

**SUBSTITUTE FOR  
SENATE BILL NO. 248**

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending sections 503 and 2132 (MCL 324.503 and 324.2132),  
section 503 as amended by 2004 PA 587 and section 2132 as amended  
by 1998 PA 117.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 503. (1) The department shall protect and conserve the  
2 natural resources of this state; provide and develop facilities for  
3 outdoor recreation; prevent the destruction of timber and other  
4 forest growth by fire or otherwise; promote the reforesting of  
5 forestlands belonging to the state; prevent and guard against the  
6 pollution of lakes and streams within the state and enforce all  
7 laws provided for that purpose with all authority granted by law;  
8 and foster and encourage the protecting and propagation of game and

1 fish.

2 (2) The department has the power and jurisdiction over the  
3 management, control, and disposition of all land under the public  
4 domain, except for those lands under the public domain that are  
5 managed by other state agencies to carry out their assigned duties  
6 and responsibilities. On behalf of the people of ~~the~~**THIS** state,  
7 the department may accept gifts and grants of land and other  
8 property and may buy, sell, exchange, or condemn land and other  
9 property, for any of the purposes ~~contemplated by~~**OF** this part.

10 **BEFORE ACQUIRING SURFACE RIGHTS TO LAND, THE DEPARTMENT SHALL**  
11 **ESTIMATE PAYMENTS IN LIEU OF TAXES ON THE LAND, AND THE CHANGE OF**  
12 **PROPERTY TAX REVENUE LIKELY TO BE EXPERIENCED BY LOCAL UNITS OF**  
13 **GOVERNMENT AS A RESULT OF THE ACQUISITION AND SHALL POST THIS**  
14 **INFORMATION ON ITS WEBSITE FOR AT LEAST 21 DAYS.**

15 (3) The department may accept funds, money, or grants for  
16 development of salmon and steelhead trout fishing in this state  
17 from the government of the United States, or any of its departments  
18 or agencies, pursuant to the anadromous fish conservation act, 16  
19 USC 757a to 757f, and may use this money in accordance with the  
20 terms and provisions of that act. However, the acceptance and use  
21 of federal funds does not commit state funds and does not place an  
22 obligation upon the legislature to continue the purposes for which  
23 the funds are made available.

24 **(4) THE DEPARTMENT SHALL NOT ACQUIRE SURFACE RIGHTS TO LAND IF**  
25 **THE DEPARTMENT OWNS, OR AS A RESULT OF THE ACQUISITION WILL OWN,**  
26 **THE SURFACE RIGHTS TO MORE THAN 4,650,000 ACRES OF LAND.**

27 **(5) FOR THE PURPOSES OF SUBSECTION (4), THE NUMBER OF ACRES OF**

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1 LAND IN WHICH THE DEPARTMENT OWNS SURFACE RIGHTS DOES NOT INCLUDE  
2 ANY OF THE FOLLOWING:

3 (A) LAND IN WHICH THE DEPARTMENT HAS A CONSERVATION EASEMENT.

4 (B) LAND PLATTED UNDER THE LAND DIVISION ACT, 1967 PA 288, MCL  
5 560.101 TO 560.293, <<OR A PREDECESSOR ACT>> BEFORE THE EFFECTIVE  
6 DATE OF THE AMENDATORY ACT

7 THAT ADDED THIS SUBSECTION IF ACQUIRED BY THE DEPARTMENT BEFORE THE  
8 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION.

9 (C) ANY OF THE FOLLOWING IF ACQUIRED ON OR AFTER THE EFFECTIVE  
10 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION:

11 (i) LAND WITH AN AREA OF NOT MORE THAN 80 ACRES, OR A RIGHT-OF-  
12 WAY, FOR ACCESSING OTHER LAND OWNED BY THE DEPARTMENT.

13 (ii) A TRAIL. THE LAND EXCLUDED UNDER THIS SUBPARAGRAPH IS  
14 LIMITED AS FOLLOWS:

15 (A) IF THE TRAVELED PORTION OF THE TRAIL IS LOCATED WITHIN AN  
16 ABANDONED RAILROAD RIGHT-OF-WAY, THE LAND EXCLUDED IS LIMITED TO  
17 THE ABANDONED RAILROAD RIGHT-OF-WAY.

18 (B) IF THE TRAVELED PORTION OF THE TRAIL IS LOCATED IN A  
19 UTILITY EASEMENT, THE LAND EXCLUDED IS LIMITED TO THE UTILITY  
20 EASEMENT.

