



HOUSE BILL No. 5718

March 28, 1996, Introduced by Reps. Bobier, Bodem, Tesanovich, Munsell, Schroer, Bullard and Law and referred to the Committee on Conservation, Environment and Great Lakes.

A bill to amend sections 503 and 2132 of Act No. 451 of the Public Acts of 1994, entitled "Natural resources and environmental protection act," section 2132 as added by Act No. 60 of the Public Acts of 1995, being sections 324.503 and 324.2132 of the Michigan Compiled Laws; and to add part 610.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 503 and 2132 of Act No. 451 of the
2 Public Acts of 1994, section 2132 as added by Act No. 60 of the
3 Public Acts of 1995, being sections 324.503 and 324.2132 of the
4 Michigan Compiled Laws, are amended and part 610 is added to read
5 as follows:

6 Sec. 503. (1) The department shall protect and conserve the
7 natural resources of this state; provide and develop facilities
8 for outdoor recreation; prevent the destruction of timber and

1 other forest growth by fire or otherwise; promote the reforestation
2 of forest lands belonging to the state; prevent and guard against
3 the pollution of lakes and streams within the state and enforce
4 all laws provided for that purpose with all authority granted by
5 law; and foster and encourage the protecting and propagation of
6 game and fish. The department has the power and jurisdiction
7 over the management, control, and disposition of all land under
8 the public domain, except for those lands under the public domain
9 that are managed by other state agencies to carry out their
10 assigned duties and responsibilities. On behalf of the people of
11 the state, the department may accept gifts and grants of land and
12 other property and may buy, sell, exchange, or condemn land and
13 other property, for any of the purposes contemplated by this
14 part. The department may accept funds, money, or grants for
15 development of salmon and steelhead trout fishing in this state
16 from the government of the United States, or any of its depart-
17 ments or agencies, pursuant to the anadromous fish conservation
18 act, Public Law 89-304, 16 U.S.C. 757a to 757g, and may use this
19 money in accordance with the terms and provisions of that act.
20 However, the acceptance and use of federal funds does not commit
21 state funds and does not place an obligation upon the legislature
22 to continue the purposes for which the funds are made available.

23 (2) The department may lease lands owned or controlled by it
24 that have been designated for use for recreational purposes, but
25 only to responsible legal units, within this state, of national
26 or state recognized groups devoted principally to development of
27 character and citizenship training and physical fitness of youth,

1 the financial support of which is by voluntary public
2 subscriptions or contributions, and the property of which is
3 exempt from taxation under the laws of this state. The depart-
4 ment may lease land in the Porcupine mountain state park to third
5 parties for purposes as it considers desirable. Any lease
6 entered into under this subsection shall limit the purposes for
7 which the leased land is to be used and shall authorize the
8 department to terminate the lease upon a finding that the land is
9 being used for purposes other than those permitted in the lease.

10 (3) When ~~any sales of~~ THE DEPARTMENT SELLS land, ~~are made~~
11 ~~by the department,~~ the deeds by which lands are conveyed ~~may~~
12 SHALL reserve all mineral, coal, oil, and gas rights to the state
13 ~~, but~~ ONLY WHEN THE LANDS ARE IN PRODUCTION OR ARE LEASED OR
14 PERMITTED FOR PRODUCTION. HOWEVER, THE DEPARTMENT shall not
15 reserve the rights to sand, gravel, clay, or other nonmetallic
16 minerals. The department shall also have the power to provide
17 that all deeds issued for lands along watercourses and streams
18 shall contain a clause reserving the right of ingress and egress
19 over and across the lands. Whenever an exchange of land is made,
20 either with the United States government, a corporation, or an
21 individual, for the purpose of consolidating the state forest
22 reserves, the department may issue deeds without reserving to the
23 state the mineral, coal, oil, and gas rights and the rights of
24 ingress and egress. The department may sell the limestone, sand,
25 gravel, or other nonmetallic minerals. However, the department
26 shall not sell a mineral or nonmetallic mineral right if the sale
27 would violate the sand dune protection and management act, Act

