

SUBSTITUTE FOR  
SENATE BILL NO. 441

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending section 503 (MCL 324.503), as amended by 2004 PA 587.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 503. (1) The department shall protect and conserve the  
2 natural resources of this state; provide and develop facilities for  
3 outdoor recreation; prevent the destruction of timber and other  
4 forest growth by fire or otherwise; promote the reforestation of  
5 forestlands belonging to the state; prevent and guard against the  
6 pollution of lakes and streams within the state and enforce all  
7 laws provided for that purpose with all authority granted by law;  
8 ~~and foster and encourage the protecting~~ **PROTECTION** and propagation  
9 of game and fish; **AND PROTECT AND PROMOTE THE EXERCISE OF THE**  
10 **PEOPLE'S RIGHT TO LAWFULLY HUNT, TRAP, AND FISH AND HARVEST GAME**

1 **AND FISH THAT ARE THE PROPERTY OF THE STATE.** The department has the  
2 power and jurisdiction over the management, control, and  
3 disposition of all land under the public domain, except for those  
4 lands under the public domain that are managed by other state  
5 agencies to carry out their assigned duties. ~~and responsibilities.~~

6 On behalf of the people of the state, the department may accept  
7 gifts and grants of land and other property and may buy, sell,  
8 exchange, or condemn land and other property, for any of the  
9 purposes contemplated by this part. The department may accept  
10 funds, money, or grants for development of salmon and steelhead  
11 trout fishing in this state from the government of the United  
12 States, or any of its departments or agencies, pursuant to the  
13 anadromous fish conservation act, 16 USC 757a to 757f, and may use  
14 this money in accordance with the terms and provisions of that act.  
15 However, the acceptance and use of federal funds does not commit  
16 state funds and does not place an obligation upon the legislature  
17 to continue the purposes for which the funds are made available.

18 (2) The department may lease lands owned or controlled by the  
19 department or may grant concessions on lands owned or controlled by  
20 the department to any person for any purpose that the department  
21 determines to be necessary to implement this part. In granting a  
22 concession, the department shall provide that each concession is  
23 awarded at least every 7 years based on extension, renegotiation,  
24 or competitive bidding. However, if the department determines that  
25 a concession requires a capital investment in which reasonable  
26 financing or amortization necessitates a longer term, the  
27 department may grant a concession for up to a 15-year term. A

1 concession granted under this subsection shall require, unless the  
2 department authorizes otherwise, that all buildings and equipment  
3 shall be removed at the end of the concession's term. Any lease  
4 entered into under this subsection shall limit the purposes for  
5 which the leased land is to be used and shall authorize the  
6 department to terminate the lease upon a finding that the land is  
7 being used for purposes other than those permitted in the lease.  
8 Unless otherwise provided by law, money received from a lease or a  
9 concession of tax reverted land shall be credited to the fund  
10 providing financial support for the management of the leased land.  
11 Money received from a lease of all other land shall be credited to  
12 the fund from which the land was purchased. However, money received  
13 from program-related leases on these lands shall be credited to the  
14 fund providing financial support for the management of the leased  
15 lands. For land managed by the forest management division of the  
16 department, that fund is either the forest development fund  
17 established pursuant to ~~part 505~~ **SECTION 50507** or the forest  
18 recreation account of the Michigan conservation and recreation  
19 legacy fund ~~provided for~~ **ESTABLISHED** in section 2005. For land  
20 managed by the wildlife or fisheries division of the department,  
21 that fund is the game and fish protection account of the Michigan  
22 conservation and recreation legacy fund ~~provided for~~ **ESTABLISHED** in  
23 section 2010.

24 (3) When the department sells land, the deed by which the land  
25 is conveyed may reserve all mineral, coal, oil, and gas rights to  
26 the state only when the land is in production or is leased or  
27 permitted for production, or when the department determines that

1 the land has unusual or sensitive environmental features or that it  
2 is in the best interest of this state to reserve those rights as  
3 determined by commission policy. However, the department shall not  
4 reserve the rights to sand, gravel, clay, or other nonmetallic  
5 minerals. When the department sells land that contains subsurface  
6 rights, the department shall include a deed restriction that  
7 restricts the subsurface rights from being severed from the surface  
8 rights in the future. If the landowner severs the subsurface rights  
9 from the surface rights, the subsurface rights revert to this  
10 state. The deed may reserve to the state the right of ingress and  
11 egress over and across land along watercourses and streams.  
12 Whenever an exchange of land is made, either with the United States  
13 government, a corporation, or an individual, for the purpose of  
14 consolidating the state forest reserves, the department may issue  
15 deeds without reserving to the state the mineral, coal, oil, and  
16 gas rights and the rights of ingress and egress. The department may  
17 sell the limestone, sand, gravel, or other nonmetallic minerals.  
18 However, the department shall not sell a mineral or nonmetallic  
19 mineral right if the sale would violate part 353, part 637, or any  
20 other provision of law. The department may sell all reserved  
21 mineral, coal, oil, and gas rights to such lands upon terms and  
22 conditions as the department considers proper and may sell oil and  
23 gas rights as provided in part 610. The owner of such lands as  
24 shown by the records shall be given priority in case the department  
25 authorizes any sale of such lands, and, unless the landowner waives  
26 such rights, the department shall not sell such rights to any other  
27 person. For the purpose of this section, mineral rights do not

1 include rights to sand, gravel, clay, or other nonmetallic  
2 minerals.

3 (4) The department may enter into contracts for the sale of  
4 the economic share of royalty interests it holds in hydrocarbons  
5 produced from devonian or antrim shale qualifying for the  
6 nonconventional fuel credit contained in ~~section 29 of the internal~~  
7 ~~revenue code of 1986~~ **26 USC 45K**. However, in entering into these  
8 contracts, the department shall assure that revenues to the natural  
9 resources trust fund under these contracts are not less than the  
10 revenues the natural resources trust fund would have received if  
11 the contracts were not entered into. The sale of the economic share  
12 of royalty interests under this subsection may occur under  
13 contractual terms and conditions considered appropriate by the  
14 department and as approved by the state administrative board. Funds  
15 received from the sale of the economic share of royalty interests  
16 under this subsection shall be transmitted to the state treasurer  
17 for deposit in the state treasury as follows:

18 (a) Net proceeds allocable to the nonconventional fuel credit  
19 contained in ~~section 29 of the internal revenue code of 1986~~, **26**  
20 **USC 45K** under this subsection shall be credited to the  
21 environmental protection fund created in section 503a.

22 (b) Proceeds related to the production of oil or gas from  
23 devonian or antrim shale shall be credited to the natural resources  
24 trust fund or other applicable fund as provided by law.

25 (5) As used in subsection (4):

26 (a) "Natural resources trust fund" means the Michigan natural  
27 resources trust fund established in section 35 of article IX of the

1 state constitution of 1963 and provided for in section 1902.

2 (b) "Net proceeds" means the total receipts received from the  
3 sale of royalty interests under subsection (4) less costs related  
4 to the sale. Costs may include, but are not limited to, legal,  
5 financial advisory, geological or reserve studies, and accounting  
6 services.

7 (6) As used in this section:

8 (a) "Concession" means an agreement between the department and  
9 a person under terms and conditions as specified by the department  
10 to provide services or recreational opportunities for public use.

11 (b) "Lease" means a conveyance by the department to a person  
12 of a portion of the state's interest in land under specific terms  
13 and for valuable consideration, thereby granting to the lessee the  
14 possession of that portion conveyed during the period stipulated.