

HOUSE BILL NO. 5333

January 15, 2020, Introduced by Reps. Markkanen and Cambensy and referred to the Committee on Natural Resources and Outdoor Recreation.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 50501, 50502, 50507, and 53503 (MCL 324.50501, 324.50502, 324.50507, and 324.53503), sections 50501 and 50502 as amended by 2004 PA 124 and section 50507 as amended and section 53503 as added 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,



1 and alleviate and prevent unemployment through the retention,
2 promotion, and development of forestry and forest industries and to
3 protect the health and vigor of forest resources by doing all of
4 the following:

5 (a) Funding practices prescribed and approved by the
6 department that intensify management of certain highly productive
7 portions of this state's forest system.

8 (b) Implementing a system of forest management that is
9 investment-oriented, economically efficient, and environmentally
10 sound.

11 (c) Implementing a system of forest management that is
12 consistent with principles of sustainable forestry and with part
13 525.

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

16 (e) Providing dependable funding of scheduled forest
17 management operations **and practices**.

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

20 (g) Facilitating timely performance of forest management
21 operations **and practices**.

22 (h) Earning additional revenues for forest management from
23 timber sales.

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

26 (j) Providing for reforestation, forest protection, and timber
27 stand improvement.

28 (k) Providing an additional funding source for the purposes
29 described in this section from indebtedness secured with revenues



1 generated from future sale of timber harvested from state tax
2 reverted lands, from lands in the state forest system from which
3 revenues derived from the sale of timber were previously deposited
4 in the forest management fund created in former 1945 PA 268, and
5 from other lands as provided by law.

6 Sec. 50502. As used in this part:

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

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

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

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

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

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

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

28 Sec. 50507. (1) The authority shall finance only forest
29 management operations and practices consistent with part 525 that



1 follow the guidelines, rules, and objectives prescribed ~~and~~
 2 ~~approved by the department. as these guidelines, rules, and~~
 3 ~~objectives are amended by the department.~~

4 (2) Funds managed by the authority shall be applied in a
 5 manner consistent with part 525 and the land management planning
 6 policies of the department on lands that have been identified for
 7 forest management practices. In the absence of an approved state
 8 forest management plan covering a candidate area, **the department**
 9 **shall use** an interim procedure ~~, as adopted by the department,~~
 10 ~~shall be used~~ to ensure that all forest values have been considered
 11 in selecting sites for investment with funds of the authority. The
 12 department shall annually submit a list of activities and practices
 13 ~~allocated from the funds~~ **funded from revenue** generated under this
 14 part for the board's review and determination of consistency with
 15 this part.

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



1 timber shall be consistent with part 525 and with the guidelines,
2 rules, and objectives prescribed by the department.

3 (4) The authority shall establish a fund designated as the
4 "forest development fund". Revenue as provided under section 53519
5 and any money on hand or received in the future from bond proceeds
6 and from contracts for the cutting and sale of timber on tax
7 reverted lands shall be deposited in the forest development fund.
8 In addition, this fund may receive revenues from any other source.
9 The authority shall use money in the forest development fund **only**
10 for 1 or more of the following, **subject to subsection (5)**:

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

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

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

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

20 ~~(e) For any other purposes authorized by this part.~~

21 **(5) Money in the forest development fund shall not be used for**
22 **either of the following:**

23 (a) **Administrative costs of the department or the authority,**
24 **other than costs described in subsection (4) (d) or costs incurred**
25 **by the department under section 50503.**

26 (b) **Payments in lieu of taxes under section 2154.**

27 (6) ~~(5)~~—The auditor general shall audit the expenditures of
28 the forest development fund at least once every 3 years.

29 Sec. 53503. (1) The department shall timely review each



1 registered forester program evaluation provided under section
2 53507.

3 (2) The department ~~may~~**shall** cease administering this part if
4 either of the following applies:

5 (a) The revenue available from registered forester fees under
6 section 53509 is not sufficient to administer this part.

7 (b) The department and the board agree to separate and cease
8 operations under this part.