1 No. 222 of the Public Acts of 1976, being sections 281.651 to
2 281.694 of the Michigan Compiled Laws, or any other provision of
3 law. The department may sell all reserved mineral, coal, oil,
4 and gas rights to such lands upon terms and conditions as the
5 department considers proper AND AS PROVIDED IN PART 610. The
6 owner of such lands as shown by the records shall be given prior-
7 ity in case the department authorizes any sale of such lands,
8 and, unless the landowner waives such rights, the department
9 shall not sell such rights to any other person. For the purpose
10 of this section, mineral rights do not include rights to sand,
11 gravel, clay, or other nonmetallic minerals.

12 Sec. 2132. (1) The department may sell surplus land at a
13 price of not less than its fair market value as determined by an
14 appraisal.

15 (2) The sale of surplus land shall be conducted by the
16 department through 1 of the following methods:

17 (a) A sealed or oral bid public auction sale.

18 (b) A negotiated sale.

19 (3) The sale of surplus land through a sealed or oral bid
20 public auction sale shall be to the highest bidder. A bid shall
21 not be accepted for less than the fair market value of the sur-
22 plus land as determined by an appraisal.

23 (4) A notice of the sale of surplus land shall be given as
24 provided in section 2133.

25 (5) The proceeds from the sale of surplus land shall be
26 deposited into the fund.

1 (6) Surplus land that is sold under this subpart shall be
2 conveyed by quitclaim deed approved by the attorney general. ~~and~~
3 ~~shall reserve to the state all rights to coal, oil, gas, and~~
4 ~~other minerals, excluding sand and gravel, found on, within, and~~
5 ~~under the land.~~

6 PART 610

7 UNIFIED SURFACE AND SUBSURFACE MINERAL OWNERSHIP

8 SEC. 61001. (1) AS USED IN THIS PART, "MINERAL" MEANS SUB-
9 SURFACE OIL OR GAS INTERESTS.

10 (2) THE DEPARTMENT SHALL INVENTORY ALL OF THE PROPERTY OWNED
11 BY THE STATE UPON WHICH THE STATE HOLDS ONLY THE SEVERED MINERAL
12 INTEREST IN THE PROPERTY. EXCEPT AS OTHERWISE PROVIDED FOR IN
13 THIS SUBSECTION, THE DEPARTMENT SHALL DEVELOP PROCEDURES IN COM-
14 PLIANCE WITH THIS PART, AND, WITHIN 2 YEARS OF THE EFFECTIVE DATE
15 OF THIS PART, THE STATE SHALL DIVEST ITSELF OF THOSE MINERAL
16 RIGHTS AND WHEN POSSIBLE REUNITE THE SEVERED MINERAL RIGHTS WITH
17 THE SURFACE HOLDINGS. THE DEPARTMENT SHALL ATTACH A MONETARY
18 VALUE ON THE MINERAL RIGHTS THAT IT HOLDS FOR EACH PARCEL FOR
19 WHICH IT OWNS SEVERED MINERAL RIGHTS BUT NOT THE SURFACE RIGHTS.
20 THE STATE IS NOT REQUIRED TO DIVEST ITSELF OF MINERAL RIGHTS IN
21 PROPERTY WHICH THE DEPARTMENT DETERMINES HAS UNUSUAL ENVIRONMEN-
22 TAL FEATURES OF EXCEPTIONAL SENSITIVITY THAT SHOULD BE RESERVED
23 BY THE STATE AND MAINTAINED IN AN UNDEVELOPED STATE.

