

## Primary Land Management Tools

State parks and recreation areas, state game and wildlife areas, state forests and state fisheries are guided by management plans. The following provides background on those plans and planning efforts.

**State Parks and Recreation Areas:** The Department of Natural Resources (DNR) Parks & Recreation Division (PRD) uses General Management Plans as long-range planning documents for state park and recreation areas. This is a comprehensive planning process based on the National Park Service “General Management Plan” process and adopted by the Department in 2004. Management planning is a defined strategic process within the PRD Strategic Plan (2009). The guidance for the General Management Plan stems from the mission statement of the Department and the Parks and Recreation Division’s mission to “acquire, protect, and preserve the natural and cultural features of Michigan’s unique resources, and to provide access to land and water based public recreation and educational opportunities.” Management plans also take into account other department planning documents and directives as appropriate.

A General Management Plan considers a park’s importance in terms of natural, cultural and historic resources, and recreational and educational opportunities. The management planning process identifies the legal parameters that PRD must be responsive to and includes a thorough analysis of the park, community, and regional resources, and review of the current land ownership and NRC dedicated boundary. A key aspect of the planning process is the development of a Management Zone Plan, which reflects the resource protection goals and recreation development opportunities for different areas within each park. For each management zone identified, individual long-range (10-year) action goals are developed.

Key to the management plan process is active involvement of an internal planning team representing different areas of expertise; stakeholders (including user groups, Friends groups, local and federal government entities, tribal organizations and economic development/ tourism organizations) and the general public. Final approval of the plan rests with the Director of the DNR, with a recommendation to approve from the Michigan State Parks Advisory Committee.

**State Game and Wildlife Areas:** The purpose of wildlife project areas is to provide habitat for wildlife populations and public lands for hunting and trapping. Master plans describe the desired future conditions of wildlife areas (for example . in the thumb area of Michigan the desired condition in state game areas is grasslands for pheasants.) and set goals to improve wildlife habitat and the infrastructure for

wildlife-related recreational activities. These plans ensure that at any given time, project area managers have the guidance to set management direction, establish operational priorities, and conduct work. The department uses featured species to focus habitat management, monitor its effectiveness, and communicate our accomplishments. Habitat on wildlife areas is managed to provide sufficient numbers of the targeted featured species to provide hunting opportunities or meet delisting criteria. The department is in the process of developing master plans for each project area and will update these every 10 years. This work is funded by a Pittman-Robertson Wildlife Restoration Act grant.

**Lands for Angler Opportunity and Habitat Protection:** Statewide angler opportunity and habitat protection goals are provided in Fisheries Division’s Strategic Plan “Charting the Course”. More specific goals are established for the Great Lakes and inland waters. Fish community and habitat objectives are established for lakes Superior, Michigan, Huron, and Erie through collaborative efforts under the Great Lakes Fishery Commission. These goals are also discussed with constituents through Great Lake Citizen Fishery Advisory Committees. Goals for inland lakes are established through Fisheries Division’s “Conservation Guidelines for Michigan Lakes and Associated Natural Resources. Status of the Fisheries Reports establishes management actions for both inland lakes and small streams, and River Assessment Reports provide management direction for major watersheds throughout the state. The Coldwater and Warm water Resource Steering Committees provide stakeholders an opportunity to provide input on inland lake and stream management goals.

**State Forests:** The DNR uses a hierarchical, geographic planning framework to coordinate planning activities and guide operational decisions for state forest management. That framework includes a strategic state-level plan (2008 Michigan State Forest Management Plan, or SFMP), three (soon to be approved) operational Regional State Forest Management Plans (RSFMP), and tactical forest management unit-level planning (The aggregate of all forest prescriptions from compartment reviews, which constitute the annual work plan and represent the tactical level of planning for state forest operations).