21 (C) IF SUB-SUBPARAGRAPHS (A) AND (B) DO NOT APPLY, THE LAND  
22 EXCLUDED IS LIMITED TO THE TRAVELED PORTION OF THE TRAIL AND  
23 CONTIGUOUS LAND. THE AREA OF THE CONTIGUOUS LAND SHALL NOT EXCEED  
24 THE PRODUCT OF 100 FEET MULTIPLIED BY THE LENGTH OF THE TRAIL IN  
25 FEET.

26 (iii) LAND THAT, ON THE EFFECTIVE DATE OF THE AMENDATORY ACT  
27 THAT ADDED THIS SUBSECTION, WAS COMMERCIAL FORESTLAND AS DEFINED IN  
SECTION 51101.

1 (iv) LAND ACQUIRED BY THE DEPARTMENT BY GIFT.

2 (v) LAND ACQUIRED BY THE DEPARTMENT THROUGH LITIGATION.

3 (6) THE DEPARTMENT SHALL MAINTAIN A RECORD OF LAND AS  
4 DESCRIBED IN SUBSECTION (5). THE RECORD SHALL INCLUDE THE LOCATION,  
5 ACREAGE, DATE OF ACQUISITION, AND USE OF THE LAND.

6 (7) THE DEPARTMENT SHALL POST AND MAINTAIN ON ITS WEBSITE ALL  
7 OF THE FOLLOWING INFORMATION:

8 (A) THE NUMBER OF ACRES OF LAND, INCLUDING LAND AS DESCRIBED  
9 IN SUBSECTION (5), IN WHICH THE DEPARTMENT OWNS SURFACE RIGHTS, IN  
10 TOTAL, AND BY PROGRAM.

11 (B) THE NUMBER OF ACRES OF LAND, EXCLUDING LAND AS DESCRIBED  
12 IN SUBSECTION (5), IN WHICH THE DEPARTMENT OWNS SURFACE RIGHTS, IN  
13 TOTAL, AND BY PROGRAM.

14 (8) ~~(2)~~—The department may lease lands owned or controlled by  
15 the department or may grant concessions on lands owned or  
16 controlled by the department to any person for any purpose that the  
17 department determines to be necessary to implement this part. In  
18 granting a concession, the department shall provide that each  
19 concession is awarded at least every 7 years based on extension,  
20 renegotiation, or competitive bidding. However, if the department  
21 determines that a concession requires a capital investment in which  
22 reasonable financing or amortization necessitates a longer term,  
23 the department may grant a concession for up to a 15-year term. A  
24 concession granted under this subsection shall require, unless the  
25 department authorizes otherwise, that all buildings and equipment  
26 shall be removed at the end of the concession's term. Any lease  
27 entered into under this subsection shall limit the purposes for

1 which the leased land is to be used and shall authorize the  
2 department to terminate the lease upon a finding that the land is  
3 being used for purposes other than those permitted in the lease.  
4 Unless otherwise provided by law, money received from a lease or a  
5 concession of tax reverted land shall be credited to the fund  
6 providing financial support for the management of the leased land.  
7 Money received from a lease of all other land shall be credited to  
8 the fund from which the land was purchased. However, money received  
9 from program-related leases on these lands shall be credited to the  
10 fund providing financial support for the management of the leased  
11 lands. For land managed by the forest management division of the  
12 department, that fund is either the forest development fund  
13 established pursuant to ~~part 505~~ **SECTION 50507** or the forest  
14 recreation account of the Michigan conservation and recreation  
15 legacy fund provided for in section 2005. For land managed by the  
16 wildlife or fisheries division of the department, that fund is the  
17 game and fish protection account of the Michigan conservation and  
18 recreation legacy fund provided for in section 2010.

19 (9) ~~(3)~~—When the department sells land, the deed by which the  
20 land is conveyed may reserve all mineral, coal, oil, and gas rights  
21 to the state only when the land is in production or is leased or  
22 permitted for production, or when the department determines that  
23 the land has unusual or sensitive environmental features or that it  
24 is in the best interest of this state to reserve those rights as  
25 determined by commission policy. However, the department shall not  
26 reserve the rights to sand, gravel, clay, or other nonmetallic  
27 minerals. When the department sells land that contains subsurface

1 rights, the department shall include a deed restriction that  
2 restricts the subsurface rights from being severed from the surface  
3 rights in the future. If the landowner severs the subsurface rights  
4 from the surface rights, the subsurface rights revert to this  
5 state. The deed may reserve to the state the right of ingress and  
6 egress over and across land along watercourses and streams.

