

# SENATE BILL No. 822

November 10, 2011, Introduced by Senators CASPERSON, ROBERTSON, BOOHER, PROOS and EMMONS and referred to the Committee on Natural Resources, Environment and Great Lakes.

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending sections 1902 and 1903 (MCL 324.1902 and 324.1903),  
section 1902 as amended by 2004 PA 587 and section 1903 as amended  
by 2011 PA 117; and to repeal acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1902. (1) In accordance with section 35 of article IX of  
2       the state constitution of 1963, the Michigan natural resources  
3       trust fund is established in the state treasury. The trust fund  
4       shall consist of all bonuses, rentals, delayed rentals, and  
5       royalties collected or reserved by the state under provisions of  
6       leases for the extraction of nonrenewable resources from state  
7       owned lands. However, the trust fund shall not include bonuses,  
8       rentals, delayed rentals, and royalties collected or reserved by  
9       the state from the following sources:

1 (a) State owned lands acquired with money appropriated from  
2 the former game and fish protection fund or the game and fish  
3 protection account of the Michigan conservation and recreation  
4 legacy fund provided for in section 2010.

5 (b) State owned lands acquired with money appropriated from  
6 the subfund account created by former section 4 of former 1976 PA  
7 204.

8 (c) State owned lands acquired with money appropriated from  
9 related federal funds made available to the state under 16 USC 669  
10 to ~~669i, commonly known as the federal aid in wildlife restoration~~  
11 ~~act, 669K, or 16 USC 777 to 777I, commonly known as the federal aid~~  
12 ~~in fish restoration act. 777N.~~

13 (d) Money received by the state from net proceeds allocable to  
14 the nonconventional fuel credit contained in section ~~29-49K~~ of the  
15 internal revenue code of 1986, 26 USC ~~29, 45K~~, as provided for in  
16 section 503.

17 (2) Notwithstanding subsection (1), ~~until the trust fund~~  
18 ~~reaches an accumulated principal of \$500,000,000.00, \$10,000,000.00~~  
19 40% of the revenues from bonuses, rentals, delayed rentals, and  
20 royalties described in this section, but not including money  
21 received by the state from net proceeds allocable to the  
22 nonconventional fuel credit contained in section ~~29-45K~~ of the  
23 internal revenue code of 1986, 26 USC ~~29, 45K~~, as provided for in  
24 section 503, otherwise dedicated to the trust fund that are  
25 received by the trust fund each state fiscal year shall be  
26 transferred to the state treasurer for deposit into the Michigan  
27 state parks endowment fund **UNTIL THE MICHIGAN STATE PARKS ENDOWMENT**

1 **FUND REACHES AN ACCUMULATED PRINCIPAL OF \$400,000,000.00.** However,  
2 ~~until the trust fund reaches an accumulated principal of~~  
3 ~~\$500,000,000.00, in any state fiscal year, not more than 50% of the~~  
4 ~~total revenues from bonuses, rentals, delayed rentals, and~~  
5 ~~royalties described in this section, but not including net proceeds~~  
6 ~~allocable to the nonconventional fuel credit contained in section~~  
7 ~~29 of the internal revenue code of 1986, 26 USC 29, as provided in~~  
8 ~~section 503, otherwise dedicated to the trust fund that are~~  
9 ~~received by the trust fund each state fiscal year shall be~~  
10 ~~transferred to the Michigan state parks endowment fund. To~~  
11 ~~implement this subsection, until the trust fund reaches an~~  
12 ~~accumulated principal of \$500,000,000.00, the department shall~~  
13 ~~transfer 50% of the money received by the trust fund each month~~  
14 ~~pursuant to subsection (1) to the state treasurer for deposit into~~  
15 ~~the Michigan state parks endowment fund. The department shall make~~  
16 ~~this transfer on the last day of each month or as soon as~~  
17 ~~practicable thereafter. However, not more than a total of~~  
18 ~~\$10,000,000.00 shall be transferred in any state fiscal year~~  
19 ~~pursuant to this subsection.~~

20 ~~—— (3) In addition to the contents of the trust fund described in~~  
21 ~~subsection (1), the trust fund shall consist of money transferred~~  
22 ~~to the trust fund pursuant to section 1909.~~

23 (3) ~~(4)~~ The trust fund may receive appropriations, money, or  
24 other things of value.

25 (4) ~~(5)~~ The state treasurer shall direct the investment of the  
26 trust fund. The state treasurer shall have the same authority to  
27 invest the assets of the trust fund as is granted to an investment

1 fiduciary under the public employee retirement system investment  
2 act, 1965 PA 314, MCL 38.1132 to ~~38.1140~~. **38.1140M.**

3 (5) ~~(6)~~—The department shall annually prepare a report  
4 containing an accounting of revenues and expenditures from the  
5 trust fund. This report shall identify the interest and earnings of  
6 the trust fund from the previous year, the investment performance  
7 of the trust fund during the previous year, and the total amount of  
8 appropriations from the trust fund during the previous year. This  
9 report shall be provided to the senate and house of representatives  
10 appropriations committees and the standing committees of the senate  
11 and house of representatives with jurisdiction over issues  
12 pertaining to natural resources and the environment.