The SFMP and, more specifically, the three RSFMPs, take strategic direction in the form of goals and objectives from other key DNR planning efforts, to better integrate and guide management of state forest land. These other planning documents include, but are not limited to:

- Michigan’s Wildlife Action Plan;
- Master plans for wildlife areas located within the state forest;
- Pigeon River Country Concept of Management;
- Strategy for Kirtland’s Warbler Habitat Management;
- Michigan Deer Management Plan;
- River assessment and river management plans;

- Natural River plans;
- Michigan State Comprehensive Outdoor Recreation Plan; and
- Michigan Off-Road Vehicle Plan
- Forest Resource Assessment and Strategy.

Each of these plans incorporate specific DNR division goals and objectives into an integrated management approach and provides more explicit planning direction and guidelines for specific resource areas. Together, these pieces create a comprehensive state forest management program.

## Real Estate Tools

As a result of land ownership providing a long term and reliable resource that permits the Department to effectively and efficiently carry out the activities that it needs to with limited inefficiencies and maximum flexibility, the Department has relied upon land ownership to further its mission. It is important for decision makers to be able to select from the available real estate tools in order to further the Department's mission. The following is an overview of available real estate tools.

- Fee simple - Ownership of real estate in which the owner has the right to control, use, and transfer the property at will.
- Rights that are less than fee simple
- Easements - A limited right to make use of a property that is owned by another, does not convey a right to possess the land. Traditional easements include access, pipelines, roadways, driveways, utility lines, flowage, etc
- Conservation Easements - A restriction on land preventing development on the property in order to retain its natural condition. The restriction will remain on the property for all subsequent property owners.
- Profits (eg. Timber Leases) - A nonpossessory interest in land similar to the better-known easement, which gives the holder the right to take natural resources such as petroleum, minerals, timber, and wild game from the land of another
- Mineral rights - The right of the owner of the mineral estate to exploit, mine, and/or produce any or all of the minerals lying below the surface of the property.
- Restrictive Covenants - A legal obligation imposed in a deed whereby the landowner promises to not to do something. Such restrictions "run with the land" and are enforceable on subsequent buyers of the property.
- Deed Restrictions – When the Department sells land it can record a restriction on the deed which will place a legal limitation on the use of the land.

- Land Division Splits – When the Department sells land it can retain splits in order to reduce the likelihood that the land being sold can be split into smaller lots.
- Contractual Relationships
- Lease - A contract allowing the possession of another's property for a specific timeframe.
- Land Contract - A contract between a seller and buyer of real property in which the seller agrees to sell the property for an agreed-upon purchase price and the buyer pays the seller in installments.

Under a land contract, the seller retains the legal title to the property, while permitting the buyer to take possession.

Right of First Refusal – A contractual right that gives the holder the option to enter into a real estate transaction with the owner under specified terms, before the owner can enter into a transaction with a third party.

Life Lease – a lease that ends with the death(s) of the lessee(s). This real estate tool is useful when acquiring land from landowners that live on a desired property. In this situation, the purchaser would acquire the property subject to a life lease that is reserved by the seller. The purchase price is usually adjusted to compensate for the expected term of the life lease. The seller/lessee has possession of the property until their passing, at which time possession transfers to the landowner. This arrangement is beneficial for the seller because it gives them immediate income, lets them continue to possess a property, and it helps them to control the disposition of their estate.

## Payments in Lieu of Tax

To provide a source of revenue for local units of government, the Department of Treasury (Treasury) issues payments in lieu of tax (PILT) to counties and townships on all state owned lands administered by the Department of Natural Resources (DNR). No other state agency makes a PILT payment to local units. PILT provides payment in three primary categories: tax reverted lands, purchased lands, and commercial forest lands. The payment made to the local units of government by Treasury is dependent upon which of these categories the land was acquired.

