

DISSOLVING LAKE BOARD OF PUBLIC OR PRIVATE LAKE

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House Bill 5630 (Substitute H-1)

Sponsor: Rep. Joel Sheltroun

Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 3-4-08

A SUMMARY OF HOUSE BILL 5630 AS REPORTED FROM COMMITTEE

Part 451 (Inland Lake Improvements) of the Natural Resources and Environmental Protection Act establishes procedures for the dissolution of the lake board of a public inland lake. The bill would make these same procedures apply to the dissolution of the board of a private inland lake with one difference—a hearing to dissolve the lake board of a *private* lake could only be initiated by freeholders (landowners) owning land abutting the lake, whereas if the lake is public, a hearing could be initiated either by freeholder petition or a local unit of government.

Under the act, a "**public inland lake**" means "a lake that is accessible to the public by publicly owned lands or highways contiguous to publicly owned lands or by the bed of a stream, except the Great Lakes and connecting waters." A "**private inland lake**" means "an inland lake other than a public inland lake."

The entire process is set forth below:

- Approval by local governmental unit after public hearing. The governing body of each local unit of government in which all or part of the lake is located must (1) hold a public hearing on the proposed dissolution, (2) determine the lake board is no longer necessary for the improvement of the lake because the reasons for its establishment no longer exist, and (3) approve the dissolution.
- Initiation of hearing. A hearing to dissolve the board of a *private* lake may be initiated only by a petition from two thirds of the freeholders owning land abutting the lake. If the lake is public, the hearing may be initiated either by (1) the governing body of a local governmental unit in which all or part of the lake is located or (2) two thirds of the freeholders owning land abutting the lake.
- Notice of hearing. Two notices must be published in a newspaper of general circulation in each local unit of government in which all or part of the lake is located. The first notice must be published at least ten days before the hearing.
- Payment of debts and expenses. All outstanding debts and expenses of the board must be paid in full.
- Distribution of remaining funds. Any excess funds of the lake board are to be refunded based on the last approved special assessment roll, unless the amount is de minimis, in which case the funds are to be distributed to the local units of government in which all or part of the lake is located in accordance with the act.

- Approval by lake board. The lake board must adopt an order approving its own dissolution based on a determination that it is no longer necessary for the improvement of the lake, because the reasons for its establishment no longer exist.

MCL 324.30929

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local governmental units.

POSITIONS:

The Department of Environmental Quality supports the bill. (2-12-08)

The Department of Natural Resources is neutral on the bill. (3-4-08)

Legislative Analyst: Shannan Kane
Fiscal Analyst: Kirk Lindquist

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.