

**SUBSTITUTE FOR
HOUSE BILL NO. 5333**

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 50501, 50502, and 50507 (MCL 324.50501,
324.50502, and 324.50507), sections 50501 and 50502 as amended by
2004 PA 124 and section 50507 as amended by 2018 PA 116.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 50501. The purpose of this part and of the authority
2 created by this part is to preserve existing jobs, create new jobs,
3 and alleviate and prevent unemployment through the retention,
4 promotion, and development of forestry and forest industries and to
5 protect the health and vigor of forest resources by doing all of
6 the following:

7 (a) Funding practices prescribed and approved by the



1 department that intensify management of certain highly productive
2 portions of this state's forest system.

3 (b) Implementing a system of forest management that is
4 investment-oriented, economically efficient, and environmentally
5 sound.

6 (c) Implementing a system of forest management that is
7 consistent with principles of sustainable forestry and with part
8 525.

9 (d) Promoting a stable and continuing supply of timber for
10 future economic expansion.

11 (e) Providing dependable funding of scheduled forest
12 management operations **and practices**.

13 (f) Promoting effective investment of revenues from timber
14 sales for high future returns.

15 (g) Facilitating timely performance of forest management
16 operations **and practices**.

17 (h) Earning additional revenues for forest management from
18 timber sales.

19 (i) ~~Improving existing timber stands and establishing~~
20 **Establishing** new stands of trees.

21 (j) Providing for reforestation, forest protection, and timber
22 stand improvement.

23 (k) Providing an additional funding source for the purposes
24 described in this section from indebtedness secured with revenues
25 generated from future sale of timber harvested from state tax
26 reverted lands, from lands in the state forest system from which
27 revenues derived from the sale of timber were previously deposited
28 in the forest management fund created in former 1945 PA 268, and
29 from other lands as provided by law.



1 Sec. 50502. As used in this part:

2 (a) "Authority" means the Michigan forest finance authority
3 created in section 50503.

4 (b) "Board" means the board of directors of the Michigan
5 forest finance authority, except where the context clearly requires
6 a different definition.

7 (c) "Bonds" means bonds of the authority issued as provided in
8 this part.

9 (d) **"Forest management operations and practices" means**
10 **activities related to the harvesting, reforestation, and other**
11 **forest management, including, but not limited to, road access for**
12 **silviculture activity and forest thinning, pest control, disease**
13 **control, fertilization, forest protection, and wildlife management,**
14 **that are consistent with principles of sustainable forestry.**

15 (e) ~~(d)~~—"Notes" means notes of the authority issued as
16 provided in this part, including commercial paper.

17 (f) ~~(e)~~—"State forester" means an employee of the department
18 who has a 4-year degree in forest management from an accredited
19 college or university and experience in forest management and who
20 is designated as the state forester by the director.

21 (g) ~~(f)~~—"Sustainable forestry" means that term as ~~it is~~
22 defined in section 52501.

23 Sec. 50507. (1) The authority shall finance only forest
24 management operations and practices consistent with part 525 that
25 follow the guidelines, rules, and objectives prescribed ~~and~~
26 ~~approved by the department. as these guidelines, rules, and~~
27 ~~objectives are amended by the department.~~

28 (2) Funds managed by the authority shall be applied in a
29 manner consistent with part 525 and the land management planning



1 policies of the department on lands that have been identified for
2 forest management practices. In the absence of an approved state
3 forest management plan covering a candidate area, **the department**
4 **shall use** an interim procedure ~~, as adopted by the department,~~
5 ~~shall be used~~ to ensure that all forest values have been considered
6 in selecting sites for investment with funds of the authority. The
7 department shall annually submit a list of activities and practices
8 ~~allocated from the funds~~ **funded from revenue** generated under this
9 part for the board's review and determination of consistency with
10 this part.

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

27 (4) The authority shall establish a fund designated as the
28 "forest development fund". Revenue as provided under section 53519
29 and any money on hand or received in the future from bond proceeds



1 and from contracts for the cutting and sale of timber on tax
 2 reverted lands shall be deposited in the forest development fund.
 3 In addition, this fund may receive revenues from any other source.
 4 The authority shall use money in the forest development fund **only**
 5 for 1 or more of the following, **subject to subsection (5)**:

6 (a) To provide for the payment of principal of and interest on
 7 any bonds or notes issued by the authority.

8 (b) For ~~reforestation, forest protection, and timber stand~~
 9 ~~improvement.~~ **forest management operations and practices.**

10 (c) To obtain and maintain certification of sustainable
 11 forestry standards in the state forest under section 52505.

12 (d) For the administration and enforcement of part 535.
 13 Revenue deposited in the forest development fund as provided under
 14 section 53519 shall be used only as provided in this subdivision.

15 (e) ~~For any other purposes authorized by this part.~~ **For the**
 16 **administration of the forest development fund.**

17 (5) **Money in the forest development fund shall not be used for**
 18 **payments in lieu of taxes under section 2154.**

19 (6) ~~(5)~~—The auditor general shall audit the expenditures of
 20 the forest development fund at least once every 3 years.