**Tax Reverted Lands** – Prior to PA 123 of 1999, all lands that went into foreclosure due to delinquent taxes reverted to the State of Michigan and fell under the administration of the DNR. The DNR retains 3.5 million acres of tax reverted lands. By law, the PILT payment for lands within this category is set at \$2 per acre. This payment is issued from the General Fund as appropriated by the Michigan Legislature and is issued to the County for distribution of 50 percent to the County General Fund and 50 percent to the appropriate Township General Fund.

**Purchased Lands** – For all lands purchased by the DNR, Treasury receives a billing statement from each local taxing jurisdiction which provides the amount that is due. Assessments for school districts, community colleges, libraries, etc. are paid from the School Aid Fund. The Department administers one million acres of purchased lands. The PILT payment on lands purchased with Michigan Natural Resources Trust Fund is paid entirely through the Trust Fund including the assessments for school districts, community college, libraries, etc. The PILT payment on all other purchased lands is funded 50 percent from the General Fund as appropriated by the Michigan Legislature and 50 percent from restricted funds.

**Commercial Forest Lands** – Private lands enrolled in the Commercial Forest Act (CFA) program are not subject to ad valorem taxes. The CFA program is a tax incentive to private landowners to manage and harvest their timber and provide public access. Private landowners are subject to an annual payment of \$1.25 per acre. Treasury matches the landowner payment of \$1.25 per acre with the payment made from of the General Fund. Treasury paid more than \$2.7 million on 2.225 million acres of land currently enrolled in the CFA.

All PILT payments issued by Treasury to local units are subject to spending appropriation by the State Legislature. Treasury is not authorized to make payment until it has been appropriated by the Legislature. For the past few

years the Legislature has not provided full or timely appropriations resulting in reduced and late payments to local units of government.

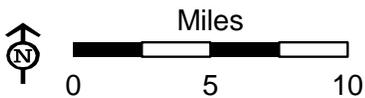
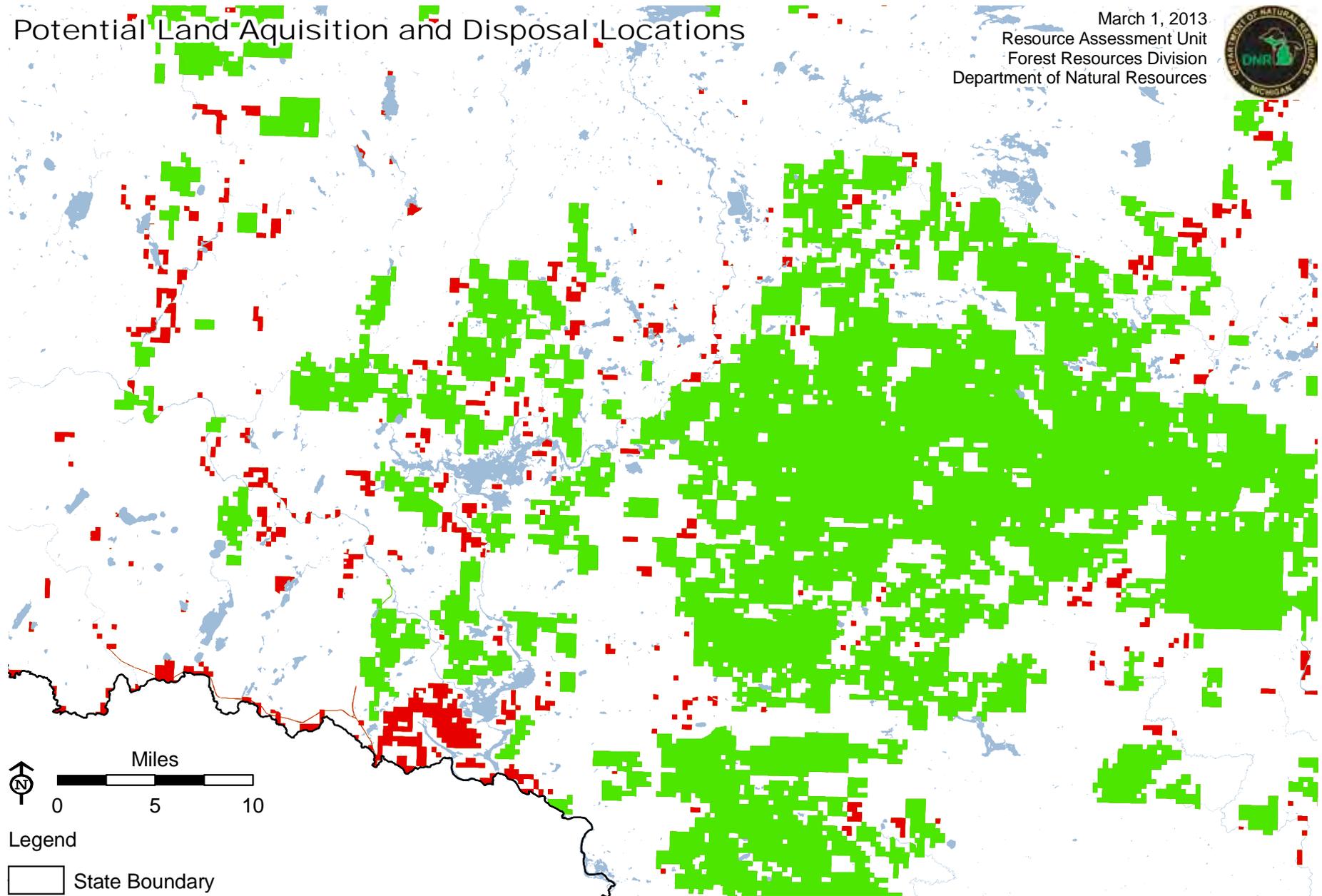
From 2008 to 2012 tax years, state PILT payments to local units for properties purchased by the Department grew from about \$7.665 million to about \$8.620 million. On a per-acre basis, payments grew 10.4 percent. Payments for tax-reverted “swampland” parcels, payments grew from \$7.071 million to \$7.072 million. The payment per acre remained at \$2. Overall state payments for purchased and tax-reverted land increase 6 percent on a per-acre basis. During the 2009, 2010, and 2011 tax years, the Legislature under-appropriated PILT and as a result payments were pro-rated.