13 (6) ~~(7)~~—As used in this section, "Michigan state parks  
14 endowment fund" means the Michigan state parks endowment fund  
15 established in section 35a of article IX of the state constitution  
16 of 1963 and provided for in section 74119.

17 Sec. 1903. (1) Subject to the limitations of this part and of  
18 section 35 of article IX of the state constitution of 1963, the  
19 interest and earnings of the trust fund in any 1 state fiscal year  
20 may be expended in subsequent state fiscal years only for the  
21 following purposes:

22 (a) The acquisition of land or rights in land for recreational  
23 uses or protection of the land because of its environmental  
24 importance or its scenic beauty.

25 **(B) THE MANAGEMENT OF LAND AND WATER RESOURCES FOR**  
26 **RECREATIONAL PURPOSES.**

27 (C) ~~(b)~~—The development of public recreation facilities.

1           (D) THE DEVELOPMENT AND MAINTENANCE OF TRAILS AND ROADS ON  
2 STATE-OWNED LAND.

3           (E) INFRASTRUCTURE RELATED TO ROADS IN LOCATIONS WHERE NATURAL  
4 RESOURCE BASED INDUSTRIES, INCLUDING TIMBER HARVEST OR MINING, ARE  
5 OPERATING.

6           (F) INFRASTRUCTURE ON WATERWAYS, INCLUDING BREAKWATERS AND  
7 DREDGING OPERATIONS.

8           (G) ~~(e)~~—The administration of the fund, including payments in  
9 lieu of taxes on state-owned land purchased through the trust fund.  
10 The legislature shall make appropriations from the trust fund each  
11 state fiscal year to make full payments in lieu of taxes on state-  
12 owned land purchased through the trust fund, as provided in section  
13 2154.

14           (2) In addition to the money described in subsection (1), ~~33-~~  
15 ~~1/3% of the money, exclusive of interest and earnings, received by~~  
16 **REVENUES OF** the trust fund in any state fiscal year may be expended  
17 in subsequent state fiscal years for the purposes described in  
18 subsection (1). ~~However, the authorization for the expenditure of~~  
19 ~~money provided in this subsection does not apply after the state~~  
20 ~~fiscal year in which the total amount of money in the trust fund,~~  
21 ~~exclusive of interest and earnings and amounts authorized for~~  
22 ~~expenditure under this section, exceeds \$500,000,000.00.~~

23           (3) **THE ACCUMULATED PRINCIPAL OF THE TRUST FUND SHALL NOT BE**  
24 **EXPENDED.**

25           (4) ~~(3)~~—An expenditure from the trust fund may be made in the  
26 form of a grant to a local unit of government or public authority,  
27 subject to all of the following conditions:

1 (a) The grant is used for the purposes described in subsection  
2 (1).

3 (b) The grant is matched by the local unit of government or  
4 public authority with at least 25% of the total cost of the  
5 project.

6 (5) ~~(4)~~ Not less **MORE** than 25% of the total amounts made  
7 available for expenditure from the trust fund from any state fiscal  
8 year shall be expended for acquisition of land and rights in land.

9 ~~, and not more than 25% of the total amounts made available for~~  
10 ~~expenditure from the trust fund from any state fiscal year shall be~~  
11 ~~expended for development of public recreation facilities.~~

12 (6) ~~(5)~~ If property that was acquired with money from the  
13 trust fund is subsequently sold or transferred by the state to a  
14 nongovernmental entity, the state shall forward to the state  
15 treasurer for deposit into the trust fund an amount of money equal  
16 to the following:

17 (a) If the property was acquired solely with trust fund money,  
18 the greatest of the following:

19 (i) The net proceeds of the sale.

20 (ii) The fair market value of the property at the time of the  
21 sale or transfer.

22 (iii) The amount of money that was expended from the trust fund  
23 to acquire the property.

24 (b) If the property was acquired with a combination of trust  
25 fund money and other restricted funding sources governed by federal  
26 or state law, an amount equal to the percentage of the funds  
27 contributed by the trust fund for the acquisition of the property

1 multiplied by the greatest of the amounts under subdivision (a) (i) ,  
2 (ii) , and (iii) .

3 Enacting section 1. Section 1904 of the natural resources and  
4 environmental protection act, 1994 PA 451, MCL 324.1904, is  
5 repealed.

6 Enacting section 2. This amendatory act does not take effect  
7 unless Senate Joint Resolution Q  
8 of the 96th Legislature becomes a part of  
9 the state constitution of 1963 as provided in section 1 of article  
10 XII of the state constitution of 1963.