7 Whenever an exchange of land is made, either with the United States  
8 government, a corporation, or an individual, for the purpose of  
9 consolidating the state forest reserves, the department may issue  
10 deeds without reserving to the state the mineral, coal, oil, and  
11 gas rights and the rights of ingress and egress. The department may  
12 sell the limestone, sand, gravel, or other nonmetallic minerals.

13 However, the department shall not sell a mineral or nonmetallic  
14 mineral right if the sale would violate part 353, part 637, or any  
15 other provision of law. The department may sell all reserved  
16 mineral, coal, oil, and gas rights to such lands upon terms and  
17 conditions as the department considers proper and may sell oil and  
18 gas rights as provided in part 610. The owner of such lands as  
19 shown by the records shall be given priority in case the department  
20 authorizes any sale of such lands, and, unless the landowner waives  
21 such rights, the department shall not sell such rights to any other  
22 person. For the purpose of this section, mineral rights do not  
23 include rights to sand, gravel, clay, or other nonmetallic  
24 minerals.

25 (10) ~~(4)~~—The department may enter into contracts for the sale  
26 of the economic share of royalty interests it holds in hydrocarbons  
27 produced from devonian or antrim shale qualifying for the

1 nonconventional fuel credit contained in section 29 of the internal  
2 revenue code of 1986, **26 USC 29**. However, in entering into these  
3 contracts, the department shall assure that revenues to the natural  
4 resources trust fund under these contracts are not less than the  
5 revenues the natural resources trust fund would have received if  
6 the contracts were not entered into. The sale of the economic share  
7 of royalty interests under this subsection may occur under  
8 contractual terms and conditions considered appropriate by the  
9 department and as approved by the state administrative board. Funds  
10 received from the sale of the economic share of royalty interests  
11 under this subsection shall be transmitted to the state treasurer  
12 for deposit in the state treasury as follows:

13 (a) Net proceeds allocable to the nonconventional fuel credit  
14 contained in section 29 of the internal revenue code of 1986, **26**  
15 **USC 29**, under this subsection shall be credited to the  
16 environmental protection fund created in section 503a.

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

20 **(11)** ~~(5)~~—As used in subsection ~~(4)~~—**(10)**:

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

24 (b) "Net proceeds" means the total receipts received from the  
25 sale of royalty interests under subsection ~~(4)~~—**(10)** less costs  
26 related to the sale. Costs may include, but are not limited to,  
27 legal, financial advisory, geological or reserve studies, and

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1 accounting services.

2 (12) ~~(6)~~—As used in this section:

3 (a) "Concession" means an agreement between the department and  
4 a person under terms and conditions as specified by the department  
5 to provide services or recreational opportunities for public use.

6 (b) "Lease" means a conveyance by the department to a person  
7 of a portion of the state's interest in land under specific terms  
8 and for valuable consideration, thereby granting to the lessee the  
9 possession of that portion conveyed during the period stipulated.

10 Sec. 2132. (1) The department may sell surplus land at a price  
11 of not less than its fair market value as determined by an  
12 appraisal **<<OR OTHER METHOD OF VALUATION>>**. **HOWEVER, IF THE DEPARTMENT**  
**OFFERS TAX REVERTED LAND FOR**

13 **SALE AND THE LAND IS NOT SOLD WITHIN 9 MONTHS, THE DEPARTMENT SHALL**  
14 **OFFER THE LAND FOR SALE AT A PUBLIC AUCTION AND SELL THE PROPERTY**  
15 **TO THE QUALIFIED BIDDER MAKING THE HIGHEST BID THAT REPRESENTS A**  
16 **REASONABLE PRICE FOR THE PROPERTY AS DETERMINED BY THE DEPARTMENT,**  
17 **NOTWITHSTANDING THE FAIR MARKET VALUE OF THE PROPERTY.**

18 (2) The sale of surplus land shall be conducted by the  
19 department through 1 of the following methods:

20 (a) A sealed or oral bid public auction sale.

21 (b) A negotiated sale.

22 (3) ~~The~~ **SUBJECT TO SUBSECTION (1), THE** sale of surplus land  
23 through a sealed or oral bid public auction sale shall be to the  
24 highest bidder. ~~A bid shall not be accepted for less than the fair~~  
25 ~~market value of the surplus land as determined by an appraisal.~~

26 (4) A notice of the sale of surplus land shall be given as  
27 provided in section 2133.



1           (5) The proceeds from the sale of surplus land shall be  
2 deposited into the fund.

3           (6) Surplus land that is sold under this subpart shall be  
4 conveyed by quitclaim deed approved by the attorney general.