

**SUBSTITUTE FOR
HOUSE BILL NO. 5628**

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 50507. (1) The authority shall finance only forest
2 management operations and practices consistent with part 525 that
3 follow the guidelines, rules, and objectives prescribed and
4 approved by the department as these guidelines, rules, and
5 objectives are amended by the department.

6 (2) Funds managed by the authority shall be applied in a
7 manner consistent with part 525 and the land management planning
8 policies of the department on lands that have been identified for
9 forest management practices. In the absence of an approved state

1 forest management plan covering a candidate area, an interim
2 procedure, as adopted by the department, shall be used to assure
3 that all forest values have been considered in selecting sites for
4 investment with funds of the authority. The department shall
5 annually submit a list of activities and practices allocated from
6 the funds generated under this part for the board's review and
7 determination of consistency with the purposes of this part.

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

24 (4) The authority shall establish a fund designated as the
25 "forest development fund". Any money on hand or received in the
26 future from bond proceeds and from contracts for the cutting and
27 sale of timber on tax reverted lands shall be deposited in the

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1 forest development fund. In addition, this fund may receive
 2 revenues from any other source. The authority shall use money in
 3 the forest development fund ~~for 1 or more of the following~~ AS
 4 FOLLOWS:

5 (A) IN EACH STATE FISCAL YEAR, MONEY RECEIVED BY THE FUND FROM
 6 THE PROCEEDS OF THE SALE OF THE FIRST 90,000 CORDS OF WOOD
 7 HARVESTED FROM THE STATE FOREST SHALL BE [DISTRIBUTED AS FOLLOWS:

8 (i) THE FIRST \$2,200,000.00 OF THE MONEY SHALL BE DISTRIBUTED TO
 9 EACH CITY, TOWNSHIP, VILLAGE, AND COUNTY IN EACH COUNTY THAT HAS LAND
 CLASSIFIED AS COMMERCIAL FOREST UNDER PART 511 IN PROPORTION TO THE
 AMOUNT OF COMMERCIAL FORESTLAND IN THAT LOCAL TAX COLLECTING UNIT, TO BE
 DISTRIBUTED IN THE SAME MANNER AND IN THE SAME PROPORTION AS AD VALOREM
 TAXES COLLECTED UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
 211.1 TO 211.157.

(ii) THE NEXT \$2,200,000.00 OF THE MONEY SHALL BE DEPOSITED INTO THE
 SCHOOL AID FUND ESTABLISHED UNDER SECTION 11 OF ARTICLE IX OF THE STATE
 CONSTITUTION OF 1963.

(iii) THE BALANCE OF THE MONEY SHALL BE DEPOSITED IN THE GENERAL
 FUND.]

10 (B) AFTER MONEY IS DISTRIBUTED UNDER SUBDIVISION (A), MONEY IN
 11 THE FUND SHALL BE EXPENDED AS FOLLOWS:

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

14 (ii) ~~(b)~~ For reforestation, forest protection, and timber
 15 stand improvement.

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

18 (iv) ~~(d)~~ For any other purposes authorized by this part.

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

21 (6) AS USED IN THIS SECTION, "STATE FOREST" MEANS THAT TERM AS
 22 IT IS DEFINED IN SECTION 52501.

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