24 (3) UPON COMPLETION OF THE SURVEY REQUIRED IN SUBSECTION
25 (1), THE DEPARTMENT SHALL NOTIFY THE OWNERS OF SURFACE RIGHTS FOR
26 WHICH THE STATE HOLDS THE SEVERED MINERAL INTERESTS BENEATH THAT
27 PROPERTY THAT THE STATE WISHES TO SELL ITS MINERAL INTERESTS TO

1 THE SURFACE OWNER. THE NOTICE SHALL INCLUDE AN OFFER TO SELL THE
2 SEVERED MINERAL INTERESTS TO THE SURFACE OWNER AT A DESIGNATED
3 PRICE FOR A PERIOD OF 90 DAYS. THE PERIOD DURING WHICH THE OFFER
4 REMAINS OPEN MAY BE EXTENDED BY MUTUAL AGREEMENT OF THE DEPART-
5 MENT AND THE SURFACE OWNER. THE DEPARTMENT SHALL MAINTAIN A FILE
6 CONTAINING ALL THE RESPONSES THAT IT RECEIVES FROM SURFACE
7 OWNERS, WHETHER THE RESPONSE EXPRESSES AN INTEREST IN PURCHASING
8 THE STATE'S INTEREST OR WAIVES THE RIGHT TO SELL WITHIN THE DES-
9 IGNATED PERIOD.

10 SEC. 61002. IF THE STATE HAS REMOVED OR CONTRACTS FOR THE
11 REMOVAL OF SEVERED MINERAL INTERESTS FROM STATE OWNED LAND AND
12 THE DEPARTMENT CERTIFIES THAT THE MINERAL RIGHTS IN THE LAND NO
13 LONGER HAVE A COMMERCIAL VALUE, THE STATE SHALL QUITCLAIM DEED
14 ITS MINERAL INTERESTS IN THAT PROPERTY TO THE SURFACE LAND WITH-
15 OUT COST.

16 SEC. 61003. (1) THE UNIFIED PROPERTY RIGHTS FUND IS CREATED
17 WITHIN THE STATE TREASURY.

18 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS
19 FROM ANY SOURCE FOR DEPOSIT INTO THE FUND AND SPECIFICALLY SHALL
20 RECEIVE FUNDS GENERATED FROM THE SALE OF MINERAL RIGHTS UNDER
21 SECTION 61001 (2). THE STATE TREASURER SHALL DIRECT THE INVEST-
22 MENT OF THE FUND. THE STATE TREASURER SHALL CREDIT TO THE FUND
23 INTEREST AND EARNINGS FROM FUND INVESTMENTS.

24 (3) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL
25 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

1 (4) THE DEPARTMENT SHALL EXPEND MONEY FROM THE FUND, UPON
2 APPROPRIATION, ONLY FOR 1 OR MORE OF THE FOLLOWING PURPOSES AND
3 IN THE FOLLOWING ORDER OF PRIORITY:

4 (A) TO PURCHASE THE SEVERED MINERAL RIGHTS FOR PROPERTY THAT
5 THE STATE OWNS BUT FOR WHICH THE STATE DOES NOT HOLD THE MINERAL
6 RIGHTS.

7 (B) TO SELL AT A NOMINAL, BELOW FAIR MARKET VALUE, FEE TO
8 LOCAL UNITS OF GOVERNMENT THE OIL AND GAS RIGHTS IN PROPERTY
9 WHICH IS OWNED BY THE LOCAL GOVERNMENT WHEN THE STATE HOLDS THE
10 SEVERED OIL AND GAS RIGHTS FOR THAT PROPERTY.

11 (C) IF THE BALANCE OF THE FUND EXCEEDS \$500,000.00 IN ANY
12 FISCAL YEAR, THAT PORTION OF THE FUND THAT EXCEEDS \$500,000.00
13 SHALL BE DEPOSITED IN THE MICHIGAN NATURAL RESOURCES TRUST FUND
14 CREATED IN PART 19.

