

DNR: LAND CAP ON STATE OWNED LAND

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Senate Bill 248 (Substitute S-2)

Sponsor: Sen. Tom Casperson

House Committee: Natural Resources, Tourism, and Outdoor Recreation

Senate Committee: Natural Resources, Environment, and Great Lakes

Complete to 10-10-11

A SUMMARY OF SENATE BILL 248 (S-2) AS PASSED BY THE SENATE 6-22-11

The bill would place a cap on the total acreage for which the Department of Natural Resources (DNR) can acquire surface rights. It also would require the DNR to post on its website (1) the amount of acreage it owns and (2) when it plans to purchase additional surface rights, the impact on local taxes.

Section 503 of the Natural Resources and Environmental Protection Act (NREPA) grants the Department of Natural Resources (DNR) power and jurisdiction over the management, control, and disposition of all land under the public domain, except for land managed by other state agencies. As part of that jurisdiction the DNR may accept gifts and grants of land and may buy, sell, exchange, or condemn land and other property. Additionally, DNR owns a large amount of land that it received through tax reversion.

Under Senate Bill 248 (S-2), the DNR could acquire surface rights to no more than 4.65 million acres. However, the following would **not** fall under the acreage limit:

- Land in which the DNR has a conservation easement.
- Land platted under the Land Division Act before the effective date of this bill.
- Land that was commercial forest land on the effective date of this bill.
- Land acquired by gift.
- Land acquired through litigation.
- Any of the following if acquired on or after the effective date of the bill:
 - Land with an area of not more than 80 acres, or a right-of-way, used for access other land owned by the DNR.
 - A trail. The land excluded is limited as follows: (1) to the railroad right of way if the traveled portion is contained within an abandoned railroad right of way and (2) to the the utility easement if the traveled portion is contained within a utility easement. If neither of the above conditions applies, the excluded land is limited to the traveled portion of the trail and contiguous land, and the area of the contiguous land could not exceed the product of 100 feet multiplied by the length of the trail in feet.

PILT Estimates on Website

Before acquiring future surface rights to land, the DNR would be required to estimate payments in lieu of taxes (known as PILT) on the land, and the change of property tax

revenue likely to be experienced by local units of government as a result of the acquisition, and must post this information on its website for at least 21 days.

DNR-owned Acreage on Website

The DNR would be required to post information on its website detailing the number of acres of land for which it owns surface rights, including the number of excluded acres described above.

Sale of Surplus Land

Section 2132 of NREPA prohibits the DNR from selling surplus land at less than fair market value. Senate Bill 248 would stipulate that if the DNR offers tax reverted land for sale and the land is not sold within nine months, the DNR must offer the land for sale at a public auction and sell the property to the qualified bidder making the highest bid that represents a reasonable price for the property as determined by the DNR, notwithstanding the fair market value of the property. The bill would also remove a provision stating "*a bid shall not be accepted for less than the fair market value of the surplus land as determined by an appraisal.*"

MCL 324.503 and 2132

BACKGROUND INFORMATION:

According to its website, the DNR currently owns 4,472,175 acres of land. Twenty percent of Michigan's total land area is owned and managed as public land by the federal, state, or local governments. The DNR's total managed land area accounts for twelve percent of the total land area in Michigan. The DNR manages land with which it has been entrusted as State Forests, State Wildlife Areas, State Parks and Recreation Areas, Boating and Fishing Access Sites, and other public purposes.

DNR Administered Land		
Program	Acres	Percent
State Forest Lands	3,866,266	86.4%
State Wildlife Areas	300,300	6.7%
State Park & Recreation Areas	259,969	5.8%
Water Access Sites	27,961	0.6%
Other Department Land	17,697	0.4%
Total	4,472,175	100.0%

State Forest Lands. The Department manages State Forest lands for timber and mineral production, fish and wildlife habitat, environmental quality, and recreation. Currently,

Michigan has 3.9 million acres managed as State Forest lands, which covers 43 counties. State forest land is equally split between the Lower and Upper Peninsulas.

State Wildlife Areas. The Department's Wildlife Division manages 294,000 acres in 63 State Wildlife Areas - mostly in southern Michigan. These lands are purchased primarily with state and federal funds received from hunting licenses and the excise tax on firearms and ammunition.

State Park and Recreation Areas. Michigan has 96 State Park and Recreation Areas that contain 260,000 acres of recreation land, 142 miles of Great Lakes shoreline, and 462 miles of inland lakes, rivers, and streams.

Boating Access Sites. Currently there are more than 1,100 public boating access sites in the state, 700 of which are owned and operated by the DNR.

Fishing Access Sites, Fish Habitat and Support Facilities. The state holds title to 24 million acres of Great Lakes bottomlands which were transferred to the state from the federal government at statehood. These lands are held as public trust lands, and the state exercises both proprietary and regulatory authority over them.

(Information from DNR website)

FISCAL IMPACT:

The provisions of Senate Bill 248 that would prohibit the Department of Natural Resources from owning the surface rights to more than 4.65 million acres of land would have an indeterminate fiscal impact on the State of Michigan and local units of government.

The Department may incur additional administrative costs related to the bill's requirements concerning information to be posted on the DNR website, including: calculated PILT payments and the loss of property tax revenue to local units of government from the acquisition of each new parcel of land, and the total number of acres to which the DNR owns surface rights, both in total, and by program area.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.