

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4060 (Substitute H-2 as passed by the House)

Sponsor: Representative William Bobier

House Committee: Forestry and Mineral Rights

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 3-3-98

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act to add a provision pertaining to State land reserves. The bill specifies that the Natural Resources Commission would have to place the question of designation of a State land reserve on its agenda upon petition by a person, recommendation of the Department of Natural Resources (DNR), or its own motion. The petition, recommendation, or motion would have to include the land proposed for inclusion within the State land reserve and a rationale for its inclusion.

A tract of land would be eligible for Commission consideration for designation as a State land reserve if it were at least 640 contiguous acres in size and contained one or more of the following areas regulated under the Act: a critical dune, a high-risk area, a wetland, an endangered species, a wilderness area, a natural area, a natural river, or any other significant surface or subsurface natural feature or area of environmental sensitivity.

Before making its recommendation on the designation of a State land reserve, the Commission would have to receive public testimony on the issue. After consideration of the public testimony, the Commission would have to issue a written recommendation to the Legislature on whether it believed a State land reserve should be designated. The Commission would be required to include a rationale for its recommendation and could expand or restrict the land area proposed for the State land reserve.

A member of the Legislature could offer a resolution, which would not be required to conform to the Commission's recommendation, to create a State land reserve pursuant to Article X, Section 5 of the State Constitution. If the Legislature adopted the resolution by two-thirds of the members elected and serving in each house, a State land reserve would be designated. Pursuant to the Constitution, land within a State land reserve could not be removed from the reserve, sold, leased, or otherwise disposed of except by a resolution of the Legislature. (Article X, Section 5 provides that, "The legislature shall have general supervisory jurisdiction over all state owned lands useful for forest preserves, game areas and recreational purposes;...and shall by general law provide for the sale, lease or other disposition of such lands.")

The bill also would add that when a State land reserve had been designated, the DNR would have to do the following: immediately attempt to purchase, trade, or otherwise acquire any holdings within the contiguous area of the State land reserve, including any severed mineral rights; establish a buffer zone surrounding the State land reserve, in which any subsurface mineral leases owned by the State would have to contain nondevelopment clauses; and petition for the area being drained to be included within a drilling unit, pooled or communitized, or made part of a unit area, as provided under

the Act, if the DNR determined that subsurface minerals beneath land within a State land reserve were being drained by oil or gas production. The owner of an inholding within the contiguous area of the State land reserve, who offered that land or an interest in that land for sale or lease, would first have to offer that land or interest to the State and give the State a right of first refusal if the land transfer were subject to the State transfer tax.

MCL 324.502 et al.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have an indeterminate fiscal impact, depending on whether a State land reserve was established. If a reserve were established, the Department could experience increased costs to purchase inholdings and boundary properties within a specified period of time, and the State could lose potential revenue from nondevelopment of mineral assets.

Fiscal Analyst: G. Cutler

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.