

HOUSE BILL No. 4162

February 3, 1999, 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 117.

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 reforesting 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 ~~757g~~ 757f, and may
22 use this money in accordance with the terms and provisions of
23 that act. However, the acceptance and use of federal funds does
24 not commit state funds and does not place an obligation upon the
25 legislature to continue the purposes for which the funds are made
26 available.

1 (3) ~~-(2)-~~ The department may lease lands owned or controlled
2 by it that have been designated for use for recreational
3 purposes, but only to responsible legal units, within this state,
4 of national or state recognized groups devoted principally to
5 development of character and citizenship training and physical
6 fitness of youth, the financial support of which is by voluntary
7 public subscriptions or contributions, and the property of which
8 is exempt from taxation under the laws of this state. The
9 department may lease land in the Porcupine Mountain state park to
10 third parties for purposes as it considers desirable. Any lease
11 entered into under this subsection shall limit the purposes for
12 which the leased land is to be used and shall authorize the
13 department to terminate the lease upon a finding that the land is
14 being used for purposes other than those permitted in the lease.

15 (4) ~~-(3)-~~ When the department sells land, the deed by which
16 the land is conveyed may reserve all mineral, coal, oil, and gas
17 rights to the state only when the land is in production or is
18 leased or permitted for production, or when the department deter-
19 mines that the land has unusual or sensitive environmental fea-
20 tures or that it is in the best interest of this state to reserve
21 those rights as determined by commission policy. However, the
22 department shall not reserve the rights to sand, gravel, clay, or
23 other nonmetallic minerals. When the department sells land that
24 contains subsurface rights, the department shall include a deed
25 restriction that restricts the subsurface rights from being
26 severed from the surface rights in the future. If the landowner
27 severs the subsurface rights from the surface rights, the

1 subsurface rights revert to this state. The deed may reserve to
2 the state the right of ingress and egress over and across land
3 along watercourses and streams. Whenever an exchange of land is
4 made, either with the United States government, a corporation, or
5 an individual, for the purpose of consolidating the state forest
6 reserves, the department may issue deeds without reserving to the
7 state the mineral, coal, oil, and gas rights and the rights of
8 ingress and egress. The department may sell the limestone, sand,
9 gravel, or other nonmetallic minerals. However, the department
10 shall not sell a mineral or nonmetallic mineral right if the sale
11 would violate part 353 or part 637 or any other provision of
12 law. The department may sell all reserved mineral, coal, oil,
13 and gas rights to such lands upon terms and conditions as the
14 department considers proper and may sell oil and gas rights as
15 provided in part 610. The owner of such lands as shown by the
16 records shall be given priority in case the department authorizes
17 any sale of such lands, and, unless the landowner waives such
18 rights, the department shall not sell such rights to any other
19 person. For the purpose of this section, mineral rights do not
20 include rights to sand, gravel, clay, or other nonmetallic
21 minerals.

22 (5) ~~(4)~~ The department may enter into contracts for the
23 sale of the economic share of royalty interests it holds in
24 hydrocarbons produced from devonian or antrim shale qualifying
25 for the nonconventional fuel credit contained in section 29 of
26 the internal revenue code of 1986. ~~, 26 U.S.C. 29.~~ However, in
27 entering into these contracts, the department shall assure that

1 revenues to the natural resources trust fund under these
2 contracts are not less than the revenues the natural resources
3 trust fund would have received if the contracts were not entered
4 into. The sale of the economic share of royalty interests under
5 this subsection may occur under contractual terms and conditions
6 considered appropriate by the department and as approved by the
7 state administrative board. Funds received from the sale of the
8 economic share of royalty interests under this subsection shall
9 be transmitted to the state treasurer for deposit in the state
10 treasury as follows:

11 (a) Net proceeds allocable to the nonconventional fuel
12 credit contained in section 29 of the internal revenue code of
13 1986, ~~26 U.S.C. 29,~~ under this subsection shall be credited to
14 the environmental protection fund created in section 503a.

15 (b) Proceeds related to the production of oil or gas from
16 devonian or antrim shale shall be credited to the natural
17 resources trust fund or other applicable fund as provided by
18 law.

19 (6) ~~(5)~~ As used in subsection ~~(4)~~ (5):

20 (a) "Natural resources trust fund" means the Michigan natu-
21 ral resources trust fund established in section 35 of article IX
22 of the state constitution of 1963 and provided for in
23 section 1902.

24 (b) "Net proceeds" means the total receipts received from
25 the sale of royalty interests under subsection ~~(4)~~ (5) less
26 costs related to the sale. Costs may include, but are not

1 limited to, legal, financial advisory, geological or reserve
2 studies, and accounting services.