



**House  
Legislative  
Analysis  
Section**

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**FEES FOR DNR BUDGET**

**House Bills 4861-4866 as enrolled  
Public Acts 168-173 of 1995  
Sponsor: Rep. William Bobier**

**House Bill 4893 as enrolled  
Public Act 174 of 1995  
Sponsor: Rep. James Middaugh**

**Second Analysis (12-15-95)**

**House Committee: Appropriations  
Senate Committee: Natural Resources and  
Environmental Affairs**

***THE APPARENT PROBLEM:***

Historically, the Department of Natural Resources (DNR) has been authorized under a number of different acts to review permit applications submitted by persons for various purposes that relate to the use of land and water (i.e., operating marinas, performing construction work in certain areas near water, using chemicals to control "aquatic nuisances" such as swimmers' itch, and the like). (Many of the former authorization acts have been codified into the new Natural Resources and Environmental Protection Act [NREPA].) The department has been authorized to charge various fees for permit applications required to be submitted; the fees are used to help the department defray its costs in processing permit applications, responding to unauthorized activities by people regulated under the acts, providing information to the public, and performing various other administrative tasks required under the statute. Due to general fund budget cutbacks in previous years, however, the department has had problems processing permits on a timely basis and carrying out its other functions efficiently.

In order to address the problem, legislation was enacted in 1991 and 1993 to raise fees, to establish an application fee system to cover the administrative costs of reviewing and processing permit applications, and to create the Land and Water Management Permit Fee Fund within the state treasury. (For more information, see the House Legislative Analysis Section's analyses on Senate Bill 296, dated 9-19-91, and Senate Bill 238, et al., dated 7-22-93.) The authorization for these fees will expire October 1, 1995. The 1995-96 DNR budget as proposed by the governor and passed by the House and the Senate assumes continuation of the fees; thus, legislation has been proposed to extend the sunset dates.

***THE CONTENT OF THE BILLS:***

House Bills 4861-4864 and House Bill 4866 would amend various sections of the Natural Resources and Environmental Protection Act (MCL 324.3104 et al.) to extend sunset provisions for various permit fees from October 1, 1995 to October 1, 1999. House Bill 4861 would amend a section of NREPA pertaining to the regulation of uses and development of high-risk, flood risk, and environmental areas. The bill would extend the authorization from October 1, 1995 to October 1, 1999, for the collection of various fees for commercial or residential construction projects. (The fee originated in the Shorelands Protection and Management Act of 1970.) House Bill 4862 would extend the sunset provision from October 1, 1995 to October 1, 1999 for permit application fees pertaining to altering floodplains. (The fee originated in Public Act 245 of 1929.) House Bill 4863 would amend a section that establishes a fee schedule for minor projects involving construction or expansion of marinas and major construction, dredging or filling projects on submerged patented lands. The bill would extend the sunset on the fees to October 1, 1999. (The fee originated in the Great Lakes Submerged Lands Act.) House Bill 4864 would amend sections of NREPA pertaining to the establishment of a fee schedule for various permits involving marina projects on lakes or streams and a service fee for establishing a high water mark on a person's property. The bill would extend the sunset provision to October 1, 1999. (The fee originated in the Inland Lakes and Streams Act of 1972.) Currently, the department must process all completed permit applications required under the act within 60 days. House Bill 4864 would amend the provision by adding "unless the act or part specifically provides for permit application processing time limits." House Bill 4866 would amend a section of

House Bills 4861-4866 and House Bill 4893 (12-15-95)

NREPA that provides for the use of proceeds from lien payments by landowners who withdraw from the farmland and open space protection program. The act allows the DNR to use the proceeds to purchase development rights on certain land areas and also to finance the administration of the program. The bill would extend the sunset provision through October 1, 1999. (The provision originated in the Farmland and Open Space Preservation Act.)

House Bill 4865 would amend the Subdivision Control Act (MCL 560.117) by extending the sunset on fees to cover the administrative costs of reviewing preliminary plats of subdivisions lying wholly or in part within a floodplain of a river, stream, creek, or lake. The sunset would be extended to October 1, 1999.

House Bill 4893 would amend a section of the Public Health Code (MCL 333.12562) pertaining to permit fees for the application of chemicals to lakes and streams to control "aquatic nuisances" such as aquatic plants and swimmers' itch. The bill would extend the sunset for the fees from October 1, 1995 to October 1, 1999. (Note: The bill as enrolled appears to contain an incorrect reference to the section of law that created the Land and Water Management Permit Fee Fund. The fund is created in the Natural Resources and Environmental Protection Act, MCL 324.30113.)

### ***FISCAL IMPLICATIONS:***

The House Fiscal Agency reports that the fees contained in the bills generated approximately \$1,570,400 in revenues for fiscal year 1993-94. If the bills are not enacted, the loss of revenue would have to be replaced with another revenue source or program administration would be impaired. There would be no local fiscal impact. (6-8-95)

According to the Department of Natural Resources, House Bill 4861 would generate approximately \$36,400, House Bills 4862-4864 would generate about \$820,000 collectively, House Bill 4865 would generate about \$46,500 and House Bill 4893 would generate about \$75,000. House Bill 4866, pertaining to farmland and open space withdrawal fees, would generate approximately \$520,000 in additional revenue. (6-13-95)

### ***ARGUMENTS:***

#### ***For:***

Because general fund support for the Department of Natural Resources, as well as other state departments, apparently will not be adequate to help it fulfill its many duties required under the acts regulating the use of land

and water, additional revenue is needed. The bills would continue a revenue source that enables the department to fulfill its required tasks under the acts. It seems reasonable to impose on those who benefit financially and otherwise by using land and water in a variety of ways--many of which dramatically affect the environment--fees high enough to generate the kind of revenue the DNR needs to hire staff and acquire resources necessary to process permit applications, regulate those governed under the acts, and carry out its other duties required by these acts in a more timely and efficient manner.

#### ***Response:***

According to the Department of Natural Resources, the fees are expected to generate less revenue than what has been appropriated in the DNR budget bill, creating a shortfall for administration of the programs in question.

#### ***For:***

Reportedly, there has been a good response from the regulated community due to the increased expeditious issuance of permits. The DNR receives approximately 8,000 permit requests yearly. The establishment of the permit application fee system has enabled the DNR to reduce a backlog of applications from 700 in October of 1993 down to about 200. Currently, the processing time for applications is about 50 days. It is hoped that the continuance of the fee system would allow the processing time to be shortened to about 40-45 days.

#### ***Against:***

Although the fees that would be extended by the bills generally are paid by businesses, especially builders and others in the construction industry, many of these higher costs most likely are, and would continue to be, passed on to consumers. In effect, the bills exemplify a recent movement within the state toward "back-door" taxation of its citizens.

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■ 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.