15 SEC. 61004. (1) UPON ANY CONVEYANCE OR TRANSFER OF TITLE,
16 OR FILING OF CLAIM OF CONTINUANCY INTEREST, OF A PRESENT OR
17 FUTURE INTEREST IN MINERAL RIGHTS OR ANY PORTION OF INTEREST IN
18 THOSE RIGHTS, INCLUDING THE BENEFICIAL USE OF THE INTEREST, EACH
19 PERSON IN THIS STATE WHO OWNS SEVERED MINERAL RIGHTS SHALL PRO-
20 VIDE THE REGISTER OF DEEDS IN THE COUNTY IN WHICH THE PROPERTY IS
21 LOCATED WITH THE LEGAL DESCRIPTION OF THE REAL PROPERTY AND PRO-
22 VIDE THE NAME AND ADDRESS OF THE HOLDER OF THE SEVERED MINERAL
23 INTERESTS. THE COUNTY SHALL COMPILE THIS INFORMATION TO USE TO
24 ASSURE COMPLIANCE WITH SUBSECTION (2).

25 (2) A PERSON, WHO IS NOT THE STATE OR A GOVERNMENTAL ENTITY,
26 WHO OWNS MINERAL RIGHTS AND WHOSE INTEREST TO THOSE RIGHTS IS ON
27 RECORD AS REQUIRED UNDER SUBSECTION (1) BUT WHO DOES NOT OWN THE

1 SURFACE RIGHTS FOR THAT PROPERTY SHALL BY FEBRUARY 14 OF EACH
2 YEAR PAY AN ANNUAL FEE TO THE COUNTY TREASURER IN WHICH THE PROP-
3 ERTY IS LOCATED IN THE FOLLOWING AMOUNT:

4 (A) \$1.00 PER ACRE OF LAND ON WHICH THE PERSON OWNS OR
5 LEASES SEVERED MINERAL RIGHTS OR A MINIMUM FEE OF \$5.00, WHICH-
6 EVER IS MORE.

7 (B) \$2.00 PER ACRE OF PLATTED LOTS IF THERE ARE 10 OR MORE
8 PLATTED LOTS PER 40-ACRE PARCEL.

9 (3) A PERSON WHO FAILS TO PAY THE FEE PROVIDED UNDER SUBSEC-
10 TION (2) IS SUBJECT TO FORECLOSURE PROCEEDINGS IN THE SAME MANNER
11 AND PURSUANT TO THE SAME PROCEEDINGS FOR TAX FORECLOSURE AND
12 REDEMPTION AS PROVIDED UNDER THE GENERAL PROPERTY TAX ACT, ACT
13 NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTIONS 211.1 TO
14 211.157 OF THE MICHIGAN COMPILED LAWS.

15 (4) THE COUNTY SHALL RETAIN ALL FEES COLLECTED UNDER THIS
16 SECTION AND THOSE FEES SHALL BE UTILIZED ONLY FOR THE FOLLOWING
17 PURPOSES:

18 (A) TO COMPILE A LIST OF PERSONS WITHIN THE COUNTY WHO ARE
19 REQUIRED TO PAY THE FEE UNDER THIS SECTION.

20 (B) TO PAY FOR NOTIFICATION OF MINERAL RIGHTS OWNERS REGARD-
21 ING THEIR OBLIGATION TO REPORT UNDER SUBSECTION (1).

22 (C) TO PAY EXPENSES RELATED TO PROCESSING DELINQUENT PAYMENT
23 OF FEES.

24 (D) TO PURCHASE MINERAL INTERESTS FROM THE STATE ON LANDS
25 WITHIN THE COUNTY OR A LOCAL UNIT WITHIN THE COUNTY, WHEN THE
26 LOCAL UNIT HOLDS THE SURFACE INTEREST BUT THE STATE OWNS THE
27 MINERAL RIGHTS.

1 (5) TITLE TO MINERAL INTERESTS THAT REVERT TO THE STATE
2 UNDER THIS SECTION SHALL BE DISPOSED OF BY THE STATE AS PROVIDED
3 IN SECTION 61001(3).