The taxable value for privately owned land in Michigan dropped by over 14 percent from 2008 to 2012. The value of state purchased lands changes according to the Consumer Price Index (CPI), which increased every year except for one over the past decade. This means that state land provides a counter-cyclical revenue source for local governments with state lands.

Future PILT payments for purchased and tax-reverted lands are poised to rise dramatically due to PA 603 and 604 of 2012. The payment per acre for tax-reverted parcels will increase to \$4 per acre by Dec. 31, 2014, and continue to increase at CPI or 5 percent, whichever is less. PILT for purchased land will be based on the true cash value of the land, or the current method, whichever is greater. This means that land valuations, in instances where purchased property is in desirable locations, will increase more rapidly than before. Valuations for purchased property in undesirable locations will be buffered from decreases and will increase at the rate of the CPI. The payment change for tax-reverted property alone will increase by about \$7 million, or about 50 percent of total current payments for state-owned land.

# Potential Land Aquisition and Disposal Locations

March 1, 2013  
Resource Assessment Unit  
Forest Resources Division  
Department of Natural Resources



## Legend

-  State Boundary
-  Lakes and Rivers
-  Consolidated State Land
-  Unconsolidated State Land

Consolidated State Land is defined as being greater than 200 acres and having an area (acres) to perimeter (meters) ratio greater than 236.0483145.

Unconsolidated State Land is defined as being less than 200 acres or having an area (acres) to perimeter (meters) ratio less than 236.0483145.

The area perimeter ratio threshold of 236.0483145 was determined by adding half of one standard deviation to the mean of the area to perimeter ratio frequency distribution.

Example of a state forest compartment and activities associated with it

