

NATURAL RESOURCES TRUST FUND AMENDMENTS

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Senate Bill 1238 (Substitute S-1, as amended)

Sponsor: Sen. Darwin Booher

House Committee: Natural Resources, Tourism, and Outdoor Recreation

Senate Committee: Natural Resources, Environment, and Great Lakes

Complete to 12-3-12

A SUMMARY OF SENATE BILL 1238 (S-1) AS PASSED BY THE SENATE 11-29-12

The bill would amend Part 19 (Natural Resources Trust Fund) of the Natural Resources and Environmental Protection Act to do all of the following:

- Expand the current membership of the Trust Fund board from five to seven members and provide that two of the members would have to be selected from a list of candidates recommended jointly by the Senate Majority Leader and the Speaker of the House. Former members of the Natural Resources Commission would be ineligible from serving and individual members would be limited to serving more than two full terms. There is not currently a term limit for board members.
- Provide that the two new members to the board would serve 4-year terms.
- Require the board to do the following in determining the priority of land acquisitions:
 - ❖ Identify each parcel of land that is recommended for acquisition by legal description and include the cost of the acquisition.
 - ❖ Provide a scoring of each individual parcel.
 - ❖ Give particular consideration to a project that allows motorized recreational use, is located within a county that contains 50% or more privately owned land, or is located within a local unit of government that has adopted a resolution in support of the land acquisition.
- Require the board to do the following when preparing the list of lands to be acquired:
 - ❖ Not recommend any land for acquisition that was solicited for sale by the DNR, a local unit of government, or a land conservancy.
 - ❖ Not recommend the acquisition of land for transfer to a land conservancy unless the transfer assures the land will remain open for all types of recreational uses.
 - ❖ Not consider the name attached to a particular project or attach a name to any project beyond its location or legal description in determining which lands should be acquired.

- Require the board to report to the Legislature annually on any funds that were appropriated from the Trust Fund but not expended.
- Provide that if the development of a recreation project changes or the cost increases after money has been appropriated, the entity receiving the appropriation must submit the change to the Joint Capital Outlay subcommittee (of the Legislature) to review whether the proposed change or increased cost is consistent with the purpose of the appropriation.

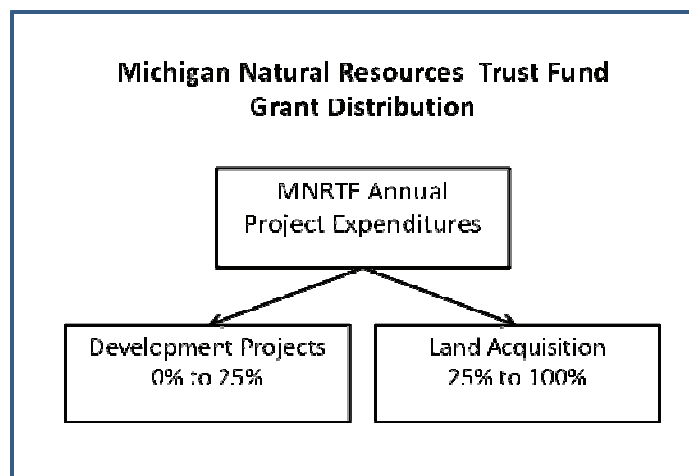
MCL 324.1902, 324.1905, & 324.1907a

FISCAL IMPACT:

Senate Bill 1238 would have a minimal fiscal impact on the Michigan Natural Resources Trust Fund (MNRTF) Board and the DNR. The bill requires that the MNRTF Board consider additional priorities and implement changes in the scoring procedure when developing the Board's recommended list of projects to be awarded grant funding.

The MNRTF Board annually develops a list of projects to be funded with MNRTF revenues to the Governor, who then submits that list to the Legislature in an appropriations bill. The MNRTF received the mineral revenues from state-owned land until the Fund reached a \$500.0 million constitutional cap in May 2011 (except for revenues from land purchased by the Game and Fish Protection Fund).

As of January 2011, the MNRTF has funded grants totaling over \$919.1 million for over 1,250 state and local recreation projects. Grants are awarded to local entities or units of government and the DNR. There are two types of MNRTF grants—land acquisition and recreation development. The Constitution requires that over 25% of the grants be for land acquisition and up to 25% be awarded for development projects.



The following table lists the annual appropriations for MNRTF grants from FY 2007-08 through FY 2011-12.

Fiscal Year	Grant Awards (in millions)
2007-08	\$34.5
2008-09	\$48.5
2009-10	\$35.7
2010-11	\$102.1
2011-12	\$37.7

Since the MNRTF reached the cap in May 2011, the Fund may now only expend the revenues generated by the interest and earnings of the \$500.0 million investment corpus of the Fund, approximately \$25.0 - \$30.0 million each year. Senate Bill 1238 does not change the amount of funding that would be available for MNRTF grants to be awarded annually; however, by establishing additional priorities and considerations for the Board, the bill's provisions could affect which projects are recommended for grant funding. For further information concerning the MNRTF, the grant award process, and scoring criteria, the following document can be found on the HFA website—*Fiscal Focus: Michigan Natural Resources Trust Fund*.

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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.