

HOUSE BILL No. 5628

February 1, 2006, Introduced by Reps. Casperson, Emmons, Marleau, Vander Veen and Farhat and referred to the Committee on Conservation, Forestry, and Outdoor Recreation.

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

1 manner consistent with part 525 and the land management planning
2 policies of the department on lands that have been identified for
3 forest management practices. In the absence of an approved state
4 forest management plan covering a candidate area, an interim
5 procedure, as adopted by the department, shall be used to assure
6 that all forest values have been considered in selecting sites for
7 investment with funds of the authority. The department shall
8 annually submit a list of activities and practices allocated from
9 the funds generated under this part for the board's review and
10 determination of consistency with the purposes of this part.

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

27 (4) The authority shall establish a fund designated as the

1 "forest development fund". Any money on hand or received in the
2 future from bond proceeds and from contracts for the cutting and
3 sale of timber on tax reverted lands shall be deposited in the
4 forest development fund. In addition, this fund may receive
5 revenues from any other source. The authority shall use money in
6 the forest development fund ~~for 1 or more of the following~~ AS
7 FOLLOWS:

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

11 (i) FIFTY PERCENT OF THE MONEY SHALL BE DEPOSITED INTO THE
12 SCHOOL AID FUND ESTABLISHED UNDER SECTION 11 OF ARTICLE IX OF THE
13 STATE CONSTITUTION OF 1963.

14 (ii) FIFTY PERCENT OF THE MONEY SHALL BE DISTRIBUTED TO EACH
15 LOCAL TAX COLLECTING UNIT IN EACH COUNTY THAT HAS LAND CLASSIFIED
16 AS COMMERCIAL FOREST UNDER PART 511 IN PROPORTION TO THE AMOUNT OF
17 COMMERCIAL FORESTLAND IN THAT LOCAL TAX COLLECTING UNIT, TO BE
18 DISTRIBUTED IN THE SAME MANNER AND IN THE SAME PROPORTION AS AD
19 VALOREM TAXES COLLECTED UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA
20 206, MCL 211.1 TO 211.157.

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

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

25 (ii) ~~(b)~~ For reforestation, forest protection, and timber
26 stand improvement.

27 (iii) ~~(c)~~ To obtain and maintain certification of sustainable

1 forestry standards in the state forest under section 52505.

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

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

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

7 Enacting section 1. This amendatory act does not take effect
8 unless House Bill No. 5453 of the 93rd Legislature is enacted into
9 law.