

**SUBSTITUTE FOR  
HOUSE BILL NO. 4111**

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 and propagation of game and  
9 fish. The department has the power and jurisdiction over the  
10 management, control, and disposition of all land under the public

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

16 **(2) THE DEPARTMENT MAY APPOINT PERSONS TO SERVE AS VOLUNTEERS**  
17 **FOR THE PURPOSE OF FACILITATING THE RESPONSIBILITIES OF THE**  
18 **DEPARTMENT AS PROVIDED IN THIS PART. WHILE A VOLUNTEER IS SERVING**  
19 **IN SUCH A CAPACITY, THE VOLUNTEER HAS THE SAME IMMUNITY FROM CIVIL**  
20 **LIABILITY AS A DEPARTMENT EMPLOYEE AND SHALL BE TREATED IN THE SAME**  
21 **MANNER AS AN EMPLOYEE UNDER SECTION 8 OF 1964 PA 170, MCL 691.1408.**  
22 **SUBJECT TO THE DIRECTION OF THE DEPARTMENT, A VOLUNTEER MAY USE**  
23 **EQUIPMENT AND MACHINERY NECESSARY FOR THE VOLUNTEER SERVICE,**  
24 **INCLUDING, BUT NOT LIMITED TO, EQUIPMENT AND MACHINERY TO IMPROVE**  
25 **WILDLIFE HABITAT ON STATE GAME AREAS.**

26 **(3) ~~(2)~~**The department may lease lands owned or controlled by  
27 the department or may grant concessions on lands owned or

1 controlled by the department to any person for any purpose that the  
2 department determines to be necessary to implement this part. In  
3 granting a concession, the department shall provide that each  
4 concession is awarded at least every 7 years based on extension,  
5 renegotiation, or competitive bidding. However, if the department  
6 determines that a concession requires a capital investment in which  
7 reasonable financing or amortization necessitates a longer term,  
8 the department may grant a concession for up to a 15-year term. A  
9 concession granted under this subsection shall require, unless the  
10 department authorizes otherwise, that all buildings and equipment  
11 shall be removed at the end of the concession's term. Any lease  
12 entered into under this subsection shall limit the purposes for  
13 which the leased land is to be used and shall authorize the  
14 department to terminate the lease upon a finding that the land is  
15 being used for purposes other than those permitted in the lease.  
16 Unless otherwise provided by law, money received from a lease or a  
17 concession of tax reverted land shall be credited to the fund  
18 providing financial support for the management of the leased land.  
19 Money received from a lease of all other land shall be credited to  
20 the fund from which the land was purchased. However, money received  
21 from program-related leases on these lands shall be credited to the  
22 fund providing financial support for the management of the leased  
23 lands. For land managed by the forest management division of the  
24 department, that fund is either the forest development fund  
25 established pursuant to ~~part 505~~ **SECTION 50507** or the forest  
26 recreation account of the Michigan conservation and recreation  
27 legacy fund provided for in section 2005. For land managed by the

1 wildlife or fisheries division of the department, that fund is the  
2 game and fish protection account of the Michigan conservation and  
3 recreation legacy fund provided for in section 2010.

4 (4) ~~(3)~~—When the department sells land, the deed by which the  
5 land is conveyed may reserve all mineral, coal, oil, and gas rights  
6 to the state only when the land is in production or is leased or  
7 permitted for production, or when the department determines that  
8 the land has unusual or sensitive environmental features or that it  
9 is in the best interest of this state to reserve those rights as  
10 determined by commission policy. However, the department shall not  
11 reserve the rights to sand, gravel, clay, or other nonmetallic  
12 minerals. When the department sells land that contains subsurface  
13 rights, the department shall include a deed restriction that  
14 restricts the subsurface rights from being severed from the surface  
15 rights in the future. If the landowner severs the subsurface rights  
16 from the surface rights, the subsurface rights revert to this  
17 state. The deed may reserve to the state the right of ingress and  
18 egress over and across land along watercourses and streams.  
19 Whenever an exchange of land is made, either with the United States  
20 government, a corporation, or an individual, for the purpose of  
21 consolidating the state forest reserves, the department may issue  
22 deeds without reserving to the state the mineral, coal, oil, and  
23 gas rights and the rights of ingress and egress. The department may  
24 sell the limestone, sand, gravel, or other nonmetallic minerals.  
25 However, the department shall not sell a mineral or nonmetallic  
26 mineral right if the sale would violate part 353, part 637, or any  
27 other provision of law. The department may sell all reserved

1 mineral, coal, oil, and gas rights to such lands upon terms and  
2 conditions as the department considers proper and may sell oil and  
3 gas rights as provided in part 610. The owner of such lands as  
4 shown by the records shall be given priority in case the department  
5 authorizes any sale of such lands, and, unless the landowner waives  
6 such rights, the department shall not sell such rights to any other  
7 person. For the purpose of this section, mineral rights do not  
8 include rights to sand, gravel, clay, or other nonmetallic  
9 minerals.

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

25 (a) Net proceeds allocable to the nonconventional fuel credit  
26 contained in section 29 of the internal revenue code of 1986, **26**  
27 **USC 29**, under this subsection shall be credited to the

1 environmental protection fund created in section 503a.

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

5 (6) ~~(5)~~—As used in subsection ~~(4)~~—(5):

6 (a) "Natural resources trust fund" means the Michigan natural  
7 resources trust fund established in section 35 of article IX of the  
8 state constitution of 1963 and provided for in section 1902.

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

14 (7) ~~(6)~~—As used in this section:

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

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