of and interest on any bonds or notes issued by the authority.
- (b) For forest management operations and practices.
- (c) To obtain and maintain certification of sustainable forestry standards in the state forest under section 52505.
- (d) For the administration and enforcement of part 535. Revenue deposited in the forest development fund as provided under section 53519 shall be used only as provided in this subdivision.
- (e) For the administration of the forest development fund.
- (5) Money in the forest development fund shall not be used for payments in lieu of taxes under section 2154.
- (6) The auditor general shall audit the expenditures of the forest development fund at least once every 3 years.

**History:** Add. 1995, Act 57, Imd. Eff. May 24, 1995 ;-- Am. 2004, Act 124, Imd. Eff. May 28, 2004 ;-- Am. 2016, Act 248, Eff. Sept. 22, 2016 ;-- Am. 2018, Act 116, Eff. July 25, 2018 ;-- Am. 2020, Act 287, Imd. Eff. Dec. 29, 2020

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