

**Summary: Conference Report
NATURAL RESOURCES FY 2003-04
House Bill 4400**



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Budget Overview

The appropriations bills for the Departments of Natural Resources and Environmental Quality support resource protection, conservation, and management programs.

- The General Fund contribution to resource protection programs is only 17% of the total appropriation.
- Of the \$41.6 million appropriated for FY 2002-03, nearly \$14.0 million is provided to local governments for payments in lieu of taxes.
- Like environmental protection programs, nearly all state support comes from license and permit revenue.
- Federal funds support game and fish habitat maintenance and hunter safety protection programs.

Summary of Major Budget Issues

State Parks – The Conference Report replaced General Fund support with restricted fund revenue (\$8.5 million). Fee support would be provided from motor vehicle fees and from the State Park Endowment Fund (revenue received from oil and gas royalty payments to the Natural Resources Trust Fund).

Taxes – After considerable discussion, the Payments in Lieu of Taxes program was left basically unchanged. A 2 million reduction in General Fund support was made to reflect the portion of 2004 tax payments related to local and state school taxes.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 5/8/03)				Enacted	Difference: Houses to 2002-03 YTD	
	Executive	House	Senate	Amount		%	
IDG/IDT	\$3,437,900	\$3,437,900	3,437,900	3,437,900	\$0	0.0	
Federal	30,427,300	27,806,600	27,806,600	33,706,600	(2,620,700)	(8.6)	
Local	0	0	0	0	0	0.0	
Private	1,793,700	1,871,400	1,871,400	1,871,400	77,700	4.3	
Restricted	177,513,900	180,203,500	178,711,600	188,146,600	1,197,700	0.7	
GF/GP	41,624,447	28,823,500	17,843,800	30,785,600	(23,780,647)	(57.1)	
Gross	\$254,797,247	\$242,142,900	\$229,671,300	257,948,100	(\$25,125,947)	(9.9)	
FTEs	2,081.5	2,088.5	2,088.5		7.0	0.3	

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>YTD</u>	<u>Conference</u>
	<u>FY 2002-03</u>	<u>Change</u>

PROGRAM REDUCTIONS:

1. *Payments in Lieu of Taxes*

	Gross	\$9,717,200	(\$1,444,400)
This program would be changed from a payment in lieu of taxes program to a new grant program to counties. Like the Swamp Tax, payments would be made at the rate of \$2 per acre.	Federal	0	0
	Restricted	5,742,200	(0)
	GF/GP	\$3,975,000	(\$1,444,400)

The House transferred this program to the Department of Treasury.

House Change: (\$9,717,200)
Senate Change: \$1,063,700)
Executive Change: (\$7,704,300)

2. *Administrative Unit General Fund Reductions*

	Gross	NA	(\$0)
The reduced all administrative line items by 40% of the level of General Fund recommended by the Executive. This reduction is not included in the Conference Report.	GF/GP		(\$0)

House Change: (\$1,680,500)
Senate Change: \$0
Executive Change: \$0

3. *Baseline Program Reductions: EO 2002-22*

	Gross	\$252,384,100	(\$1,095,800)
Program reductions would be made to make permanent reductions in the Department's operating budget. Reductions in 2002 were realized through the use of residual Bond revenue for debt service on 1988 Quality of Life Bonds (Department of Treasury).	Private	1,793,700	0
	Federal	30,427,300	0
	Restricted	176,338,800	0
	GF/GP	\$43,824,300	(\$1,095,600)

House Change: (\$1,095,800)
Senate Change: (\$1,095,800)
Executive Change: (\$1,095,800)

4. Marine Safety Grants	Gross	\$3,230,000	(\$425,000)
Marine Safety grant funds would be reduced. These grants are provided to county sheriffs to partially support the cost of enforcement of watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program.	Federal	0	0
	Restricted	3,230,000	(425,000)
	GF/GP	\$0	\$0

House Change: (\$425,000)
Senate Change: (\$425,000)
Executive Change: (\$425,000)

5. Department of Information Technology Rate Reduction	Gross	\$14,673,100	(\$241,900)
The rates used to charge department DIT support costs would be reduced.	Federal	0	0
	Restricted	12,949,100	0
	GF/GP	\$1,724,000	(\$241,900)

House Change: (\$241,900)
Senate Change: (\$241,900)
Executive Change: (\$241,900)

6. Building Occupancy Charges: Rate Reduction	Gross	\$2,139,100	(\$139,000)
The rates used to charge department for State owned office space would be reduced. Actual budget impact would be realized in the Department of Management and Budget.	Federal	0	0
	Restricted	802,700	0
	GF/GP	\$1,336,400	(\$139,000)

House Change: (\$139,000)
Senate Change: (\$139,000)
Executive Change: (\$139,000)

