



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1037 (Substitute S-1 as reported)
Sponsor: Senator Mike Prusi
Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend Part 527 (Municipal Forests) of the Natural Resources and Environmental Protection Act to require partitioned prime land to continue to meet certain criteria in order to remain prime land subject to a reversionary interest of the State.

Under Part 527, the Department of Natural Resources (DNR), the Department of Treasury, or a State officer in charge of State land may sell homestead, tax, swamp, or primary school land for forestry purposes to a public agency (a school district, a public educational institution, a governmental unit or agency of the State, or a municipality).

Land sold to a public agency must be used only for a forestry purpose if it is prime land. When the prime land is no longer used for a forestry purpose, the land reverts to the State.

"Prime land" means municipal forestland that meets one or more of the following requirements:

- Is within a boundary of a program administered by the DNR.
- Provides access to a public body of water.
- Is at least 121 acres in size and, at any time during the preceding 10 years, had a basal area of at least 90 square feet per acre.

Under the bill, if prime land, other than prime land that qualified based on size and area, were partitioned or split, a resulting parcel could not be considered prime land meeting the requirement to be within the boundary of a DNR program or provide access to a public body of water, unless the resulting parcel independently met that requirement.

MCL 324.52706

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would generate an indeterminate amount of revenue for the State and local units of government. Currently, a municipality may not sell prime land. By dividing prime land into parcels that were not within a boundary of a DNR program or did not provide access to a public body of water, a municipality would be able to sell portions of land that are not eligible for sale under existing law.

Proceeds from the sale of municipal forestland are divided evenly between the State and the local unit of government. Of the amount received by the State, the first \$18.0 million of revenue under Part 527 is deposited into the General Fund and additional revenue is deposited in the Fire Protection Fund.

Date Completed: 2-13-08

Fiscal Analyst: Jessica Runnels