ONE-TIME PROGRAMS & FUNDING ADJUSTMENTS

7. Federal Land and Water Conservation Fund Grants	Gross	\$4,134,000	(\$3,933,000)
The funding level for this grant program would be reduced to \$1,000; \$200,000 would continue to be appropriated for administrative costs of this program. The federal allocation for Michigan projects has not been established for FY 2003-04.	Federal	4,134,000	(3,933,000)
	Restricted	0	0
	GF/GP	\$0	\$0

House Change: (\$3,933,000)
Senate Change: (\$3,933,000)
Executive Change: (\$3,933,000)

8. Treaty Waters and Natural Rivers Program Funding	Gross	\$0	\$204,000
Game and Fish Protection Fund would be provided to replace	Federal	0	0
General Funds reduced in FY 2002-03.	Restricted	0	204,000
	GF/GP	\$0	\$0

House Change: \$204,000
Senate Change: \$204,000
Executive Change: \$204,000

9. Federal Grant for Emerald Ash Borer Eradication	Gross	\$0	\$3,500,000
A Federal Grant is included to cover DNR obligations under	Federal	0	3,500,000
the statewide strategy to deal with Emerald Ash Borer	GF/GP	\$0	\$0
infestation in Southeast Michigan.			

House Change: \$0
Senate Change: \$3,500,000
Executive Change: \$0

10. Land Sale Fund Elimination	Gross	\$1,781,200	(\$1,781,200)
The Land Sale Fund was declared unconstitutional in 2003.	Restricted	1,781,200	(1,781,200)
Funding is eliminated in 2003-04.	GF/GP	\$0	(\$0)

House Change: \$0
Senate Change: (\$1,781,200)
Executive Change: \$0

PROGRAM EXPANSIONS & FUNDING INCREASES	Gross	\$5,480,000	\$1,000,000
11. Snowmobile Grants	Restricted	5,480,000	1,000,000
The grant amount available for local snowmobile trail	GF/GP	\$0	\$0
contracts would be increased			

House Change: \$1,000,000
Senate Change: \$1,000,000
Executive Change: \$0

12. Fish Production: Federal Grant Increase	Gross	\$24,322,400	\$900,000
The grant level for fisheries programs from the US	Federal	6,699,400	900,000
Department of Interior would be increased.	Private	22,300	0
	Restricted	17,396,700	0
	GF/GP	\$204,000	\$0

House Change: \$900,000
Senate Change: \$900,000
Executive Change: \$900,000

13. Marine Safety Training Grants	Gross	\$26,770,300	\$0
Additional Federal funds are available for watercraft safety	Federal	2,001,200	400,000
programs. This increase would replace General Fund support	Restricted	20,611,800	0
reduced in this recommendation.	GF/GP	\$4,157,300	(\$400,000)

House Change: \$400,000
Senate Change: \$400,000
Executive Change: \$400,000

14. Rural Community Fire Protection Grants	Gross	\$100,000	\$150,000
Additional Federal funds are available for local fire departments.	Federal	100,000	150,000
	Restricted	0	0
	GF/GP	\$0	\$0

House Change: \$150,000
Senate Change: \$150,000
Executive Change: \$150,000

15. Off Road Vehicle Safety Training	Gross	\$0	\$344,300
The ORV safety education program is transferred from the Department of Education.	Restricted	0	344,300
	GF/GP	\$0	\$0

House Change: \$0
Senate Change: \$344,300
Executive Change: \$0

FEE INCREASES AND OTHER ADJUSTMENTS	Gross	\$0	\$0
16. State Park Funding Adjustments	Federal	0	0
Motor Vehicle Permits would be increased from \$20 to \$24, and Daily Permits would be increased from \$4 to \$6. Park Endowment Fund support would be increased by 6,000,000.	Restricted	0	8,546,900
	GF/GP	\$0	(\$8,546,900)

House Change: (\$6,000,000 funding shift)
Senate Change: (\$8,546,900 funding shift)
Executive Change: (\$8,546,900 funding shift)

17. Park Improvement Fund Debt Service Payments	Gross	\$1,200,000	(\$133,100)
Debt service requirements for bonds sold for improvements at Sterling State Park would be less in FY 2003-04.	Federal	0	0
	Restricted	1,200,000	(133,100)
	GF/GP	\$0	\$0

House Change: (\$133,100)
Senate Change: (\$133,100)
Executive Change: (\$133,100)

Major Boilerplate Changes from FY 2002-03:

Deleted by the House

Sec. 207. DIT User Fees – NEW SECTION

Adds requirement for each department to pay a user fee to the Department of Information Technology.

Sec. 212. Fish and Wildlife Audit Settlement – NEW SECTION

The **House** would authorize \$556,000 to cover audit report exceptions identified in the advisory report dated October 11, 2002.

Deleted by the House

Sec. 304. Land Transfer Application and Transaction Fees – NEW SECTION

The **House** would authorize the Department to collect fees to cover costs related to the sale or exchange of State land.